SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the Quarterly Period Ended June 30, 1999	Commission File No. 1-13653

AMERICAN FINANCIAL GROUP, INC.

Incorporated under the Laws of Ohio	IRS Employer I.D. No. 31-1544320

One East Fourth Street, Cincinnati, Ohio 45202
(513) 579-2121

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X No

As of August 1, 1999, there were 59,651,053 shares of the Registrant's Common Stock outstanding, excluding 18,666,614 shares owned by subsidiaries.

PART I
FINANCIAL INFORMATION

AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Dollars In Thousands)

	June 30, 1999	December 31, 1998
Assets:		
Cash and short-term investments	$ 408,571	$ 296,721
Investments:		
Fixed maturities - at market (amortized cost - $10,145,848 and $9,921,344)	10,177,748	10,324,344
Other stocks - at market (cost - $238,857 and $207,345)	499,057	430,345
Investment in investee corporation	207,176	192,138
Policy loans	217,712	220,496
Real estate and other investments	255,413	271,915
Total investments	11,357,106	11,439,238
Recoverables from reinsurers and prepaid reinsurance premiums	2,049,570	1,973,895
Agents' balances and premiums receivable	595,402	618,198

Deferred acquisition costs	535,300	464,047
Other receivables	237,699	306,821
Assets held in separate accounts	215,946	120,049
Prepaid expenses, deferred charges and other assets	385,941	344,465
Cost in excess of net assets acquired	311,570	281,769
	$16,097,105	$15,845,203

Liabilities and Capital:		
Unpaid losses and loss adjustment expenses	$ 4,807,628	$ 4,773,377
Unearned premiums	1,234,112	1,232,848
Annuity benefits accumulated	5,469,517	5,449,633
Life, accident and health reserves	358,034	341,595
Long-term debt:		
Holding companies	572,709	415,536
Subsidiaries	223,959	176,896
Liabilities related to separate accounts	215,946	120,049
Accounts payable, accrued expenses and other liabilities	1,154,752	1,097,316
Total liabilities	14,036,657	13,607,250
Minority interest	499,693	521,776
Shareholders' Equity:		
Common Stock, no par value		
- 200,000,000 shares authorized		
- 59,735,561 and 60,928,322 shares outstanding	59,736	60,928
Capital surplus	758,974	770,721
Retained earnings	563,445	527,028
Net unrealized gain on marketable securities, net of deferred income taxes	178,600	357,500
Total shareholders' equity	1,560,755	1,716,177
	$16,097,105	$15,845,203

AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS
(In Thousands, Except Per Share Data)

	Three months ended June 30, 1999	Three months ended June 30, 1998	Six months ended June 30, 1999	Six months ended June 30, 1998
Income:				
Property and casualty insurance premiums	$557,535	$ 707,294	$1,095,001	$1,383,466
Life, accident and health premiums	25,367	48,460	50,955	95,276
Investment income	211,465	228,912	415,375	449,240
Equity in net earnings of investee	1,119	17,996	17,436	31,914
Realized gains on sales of:				
Securities	7,292	7,142	11,741	14,588
Investee	-	1,716	-	9,420
Other investments	-	-	-	6,843
Other income	28,577	26,326	54,634	63,877
	831,355	1,037,846	1,645,142	2,054,624
Costs and Expenses:				
Property and casualty insurance:				
Losses and loss adjustment expenses	398,819	564,078	764,648	1,063,903
Commissions and other underwriting expenses	166,601	191,027	334,822	384,632
Annuity benefits	63,520	69,111	128,461	140,221
Life, accident and health benefits	15,994	36,555	34,873	74,661
Interest charges on borrowed money	17,513	13,995	30,947	27,946
Minority interest expense	11,916	12,908	25,337	27,167
Other operating and general expenses	88,119	83,607	164,728	160,800
	762,482	971,281	1,483,816	1,879,330
Earnings before income taxes, extraordinary items and cumulative effect of accounting change	68,873	66,565	161,326	175,294
Provision for income taxes	23,800	26,000	57,139	67,842
Earnings before extraordinary items and cumulative effect of accounting change	45,073	40,565	104,187	107,452
Extraordinary items - loss on prepayment of debt	(3,738)	(40)	(3,738)	(727)
Cumulative effect of accounting change	-	-	(3,854)	-
Net Earnings	$ 41,335	$ 40,525	$ 96,595	$ 106,725

Basic earnings (loss) per Common Share:				
Before extraordinary items and cumulative effect of accounting change	$.75	$.66	$1.72	$1.75
Loss on prepayment of debt	(.06)	-	(.06)	(.01)
Cumulative effect of accounting change	-	-	(.06)	-
Net earnings available to Common Shares	$.69	$.66	$1.60	$1.74
Diluted earnings (loss) per Common Share:				
Before extraordinary items and cumulative effect of accounting change	$.74	$.65	$1.70	$1.72
Loss on prepayment of debt	(.06)	-	(.06)	(.01)
Cumulative effect of accounting change	-	-	(.06)	-
Net earnings available to Common Shares	$.68	$.65	$1.58	$1.71
Average number of Common Shares:				
Basic	59,962	61,353	60,459	61,229
Diluted	60,579	62,595	61,141	62,376

AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Dollars in Thousands)

