

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 (Date of earliest event reported): **August 27, 2008**

**AMERICAN FINANCIAL GROUP, INC.**

(Exact name of registrant as specified in its charter)

**Ohio**

**1-13653**

**31-1544320**

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

**One East Fourth Street, Cincinnati, OH**

**45202**

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code **513-579-2121**

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 (see General Instruction A.2. below):

- 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 240.13e-4(c))

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**Section 1 - Registrant's Business and Operations**

**Item 1.01 Entry into a Material Definitive Agreement**

In connection with the appointment of John I. Von Lehman on August 27, 2008, to the Board of Directors of American Financial Group, Inc. (the "Company") as described in Item 5.02 below, the Company entered into an indemnification agreement with Mr. Von Lehman, substantially in the form filed as an exhibit hereto as has been entered into with other directors and officers of the

Company from time to time in the ordinary course of business. The indemnification agreement generally requires the Company to indemnify and hold an indemnified representative harmless to the greatest extent permitted by Ohio law for liabilities arising out of the indemnified representative's service to the Company as an officer or director, if the indemnified representative acted in good faith and in a manner the indemnified representative reasonably believed to be in or not opposed to the best interests of the Company. The indemnification agreement also provides for the advancement of expenses by the Company.

A form of the indemnification agreement, which AFG enters into with its officers and directors, is attached hereto as Exhibit 10.1.

## **Section 5 - Corporate Governance and Management**

### **Item 5.02 Departure of Directors or Certain Officers; Election Of Directors; Appointment Of Certain Officers; Compensatory Arrangements of Certain Officers.**

On August 27, 2008, the Board of Directors of American Financial Group, Inc. (the "Company") added John I. Von Lehman as a director. Mr. Von Lehman has also been appointed to serve as a member of the Audit Committee of the Board.

Mr. Von Lehman, age 56, began his career as a Certified Public Accountant with Haskins & Sells, a predecessor of Deloitte. Mr. Von Lehman served The Midland Company, an Ohio-based provider of specialty insurance products and services ("Midland"), in various capacities, including as Chief Financial Officer from 1988 to 2006, as Executive Vice President from 1996 to 2007 and as Secretary from 1998 to 2007. Mr. Von Lehman also served as a director of Midland from 1991 to 2007.

Mr. Von Lehman satisfies the categorical independence standards set forth in the Company's Corporate Governance Guidelines and has been determined by the independent directors of the Company's Board of Directors to be an independent director and to satisfy the requirements for Audit Committee membership. The Board has designated Mr. Von Lehman as an audit committee financial expert under Item 407(d) of Regulation S-K.

There is no arrangement or understanding between Mr. Von Lehman and any other person pursuant to which Mr. Von Lehman was elected as a director of the Company. There are no transactions in which Mr. Von Lehman has an interest requiring disclosure under Item 404(a) of Regulation S-K.

## **Section 9 - Financial Statements and Exhibits**

### **Item 9.01 Financial Statements and Exhibits.**

- a. Financial statements of business acquired. Not applicable.
- b. Pro forma financial information. Not applicable.
- c. Exhibits

<u>Exhibit</u>	<u>Description</u>
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10.1	Form of Indemnification Agreement
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## **SIGNATURES**

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.

**AMERICAN FINANCIAL GROUP, INC.**

Date: August 28, 2008

By: Karl J. Grafe  
Karl J. Grafe  
Vice President

**INDEMNIFICATION AGREEMENT**

This Indemnification Agreement ("Agreement") is made as of the \_\_\_\_ day of \_\_\_\_\_, 200\_\_ by and between American Financial Group, Inc., an Ohio corporation (the "Corporation"), and the individual whose name appears on the signature page hereof (such individual being referred to herein as the "Indemnified Representative" and collectively with other individuals who may execute substantially similar agreements as the "Indemnified Representatives"), with reference to the following background:

A. The Indemnified Representative currently is serving in one or more capacities as a director or officer of the Corporation or, at the request of the Corporation, as a director, officer, manager, employee, agent, fiduciary or trustee of another corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other entity or enterprise and, as such, is performing a valuable service to, or on behalf of, the Corporation.

B. Directors and officers of corporations are being increasingly subject to expensive and time-consuming litigation and other Proceedings (as hereafter defined), including matters that traditionally would be brought only against such corporations or their subsidiaries. The Indemnified Representative has been offered the protection afforded by this Agreement from such Proceedings.

