

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): May 28, 2021

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.)
301 East Fourth Street, Cincinnati, OH		45202
(Address of principal executive offices)		(Zip Code)
Registrant's telephone number, including area code: (513) 579-2121		
(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 (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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	AFG	New York Stock Exchange
5.875% Subordinated Debentures due March 30, 2059	AFGB	New York Stock Exchange
5.125% Subordinated Debentures due December 15, 2059	AFGC	New York Stock Exchange
5.625% Subordinated Debentures due June 1, 2060	AFGD	New York Stock Exchange
4.5% Subordinated Debentures due September 15, 2060	AFGE	New York Stock Exchange

Item 2.01 Completion of Acquisition or Disposition of Assets.

On May 28, 2021, American Financial Group, Inc. (the “Company”) and Great American Financial Resources, Inc., a Delaware corporation (“Seller”) and a direct wholly-owned subsidiary of the Company, completed the previously announced sale (the “Transaction”) of the Company’s annuity business and related assets through the sale of all of the issued and outstanding equity of (i) Great American Life Insurance Company, an Ohio domiciled indirect life insurance company subsidiary of the Company (“GALIC”), (ii) Great American Advisors, Inc., an Ohio domiciled indirect broker-dealer subsidiary of the Company (“GAAI”), and (iii) AAG Insurance Agency, Inc., a Kentucky domiciled insurance agency subsidiary of the Company (together with GAAI, GALIC and GALIC’s annuity insurance company subsidiaries (Annuity Investors Life Insurance Company and Manhattan National Life Insurance Company), the “Acquired Companies”). The Acquired Companies were acquired by a subsidiary of Massachusetts Mutual Life Insurance Company, a mutual life insurance company organized under the laws of Massachusetts (“Buyer”). The Transaction resulted in the Company’s disposition of the Company’s annuity business and related assets. The purchase price at closing payable by Buyer to Seller for the sale of the Acquired Companies was approximately \$3.5 billion in cash. The purchase price is subject to a post-closing adjustment mechanism set forth in the definitive stock purchase agreement for the Transaction.

Item 7.01 Regulation FD Disclosure.

On May 28, 2021, the Company issued a press release announcing the completion of the sale of the Company’s annuity business and related assets. The press release is furnished as Exhibit 99.1 to this Form 8-K.

The information and exhibit provided pursuant to this Item 7.01 shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that Section 18, and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as may be expressly set forth by specific reference in such a filing.

Cautionary Statement Regarding Forward-Looking Statements

Statements made in this Current Report on Form 8-K concerning the Company, the Company’s or management’s intentions, expectations, outlook or predictions about future results or events, including the assumptions underlying the unaudited pro forma condensed consolidated financial information, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management’s current intentions or beliefs and are subject to risks and uncertainties that could cause actual results or events to vary from stated expectations, which variations could be material and adverse. Actual results and/or financial condition could differ materially from those contained in or implied by such forward-looking statements for a variety of reasons including, but not limited to: changes in financial, political and economic conditions, including changes in interest and inflation rates, currency fluctuations and extended economic recessions or expansions in the U.S. and/or abroad; performance of securities markets; new legislation or declines in credit quality or credit ratings that could have a material impact on the valuation of securities in the Company’s investment portfolio; the availability of capital; changes in insurance law or regulation, including changes in statutory accounting rules, including modifications to capital requirements; the effects of the COVID-19 outbreak, including the effects on the international and national economy and credit markets, legislative or regulatory developments affecting the insurance industry, quarantines or other travel or health-related restrictions; changes in the legal environment affecting the Company or its customers; tax law and accounting changes; levels of natural catastrophes and severe weather, terrorist activities (including any nuclear, biological, chemical or radiological events), incidents of war or losses resulting from pandemics, civil unrest and other major losses; disruption caused by cyber-attacks or other technology breaches or failures by the Company or its business partners and service providers, which could negatively impact the Company’s business and/or expose the Company to litigation; development of insurance loss reserves and establishment of other reserves, particularly with respect to amounts associated with asbestos and environmental claims; availability of reinsurance and ability of reinsurers to pay their obligations; competitive pressures; the ability to obtain adequate rates and policy terms; changes in the Company’s credit ratings or the financial strength ratings assigned by major ratings agencies to the Company’s operating subsidiaries; the impact of the conditions in the international financial markets and the global economy relating to the Company’s international operations; and other factors identified in the Company’s filings with the U.S. Securities and Exchange Commission. The unaudited pro forma condensed consolidated financial information contained in this Current Report on Form 8-K is for illustrative purposes only and is based on various adjustments and assumptions and is not necessarily an indication of the financial condition or the results of operations of the Company that would have been achieved had the Transaction been completed as of the date indicated or that may be achieved in the future. The Company’s forward-looking statements speak only as of the time made, and management assumes no obligation to publicly update any such statements. Additional information concerning these and other factors that could cause actual results and events to differ materially from the Company’s current expectations are contained in the Company’s Form 10-K for the year ended December 31, 2020 and in the Company’s Form 10-Q for the quarter ended March 31, 2021. The Company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events, new information or future circumstances.