	Common Shares	Common Stock and Capital Surplus	Retained Earnings	Unrealized Gain on Securities	Comprehensive Income (Loss)
Balance at January 1, 1999	60,928,322	$831,649	$527,028	$357,500	
Net earnings	-	-	96,595	-	$ 96,595
Dividends on Common Stock	-	-	(30,226)	-	-
Shares issued:					
Exercise of stock options	64,759	1,793	-	-	-
Dividend reinvestment plan	6,099	222	-	-	-
Employee stock purchase plan	31,588	1,165	-	-	-
401-K plan company match	57,888	2,171	-	-	-
Portion of bonuses paid in stock	26,900	1,039	-	-	-
Directors fees paid in stock	1,204	45	-	-	-
Shares repurchased	(1,381,199)	(18,867)	(29,952)	-	-
Capital transactions of subsidiaries	-	(3,200)	-	-	-
Change in unrealized	-	-	-	(178,900)	(178,900)
Other	-	2,693	-	-	-
Balance at June 30, 1999	59,735,561	$818,710	$563,445	$178,600	($ 82,305)
Balance at January 1, 1998	61,048,904	$836,738	$477,071	$348,900	
Net earnings	-	-	106,725	-	$106,725
Dividends on Common Stock	-	-	(30,604)	-	-
Shares issued:					
Exercise of stock options	235,190	7,012	-	-	-
Dividend reinvestment plan	5,030	211	-	-	-
Employee stock purchase plan	33,830	1,408	-	-	-
401-K plan company match	44,035	1,783	-	-	-
Portion of bonuses paid in stock	20,300	816	-	-	-
Directors fees paid in stock	1,099	45	-	-	-
Shares repurchased	(39)	-	-	-	-
Capital transactions of subsidiaries	-	(980)	-	-	-
Change in unrealized	-	-	-	(11,900)	(11,900)
Other	-	258	-	-	-
Balance at June 30, 1998	61,388,349	$847,291	$553,192	$337,000	$ 94,825

AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(In Thousands)

	Six months ended June 30, 1999	1998
Operating Activities:		
Net earnings	$ 96,595	$ 106,725
Adjustments:		
Extraordinary items	3,738	727
Cumulative effect of accounting change	3,854	-
Depreciation and amortization	44,124	51,233
Annuity benefits	128,461	140,221
Equity in net earnings of investee	(17,436)	(31,914)
Realized gains on investing activities	(16,519)	(44,411)
Deferred annuity and life policy acquisition costs	(59,181)	(48,936)
Decrease (increase) in reinsurance and other receivables	5,133	(138,770)
Increase in other assets	(54,061)	(7,510)
Increase in insurance claims and reserves	10,181	167,165
Increase in other liabilities	61,987	51,508
Increase in minority interest	4,335	8,030
Dividends from investee	2,400	2,400
Other, net	(8,587)	(7,814)
	205,024	248,654
Investing Activities:		
Purchases of and additional investments in:		
Fixed maturity investments	(1,153,888)	(1,243,852)
Equity securities	(47,901)	(33,137)
Subsidiaries	(183,886)	(30,325)
Real estate, property and equipment	(38,594)	(34,932)
Maturities and redemptions of fixed maturity investments	619,073	772,645
Sales of:		
Fixed maturity investments	654,858	358,597
Equity securities	33,241	12,194
Real estate, property and equipment	9,201	30,989
Cash and short-term investments of acquired subsidiaries, net	19,413	20,841
Decrease (increase) in other investments	22,042	(4,843)
	(66,441)	(151,823)

Financing Activities:		
Fixed annuity receipts	219,250	238,198
Annuity surrenders, benefits and withdrawals	(361,498)	(354,790)
Additional long-term borrowings	468,100	202,248
Reductions of long-term debt	(271,481)	(134,164)
Issuances of Common Stock	2,449	8,209
Repurchases of Common Stock	(48,040)	-
Repurchases of trust preferred securities	(5,509)	-
Cash dividends paid	(30,004)	(30,393)
	(26,733)	(70,692)
Net Increase in Cash and Short-term Investments	111,850	26,139
Cash and short-term investments at beginning of period	296,721	257,117
Cash and short-term investments at end of period	$ 408,571	$ 283,256

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Accounting Policies

Basis of Presentation The accompanying consolidated financial statements for American Financial Group, Inc. ("AFG") and subsidiaries are unaudited; however, management believes that all adjustments (consisting only of normal recurring accruals unless otherwise disclosed herein) necessary for fair presentation have been made. The results of operations for interim periods are not necessarily indicative of results to be expected for the year. The financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary to be in conformity with generally accepted accounting principles.

Certain reclassifications have been made to prior years to conform to the current year's presentation. All significant intercompany balances and transactions have been eliminated. All acquisitions have been treated as purchases. The results of operations of companies since their formation or acquisition are included in the consolidated financial statements.

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Changes in circumstances could cause actual results to differ materially from those estimates.

Investments All fixed maturity securities are "available for sale" and reported at fair value with unrealized gains and losses reported as a separate component of shareholders' equity. Short-term investments are carried at cost; loans receivable are carried primarily at the aggregate unpaid balance. Premiums and discounts on mortgage-backed securities are amortized over their expected average lives using the interest method.

Gains or losses on sales of securities are recognized at the time of disposition with the amount of gain or loss determined on the specific identification basis. When a decline in the value of a specific investment is considered to be other than temporary, a provision for impairment is charged to earnings and the carrying value of that investment is reduced.

Investment in Investee Corporation Investments in securities of 20%-to 50%-owned companies are generally carried at cost, adjusted for AFG's proportionate share of their undistributed earnings or losses.

Cost in Excess of Net Assets Acquired The excess of cost of subsidiaries and investees over AFG's equity in the underlying net assets ("goodwill") is being amortized over 40 years.

Insurance As discussed under "Reinsurance" below, unpaid losses and loss adjustment expenses and unearned premiums have not been reduced for reinsurance recoverable.

Reinsurance In the normal course of business, AFG's insurance subsidiaries cede reinsurance to other companies to diversify risk and limit maximum loss arising from large claims. To the extent that any reinsuring companies are unable to meet obligations under the agreements covering reinsurance ceded, AFG's insurance subsidiaries would remain liable. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policies. AFG's insurance subsidiaries report as assets (a) the estimated reinsurance recoverable on unpaid losses, including an estimate for losses incurred but not reported, and (b) amounts paid to reinsurers applicable to the unexpired terms of policies in force. AFG's insurance subsidiaries also assume reinsurance from other companies. Income on reinsurance assumed is recognized based on reports received from ceding reinsurers.

Deferred Acquisition Costs Policy acquisition costs (principally commissions, premium taxes and other underwriting expenses) related to the production of new business are deferred ("DPAC"). For the property and casualty companies, the deferral of acquisition costs is limited based upon their recoverability without any consideration for anticipated investment income. DPAC is charged against income ratably over the terms of the related policies. For the annuity companies, DPAC is amortized, with interest, in relation to the present value of expected gross profits on the policies.

Unpaid Losses and Loss Adjustment Expenses The net liabilities stated for unpaid claims and for expenses of investigation and adjustment of unpaid claims are based upon (a) the accumulation of case estimates for losses reported prior to the close of the accounting period on the direct business written; (b) estimates received from ceding reinsurers and insurance pools and associations; (c) estimates of unreported losses based on past experience; (d) estimates based on experience of expenses for investigating and adjusting claims and (e) the current state of the law and coverage litigation. These liabilities are subject to the impact of changes in claim amounts and frequency and other factors. In spite of the variability inherent in such estimates, management believes that the liabilities for unpaid losses and loss adjustment expenses are adequate. Changes in estimates of the liabilities for losses and loss adjustment expenses are reflected in the Statement of Earnings in the period in which determined.

Annuity Benefits Accumulated Annuity receipts and benefit payments are recorded as increases or decreases in "annuity benefits accumulated" rather than as revenue and expense. Increases in this liability for interest credited are charged to expense and decreases for surrender charges are credited to other income.

Life, Accident and Health Reserves Liabilities for future policy benefits under traditional life, accident and health policies are computed using the net level premium method. Computations are based on anticipated investment yield, mortality, morbidity and surrenders and include provisions for unfavorable deviations. Reserves are modified as necessary to reflect actual experience and developing trends.

Assets Held In and Liabilities Related to Separate Accounts Separate account assets and related liabilities represent variable annuity deposits.

Premium Recognition Property and casualty premiums are earned over the terms of the policies on a pro rata basis. Unearned premiums represent that portion of premiums written which is applicable to the unexpired terms of policies in force. On reinsurance assumed from other insurance companies or written through various underwriting organizations, unearned premiums are based on reports received from such companies and organizations. For traditional life, accident and health products, premiums are recognized as revenue when legally collectible from policyholders. For interest-sensitive life and universal life products, premiums are recorded in a policyholder account which is reflected as a liability. Revenue is recognized as amounts are assessed against the policyholder account for mortality coverage and contract expenses.

Policyholder Dividends Dividends payable to policyholders are included in "Accounts payable, accrued expenses and other liabilities" and represent estimates of amounts payable on participating policies which share in favorable underwriting results. The estimate is accrued during the period in which the related premium is earned. Changes in estimates are included in income in the period determined. Policyholder dividends do not become legal liabilities unless and until declared by the boards of directors of the insurance companies.

Minority Interest For balance sheet purposes, minority interest represents the interests of noncontrolling shareholders in AFG subsidiaries, including American Financial Corporation ("AFC") preferred stock and preferred securities issued by trust subsidiaries of AFG. For income statement purposes, minority interest expense represents those shareholders' interest in the earnings of AFG subsidiaries as well as AFC preferred dividends and accrued distributions on the trust preferred securities.

Issuances of Stock by Subsidiaries and Investees Changes in AFG's equity in a subsidiary or an investee caused by issuances of the subsidiary's or investee's stock are accounted for as gains or losses where such issuance is not a part of a broader reorganization.

Income Taxes AFC files consolidated federal income tax returns which include all 80%-owned U.S. subsidiaries, except for certain life insurance subsidiaries and their subsidiaries. Because holders of AFC Preferred Stock hold in excess of 20% of AFC's voting rights, AFG (parent) and its direct subsidiary, AFC Holding Company ("AFC Holding" or "AFCH"), own less than 80% of AFC, and therefore, file separate returns.

Deferred income taxes are calculated using the liability method. Under this method, deferred income tax assets and liabilities are determined based on differences between financial reporting and tax bases and are measured using enacted tax rates. Deferred tax assets are recognized if it is more likely than not that a benefit will be realized.

Stock-Based Compensation As permitted under Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," AFG accounts for stock options and other stock-based compensation plans using the intrinsic value based method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees."

Benefit Plans AFG provides retirement benefits to qualified employees of participating companies through contributory and noncontributory defined contribution plans contained in AFG's Retirement and Savings Plan. Under the retirement portion of the plan, company contributions (approximately 6% of covered compensation in 1998) are invested primarily in securities of AFG and affiliates. Under the savings portion of the plan, AFG matches a specific portion of employee contributions. Contributions to benefit plans are charged against earnings in the year for which they are declared.

AFG and many of its subsidiaries provide health care and life insurance benefits to eligible retirees. AFG also provides postemployment benefits to former or inactive employees (primarily those on disability) who were not deemed retired under other company plans. The projected future cost of providing these benefits is expensed over the period the employees earn such benefits.

Under AFG's stock option plan, options are granted to officers, directors and key employees at exercise prices equal to the fair value of the shares at the dates of grant. No compensation expense is recognized for stock option grants.

Start-up Costs Prior to 1999, American Annuity Group, Inc. ("AAG"), an 83%-owned subsidiary, deferred certain costs associated with introducing new products and distribution channels and amortized them on a straight-line basis over 5 years. In 1999, AAG implemented Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-Up Activities." The SOP requires that (i) costs of start-up activities be expensed as incurred and (ii) unamortized balances of previously deferred costs be expensed and reported as the cumulative effect of a change in accounting principle. Accordingly, AFG expensed previously capitalized start-up costs of $3.8 million (net of minority interest and taxes) or $.06 per diluted share, effective January 1, 1999.

Derivatives The Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," during the second quarter of 1998. AFG must implement SFAS No. 133 no later than January 1, 2001. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including derivative instruments that are embedded in other contracts, and for hedging activities. SFAS No. 133 requires the recognition of all derivatives (both assets and liabilities) in the balance sheet at fair value. Changes in fair value of derivative instruments are included in current income or as a component of comprehensive income (outside current income) depending on the type of derivative. Implementation of SFAS No. 133 is not expected to have a material effect on AFG's financial position or results of operations.

Earnings Per Share Basic earnings per share is calculated using the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share include the effect of the assumed exercise of dilutive common stock options.

Comprehensive Income Comprehensive income represents the total of net earnings plus other comprehensive income. For AFG, other comprehensive income represents the change in net unrealized gain on marketable securities net of deferred taxes.

Statement of Cash Flows For cash flow purposes, "investing activities" are defined as making and collecting loans and acquiring and disposing of debt or equity instruments and property and equipment. "Financing activities" include obtaining resources from owners and providing them with a return on their investments, borrowing money and repaying amounts borrowed. Annuity receipts, benefits and withdrawals are also reflected as financing activities. All other activities are considered "operating". Short-term investments having original maturities of three months or less when purchased are considered to be cash equivalents for purposes of the financial statements.

B. Acquisitions and Sales of Subsidiaries

Worldwide Insurance Company In April 1999, AFG completed the purchase of Worldwide Insurance Company (formerly Providian Auto and Home Insurance Company) for $157 million in cash. Worldwide is a provider of direct response private passenger automobile insurance.

Old Republic In February 1999, AAG acquired Old Republic Life Insurance Company of New York for approximately $27 million in cash.

United Teacher Associates In July 1999, AAG reached a definitive agreement to acquire United Teacher Associates Insurance Company of Austin, Texas ("UTA"). UTA provides retired and active teachers with supplemental health products and retirement annuities. Completion of the acquisition, which is expected to occur in the third quarter of 1999, is subject to certain conditions, including receipt of approval from the Texas Department of Insurance.

Commercial lines division In December 1998, AFG completed the sale of substantially all of its Commercial lines division to Ohio Casualty Corporation for $300 million plus warrants to purchase 6 million (post split) shares of Ohio Casualty common stock. AFG deferred a gain of $103 million on the insurance ceded to Ohio Casualty and recognized a pretax gain of $153 million on the sale of the other net assets. The deferred gain is being recognized over the estimated remaining settlement period (weighted average of 4.25 years) of the claims ceded. AFG may receive up to an additional $40 million in the year 2000 based upon the retention and growth of the insurance businesses acquired by Ohio Casualty. The commercial lines sold generated net written premiums of approximately $142 million for the six months ended June 30, 1998.

Funeral Services division In September 1998, AAG sold its Funeral Services division for approximately $165 million in cash. The division held assets of approximately $1 billion at the sale date. AFG realized a pretax gain of $21.6 million, before $2.7 million of minority interest, on this sale.

C. Segments of Operations Having sold substantially all of its Commercial lines division in December 1998, AFG's property and casualty group is engaged primarily in private passenger automobile and specialty insurance businesses. The Personal group consists of the nonstandard auto group along with the preferred/standard private passenger auto and other personal insurance business. The Specialty group includes a highly diversified group of specialty business units. AFG's annuity and life business markets primarily retirement products as well as life and supplemental health insurance. In addition, AFG owns a significant portion of the voting equity securities of Chiquita Brands International, Inc. (an investee corporation - see Note D).

The following table (in thousands) shows AFG's revenues and operating profit (loss) by significant business segment. Operating profit (loss) represents total revenues less operating expenses.

	Three months ended June 30,		Six months ended June 30,	
	1999	1998	1999	1998
Revenues (a)				
Property and casualty insurance:				
Premiums earned:				
Personal	$300,765	$ 330,615	$ 586,582	$ 658,587
Specialty	258,115	366,275	508,703	703,184
Other lines - primarily discontinued	(1,345)	10,404	(284)	21,695
	557,535	707,294	1,095,001	1,383,466
Investment and other income	116,694	121,255	218,962	253,556
	674,229	828,549	1,313,963	1,637,022
Annuities and life (b)	149,858	185,435	303,874	373,992
Other	6,149	5,866	9,869	11,696
	830,236	1,019,850	1,627,706	2,022,710
Equity in net earnings of investee	1,119	17,996	17,436	31,914
	$831,355	$1,037,846	$1,645,142	$2,054,624

Operating Profit (Loss)				
Property and casualty insurance:				
Underwriting:				
Personal	($ 2,434)	$ 9,295	$ 2,046	$ 21,269
Specialty	972	(49,792)	1,321	(59,105)
Other lines - primarily discontinued	(6,423)	(7,314)	(7,836)	(27,233)
	(7,885)	(47,811)	(4,469)	(65,069)
Investment and other income	76,624	94,230	144,265	199,109
	68,739	46,419	139,796	134,040
Annuities and life	23,671	26,618	50,431	58,672
Other (c)	(24,656)	(24,468)	(46,337)	(49,332)
	67,754	48,569	143,890	143,380
Equity in net earnings of investee	1,119	17,996	17,436	31,914
	$ 68,873	$ 66,565	$ 161,326	$ 175,294

(a) Revenues include sales of products and services as well as other income earned by the respective segments.
(b) Represents primarily investment income.
(c) Includes holding company expenses.

D. Investment in Investee Corporation Investment in investee corporation reflects AFG's ownership of 24 million shares (36%) of Chiquita common stock. The market value of this investment was $216 million and $229 million at June 30, 1999 and December 31, 1998, respectively. Chiquita is a leading international marketer, producer and distributor of quality fresh fruits and vegetables and processed foods. Summarized financial information for Chiquita follows (in millions):

	Six months ended June 30, 1999	1998
Net Sales	$1,370	$1,461
Operating Income	113	144
Net Income	56	94

E. Long-Term Debt The carrying value of long-term debt consisted of the following (in thousands):

	June 30, 1999	December 31, 1998
Holding Companies:		
AFG 7-1/8% Senior Debentures due April 2009	$347,519	-
AFG 7-1/8% Senior Debentures due December 2007	91,600	$100,000
AFC notes payable under bank line	-	80,000
AFC 9-3/4% Debentures due April 2004	-	78,560
American Premier Underwriters, Inc. ("APU") 9-3/4% Subordinated Notes due August 1999	89,049	89,467
APU 10-5/8% Subordinated Notes due April 2000	23,985	41,518
APU 10-7/8% Subordinated Notes due May 2011	11,685	17,473
Other	8,871	8,518
	$572,709	$415,536
Subsidiaries:		
AAG 6-7/8% Senior Notes due June 2008	$100,000	$100,000
AAG notes payable under bank line	75,000	27,000
Notes payable secured by real estate	37,328	37,602
Other	11,631	12,294
	$223,959	$176,896

In April 1999, AFG issued $350 million principal amount of 7-1/8% Senior Debentures due 2009. The majority of the proceeds from this offering were used in the second quarter to (i) repay $155 million borrowed under AFC's bank line; (ii) redeem the AFC 9-3/4% Debentures for $82.9 million and (iii) repurchase $22.2 million of APU Notes and $8.4 million of AFG Debentures due 2007 for an aggregate of $32.4 million.

Between July 1 and August 6, AFG repurchased $33.5 million of its 7-1/8% Debentures due 2009 for $31.4 million in cash, redeemed the APU 9-3/4% Notes at maturity and borrowed $40 million under the bank line.

At June 30, 1999, sinking fund and other scheduled principal payments on debt for the balance of 1999 and the subsequent five years, adjusted to reflect the new bank borrowings and the payment of the APU 9-3/4% Notes, were as follows (in thousands):

	Holding Companies	Subsidiaries	Total
1999	$ -	$ 1,041	$ 1,041
2000	23,667	8,685	32,352
2001	-	1,379	1,379
2002	45,939	1,266	47,205
2003	-	76,294	76,294
2004	-	14,241	14,241

Debentures purchased in excess of scheduled payments may be applied to satisfy any sinking fund requirement. The scheduled principal payments shown above assume that debentures previously purchased are applied to the earliest scheduled retirements.

AFC and AAG each have an unsecured credit agreement with a group of banks under which they can borrow up to $300 million and $200 million, respectively. Borrowings bear interest at floating rates based on prime or Eurodollar rates. Loans mature December 2002 under the AFC credit agreement and from 2000 to 2003 under the AAG credit agreement.

F. Minority Interest Minority interest in AFG's balance sheet is comprised of the following (in thousands):

	June 30, 1999	December 31, 1998
Interest of noncontrolling shareholders in subsidiaries' common stock	$107,939	$124,622
Preferred securities issued by subsidiary trusts	319,600	325,000
AFC preferred stock	72,154	72,154
	$499,693	$521,776

Preferred Securities Wholly-owned subsidiary trusts of AFCH and AAG have issued $325 million of preferred securities and, in turn, purchased a like amount of AFCH and AAG subordinated debt which provides interest and principal payments to fund the respective trusts' obligations. The preferred securities must be redeemed upon maturity or redemption of the subordinated debt. AFCH and AAG effectively provide unconditional guarantees of their respective trusts' obligations and AFG guarantees AFCH's obligations.

The preferred securities consisted of the following (in thousands):

Date of Issuance	Issue (Maturity Date)	June 30, 1999	December 31, 1998	Optional Redemption Dates
October 1996	AFCH 9-1/8% TOPrS (2026)	$100,000	$100,000	On or after 10/22/2001
November 1996	AAG 9-1/4% TOPrS (2026)	74,600	75,000	On or after 11/7/2001
March 1997	AAG 8-7/8% Pfd (2027)	70,000	75,000	On or after 3/1/2007
May 1997	AAG 7-1/4% ROPES (2041)	75,000	75,000	Prior to 9/28/2000 and after 9/28/2001

In the first quarter of 1999, AAG repurchased $5.4 million of its preferred securities for $5.5 million in cash.

AFC Preferred Stock AFC's Preferred Stock is voting, cumulative, and consists of the following:

Series J, no par value; $25.00 liquidating value per share; annual dividends per share $2.00; redeemable at $25.75 per share beginning December 2005 declining to $25.00 at December 2007; 2,886,161 shares (stated value $72.2 million) outstanding at June 30, 1999 and December 31, 1998.

Minority Interest Expense Minority interest expense is comprised of (in thousands):

	Six months ended June 30, 1999	1998
Interest of noncontrolling shareholders in earnings of subsidiaries	$ 8,649	$10,177
Accrued distributions by subsidiaries on preferred securities:		
Trust issued securities	13,802	14,104
AFC preferred stock	2,886	2,886
	$25,337	$27,167

G. Shareholders' Equity At June 30, 1999, the outstanding shares of AFG Common Stock included 1,366,802 shares held by American Premier for distribution to certain creditors and other claimants pursuant to a plan of reorganization relating to American Premier's predecessor. AFG is authorized to issue 12.5 million shares of Voting Preferred Stock and 12.5 million shares of Nonvoting Preferred Stock, each without par value.

At June 30, 1999, there were 6.9 million shares of AFG Common Stock reserved for issuance upon exercise of stock options. As of that date, AFG had options for 4.6 million shares outstanding. Options generally become exercisable at the rate of 20% per year commencing one year after grant; those granted to non-employee directors of AFG are fully exercisable upon grant. All options expire ten years after the date of grant.

The change in net unrealized gain on marketable securities for the six months ended June 30 included the following (in millions):

	Pretax	Taxes	Minority Interest	Net
1999				
Unrealized holding gains (losses) on securities arising during the period	($292.3)	$100.8	$20.0	($171.5)
Reclassification adjustment for realized gains included in net income	(11.7)	4.1	.2	(7.4)
Change in net unrealized gain on marketable securities	($304.0)	$104.9	$20.2	($178.9)
1998				
Unrealized holding gains (losses) on securities arising during the period	($ 6.8)	$ 2.5	($ 1.3)	($ 5.6)
Reclassification adjustment for realized gains included in net income	(10.1)	3.5	.3	(6.3)
Change in net unrealized gain on marketable securities	($ 16.9)	$ 6.0	($ 1.0)	($ 11.9)

H. Extraordinary Items Extraordinary items represent AFG's proportionate share of gains (losses) related to debt retirements by the following companies. Amounts shown are net of minority interest and income taxes (in thousands):

	Six months ended June 30, 1999	1998
Holding Companies:		
AFG (parent)	$ 258	$ -
AFC (parent)	(2,993)	(35)
APU (parent)	(1,003)	(43)
Subsidiaries:		
AAG	-	(649)
	($3,738)	($727)

I. Cash Flows - Fixed Maturity Investments "Investing activities" related to fixed maturity investments in AFG's Statement of Cash Flows consisted of the following (in thousands):

	Available For Sale	Held to Maturity(a)	Total
1999			
Purchases	$1,153,888	$ -	$1,153,888
Maturities and redemptions	619,073	-	619,073
Sales	654,858	-	654,858
1998			
Purchases	$1,243,026	$ 826	$1,243,852
Maturities and redemptions	397,871	374,774	772,645
Sales	326,657	31,940(b)	358,597

(a) At December 31, 1998, AFG reclassified all of its "held to maturity" fixed maturity securities to "available for sale."
(b) Sold (at a gain of $.2 million) due to significant deterioration in the issuers' creditworthiness.

J. Commitments and Contingencies Other than as disclosed in "Legal Proceedings" in Part II of this report, there have been no significant changes to the matters discussed and referred to in Note L "Commitments and Contingencies" in AFG's Annual Report on Form 10-K for 1998.

ITEM 2

Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

AFG and its subsidiaries, AFC Holding, AFC and American Premier, are organized as holding companies with almost all of their operations being conducted by subsidiaries. These parent corporations, however, have continuing cash needs for administrative expenses, the payment of principal and interest on borrowings, shareholder dividends, and taxes. Therefore, certain analyses are best done on a parent only basis while others are best done on a total enterprise basis. In addition, since most of its businesses are financial in nature, AFG does not prepare its consolidated financial statements using a current-noncurrent format. Consequently, certain traditional ratios and financial analysis tests are not meaningful.

Year 2000 Status AFG's Year 2000 Project is a corporate-wide program designed to ensure that its computer systems and other equipment using date-sensitive computer chips will function properly in the year 2000. The Project also encompasses communicating with agents, vendors, financial institutions and others with which the companies conduct business to determine their Year 2000 readiness and resulting effects on AFG. AFG's Year 2000 Project Office monitors and coordinates the work being performed by the various business units and reports monthly to the Audit Committee of the Board of Directors and more frequently to senior management.

To address the Year 2000 issue, AFG's operations have been divided into separate systems groups. A majority of the groups have met AFG's goal of having program modifications and new software installations substantially completed by the end of 1998, with testing continuing in and through 1999. About two-thirds of the groups are expected to have completed Year 2000 testing by the end of the third quarter of 1999. The remainder are now expected to be completed during the fourth quarter.

Contingency plans are being developed for certain business processes and systems deemed most critical to operations. These plans provide a documented order of actions necessary to keep the business functions operating. Such plans typically include procedures and workflow processes for developing and operating contingent databases. Contingency planning for other business processes and systems deemed critical to operations and reasonably likely not to be modified on schedule is expected to be substantially completed by the end of the third quarter.

Many of the systems being replaced were planned replacements which were accelerated due to the Year 2000 considerations. In addition, a significant portion of AFG's Year 2000 Project is being completed using internal staff. Therefore, cost estimates for the Year 2000 Project do not represent solely incremental costs.

From the inception of the Year 2000 Project in the early 1990s through June 30, 1999, AFG estimates that it has incurred approximately $61 million in costs related to the Project, including capitalized costs of $15 million for new systems. During the first six months of 1999, $11 million in such costs have been expensed. AFG estimates that it will incur an additional $13 million of such costs in completing the Project, about two-thirds of which is projected to be expensed.

Projected Year 2000 costs and completion dates are based on management's best estimates. However, there can be no assurances that these estimates will be achieved. Should software modifications and new software installations not be completed on a timely basis, the resulting disruptions could have a material adverse affect on operations.

AFG's operations could also be affected by the inability of third parties such as agents and vendors to become Year 2000 compliant. Assessments of property and casualty agents have been completed and those of the life and annuity agents are expected to be completed in the third quarter. Efforts to evaluate third party vendors have been intensified and will extend into the fourth quarter. In addition, AFG's property and casualty insurance subsidiaries are reviewing the potential impact of the Year 2000 issue on insureds as part of their underwriting process. They are also reviewing policy forms, issuing clarifying endorsements where appropriate and examining coverage issues for Year 2000 exposures. While it is possible that Year 2000 claims may emerge in future periods, it is not possible to estimate any such amounts.

Forward-Looking Statements The Private Securities Litigation Reform Act of 1995 encourages corporations to provide investors with information about the company's anticipated performance and provides protection from liability if future results are not the same as management's expectations. This document contains certain forward-looking statements that are based on assumptions which management believes are reasonable, but by their nature, inherently uncertain. Future results could differ materially from those projected. Factors that could cause such differences include, but are not limited to: changes in economic conditions especially with regard to availability of and returns on capital, regulatory actions, changes in legal environment, levels of catastrophe and other major losses, availability of reinsurance, the Year 2000 issue, and competitive pressures. AFG undertakes no obligation to update any forward-looking statements.

LIQUIDITY AND CAPITAL RESOURCES

Ratios AFG's debt to total capital ratio (at the parent holding company level) was approximately 25% at June 30, 1999 and 18% at December 31, 1998. AFG's ratio of earnings to fixed charges (on a total enterprise basis) was 3.53 for the first six months of 1999 and 3.22 for the entire year of 1998.

Sources of Funds Management believes the parent holding companies have sufficient resources to meet their liquidity requirements through operations in the short-term and long-term future. If funds generated from operations, including dividends and tax payments from subsidiaries, are insufficient to meet fixed charges in any period, these companies would be required to generate cash through borrowings, sales of securities or other assets, or similar transactions.

AFC has a revolving credit agreement with several banks under which it can borrow up to $300 million. The credit line provides ample liquidity and can be used to obtain funds for operating subsidiaries or, if necessary, for the parent companies. While there were no borrowings outstanding under the credit line at June 30, 1999, $40 million had been borrowed at August 6.

In April 1999, AFG issued $350 million principal amount of 7-1/8% senior debentures due 2009; the proceeds were used primarily to retire outstanding holding company public debt and borrowings under AFC's credit line.

Dividend payments from subsidiaries have been very important to the liquidity and cash flow of the individual holding companies in the past. However, the reliance on such dividend payments has been lessened by the combination of (i) strong capital at AFG's insurance subsidiaries (and the related decreased likelihood of a need for investment in those companies), (ii) the reduction of debt at the holding companies from historical levels (and the related decrease in ongoing cash needs for interest and principal payments), (iii) AFG's ability to obtain financing in capital markets, as well as (iv) the sales of noncore investments.

Investments Approximately 91% of the fixed maturities held by AFG were rated "investment grade" (credit rating of AAA to BBB) by nationally recognized rating agencies at June 30, 1999. Investment grade securities generally bear lower yields and lower degrees of risk than those that are unrated and noninvestment grade. Management believes that the high quality investment portfolio should generate a stable and predictable investment return.

AFG's equity securities are concentrated in a relatively limited number of major positions. This approach allows management to more closely monitor the companies and the industries in which they operate.

RESULTS OF OPERATIONS

General Pretax earnings before extraordinary items and cumulative effect of accounting change for the three months and six months ended June 30, 1999 were $68.9 million and $161.3 million, respectively, compared to $66.6 million and $175.3 million in the comparable 1998 periods. An improvement in underwriting results in the second quarter of 1999 more than offset reductions in investment income and investee earnings and a one-time expense of $5 million for integration and software related costs associated with the April acquisition of Worldwide Insurance Company. For the six months, reductions in investment income, investee earnings and income from the sale of real estate properties more than offset an improvement in underwriting results. The improvement in 1999's underwriting results reflects primarily the impact of severe storm losses in the second quarter of 1998.

Property and Casualty Insurance - Underwriting AFG's property and casualty group consists of two major business groups: Personal and Specialty.

The Personal group consists of the nonstandard auto group along with the preferred/standard private passenger auto and other personal insurance business. The nonstandard automobile insurance companies insure risks not typically accepted for standard automobile coverage because of the applicant's driving record, type of vehicle, age or other criteria.

The Specialty group includes a highly diversified group of business lines. Some of the more significant areas are executive liability, inland and ocean marine, U.S.-based operations of Japanese companies, agricultural-related coverages, California workers' compensation, nonprofit liability, general aviation coverages, fidelity and surety bonds, and umbrella and excess coverages. Commercial lines businesses sold included certain coverages in workers' compensation, commercial multi-peril, commercial automobile, and umbrella.

Underwriting profitability is measured by the combined ratio which is a sum of the ratios of underwriting losses, loss adjustment expenses, underwriting expenses and policyholder dividends to premiums. When the combined ratio is under 100%, underwriting results are generally considered profitable; when the ratio is over 100%, underwriting results are generally considered unprofitable. The combined ratio does not reflect investment income, other income or federal income taxes.

Management's Discussion and Analysis
of Financial Condition and Results of Operations - Continued

For certain lines of business and products where the credibility of the range of loss projections is less certain (primarily the various specialty businesses listed above), management believes that it is prudent and appropriate to use conservative assumptions until such time as the data, experience and projections have more credibility, as evidenced by data volume, consistency and maturity of the data. While this practice mitigates the risk of adverse development on this business, it does not eliminate it.

Net written premiums and combined ratios for AFG's property and casualty insurance subsidiaries were as follows (dollars in millions):

	Three months ended June 30,		Six months ended June 30,	
	1999	1998	1999	1998
Net Written Premiums (GAAP)				
Personal	$275.4	$325.5	$ 551.9	$ 683.6
Specialty	278.5	352.7	526.7	681.8
Other lines	(1.6)	7.9	(1.5)	15.6
	$552.3	$686.1	$1,077.1	$1,381.0
Combined Ratios (GAAP)				
Personal	100.7%	97.2%	99.7%	96.7%
Specialty	99.7	113.6	99.8	108.5
Aggregate (including discontinued lines)	101.4	106.8	100.4	104.7

Personal The Personal group's net written premiums for the second quarter and first six months of 1999 includes $20.9 million in net premiums written by Worldwide since its acquisition in April. The decrease in written premiums reflects continuing strong price competition in the private passenger automobile market. The combined ratios for 1999 increased as loss and underwriting expenses did not decline at the same rate as premiums.

Specialty The Specialty Group's net written premiums for the second quarter and first six months of 1999 increased slightly compared to the 1998 periods, excluding premiums of the commercial lines division sold in December 1998 and the effect of ceding approximately 30% of California workers' compensation premiums under a reinsurance agreement implemented during the third quarter of 1998.

A deferred gain of $103 million on the Commercial lines business ceded to Ohio Casualty in December 1998 is being recognized over the estimated settlement period (weighted average 4.25 years) of the claims ceded. The Specialty group's underwriting results for the second quarter and first half of 1999 include $6.7 million and $13.4 million, respectively, in earnings recognized on the ceded business. In addition, the improvement in the combined ratios for the 1999 periods reflects (i) the absence of losses included in the 1998 periods attributable to midwestern storms which increased the second quarter and six-month ratios by 8.7 and 5.5 percentage points, respectively, (ii) improved underwriting margins in California workers' compensation business largely due to favorable reinsurance agreements and (iii) the absence of losses included in the 1998 periods attributable to the commercial lines sold.

Life, Accident and Health Premiums and Benefits The decrease in life, accident and health premiums and benefits reflects primarily the sale of AAG's Funeral Services division in September 1998.

Investment Income Investment income decreased approximately $17.5 million (8%) in the second quarter of 1999 and $33.9 million (8%) in the first six months of 1999 compared to 1998 due primarily to the transfer of investment assets in connection with the sales of the Commercial lines division and Funeral Services division in 1998.

Investee Corporation Equity in net earnings of investee corporation represents AFG's proportionate share of Chiquita's earnings. Chiquita reported net income for the second quarter and first six months of 1999 of $7.3 million and $56 million, respectively, compared to $52.8 million and $93.9 million for the same periods in 1998.

Realized Gains Realized capital gains have been an important part of the return on investments in marketable securities. Individual securities are sold creating gains and losses as market opportunities exist.

Gain on Sale of Investee Chiquita's public issuance of shares of its common stock in the first and second quarters of 1998 resulted in pretax gains to AFG of $7.7 million and $1.7 million in those periods.

Other Income Other income decreased $9.2 million (14%) in the first six months of 1999 compared to 1998 due primarily to a reduction in income from the sale of operating real estate assets.

Annuity Benefits Annuity benefits reflect amounts accrued on annuity policyholders' funds accumulated. The majority of AAG's fixed rate annuity products permit AAG to change the crediting rate at any time (subject to minimum interest rate guarantees of 3% or 4% per annum). As a result, management has been able to react to changes in market interest rates and maintain a desired interest rate spread.

Annuity benefits decreased $5.6 million (8%) during the second quarter and $11.8 million (8%) in the first six months of 1999 compared to the same periods in 1998 due primarily to (i) decreases in crediting rates, (ii) changes in actuarial assumptions, (iii) the sale of the Funeral Services division and (iv) decreased sales and persistency of fixed annuities.

Cumulative Effect of Accounting Change In the first quarter of 1999, AAG implemented Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities." The SOP requires that costs of start-up activities be expensed as incurred and that unamortized balances of previously deferred costs be expensed and reported as the cumulative effect of a change in accounting principle. Accordingly, AFG expensed previously capitalized start-up costs of $3.8 million (net of minority interest and taxes) in the first quarter of 1999.

Item 3

Quantitative and Qualitative Disclosure of Market Risk

The tables below shows scheduled principal payments (in millions) on fixed-rate and variable-rate long-term debt of AFG and its subsidiaries and related average interest rates as of June 30, 1999 and December 31, 1998.

June 30, 1999

	Fixed-Rate Debt		Variable-Rate Debt	
	Scheduled Principal Payments	Weighted Average Interest Rate	Scheduled Principal Payments	Weighted Average Interest Rate
1999 (remainder)	$ 89.9	9.72%	$ .1	7.81%
2000	32.2	9.44	.2	7.78
2001	1.2	7.11	.1	7.75
2002	1.1	6.80	6.1	9.95
2003	1.1	6.68	75.2	5.48
2004	14.1	8.43	.2	7.75
Thereafter	576.5	7.16	.1	7.75
Total	$716.1	7.61%	$ 82.0	5.84%
Market Value	$689.6		$ 82.0	

December 31, 1998

	Fixed-Rate Debt		Variable-Rate Debt	
	Scheduled Principal Payments	Weighted Average Interest Rate	Scheduled Principal Payments	Weighted Average Interest Rate
1999	$ 90.7	9.69%	$ .3	5.86%
2000	49.1	9.85	.2	5.80
2001	1.2	7.13	.1	5.58
2002	1.1	6.81	85.7	5.95
2003	1.1	6.68	27.2	6.09
Thereafter	333.3	7.92	.2	5.58
Total	$476.5	8.45%	$113.7	5.98%
Market Value	$490.6		$113.7	

As of June 30, 1999, there were no material changes to the other information provided in AFG's Form 10-K for 1998 under the caption "Exposure to Market Risk" in Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART II
OTHER INFORMATION

Item 1

Legal Proceedings

Great American Life Insurance Company ("GALIC") was named a defendant in purported class action lawsuits (Woodward v. Great American Life Insurance Company, Hamilton County Court of Common Pleas, Case No. A9900587, filed February 2, 1999 and Marshak v. Great American Life Insurance Company, Harris County, Texas filed June 18, 1999). The complaints seek unspecified money damages (the Texas complaint also seeks declaratory relief) based on alleged (i) failure of GALIC to allow the tax-free transfer of the annuity value of certain annuities to other product providers, and (ii) misleading and fraudulent disclosures concerning GALIC's interest crediting practices. The Texas complaint also alleges that the sale of annuities to tax-qualified plans was inappropriate. GALIC has not completed its review of the complaints but believes it has meritorious defenses. However, it is too early to predict the ultimate outcome of these actions and their impact on the Company.

Item 4

Submission of Matters to a Vote of Security Holders

AFG's Annual Meeting of Shareholders was held on May 19, 1999; there were two matters voted upon: (Item 1) election of eight directors, and (Item 2) approval of an amendment to the Stock Option Plan.

The votes cast for, against, withheld and the number of abstentions as to each matter voted on at the 1999 Annual Meeting is set forth below:

Name	For	Against	Withheld	Abstain
Item 1				
Theodore H. Emmerich	54,346,187	N/A	535,048	N/A
James E. Evans	54,352,061	N/A	529,174	N/A
Thomas M. Hunt	54,343,201	N/A	538,034	N/A
Carl H. Lindner	54,336,970	N/A	544,265	N/A
Carl H. Lindner III	54,343,890	N/A	537,345	N/A
Keith E. Lindner	54,344,035	N/A	537,200	N/A
S. Craig Lindner	54,344,049	N/A	537,186	N/A
William R. Martin	54,348,321	N/A	532,914	N/A
Item 2	47,989,374	6,817,491	N/A	74,370

N/A - Not Applicable

PART II
OTHER INFORMATION

Item 6

Exhibits and Reports on Form 8-K

(a) Exhibit 27.1 - Financial Data Schedule as of June 30, 1999. For submission in electronic filing only.

(b) Reports on Form 8-K: none

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, American Financial Group, Inc. has duly caused this Report to be signed on its behalf by the undersigned duly authorized.

American Financial Group, Inc.

August 9, 1999

BY: Fred J. Runk
Fred J. Runk
Senior Vice President and Treasurer

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This schedule contains summary financial information extracted from American Financial Group, Inc. 10-Q for the six months ended June 30, 1999 and is qualified in its entirety by reference to such financial statements.

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6-MOS
DEC-31-1999
JUN-30-1999
$408,571
10,883,981
595,402
0
0
0
0
0
16,097,105
0
796,668
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0
59,736
1,501,019
16,097,105
0
1,645,142
0
0
164,728
0
30,947
161,326
57,139
104,187
0
(3,738)
(3,854)
$96,595
1.60
1.58

Includes an investment in investee corporation of $207 million.