C. To induce the Indemnified Representative to continue to serve the Corporation and in consideration for such continued service, and to assist in the recruitment of qualified management in the future, the Corporation agrees to indemnify, and to advance expenses to, the Indemnified Representative upon the terms set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises, the Corporation and the Indemnified Representative agree as follows:

1. **Agreement to Serve.** The Indemnified Representative agrees to serve or continue to serve in each Indemnified Capacity held now or in the future. This Agreement shall not be deemed either an employment contract or a contract for continued services between the Corporation or any of its affiliates and the Indemnified Representative. If an employee, the Indemnified Representative specifically acknowledges that his employment with the Corporation or any of its affiliates is at will, and that his employment and/or services may be terminated at any time for any or no reason, with or without cause, and with or without severance compensation, except as may be otherwise provided in: (a) a written employment contract between the Indemnified Representative and the Corporation or any of its affiliates which is signed on behalf of the Corporation or the affiliate by an authorized officer; or (b) an applicable formal severance plan or arrangement duly adopted by the Corporation or the affiliate.

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2. **Indemnification.**

a. Except as provided in Section 3, the Corporation shall indemnify the Indemnified Representative against any Liability (as hereafter defined) incurred by the Indemnified Representative in connection with any Proceeding (as hereafter defined) in which the Indemnified Representative may be involved as a party or otherwise, by reason of the fact that the Indemnified Representative is or was serving in an Indemnified Capacity (as hereafter defined), including, without limitation, any Liability resulting from actual or alleged breach or neglect of duty, error, misstatement or misleading statement, gross negligence, negligence, omission, act or failure to act or act giving rise to strict or products liability, occurring on or after the date of this Agreement. If the Indemnified Representative is entitled to indemnification in respect of a portion, but not all, of any Liability, the Corporation shall indemnify the Indemnified Representative to the maximum extent for such portion of any Liability.

b. Notwithstanding the provisions of subsection (a), the Corporation shall not indemnify the Indemnified Representative under this Agreement for any Liability incurred in a Proceeding initiated (which shall not be deemed to include counter-claims or affirmative defenses) or participated in as an intervenor or amicus curiae by the Indemnified Representative unless such initiation of or participation in the Proceeding is authorized, either before or after commencement of the Proceeding, by the affirmative vote of a majority of the Board of Directors of the Corporation in office. This subsection (b) does not apply to reimbursement of expenses incurred in successfully prosecuting or defending the rights granted to the Indemnified Representative by or pursuant to this Agreement.

c. As used in this Agreement:

i. "Indemnified Capacity" means any and all past, present or future service by an Indemnified Representative: (A) in one or more capacities as a director, officer or employee of the Corporation, or, at the request of the Corporation while serving as such a director, officer or employee, as a director, officer, manager, employee, agent, fiduciary or trustee of another corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other entity or enterprise; or (B) in the capacity of an agent of the Corporation if such capacity is designated as an "indemnified capacity" for purposes of this Agreement by the Board of Directors of the Corporation;

- ii. "Liability" means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, cost or expense of any nature (including, without limitation, attorneys' fees and disbursements) in any way associated with the above, excise tax assessed with respect to an employee benefit plan, excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974 ("ERISA"), rules or orders of the Securities and Exchange Commission or other federal or state acts, rules or regulations; and
  - iii. "Proceeding" means any threatened, pending or completed action, suit, appeal, or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the Corporation, a class of its security holders, third parties or otherwise.
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### 3. Exclusions.

- a. The Corporation shall not be liable under Section 2 of this Agreement to make any indemnification payment in connection with any Liability incurred by the Indemnified Representative and arising from acts or failures to act in which the Indemnified Representative failed to act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.
- b. Any fact, act or omission pertaining to any other director, officer, employee or agent of the Corporation shall not be imputed to the Indemnified Representative hereunder for the purposes of determining the applicability of any exclusion set forth herein.
- c. The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the Indemnified Representative is not entitled to indemnification under Section 2 of this Agreement.
- d. The Corporation shall not be liable under this Agreement to make any payment if the making of such payment is expressly prohibited by applicable law or has been finally determined in a final adjudication pursuant to Section 5(d) or otherwise to be unlawful.

4. Mandatory Advancement of Expenses. The Corporation shall pay any Liability incurred in good faith by the Indemnified Representative in advance of the final disposition of a Proceeding upon receipt of an undertaking by or on behalf of the Indemnified Representative: (x) if the Indemnified Representative is a director of the Corporation (whether or not the Indemnified Representative is also an officer or other agent of the Corporation), to repay all amounts so advanced if (but only if) it is proved by clear and convincing evidence in a court of competent jurisdiction that his omission or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Corporation or undertaken with reckless disregard for the best interests of the Corporation; and (y) if the Indemnified Representative is an officer or other agent of the Corporation other than a director, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such Indemnified Representative is not entitled to be indemnified under Section 2 of this Agreement or otherwise. The financial ability of the Indemnified Representative to repay an advance shall not be a prerequisite to the making of such advance. The advances to be made hereunder shall be paid by the Corporation to or for the benefit of the Indemnified Representative within twenty (20) days following delivery of a written request therefor, accompanied by true and complete copies of invoices therefor, by the Indemnified Representative to the Corporation.
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### 5. Indemnification Procedure.