Item 8.01 Other Events.

In connection with the closing of this transaction, the Company has declared a special, one-time cash dividend of \$14.00 per share of Company Common Stock. The dividend is payable on June 15, 2021 to holders of record on June 8, 2021. In addition, on May 19, 2021, the Company's Board of Directors authorized the repurchase of up to an additional 5,000,000 shares of the Company's outstanding common stock through December 31, 2025.

Item 9.01 Financial Statements and Exhibits.

(b) Pro forma financial information.

The pro forma financial information required by Article 11 of Regulation S-X are attached hereto as Exhibit 99.2 and incorporated by reference herein.

(d) Exhibits.

[99.1](#) Press Release of American Financial Group, Inc. (furnished and not filed)

[99.2](#) Unaudited Pro Forma Condensed Consolidated Financial Statements

104 Cover page Interactive Data File (embedded within Inline XBRL document)

Press Release

For Immediate Release



American Financial Group, Inc. Announces Closing of the Sale of its Annuity Businesses and Declares Special Dividend

CINCINNATI – May 28, 2021 – American Financial Group, Inc. (NYSE: AFG) announced today the closing of the sale of its Annuity businesses, consisting of Great American Life Insurance Company (GALIC) and its two insurance subsidiaries, Annuity Investors Life Insurance Company and Manhattan National Life Insurance Company, as well as a broker-dealer affiliate, Great American Advisors, Inc., and insurance distributor, AAG Insurance Agency, Inc. to Massachusetts Mutual Life Insurance Company (MassMutual). Total after-tax cash proceeds from the sale are approximately \$3.5 billion.

In connection with the closing of this transaction, the Company has declared a special, one-time cash dividend of \$14.00 per share of American Financial Group Common Stock. The dividend is payable on June 15, 2021 to holders of record on June 8, 2021. The aggregate amount of the payment to be made in connection with this special dividend will be approximately \$1.2 billion. This special dividend is in addition to the Company's regular quarterly cash dividend of \$0.50 per share that was last paid on April 26, 2021.

In addition, on May 19, 2021, the Company's Board of Directors authorized the repurchase of up to an additional 5,000,000 shares of the Company's outstanding common stock through December 31, 2025.

AFG Co-CEOs Carl H. Lindner III and S. Craig Lindner stated: "The disposition of our annuity business sharpens our focus exclusively on the Specialty P&C market and generates substantial excess capital for AFG. Returning excess capital to shareholders in the form of this \$14.00 special dividend is a key component of AFG's capital management strategy; it reflects our strong financial position and our confidence in the Company's financial future. Our excess capital remains at a significant level, which affords us the financial flexibility to make opportunistic repurchases, pay additional dividends, grow our Specialty P&C business organically and through acquisitions and start-ups that meet our target return thresholds."

Skadden, Arps, Slate, Meagher & Flom LLP and Keating Muething & Klekamp PLL served as legal counsel to AFG for the annuity transaction. Debevoise & Plimpton LLP served as legal counsel to MassMutual.

About American Financial Group, Inc.

American Financial Group is an insurance holding company, based in Cincinnati, Ohio. Through the operations of Great American Insurance Group, AFG is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses. Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company.

About MassMutual

MassMutual is a leading mutual life insurance company that is run for the benefit of its members and participating policyowners. Founded in 1851, the company has been continually guided by one consistent purpose: we help people secure their future and protect the ones they love. With a focus on delivering long-term value, MassMutual offers a wide range of protection, accumulation, wealth management and retirement products and services. For more information, visit massmutual.com.

Forward Looking Statements

This press release contains certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements in this press release not dealing with historical results are forward-looking and are based on estimates, assumptions and projections. Examples of such forward-looking statements include statements relating to: the Company's expectations concerning market and other conditions and their effect on future premiums, revenues, earnings, investment activities and the amount and timing of share repurchases; recoverability of asset values; expected losses and the adequacy of reserves for asbestos, environmental pollution and mass tort claims; rate changes; and improved loss experience.

