

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 10, 2012

AMERICAN FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction
of incorporation)

1-13653

(Commission File Number)

31-1544320

(IRS Employer
Identification No.)

301 East Fourth Street, Cincinnati, OH

(Address of principal executive offices)

45202

(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))

Item 1.01 Entry into a Material Definitive Agreement.

On May 10, 2012, American Financial Group, Inc.'s subsidiary, Great American Financial Resources, Inc. ("GAFRI"), together with certain of GAFRI's subsidiaries (collectively, the "Company") entered into a Purchase Agreement (the "Purchase Agreement") with Cigna Health and Life Insurance Company ("Cigna") pursuant to which the Company agreed to sell its Medicare Supplement and Critical Illness businesses (headquartered in Austin, Texas and doing business as Great American Supplemental Benefits Group) (collectively, the "Business") to Cigna for approximately \$295 million in cash, subject to post-closing adjustments based upon statutory capital and surplus of the transferred businesses as of the closing date.

The Purchase Agreement includes customary representations, warranties and covenants of the Company and Cigna, as well as indemnification provisions for breaches or inaccuracies in either party's representations and warranties or covenants.

The transaction is subject to customary closing conditions, including, among others (i) the expiration or termination of any applicable waiting periods or receipt of any required antitrust clearances under applicable laws; (ii) the absence of any law or order prohibiting the transaction; (iii) the accuracy of the parties' representations and warranties, subject to customary materiality limits and (iv) the performance by each of the parties of covenants under the Agreement in all material respects.

The Purchase Agreement contains customary termination rights for both the Company and Cigna. These include, subject to certain conditions, termination by (i) mutual consent of the Company and Cigna; (ii) either party if the transaction has not closed by November 12, 2012, subject to certain limited exceptions, which such date may be extended by Cigna for up to 60 days under certain circumstances; and (iii) either party if the other party has breached or failed to perform in any material respects any of its representations or covenants, as a result of which a condition to such non-breaching party's obligation to complete the transaction will not be met, and the breach or failure is not or cannot be cured within 30 days.

Item 7.01 Regulation FD Disclosure.

On May 10, 2012, the Company issued a press release announcing that it had entered into the Purchase Agreement. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information furnished pursuant to this Item 7.01 and Exhibit 99.1 shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of that Section nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press Release dated May 10, 2012

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 thereunto duly authorized.

AMERICAN FINANCIAL GROUP, INC.

Date: May 14, 2012

By: /s/ Karl J. Grafe

Karl J. Grafe

Title

Vice President

Press Release**American Financial Group, Inc. Announces Agreement to Sell Medicare Supplement and Critical Illness Businesses**

CINCINNATI--(BUSINESS WIRE)--May. 10, 2012-- American Financial Group, Inc. (NYSE/NASDAQ: AFG) announced today that it reached a definitive agreement to sell its Medicare Supplement and Critical Illness businesses (headquartered in Austin, Texas and doing business as Great American Supplemental Benefits Group) to Cigna Corporation (NYSE: CI) for approximately \$295 million in cash, subject to post-closing adjustments based upon statutory capital and surplus of transferred businesses as of the closing date. AFG expects to realize an after tax gain of approximately \$95-\$105 million on the sale, which is expected to close late in the third quarter or early in the fourth quarter of 2012.

On a GAAP basis, these businesses contributed approximately \$400 million of assets, \$325 million of revenues and \$34 million of pretax operating earnings to AFG's results in 2011, and \$80 million of revenues and \$6 million of pretax operating earnings in the first quarter of 2012. Accordingly, AFG expects this transaction to be slightly dilutive to earnings in the short term.

S. Craig Lindner, Co-CEO of American Financial Group, Inc. stated, "Completion of this transaction allows AFG to devote capital to its core specialty property and casualty insurance and annuity businesses as well as to repurchase AFG common stock, as appropriate. At the same time, we are pleased that our Medicare Supplement and Critical Illness businesses will help to expand Cigna's presence in the U.S. Individual and Seniors segments through a broad range of consumer focused supplemental health solutions."

AFG's financial adviser on the transaction was Goldman, Sachs & Co.

Following this transaction, AFG's Austin-based operations will consist solely of its run-off long-term care business, which has a book value of approximately \$170 million. Given its recent unsuccessful efforts to sell the long-term care business and the difficulty to predict future claims for this business, AFG plans to have an external actuarial study performed of its long-term care reserves. This study will supplement the Company's regular internal quarterly analysis and is expected to be completed no later than the fourth quarter of this year. As disclosed in AFG's SEC filings, adverse changes in reserve assumptions in future periods could result in a charge to earnings.

About American Financial Group, Inc.

American Financial Group is an insurance holding company based in Cincinnati, Ohio with assets in excess of \$35 billion. Through the operations of Great American Insurance Group, AFG is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and in the sale of traditional fixed and indexed annuities and a variety of supplemental insurance products such as Medicare supplement. Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company.

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 and investment activities; 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 abroad; performance of securities markets; AFG's ability to estimate accurately the likelihood, magnitude and timing of any losses in connection with investments in the non-agency residential mortgage market; 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; regulatory actions (including changes in statutory accounting rules); 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 civil unrest and other major losses; development of insurance loss reserves and establishment of other reserves, particularly with respect to amounts associated with asbestos and environmental claims; changes in persistency of in-force policies; availability of reinsurance and ability of reinsurers to pay their obligations; the unpredictability of possible future litigation if certain settlements of current litigation do not become effective; trends in persistency, mortality and morbidity; competitive pressures, including those in the annuity bank distribution channels, 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 our operating subsidiaries; and other factors identified in our 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.

Source: American Financial Group, Inc.

American Financial Group, Inc.

Diane P. Weidner, Assistant Vice President - Investor Relations, 513-369-5713

or

Websites:

www.AFGinc.com

www.GreatAmericanInsuranceGroup.com

www.GAFRI.com