- a. The Indemnified Representative shall use such Indemnified Representative's best efforts promptly to notify the Secretary of the Corporation of the commencement of any Proceeding or the occurrence of any event which might give rise to a Liability under this Agreement, but the failure so to notify the Corporation shall not relieve the Corporation of any liability which it may have to the Indemnified Representative under this Agreement or otherwise.
- b. The Corporation shall be entitled, upon notice to the Indemnified Representative, to assume the defense of any such Proceeding with counsel reasonably satisfactory to the Indemnified Representative involved in such Proceeding, or a majority of the Indemnified Representatives involved in such Proceeding if there be more than one. If the Corporation notifies the Indemnified Representative of its election to defend the Proceeding, the Corporation shall have no liability for the expenses (including attorneys' fees) of the Indemnified Representative incurred in connection with the defense of such Proceeding subsequent to such notice, unless any of the following pertain: (i) such expenses (including attorneys' fees) have been authorized by the Corporation; (ii) the Corporation shall not, in fact, have employed counsel reasonably satisfactory to such Indemnified Representative or such majority of Indemnified Representatives to assume the defense of such Proceeding; or (iii) it shall have been determined pursuant to Section 5(d) that the Indemnified Representative was entitled to indemnification for such expenses under this Agreement or otherwise. Notwithstanding the foregoing, the Indemnified Representative may elect to retain counsel at the Indemnified Representative's own cost and expense to participate in the defense of such Proceeding.

c. Except with respect to criminal matters and injunctive or other non-monetary relief, the Corporation shall not be required to obtain the consent of the Indemnified Representative to the settlement of any Proceeding which the Corporation has undertaken to defend if the Corporation assumes full and sole responsibility for such settlement and the settlement grants the Indemnified Representative an unqualified release in respect of all Liabilities at issue in the Proceeding. The Corporation shall not be liable for any amount paid by an Indemnified Representative in settlement of any Proceeding that is not defended by the Corporation, unless the Corporation has consented in writing to such settlement (which consent shall not be unreasonably withheld or delayed).

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d. Any dispute related to the right to indemnification or advancement of expenses hereunder, except with respect to indemnification for Liabilities arising under the Securities Act of 1933 which the Corporation has undertaken to submit to a court for adjudication, shall be enforceable only by arbitration in the City of Cincinnati, Ohio (or such other metropolitan area to which the Corporation's executive offices may be relocated), in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before a panel of three (3) arbitrators, one of whom shall be selected by the Corporation, the second of whom shall be selected by the Indemnified Representative and the third of whom shall be selected by the other two (2) arbitrators. In the absence of the American Arbitration Association or if for any reason arbitration under the commercial arbitration rules of the American Arbitration Association cannot be initiated or if the arbitrators selected by the Corporation and the Indemnified Representative cannot agree on the selection of the third arbitrator within thirty (30) days after such time as the Corporation and the Indemnified Representative have each been notified of the selection of the other's arbitrator, the necessary arbitrator or arbitrators shall be selected by the presiding judge of the court of general jurisdiction in the metropolitan area where arbitration under this subsection would otherwise have been conducted. Each arbitrator selected as provided herein is required to be or have been a director of a corporation whose shares of common stock were listed during at least one year of such service on the New York Stock Exchange or the American Stock Exchange or quoted on the National Association of Securities Dealers Automated Quotations System. The party or parties challenging the right of an Indemnified Representative to the benefits of this Agreement shall have the burden of proof. The Corporation shall reimburse the Indemnified Representative for the expenses (including attorneys' fees and disbursements) incurred in successfully prosecuting or defending such arbitration. Any award entered by the arbitrators shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction; provided, however, that if the conduct giving rise to the Liability for which indemnification is being sought has been the subject of another proceeding not directly involving the Indemnified Representative's right to indemnification under this Agreement or otherwise, the Corporation shall be entitled to interpose, as a defense in any judicial enforcement proceeding on the arbitrators' award, any prior final judicial determination adverse to the Indemnified Representative in such other proceeding. This arbitration provision shall be specifically enforceable.

e. Upon a payment to the Indemnified Representative under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of the Indemnified Representative to recover against any person for such Liability, and the Indemnified Representative shall execute all documents and instruments required and shall take such other actions as may be necessary to secure such rights, including the execution of such documents as may be necessary for the Corporation to bring suit to enforce such rights.