Actual results and/or financial condition could differ materially from those contained in or implied by such forward-looking statements for a variety of reasons including, but not limited to: changes in financial, political and economic conditions, including changes in interest and inflation rates, currency fluctuations and extended economic recessions or expansions in the U.S. and/or abroad; performance of securities markets; new legislation or declines in credit quality or credit ratings that could have a material impact on the valuation of securities in AFG's investment portfolio; the availability of capital; changes in insurance law or regulation, including changes in statutory accounting rules, including modifications to capital requirements; the effects of the COVID-19 outbreak, including the effects on the international and national economy and credit markets, legislative or regulatory developments affecting the insurance industry, quarantines or other travel or health-related restrictions; changes in the legal environment affecting AFG or its customers; tax law and accounting changes; levels of natural catastrophes and severe weather, terrorist activities (including any nuclear, biological, chemical or radiological events), incidents of war or losses resulting from pandemics, civil unrest and other major losses; disruption caused by cyber-attacks or other technology breaches or failures by AFG or its business partners and service providers, which could negatively impact AFG's business and/or expose AFG to litigation; development of insurance loss reserves and establishment of other reserves, particularly with respect to amounts associated with asbestos and environmental claims; availability of reinsurance and ability of reinsurers to pay their obligations; competitive pressures; the ability to obtain adequate rates and policy terms; changes in AFG's credit ratings or the financial strength ratings assigned by major ratings agencies to AFG's operating subsidiaries; the impact of the conditions in the international financial markets and the global economy relating to AFG's international operations; and other factors identified in AFG's filings with the Securities and Exchange Commission.

The forward-looking statements herein are made only as of the date of this press release. The Company assumes no obligation to publicly update any forward-looking statements.

Contact:

Diane P. Weidner, IRC
Vice President – Investor & Media Relations
(513) 369-5713

Websites:

www.AFGinc.com
www.GreatAmericanInsuranceGroup.com

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AFG2021-15

AMERICAN FINANCIAL GROUP, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On January 27, 2021, AFG entered into a definitive agreement to sell its Annuity business to Massachusetts Mutual Life Insurance Company (“MassMutual”) for \$3.5 billion in cash, subject to pre and post closing adjustments. In the transaction, which closed on May 28, 2021, MassMutual acquired Great American Life Insurance Company (“GALIC”) and its two insurance subsidiaries, Annuity Investors Life Insurance Company (“AILIC”) and Manhattan National Life Insurance Company, as well as a broker-dealer affiliate Great American Advisors, Inc., and insurance distributor AAG Insurance Agency, Inc.

In connection with the pending sale, the unaudited Financial Statements included in AFG’s Quarterly Report on Form 10-Q for the period ended March 31, 2021 reflected AFG’s investment in the annuity businesses as discontinued operations. The following pro forma balance sheet was prepared assuming the transaction was completed as of March 31, 2021. The accompanying pro forma income statements were prepared assuming the transaction was completed on the first day of each period presented. Since the March 31 historical income statement was prepared with the annuity business shown as discontinued and all appropriate adjustments were contained therein, there are no pro forma adjustments necessary for the three months ended March 31 and therefore no pro forma statement has been included for that interim period.

The pro forma adjustments for all periods are based on information presently available and amounts are subject to change based on post-closing adjustments. The unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the results of operations or financial condition that would have been achieved had the events reflected been completed as of the dates indicated or of the results that may be obtained in the future. These unaudited pro forma condensed consolidated financial statements and the notes thereto should be read in conjunction with AFG’s unaudited Financial Statements included in the Quarterly Report on Form 10-Q for the three months filed with the Securities and Exchange Commission (“SEC”) on May 7, 2021 as well as AFG’s audited Financial Statements included in its Annual Report on Form 10-K filed with the SEC on February 25, 2021.

AMERICAN FINANCIAL GROUP, INC.
 UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
 (\$ In Millions)

	3/31/21		
	<u>As reported</u>	<u>Pro forma adjustments</u>	<u>Pro forma</u>
Assets:			
Cash and cash equivalents	\$ 1,691	\$ 3,142 (a) (e)	\$ 4,833
Investments	12,209	-	12,209
Recoverables from reinsurers	3,231	-	3,231
Prepaid reinsurance premiums	755	-	755
Agents' balances and premiums receivable	1,209	-	1,209
Deferred policy acquisition costs	244	-	244
Assets of managed investment entities	5,102	-	5,102
Other receivables	576	-	576
Assets of discontinued annuity operations	48,139	(48,139) (b)	-
Other assets	1,041	-	1,041
Total assets	\$ 74,197	\$ (44,997)	\$ 29,200
Liabilities and Equity:			
Unpaid losses and loss adjustment expenses	\$ 10,384	\$ -	\$ 10,384
Unearned premiums	2,821	-	2,821
Payable to reinsurers	753	-	753
Liabilities of managed investment entities	5,045	-	5,045
Long-term debt	1,963	-	1,963
Other liabilities	1,653	-	1,653
Liabilities of discontinued annuity operations	44,893	(44,893) (b)	-
Total liabilities	\$ 67,512	\$ (44,893)	\$ 22,619
Shareholders' equity:			
Common stock	\$ 85	\$ -	\$ 85
Capital surplus	1,279	-	1,279
Retained earnings	4,354	697 (c) (e)	5,051
Accumulated other comprehensive income, net of tax	967	(801) (d)	166
Total shareholders' equity	6,685	(104)	6,581
Total liabilities and equity	\$ 74,197	\$ (44,997)	\$ 29,200

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

AMERICAN FINANCIAL GROUP, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF EARNINGS
(In Millions)

	Year ended December 31, 2020			Year ended December 31, 2019			Year ended December 31, 2018		
	Pro forma			Pro forma			Pro forma		
	As reported	adjustments (f)	Pro forma	As reported	adjustments (f)	Pro forma	As reported	adjustments (f)	Pro forma
Revenues:									
Property and casualty insurance net earned premiums	\$ 5,099	\$ -	\$ 5,099	\$ 5,185	\$ -	\$ 5,185	\$ 4,865	\$ -	\$ 4,865
Net investment income	2,132	1,671	461	2,303	1,771	532	2,094	1,616	478
Realized gains (losses) on securities and subsidiaries	312	364	(52)	287	132	155	(266)	(105)	(161)
Other Income	366	105	261	462	121	341	457	128	329
Total revenues	7,909	2,140	5,769	8,237	2,024	6,213	7,150	1,639	5,511
Costs and Expenses:									
Property and casualty insurance expenses	4,896	-	4,896	4,996	-	4,996	4,586	-	4,586
Annuity benefits	1,192	1,192	-	1,151	1,151	-	998	998	-
Annuity and supplemental insurance acquisition exp	306	306	-	253	253	-	261	261	-
Other expenses	667	133	534	729	146	583	666	150	516
Total costs and expenses	7,061	1,631	5,430	7,129	1,550	5,579	6,511	1,409	5,102
Earnings before income taxes	848	509	339	1,108	474	634	639	230	409
Provision for income taxes	127	102	25	239	96	143	122	42	80
Net Earnings (Loss) from continuing operations	\$ 721	\$ 407	\$ 314	\$ 869	\$ 378	\$ 491	\$ 517	\$ 188	\$ 329
Less: Net earnings (loss) attributable to NCI	(11)	-	(11)	(28)	-	(28)	(13)	-	(13)
Net Earnings (Loss) from continuing operations Attributable to Shareholders	\$ 732	\$ 407	\$ 325	\$ 897	\$ 378	\$ 519	\$ 530	\$ 188	\$ 342
Earnings Attributable to Shareholders per Common Share:									
Basic	\$ 8.25		\$ 3.66	\$ 9.98		\$ 5.77	\$ 5.95		\$ 3.84
Diluted	\$ 8.20		\$ 3.64	\$ 9.85		\$ 5.70	\$ 5.85		\$ 3.77
Average number of Common Shares:									
Basic	88.7		88.7	89.9		89.9	89.0		89.0
Diluted	89.2		89.2	91.0		91.0	90.6		90.6

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

- (a) Reflects what the purchase price would have been (net of transaction expenses) based on March 31, 2021 equity of \$3.01 billion calculated in accordance with U.S. generally accepted accounting principles (“GAAP”). Although the gain will not change materially, the actual proceeds will be based on GAAP equity of the subsidiaries sold at the closing date and will be subject to a post closing adjustment. In addition, the adjustment reflects the settlement of a payable to the disposed subsidiaries related to retained real estate-related assets.
 - (b) Removes the assets and liabilities of the subsidiaries sold.
 - (c) Records the gain on the sale of the subsidiaries sold.
 - (d) Removes the accumulated other comprehensive income related to the subsidiaries sold.
 - (e) The pro forma adjustments exclude the effect of the \$0.50 per share dividend paid on April 26, 2021 and the \$14.00 per share dividend that AFG declared on May 28, 2021, and is payable on June 15, 2021.
 - (f) Amounts represent the removal of revenues and expenses related to the subsidiaries sold.
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