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 September 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 November 1, 1999, there were 58,406,695 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)

	September 30, 1999	December 31, 1998
Assets:		
Cash and short-term investments	$ 312,579	$ 296,721
Investments:		
Fixed maturities - at market (amortized cost - $10,054,347 and $9,921,344)	9,966,947	10,324,344
Other stocks - at market (cost - $231,533 and $207,345)	427,733	430,345
Investment in investee corporation	191,179	192,138
Policy loans	217,205	220,496
Real estate and other investments	271,829	271,915
Total investments	11,074,893	11,439,238
Recoverables from reinsurers and prepaid reinsurance premiums	2,124,232	1,973,895
Agents' balances and premiums receivable	709,348	618,198
Deferred acquisition costs	563,537	464,047
Other receivables	216,046	306,821
Assets held in separate accounts	243,444	120,049

Prepaid expenses, deferred charges and other assets	445,490	344,465
Cost in excess of net assets acquired	328,984	281,769
	$16,018,553	$15,845,203

Liabilities and Capital:		
Unpaid losses and loss adjustment expenses	$ 4,876,564	$ 4,773,377
Unearned premiums	1,260,249	1,232,848
Annuity benefits accumulated	5,473,639	5,449,633
Life, accident and health reserves	369,370	341,595
Long-term debt:		
Holding companies	498,464	415,536
Subsidiaries	239,188	176,896
Liabilities related to separate accounts	243,444	120,049
Accounts payable, accrued expenses and other liabilities	1,130,969	1,097,316
Total liabilities	14,091,887	13,607,250
Minority interest	494,774	521,776
Shareholders' Equity:		
Common Stock, no par value		
- 200,000,000 shares authorized		
- 58,398,505 and 60,928,322 shares outstanding	58,399	60,928
Capital surplus	742,013	770,721
Retained earnings	557,380	527,028
Unrealized gains on marketable securities, net	74,100	357,500
Total shareholders' equity	1,431,892	1,716,177
	$16,018,553	$15,845,203

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

	Three months ended September 30, 1999	1998	Nine months ended September 30, 1999	1998
Income:				
Property and casualty insurance premiums	$585,560	$ 696,537	$1,680,561	$2,080,003
Life, accident and health premiums	26,463	50,434	77,418	145,710
Investment income	216,927	222,683	632,302	671,923
Equity in net earnings (loss) of investee	(14,797)	(5,518)	2,639	26,396
Realized gains (losses) on sales of:				
Securities	(5,744)	14,302	5,997	28,890
Investee and subsidiaries	-	11,090	-	20,510
Other investments	-	-	-	6,843
Other income	45,709	42,276	100,343	106,153
	854,118	1,031,804	2,499,260	3,086,428
Costs and Expenses:				
Property and casualty insurance:				
Losses and loss adjustment expenses	423,402	513,537	1,188,050	1,577,440
Commissions and other underwriting expenses	171,824	201,777	506,646	586,409
Annuity benefits	66,516	64,514	194,977	204,735
Life, accident and health benefits	17,365	40,547	52,238	115,208
Interest charges on borrowed money	17,175	14,932	48,122	42,878
Minority interest expense	12,671	16,628	38,008	43,795
Other operating and general expenses	99,482	93,816	264,210	254,616
	808,435	945,751	2,292,251	2,825,081
Earnings before income taxes, extraordinary items and cumulative effect of accounting change	45,683	86,053	207,009	261,347
Provision for income taxes	17,075	29,622	74,214	97,464
Earnings before extraordinary items and cumulative effect of accounting change	28,608	56,431	132,795	163,883
Extraordinary items - gain (loss) on prepayment of debt	1,477	(36)	(2,261)	(763)
Cumulative effect of accounting change	-	-	(3,854)	-
Net Earnings	$ 30,085	$ 56,395	$ 126,680	$ 163,120

Basic earnings (loss) per Common Share:				
Before extraordinary items and effect of accounting change	$.48	$.92	$2.21	$2.67
Gain (loss) on prepayment of debt	.02	-	(.04)	(.01)
Cumulative effect of accounting change	-	-	(.06)	-
Net earnings available to Common Shares	$.50	$.92	$2.11	$2.66
Diluted earnings (loss) per Common Share:				
Before extraordinary items and effect of accounting change	$.48	$.91	$2.18	$2.63
Gain (loss) on prepayment of debt	.02	-	(.04)	(.01)
Cumulative effect of accounting change	-	-	(.06)	-
Net earnings available to Common Shares	$.50	$.91	$2.08	$2.62
Average number of Common Shares:				
Basic	59,623	61,374	60,177	61,278
Diluted	60,002	62,191	60,764	62,315
Cash dividends per Common Share	$.25	$.25	$.75	$.75

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	Total
Balance at January 1, 1999	60,928,322	$831,649	$527,028	$357,500	$1,716,177
Net earnings	-	-	126,680	-	126,680
Change in unrealized	-	-	-	(283,400)	(283,400)
Comprehensive income (loss)					(156,720)
Dividends on Common Stock	-	-	(45,152)	-	(45,152)
Shares issued:					
Exercise of stock options	74,853	2,060	-	-	2,060
Dividend reinvestment plan	6,099	222	-	-	222
Employee stock purchase plan	48,064	1,695	-	-	1,695
401-K plan company match	57,888	2,171	-	-	2,171
Portion of bonuses paid in stock	38,640	1,438	-	-	1,438
Directors fees paid in stock	1,865	68	-	-	68
Shares repurchased	(2,757,226)	(37,726)	(51,176)	-	(88,902)
Tax effect of intercompany dividends	-	(4,800)	-	-	(4,800)
Other	-	3,635	-	-	3,635
Balance at September 30, 1999	58,398,505	$800,412	$557,380	$ 74,100	$1,431,892

	Common Shares	Common Stock and Capital Surplus	Retained Earnings	Unrealized Gain on Securities	Total
Balance at January 1, 1998	61,048,904	$836,738	$477,071	$348,900	$1,662,709
Net earnings	-	-	163,120	-	163,120
Change in unrealized	-	-	-	12,500	12,500
Comprehensive income					175,620
Dividends on Common Stock	-	-	(45,960)	-	(45,960)
Shares issued:					
Exercise of stock options	296,416	8,288	-	-	8,288
Dividend reinvestment plan	7,094	294	-	-	294
Employee stock purchase plan	51,323	2,089	-	-	2,089
401-K plan company match	44,035	1,783	-	-	1,783
Portion of bonuses paid in stock	20,300	816	-	-	816
Directors fees paid in stock	1,622	68	-	-	68
Shares repurchased	(423,622)	(5,846)	(9,737)	-	(15,583)
Tax effect of intercompany dividends	-	(1,470)	-	-	(1,470)
Other	-	66	-	-	66
Balance at September 30, 1998	61,046,072	$842,826	$584,494	$361,400	$1,788,720

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

	Nine months ended September 30, 1999	1998
Operating Activities:		
Net earnings	$ 126,680	$ 163,120
Adjustments:		
Extraordinary items	2,261	763
Cumulative effect of accounting change	3,854	-
Depreciation and amortization	68,659	71,589
Annuity benefits	194,977	204,735
Equity in net earnings of investee	(2,639)	(26,396)
Realized gains on investing activities	(20,749)	(80,357)
Deferred annuity and life policy acquisition costs	(87,009)	(87,459)
Increase in reinsurance and other receivables	(135,237)	(247,348)
Increase in other assets	(64,697)	(37,681)
Increase in insurance claims and reserves	116,590	293,264
Increase in other liabilities	95,660	121,631
Increase in minority interest	8,016	9,196
Dividends from investee	3,600	3,600
Other, net	(9,350)	(9,031)
	300,616	379,626
Investing Activities:		
Purchases of and additional investments in:		
Fixed maturity investments	(1,562,054)	(1,682,077)
Equity securities	(56,041)	(54,971)
Subsidiaries	(204,942)	(31,825)
Real estate, property and equipment	(63,496)	(49,425)
Maturities and redemptions of fixed maturity investments	801,833	1,017,153
Sales of:		
Fixed maturity investments	886,790	544,722
Equity securities	45,887	19,119
Subsidiaries	-	164,589
Real estate, property and equipment	24,394	48,634
Cash and short-term investments of acquired (former) subsidiaries, net	19,454	(18,146)
Decrease (increase) in other investments	12,734	(9,363)
	(95,441)	(51,590)

Financing Activities:		
Fixed annuity receipts	330,744	358,659
Annuity surrenders, benefits and withdrawals	(524,148)	(538,912)
Additional long-term borrowings	557,170	217,537
Reductions of long-term debt	(417,015)	(159,383)
Issuances of Common Stock	2,968	9,725
Repurchases of Common Stock	(88,597)	(14,702)
Repurchases of trust preferred securities	(5,509)	-
Cash dividends paid	(44,930)	(45,666)
	(189,317)	(172,742)
Net Increase in Cash and Short-term Investments	15,858	155,294
Cash and short-term investments at beginning of period	296,721	257,117
Cash and short-term investments at end of period	$ 312,579	$ 412,411

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. To the extent that unrealized gains (losses) from securities classified as "available for sale" would result in adjustments to deferred acquisition costs and policyholder liabilities had those gains (losses) actually been realized, such balance sheet amounts are adjusted, net of deferred taxes.

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 established for accident and health claims 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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 following dilutive effects of common stock options: third quarter of 1999 and 1998 - .4 million shares and .8 million shares; nine months of 1999 and 1998 - .6 million shares and 1.0 million shares, respectively.

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 and Consolidated Financial In February 1999, AAG acquired Old Republic Life Insurance Company of New York for $27 million in cash. In July 1999, AAG acquired Consolidated Financial Corp., an insurance agency, for $21 million in cash.

United Teacher Associates In October 1999, AAG acquired United Teacher Associates Insurance Company of Austin, Texas ("UTA") for $81 million in cash, subject to post-closing adjustments. UTA provides supplemental health products and retirement annuities, and purchases blocks of insurance policies from other insurers.

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 $210 million for the nine months ended September 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 September 30, 1999	Three months ended September 30, 1998	Nine months ended September 30, 1999	Nine months ended September 30, 1998
Revenues (a)				
Property and casualty insurance:				
Premiums earned:				
Personal	$288,454	$ 321,701	$ 875,036	$ 980,288
Specialty	296,254	365,670	804,957	1,068,854
Other lines - primarily discontinued	852	9,166	568	30,861
	585,560	696,537	1,680,561	2,080,003
Investment and other income	110,923	123,128	329,885	376,684
	696,483	819,665	2,010,446	2,456,687
Annuities and life (b)	161,474	210,842	465,348	584,834
Other	10,958	6,815	20,827	18,511
	868,915	1,037,322	2,496,621	3,060,032
Equity in net earnings (loss) of investee	(14,797)	(5,518)	2,639	26,396
	$854,118	$1,031,804	$2,499,260	$3,086,428
Operating Profit (Loss)				
Property and casualty insurance:				
Underwriting:				
Personal	($ 3,167)	$ 8,860	($ 1,121)	$ 30,129
Specialty	(9,246)	(21,781)	(7,925)	(80,886)
Other lines - primarily discontinued	2,747	(5,856)	(5,089)	(33,089)
	(9,666)	(18,777)	(14,135)	(83,846)
Investment and other income	70,212	91,076	214,477	290,185
	60,546	72,299	200,342	206,339
Annuities and life	21,250	48,977	71,681	107,649
Other (c)	(21,316)	(29,705)	(67,653)	(79,037)
	60,480	91,571	204,370	234,951
Equity in net earnings (loss) of investee	(14,797)	(5,518)	2,639	26,396
	$ 45,683	$ 86,053	$ 207,009	$ 261,347

(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 $142 million and $229 million at September 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):

	Nine months ended September 30, 1999	1998
Net Sales	$1,937	$2,094
Operating Income	93	157
Net Income	19	83

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

	September 30, 1999	December 31, 1998
Holding Companies:		
AFG 7-1/8% Senior Debentures due April 2009	$314,320	-
AFG 7-1/8% Senior Debentures due December 2007	79,600	$100,000
AFC notes payable under bank line	60,000	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	-	89,467
APU 10-5/8% Subordinated Notes due April 2000	23,885	41,518
APU 10-7/8% Subordinated Notes due May 2011	11,673	17,473
Other	8,986	8,518
	$498,464	$415,536
Subsidiaries:		
AAG 6-7/8% Senior Notes due June 2008	$100,000	$100,000
AAG notes payable under bank line	95,000	27,000
Notes payable secured by real estate	31,823	37,602
Other	12,365	12,294
	$239,188	$176,896

In April 1999, AFG issued $350 million principal amount of 7-1/8% Senior Debentures due 2009. The proceeds from this offering were used primarily to redeem or repurchase other debt.

At September 30, 1999, sinking fund and other scheduled principal payments on debt for the balance of 1999 and the subsequent five years were as follows (in thousands):

	Holding Companies	Subsidiaries	Total
1999	$ -	$ 596	$ 596
2000	23,667	3,501	27,168
2001	-	1,512	1,512
2002	66,044	36,405	102,449
2003	-	61,438	61,438
2004	-	14,391	14,391

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):

	September 30, 1999	December 31, 1998
Interest of noncontrolling shareholders in subsidiaries' common stock	$103,020	$124,622
Preferred securities issued by subsidiary trusts	319,600	325,000
AFC preferred stock	72,154	72,154
	$494,774	$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)	September 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 AFC's option at $25.75 per share beginning December 2005 declining to $25.00 at December 2007 and thereafter; 2,886,161 shares (stated value $72.2 million) outstanding at September 30, 1999 and December 31, 1998.

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

	Nine months ended September 30, 1999	1998
Interest of noncontrolling shareholders in earnings of subsidiaries	$12,899	$18,323
Accrued distributions by subsidiaries on preferred securities:		
Trust issued securities	20,780	21,143
AFC preferred stock	4,329	4,329
	$38,008	$43,795

G. Shareholders' Equity At September 30, 1999, there were 58,398,505 shares of AFG Common Stock outstanding, including 1,366,556 shares held by American Premier for possible distribution to certain creditors and other claimants upon proper claim presentation and settlement pursuant to the 1978 plan of reorganization of The Penn Central Corporation, the name of American Premier prior to 1994. Shares being held for distribution are not eligible to vote but otherwise are accounted for as issued and outstanding. 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 September 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 unrealized gains on marketable securities for the nine months ended September 30 included the following (in millions):

	Pretax	Taxes	Minority Interest	Net
1999				
Unrealized holding gains (losses) on securities arising during the period	($471.7)	$163.4	$29.4	($278.9)
Reclassification adjustment for realized gains included in net income	(6.0)	2.1	(.6)	(4.5)
Change in unrealized gains on marketable securities, net	($477.7)	$165.5	$28.8	($283.4)
1998				
Unrealized holding gains (losses) on securities arising during the period	$ 67.2	($ 22.0)	($ 7.0)	$ 38.2
Reclassification adjustment for realized gains included in net income and unrealized gains of subsidiaries sold	(45.1)	15.8	3.6	(25.7)
Change in unrealized gains on marketable securities, net	$ 22.1	($ 6.2)	($ 3.4)	$ 12.5

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):

	Nine months ended September 30, 1999	1998
Holding Companies:		
AFG (parent)	$1,735	$ -
AFC (parent)	(2,993)	(51)
APU (parent)	(1,003)	(63)
Subsidiaries:		
AAG	-	(649)
	($2,261)	($763)

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	$1,562,054	$ -	$1,562,054
Maturities and redemptions	801,833	-	801,833
Sales	886,790	-	886,790
1998			
Purchases	$1,681,251	$ 826	$1,682,077
Maturities and redemptions	538,293	478,860	1,017,153
Sales	506,819	37,903(b)	544,722

(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 $.7 million) due to significant deterioration in the issuers' creditworthiness.

J. Commitments and Contingencies There have been no significant changes to the matters discussed and referred to in Part II of AFG's June 30, 1999 Form 10-Q and 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 were divided into separate systems groups. All groups have completed Year 2000 program modifications, software installations and about 98% of the tests to be performed, and are engaged in test documentation activities.

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 operating in a failed environment. Contingency planning is expected to be substantially completed by November 30, 1999.

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.

During the first nine months of 1999, AFG incurred $23 million for Year 2000 costs, of which $6 million was capitalized and $17 million was expensed. From inception of the Year 2000 Project in the early 1990's, AFG estimates that it has incurred approximately $70 million of such costs, including capitalized costs of $16 million. AFG expects that an additional $7 million will be incurred, of which about half will be capitalized.

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 and life and annuity agents have been completed. Efforts to evaluate third party vendors have been intensified and will continue to be updated through 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.

IT Initiative In the third quarter of 1999, AFG's newly hired Chief Information Officer initiated an enterprise-wide study of its information technology ("IT") resources, needs and opportunities. AFG expects that the initiative will entail extensive effort and costs and may lead to substantial changes in the area, which should result in significant cost savings, efficiencies and effectiveness in the future. While the costs (most of which will be expensed) will precede any savings to be realized, management expects benefits to greatly exceed the costs incurred, all of which will be funded through available working capital.

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 24% at September 30, 1999 and 18% at December 31, 1998. AFG's ratio of earnings to fixed charges (on a total enterprise basis) was 3.44 for the first nine 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. At September 30, 1999, there was $60 million borrowed under the credit line.

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 90% of the fixed maturities held by AFG were rated "investment grade" (credit rating of AAA to BBB) by nationally recognized rating agencies at September 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 nine months ended September 30, 1999 were $45.7 million and $207 million, respectively, compared to $86.1 million and $261.3 million in the comparable 1998 periods. Improved underwriting results for both the three and nine month periods were more than offset by decreases in realized gains, investment income and investee earnings.

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.

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 September 30, 1999	Three months ended September 30, 1998	Nine months ended September 30, 1999	Nine months ended September 30, 1998
Net Written Premiums (GAAP)				
Personal	$287.3	$314.3	$ 839.2	$ 998.0
Specialty	323.7	357.9	850.4	1,039.6
Other lines	.7	2.1	(.8)	17.7
	$611.7	$674.3	$1,688.8	$2,055.3
Combined Ratios (GAAP)				
Personal	101.1%	97.3%	100.2%	96.9%
Specialty	103.2	106.0	101.0	107.5
Aggregate (including discontinued lines)	101.7	102.8	100.8	104.1

Personal The Personal group's net written premiums for the third quarter and first nine months of 1999 includes $22.1 million and $42.9 million, respectively, 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 declined at a slower rate than premiums.

Specialty The Specialty Group's net written premiums for the third quarter and first nine 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 third quarter and first nine months of 1999 include $6.7 million and $20.1 million, respectively, in earnings recognized on the ceded business. In addition, the improvement in the combined ratios for the 1999 periods reflects (i) a decrease in losses from severe weather for the nine-month period (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 $5.8 million (3%) in the third quarter of 1999 and $39.6 million (6%) in the first nine 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, partially offset by the effect of the purchase of Worldwide in April 1999.

Investee Corporation Equity in net earnings of investee corporation represents AFG's proportionate share of Chiquita's earnings. Chiquita reported net losses for the third quarter of 1999 and 1998 of $37 million and $11 million, respectively. For the first nine months of 1999 and 1998, Chiquita reported net income of $19 million and $83 million, respectively.

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 and Subsidiaries The gains on sales of investees and subsidiaries in 1998 include (i) pretax gains of $7.7 million and $1.7 million in the first and second quarters as a result of Chiquita's public issuance of shares of its common stock, (ii) a pretax gain of $21.6 million on AAG's sale of its Funeral Services division in September and (iii) a third quarter charge of $10.5 million relating to operations expected to be sold or otherwise disposed of.

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.

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 show 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 September 30, 1999 and December 31, 1998.

September 30, 1999	Fixed-Rate Debt		Variable-Rate Debt	
	Scheduled Principal Payments	Weighted Average Interest Rate	Scheduled Principal Payments	Weighted Average Interest Rate
1999 (remainder)	$ .4	6.78%	$ .1	7.26%
2000	27.0	9.96	.2	7.13
2001	1.4	6.81	.1	7.00
2002	1.3	6.50	101.2	6.08
2003	1.3	6.38	60.2	5.89
2004	14.2	8.38	.2	7.00
Thereafter	531.3	7.16	.1	7.00
Total	$576.9	7.32%	$162.1	6.01%
Market Value	$549.6		$162.1	

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 September 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 2

Changes In Securities and Use of Proceeds

(a) Not applicable.

(b) Not applicable.

(c) In July 1999, AFG issued 11,740 shares of its common stock without par value to an AFG executive officer at the inception of his employment. The shares were issued pursuant to the exemption from registration found in Section 4(2) of the Securities Act of 1933, and are restricted in that the recipient will not receive possession of the shares until December 31, 1999 (one-half) and December 31, 2000 (the remaining half). He currently receives dividends and may vote the shares.

(d) Not applicable.

Item 6

Exhibits and Reports on Form 8-K

(a) Exhibit 27.1 - Financial Data Schedule as of September 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.

November 12, 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 nine months ended September 30, 1999 and is qualified in its entirety by reference to such financial statements.

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9-MOS
DEC-31-1999
SEP-30-1999
$312,579
10,585,859
709,348
0
0
0
0
0
16,018,553
0
737,652
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1,373,493
16,018,553
0
2,499,260
0
0
264,210
0
48,122
207,009
74,214
132,795
0
(2,261)
(3,854)
$126,680
2.11
2.08

Includes an investment in investee corporation of $191 million.