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6. Discharge of Duty. The Indemnified Representative shall be deemed to have discharged such person's duty to the Corporation if the Indemnified Representative has relied in good faith on information, opinions, reports or statements, including financial statements and other financial data, prepared by:

a. one or more officers or employees of the Corporation whom the Indemnified Representative reasonably believes to be reliable and competent with respect to the matter presented;

b. legal counsel, public accountants or other persons as to matters that the Indemnified Representative reasonably believes are within the person's professional or expert competence; or

c. a committee of the Board of Directors of the Corporation upon which he does not serve as to matters within its area of designated authority, which committee he reasonably believes to merit confidence.

7. No Restriction of Other Indemnification Rights. The Corporation shall not adopt any amendment, however effected, directly or indirectly by merger, consolidation or otherwise, to its Articles of Incorporation or Regulations, the effect of which would be to deny, diminish or encumber the Indemnitee's rights to indemnity pursuant to the Articles of Incorporation, the Regulations, the Ohio General Corporation Law or any other applicable law as applied to any act or failure to act occurring in whole or in part prior to the date (the "Effective Date") upon which the amendment shall apply only to acts or failure to act occurring entirely after the Effective Date thereof, unless the Indemnitee shall have voted in favor of the amendment as a director or holder of record of the Corporation's common stock, as the case may be.

8. Merger or Consolidation. In the event that the Corporation shall be a constituent corporation in a merger, consolidation or other reorganization, the Corporation, if it shall not be the surviving, resulting or acquiring corporation therein, shall require, as a condition thereto, that the surviving, resulting, or acquiring corporation agree to indemnify the Indemnitee

to the full extent provided in this Agreement and to adopt and assume the Corporation's obligations under this Agreement. Whether or not the Corporation is the surviving, resulting or acquiring corporation in any such transaction, the Indemnitee shall also stand in the same position under this Agreement as he would have with respect to the Corporation if its separate existence had continued.

9. Non-Exclusivity. The indemnification rights granted to the Indemnified Representative pursuant to this Agreement: (a) shall not be deemed exclusive of any other right to which the Indemnified Representative may be entitled under any statute, by-law, certificate or articles of incorporation, limited liability company agreement or operating agreement, agreement, vote of shareholders or directors or otherwise, both as to action in an Indemnified Capacity and in any other capacity; and (b) shall continue as to a person who has ceased to be an Indemnified Representative in respect of matters arising prior to such cessation.
  10. Reliance on Provisions. The Indemnified Representative shall be deemed to be acting in such person's respective official capacity or capacities in reliance upon the rights provided by this Agreement.
  11. Severability and Reformation. Any provision of this Agreement which is adjudicated to be invalid or unenforceable in any jurisdiction or under any circumstance shall be ineffective to the extent of such invalidity or unenforceability only and shall be deemed reformed so as to continue to apply to the maximum extent and to provide the maximum indemnification permissible under the applicable law of such jurisdiction. Any such adjudication shall not invalidate or render unenforceable the remaining provisions hereof and shall not invalidate or render unenforceable such provision in any other jurisdiction or under any other circumstances.
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12. Notices. Any notice, claim, request or demand required or permitted hereunder shall be in writing and shall be deemed given if delivered personally or sent by telegram or by registered or certified mail, postage prepaid: (a) if to the Corporation, to American Financial Group, Inc., One East Fourth Street, Cincinnati, Ohio 45202, or to such other address to which the executive offices of the Corporation may be moved, Attention: Corporate Secretary; or (b) if to any Indemnified Representative, to the address of such Indemnified Representative listed on the signature page hereof; or to such other address as either party hereto shall have specified in a notice duly given in accordance with this Section.
  13. Amendments and Binding Effect. No amendment, modification, waiver, termination or cancellation of this Agreement shall be effective as to the Indemnified Representative unless signed in writing by the Corporation and the Indemnified Representative. This Agreement shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of the heirs, executors, administrators and personal representatives of the Indemnified Representative.
  14. Governing Law. This Agreement shall be governed by, interpreted and enforced in accordance with the internal substantive laws of the State of Ohio, without reference to the principles governing the conflict of laws applicable in that or any other jurisdiction.
  15. Gender and Number. Words used herein, regardless of the gender or number specifically used, shall be deemed to include any other gender, masculine, feminine or neuter, and any other number, singular or plural, as the context may require.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first set forth above.

AMERICAN FINANCIAL GROUP, INC.

By:

INDEMNIFIED REPRESENTATIVE

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(Signature)

(Printed Name)

Address: