

Risk Factors Comparison 2025-02-25 to 2024-02-23 Form: 10-K

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In addition to the other information set forth in this report, particularly information under “ Forward- Looking Statements ” and “ Management ’ s Discussion and Analysis of Financial Condition and Results of Operations, ” the following are the material factors affecting AFG ’ s business. Any one of these factors **, or multiple factors in combination,** could cause AFG ’ s actual results to vary materially from recent results or from anticipated future results. Additional risks and uncertainties not currently known to AFG or that AFG currently deems to be immaterial also may materially adversely affect AFG ’ s business, financial condition or results of operations. RISKS RELATING TO AFG ’ S INSURANCE OPERATIONS, DISTRIBUTION AND PRODUCTS AFG ’ s results of operations could be adversely impacted by catastrophes, both natural and man- made, pandemics, severe weather conditions or climate change. Catastrophes can be caused by unpredictable natural events such as hurricanes, windstorms, severe storms, tornadoes, floods, hailstorms, earthquakes, explosions and fire, and by other events, such as **war,** terrorist attacks and civil unrest, as well as pandemics and other similar outbreaks in many parts of the world. These events may have a material adverse effect on AFG ’ s workforce and business operations as well as the workforce and operations of AFG ’ s customers and independent agents. The extent of gross losses for AFG ’ s insurance operations from a catastrophe event is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. In addition, certain catastrophes could result in both property and non- property claims from the same event. AFG purchases catastrophe reinsurance ~~as protection against~~ **to mitigate the impact of** catastrophe losses. Reinsurance is subject to the adequacy and counterparty reinsurance risks described below under “ The inability to obtain reinsurance or to collect on ceded reinsurance could adversely affect AFG ’ s results of operations. ” A severe catastrophe or a series of catastrophes could result in losses exceeding AFG ’ s reinsurance protection and may have a material adverse impact on its results of operations or financial condition. Changing weather patterns ~~and climate change have added to the unpredictability, frequency and severity of weather- related catastrophes and other losses, such as wildfires or flooding, incurred by the industry in recent years. These changing weather patterns,~~ whether as a result of global climate change caused by human activities or otherwise, **have added to the unpredictability, frequency and severity of weather- related catastrophes and other losses, such as wildfires or flooding, incurred by the industry in recent years. For example, in September 2024, Hurricane Helene caused significant damage in non- coastal areas, where such impacts may not have historically been expected. Changing weather patterns also** make it more difficult for AFG to predict and model catastrophic events, reducing AFG ’ s ability to accurately price its exposure to such events and mitigate its risks. In addition, claims for catastrophic events, or an unusual frequency of smaller losses in a particular period, such as from lower severity convective storms, could expose AFG to large losses, cause substantial volatility in its results of operations and could have a material adverse effect on its ability to write new business if AFG is not able to adequately assess and reserve for the increased frequency and severity of catastrophes resulting from these environmental factors. In addition, any increase in the frequency or severity of catastrophic events may result in losses exceeding AFG ’ s reinsurance protection or may result in substantial volatility in or materially impact AFG ’ s results of operations or financial condition. Volatility in crop prices **or yields**, as a result of weather conditions or other events, could adversely impact AFG ’ s results of operations. Weather conditions, including too much moisture (flooding or excessive rain), not enough moisture (droughts), and the level of crop **yields and** prices in the commodities market heavily impact AFG ’ s crop insurance business. These factors are inherently unpredictable and could result in significant volatility in the results of the crop insurance business from one year to the next. AFG ’ s crop results could also be negatively impacted by pests and plant disease. **In addition, government policies, action, or regulation, whether by the United States or foreign governments, could directly or indirectly impact commodity prices.** A large decline in the commodity prices of one or more of the major crops that AFG insures could have a material adverse effect on AFG ’ s results of operations or financial condition. AFG ’ s results of operations and revenues may fluctuate as a result of many factors, including cyclical changes in the insurance industry. The results of operations of companies in the property and casualty insurance industry historically have been subject to fluctuations and uncertainties from many factors **,** including competitive pressures, rising loss costs and changes in the level of reinsurance pricing and capacity, among others. Such factors often cause cyclical changes in the insurance industry with effects that are not uniform among product lines. The demand for property and casualty insurance, both admitted and excess and surplus lines, can vary significantly, rising as the overall level of economic activity increases and falling as that activity decreases, causing AFG ’ s revenues to fluctuate. As a result, AFG ’ s premium levels, renewal rates, expense ratio and other items could be materially adversely impacted. These factors could produce results that would have a negative impact on AFG ’ s results of operations and financial condition. AFG ’ s success will depend on its ability to maintain and enhance effective operating procedures and manage risks on an enterprise- wide basis. Operational risk and losses can result from, among other things, fraud, errors, failure to document transactions properly, failure to obtain proper internal authorization, failure to comply with regulatory requirements, information technology failures **or other internal** or external events. AFG continues to enhance its operating procedures and internal controls to effectively support its business and its regulatory and reporting requirements. The NAIC and state legislatures have increased their focus on risks within an insurer ’ s holding company system that may pose enterprise risk to insurers. AFG must submit an Own Risk and Solvency Assessment Summary Report (“ ORSA ”) at least annually to its lead state insurance regulator. The ORSA is a confidential internal assessment of the material and relevant risks associated with an insurer ’ s current business plan and the sufficiency of capital resources to support those risks. AFG operates within an enterprise risk management (“ ERM ”) framework designed to assess and monitor risks. However, assurance that AFG can effectively

identify, review and monitor all risks or that all its employees will operate within the ERM framework cannot be guaranteed. Assurances that AFG's ERM framework will result in the Company accurately identifying all risks and accurately limiting its exposures based on its assessments also cannot be guaranteed. Any ineffectiveness in AFG's control or procedures or failure to manage these risks may have an adverse effect on AFG's results of operations and financial condition. AFG could face unanticipated losses from war, terrorism, political unrest and geopolitical uncertainty which could have a material adverse effect on AFG's financial condition and results of operations. AFG has substantial exposure to unexpected losses resulting from war, acts of terrorism, political unrest and geopolitical instability in many regions of the world. Private sector catastrophe reinsurance is limited and generally unavailable for terrorism losses caused by attacks with nuclear, biological, chemical or radiological weapons. On December 20, 2019, the President of the United States signed the Terrorism Risk Insurance Program Reauthorization Act of 2019 ("TRIP"), extending the program through December 31, 2027. Although TRIP provides benefits in the event of certain acts of terrorism, those benefits are subject to a deductible and to other limitations, **which could ultimately leave AFG subject to material adverse financial impacts**. AFG cannot predict or eliminate its exposure to events of war, terrorism, political unrest or geopolitical uncertainty, and to the extent that losses from such events occur, AFG's financial condition and results of operations could be materially adversely affected. AFG's international operations expose it to investment, political and economic risks, including foreign currency and credit risk. AFG's international operations expose AFG to additional risks including restrictions such as price controls, capital controls, currency exchange limits, ownership limits and other restrictive or anti-competitive governmental actions or requirements, which could have an adverse effect on AFG's business and reputation. AFG's business activities outside the United States may also be subject to political and economic risks, including foreign currency and credit risk. AFG's business activities outside the United States subject AFG to additional domestic and foreign laws and regulations, including the Foreign Corrupt Practices Act, the UK Bribery Act and similar laws in other countries that prohibit the making of improper payments to foreign officials. Although AFG has policies and controls in place that are designed to ensure compliance with these laws, if those controls are ineffective and an employee or intermediary fails to comply with applicable laws and regulations, AFG could suffer civil and criminal penalties and AFG's business and reputation could be adversely affected. Some countries have laws and regulations that lack clarity and, even with local expertise and effective controls, it can be difficult to determine the exact requirements of, and potential liability for non-compliance under, the local laws. Failure to comply with local laws in a particular market may result in substantial liability and could have a significant and negative effect not only on AFG's business in that market but also on AFG's reputation generally.

RISKS RELATING TO THE INSURANCE INDUSTRY Intense competition could adversely affect AFG's results of operations. The property and casualty insurance segment operates in a highly competitive industry that is affected by many factors that can cause significant fluctuations in its results of operations. The lines of business in this segment compete with other individual insurers, state funds and insurance groups of varying sizes, some of which are mutual insurance companies possessing competitive advantages in that all their profits inure to their policyholders. The property and casualty insurance segment also competes with self-insurance plans, captive programs and risk retention groups. In addition, certain foreign insurers may be taxed at lower rates, which may result in a competitive advantage over AFG. In recent years, various types of investors have increasingly sought to participate in the property and casualty insurance industry. Well-capitalized new entrants to the property and casualty insurance industry, or existing competitors that receive substantial infusions of capital or access to third-party capital, provide increasing competition, which may adversely impact AFG's business and profitability. Further, technology companies or other third parties have created, and may in the future create, technology-enabled business models, processes, platforms or alternate distribution channels that may adversely impact AFG's competitive position in some parts of its business. AFG may utilize artificial intelligence and machine learning ("AI") in its business or incorporate AI into its products and services. The AI used by AFG may not operate properly or as expected, which could cause AFG to write policies it may not have otherwise written, misprice policies, assume greater risks, or overpay customer claims, among other potential negative impacts on its business and operations. AFG's existing competitors, new entrants, technology companies or other third parties may leverage AI to the benefit of their business or operations or may incorporate AI into their products and services more quickly or successfully than AFG, which could make AFG less competitive and negatively impact its results of operations. In addition, if the content, analyses, output or recommendations produced by or with the assistance of AI are unintentionally, or are alleged to be, deficient, inaccurate or misleading, AFG's business, financial condition and results of operation may be adversely impacted. Competition is based on many factors, including service to policyholders and agents, product design, reputation for claims handling, price, commissions, ratings and financial strength. The property and casualty market has experienced periods characterized by increased competition, resulting in less restrictive underwriting standards and relatively low premium rates, followed by periods of relatively lower levels of competition, more selective underwriting standards and relatively high premium rates. During periods in which price competition is high or industry underwriting standards have loosened or degraded, AFG may lose business to competitors offering competitive insurance products at lower prices or more favorable terms. Some of AFG's competitors have more capital and greater resources than AFG and may offer a broader range of products, lower prices or better terms than AFG offers. If competition limits AFG's ability to write new or renewal business at adequate rates, its results of operations will be adversely affected. AFG's revenues could be adversely affected if it is not able to attract and retain independent agents. AFG's reliance on the independent agency market makes it vulnerable to a reduction in the amount of business written by agents. Many of AFG's competitors also rely significantly on the independent agency market. Some of AFG's competitors offer a wider variety of products or higher commissions. AFG also faces credit risk with respect to its independent agents, as they may not pay all the premiums owed to AFG and it may be difficult or impossible to recover such amounts. A reduction in the number of independent agencies marketing AFG's products, the failure of agencies to successfully market AFG's products, changes in the strategy or operations of agencies (including agency consolidation), the inability of AFG to collect amounts owed by agencies or the choice of agencies to reduce their writings of AFG products could adversely

affect AFG's revenues and profitability. RISKS RELATING TO ESTIMATES, ASSUMPTIONS AND VALUATIONS AFG's property and casualty reserves may be inadequate, which could have a material adverse effect on AFG's results of operations. Liabilities for unpaid losses and loss adjustment expenses ("LAE") do not represent an exact calculation of liability but instead represent management estimates of what the ultimate settlement and administration of claims will cost, supported by actuarial expertise and projection techniques, at a given accounting date. The process of estimating unpaid losses and LAE reserves involves a high degree of judgment and is subject to numerous internal and external factors. Variability is introduced by changes in claims handling procedures, the impact of general and wage inflation **(including impacts on medical costs and property and transportation vehicle parts and values)** on loss cost trends, increasing litigation and erosion of causation and coverage defenses for insurance claims, legislative actions, evolving mass tort issues and varying judgments and viewpoints of the individuals involved in the estimation process, among others. The impact of many of these items on ultimate costs for unpaid losses and LAE is difficult to estimate. Unpaid losses and LAE reserve estimation difficulties also differ significantly by product line due to differences in claim complexity, the volume of claims, the potential severity of individual claims, the determination of an occurrence date for a claim and lags in the time between damage, loss or injury and when a claim is actually reported to the insurer. In addition, the historic development of AFG's liability for unpaid losses and LAE may not necessarily reflect future trends in the development of these amounts. To the extent that reserves are inadequate and are strengthened, AFG's profitability would be adversely affected because the amount of any such increase would be treated as a charge to earnings in the period in which the deficiency is recognized. AFG uses analytical models to assist in its underwriting, reserving and reinsurance purchasing decision-making, and actual results may differ materially from the model outputs and related analyses. AFG uses various modeling techniques and data analytics to analyze and estimate exposures, loss trends and other risks associated with its assets and liabilities. AFG uses the modeled outputs and related analyses to assist in decision-making in areas such as underwriting, claims, reserving, reinsurance and catastrophe risk. The modeled outputs and related analyses are subject to various assumptions, uncertainties, model errors and the inherent limitations of any statistical analysis, including the use of historical internal and industry data. In addition, the modeled outputs and related analyses may from time to time contain inaccuracies, perhaps in material respects, including as a result of inaccurate inputs or applications thereof. Consequently, actual results may differ materially from AFG's modeled results. AFG may also utilize AI to assist with modeled outputs and related analyses, the results of which may be unintentionally deficient, inaccurate or misleading. If, based upon these models or other factors, AFG underestimates the frequency and / or severity of loss events or overestimates the risks it is exposed to, new business growth and retention of AFG's existing business may be adversely affected which could have an adverse effect on AFG's results of operations and financial condition. Exposure to mass tort claims could materially adversely affect AFG's results of operations and financial condition. AFG has current exposures and may in the future have additional exposures arising from its insurance operations and former railroad and manufacturing operations, including those relating to asbestos and environmental matters ("A & E"), as well as other potentially harmful products or substances, such as per- and polyfluoroalkyl substances ("PFAS"), talc and opioids, or cumulative trauma (e. g. concussion / abuse). Establishing A & E liabilities is subject to uncertainties that are significantly greater than those presented by other types of liabilities. Uncertainties include the long delays between exposure and manifestation of any bodily injury or property damage, difficulty in identifying the source of the asbestos or environmental contamination, long reporting delays, the risks inherent in complex litigation and difficulty in properly allocating liability for the asbestos or environmental damage. As a result, A & E liabilities are subject to revision as new information becomes available and as claims are made and develop. Claimants continue to assert new and novel theories of recovery and **make efforts to** expand the right to sue, judicial interpretations continue to evolve, and from time to time, there ~~is proposed~~ **may be unfavorable changes to** state and federal legislation regarding mass tort claim liability **and claims administration**, ~~which would also affect AFG's exposure~~. In addition, third party funding of litigation has continued to grow, which may increase the number of claims and result in higher jury awards **and settlements**. If AFG has not established adequate reserves to cover future claims, AFG's results of operations and financial condition could be materially adversely affected. RISKS RELATING TO ECONOMIC, POLITICAL AND GLOBAL MARKET CONDITIONS AFG's investment portfolio is subject to market risk, including changes in interest rates, which could have a material adverse effect on AFG's results of operations and financial condition. Investment returns are an important part of AFG's profitability. AFG's investments are subject to market-wide risks and fluctuations, including in the fixed maturity and equity securities markets, which could impair its profitability, financial condition and cash flows. AFG's investment portfolio is highly concentrated in fixed maturity investments that are sensitive to changes in interest rates. Changes in interest rates may materially adversely affect the performance of some of ~~its~~ **AFG's** investments, including by materially reducing the fair value of and net investment income from fixed maturities and increasing unrealized losses in AFG's investment portfolio. AFG's fixed maturity portfolio is also subject to credit risk as certain investments may default or become impaired due to deterioration in the financial condition of issuers of those investments. In addition to the risks applicable to the entire fixed maturity investment portfolio, changes in interest rates can expose AFG to prepayment risks on its mortgage-backed securities. In periods of declining interest rates, mortgage prepayments generally increase and mortgage-backed securities are paid down more quickly, which may require AFG to reinvest the proceeds at lower interest rates. General economic, financial market and political conditions and conditions in the markets in which AFG operates may materially adversely affect its investment portfolio, results of operations, financial condition and stock price. General economic, financial market and political conditions and conditions in the markets in which AFG operates could have a material adverse effect on its results of operations and financial condition. Limited availability of credit, deteriorations of the domestic or global equity, debt, mortgage and real estate markets; declines in consumer confidence and consumer spending; increases in prices or in the rate of inflation; periods of high unemployment; persistently low or rapidly increasing interest rates; disruptive **actions or policies by the U. S. or foreign governments; disruptive** geopolitical events and other events outside of AFG's control, such as a major epidemic or another pandemic **(including a renewed surge of**

COVID-19 or any variants of the virus), could contribute to increased volatility and diminished expectations for the economy and the financial markets, including the value of AFG's investment portfolio and the market for its stock. AFG's alternative investments may be illiquid and volatile in terms of value and returns, which could negatively affect AFG's investment income and liquidity. AFG has invested, and intends to continue to invest in, alternative investments, such as limited partnerships and subordinate tranches of collateralized loan obligations for which changes in value are reported in net earnings. These and other similar investments may have different, more significant risk characteristics than investments in fixed maturity securities, may be more volatile and may be illiquid due to restrictions on sales, transfers and redemption terms, all of which could negatively affect AFG's investment income and overall portfolio liquidity. AFG has also invested, and intends to continue to invest in, limited partnerships and other entities that AFG does not control. AFG does not have management or operational control over the investees, which may limit AFG's ability to take actions that could protect or increase the value of the investment. In addition, these investments may be illiquid due to contractual provisions, and AFG may be unable to obtain liquidity through distributions from these investments in a timely manner or on favorable terms. Alternative or "other" investments may not meet regulatory admissibility requirements or may result in increased regulatory capital charges to the insurance subsidiaries that hold these investments, which could limit those subsidiaries' ability to pay dividends and negatively impact AFG's liquidity. AFG's access to capital may be limited or may not be available on favorable terms. AFG's future capital requirements depend on many factors, including rating agency and regulatory requirements, the performance of the investment portfolio, the ability to write new business successfully and the ability to establish premium rates and loss reserves at levels sufficient to cover losses. Financial markets in the U. S. and elsewhere can experience extreme volatility, which exerts downward pressure on stock prices and limits access to the equity and debt markets for certain issuers, including AFG. While AFG can borrow up to \$ 450 million under its revolving credit facility ("~~2023 Credit Facility~~"), AFG's access to funds through ~~its the 2023 Credit credit Facility~~ **facility** is dependent on the ability of its banks to meet their funding commitments. There were no borrowings outstanding under the ~~2023 Credit Facility (or its prior bank credit facility line)~~ or any other parent company short- term borrowing arrangements during ~~2023-2024~~. If AFG cannot obtain adequate capital or sources of credit on favorable terms, or at all, its business, operating results and financial condition could be adversely affected.

RISKS RELATED TO TECHNOLOGY, DATA SECURITY AND PRIVACY AFG ~~or third parties~~ **or third parties** may experience difficulties with technology or data security, which could have an adverse effect on ~~its AFG's~~ **its AFG's** business or reputation. AFG uses computer systems and services, which may include or utilize AI applications, to store, retrieve, evaluate and utilize company and customer data and information. Systems failures or outages could compromise AFG's ability to perform business functions in a timely manner, which could harm its ability to conduct business and hurt its relationships with business partners and customers. In the event of a disaster such as a natural catastrophe, an industrial accident, a blackout, a malicious software attack, a terrorist attack or war, AFG's systems may be inaccessible to employees, customers or business partners for an extended period of time. Even if AFG's employees are able to report to work, they may be unable to perform their duties for an extended period of time if AFG's data or systems are disabled or destroyed. Businesses in the United States and in other countries have increasingly become the targets of "~~cyberattacks~~ **cyber- attacks**," "ransomware," "phishing," "hacking" or similar illegal or unauthorized intrusions into computer systems and networks. Such events are often highly publicized, can result in significant disruptions to information technology systems and the theft of significant amounts of information as well as funds from online financial accounts, and can cause negative publicity and extensive damage to the reputation of the targeted business, in addition to leading to significant expenses associated with investigation, remediation and customer protection measures. **The sophistication of cybersecurity threats, including through the use of AI, continues to increase and proliferate.** Like others in the insurance industry, AFG experiences cyber- attacks and other attempts to gain unauthorized access to its systems on a regular basis and anticipates continuing to be subject to such attempts. AFG's administrative and technical controls as well as other preventative actions used to reduce the risk of cyber incidents and protect AFG's information may be insufficient to detect or prevent future unauthorized access, other physical and electronic break- ins, cyber- attacks or other security breaches to AFG's computer systems or those of third parties with whom AFG does business. **Third parties with which AFG conducts business have also experienced, and may experience in the future, similar illegal or unauthorized intrusions into their computer systems and networks, which could adversely affect AFG's ability to conduct business, its results of operations and reputation, in addition to exposing it to legal liability or regulatory action.** AFG has outsourced certain technology and business process functions to third parties over which it has no control and may continue to do so in the future. Outsourcing of certain technology and business process functions to third parties may expose AFG to increased risk related to data security or service disruptions. If AFG does not effectively develop, implement and monitor these relationships, third- party providers do not perform as anticipated, technological or other problems are incurred ~~with a transition~~, or outsourcing relationships relevant to AFG's business process functions are terminated ~~or interrupted~~, AFG may not realize expected productivity improvements or cost efficiencies and may experience operational difficulties, increased costs and a loss of business. The increased risks identified above could expose AFG to data loss, disruption of service, monetary and reputational damages, competitive disadvantage and significant increases in compliance costs and costs to improve the security and resiliency of AFG's computer systems. The compromise of personal, confidential or proprietary information could also subject AFG to legal liability or regulatory action under evolving cyber- security, data protection and privacy laws and regulations enacted by the U. S. federal and state governments, Canada, the ~~European Union (the "EU")~~ or other jurisdictions or by various regulatory organizations or exchanges. As a result, AFG's ability to conduct business and its results of operations might be materially and adversely affected. Any failure to appropriately collect, administer and protect consumer information could adversely affect AFG's reputation, subject AFG to fines, claims and penalties, and have a material adverse effect on AFG's business, financial condition and results of operations. AFG and ~~certain~~ **certain** of its ~~business partners~~ **business partners** ~~third- party vendors~~ collect and store sensitive data in the ordinary course of AFG's ~~and their~~ **and their** business, including personal identification information of ~~its~~ **our and their** employees and ~~that of its~~ customers, vendors,

investors and other third parties and may include health information. Laws and regulations in this area are evolving at an international, national and state level and are generally becoming more rigorous, including through the adoption of more stringent subject matter- specific laws, such as the California Consumer Privacy Act of 2018 (as amended by the California Privacy Rights Act of 2020), the New York Department of Financial Services' Cybersecurity Regulation and Ohio' s insurance data security law, which regulate the collection and use of data and security and data breach obligations. The use of AI by AFG or its business partners may also result in potential breaches of existing or future laws or regulations related to privacy or data security. If any disruption or security breach results in a loss or damage to AFG' s data, or inappropriate disclosure of AFG' s confidential information or that of others, it could damage AFG' s reputation, affect its relationships with customers **and**, clients **, business partners and regulators**, lead to claims against AFG, result in regulatory action and harm AFG' s business. In addition, AFG may be required to incur significant costs to mitigate the damage caused by any security breach or to protect against future damage. **RISKS RELATED TO FINANCIAL STRENGTH, CREDIT AND COUNTERPARTIES** A downgrade or potential downgrade in AFG' s financial strength and / or credit ratings by one or more rating agencies could adversely affect its business, financial condition, results of operations and / or cash flows. Financial strength ratings are an important factor in establishing the competitive position of insurance companies and may have an effect on an insurance company' s sales. A downgrade out of the " A " category in AFG' s insurers' claims- paying and financial strength ratings could significantly reduce AFG' s business volumes in certain lines of business, adversely impact AFG' s ability to access the capital markets and increase AFG' s borrowing costs. In addition to the financial strength ratings of AFG' s principal insurance company subsidiaries, various rating agencies also publish credit ratings for AFG. Credit ratings are indicators of a debt issuer' s ability to meet the terms of debt obligations in a timely manner, are part of AFG' s overall financial profile and affect AFG' s ability to access and the associated cost of certain types of capital. A downgrade in AFG' s credit ratings could have a material adverse effect on AFG' s financial condition and results of operations and cash flows in a number of ways, including adversely limiting access to capital markets, potentially increasing the cost of debt or increasing borrowing costs under AFG' s current revolving credit facility. AFG purchases reinsurance to limit the amount of risk it retains. Market conditions determine the availability and cost of the reinsurance protection AFG purchases, which affects the level of AFG' s business and profitability, as well as the level and types of risk AFG retains. If AFG is unable to obtain sufficient reinsurance at a cost AFG deems acceptable, AFG may opt to reduce the volume of its underwriting. AFG is also subject to credit risk with respect to its reinsurers, as AFG will remain liable to its insureds regardless of whether a reinsurer is able to meet its obligations under agreements covering the reinsurance ceded. As of December 31, **2023-2024**, AFG has \$ **4-5**, **48-18** billion of recoverables from reinsurers on its balance sheet. The collectability of recoverables from reinsurers is subject to uncertainty arising from a number of factors, including a reinsurers' financial capacity and willingness to make payments under the terms of a reinsurance treaty or contract and changes in market conditions. **REGULATORY AND LEGAL RISKS** AFG may suffer losses from litigation, including from effects of emerging claim and coverage issues which could materially and adversely affect AFG' s financial condition and business operations. AFG is involved in routine legal proceedings incidental to its insurance operations and litigation related to asbestos and environmental claims from its historical operations. Litigation by nature is unpredictable, and the outcome of any case is uncertain and could result in liabilities that vary from the amounts AFG has currently recorded. Pervasive or significant changes in the judicial environment relating to matters such as trends in the size of jury awards, developments in the law relating to the liability of insurers or tort defendants, and rulings concerning the availability or amount of certain types of damages could cause AFG' s ultimate liabilities to change from current expectations. **As** **in addition, as** industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect AFG' s business, including by extending coverage beyond **contractual terms**, underwriting intent or by increasing the number, size or types of claims as a result of, among other things, plaintiffs targeting property and casualty insurers in purported class action litigation relating to claims- handling and other practices; increased claims due to third party funding of litigation; and social inflation and legal system abuse influencing trends like more frequent claims, judgments that are unfavorable for insurers and an increase in " nuclear verdicts " leading to higher jury awards. Changes in federal or state tort litigation laws or other applicable law could have a similar effect. It is not possible to predict changes in the judicial and legislative environment, including in connection with asbestos and environmental claims. In addition, potential exposure to losses related to PFAS, whether through AFG' s insurance operations or its former railroad and manufacturing operations, are inherently difficult to forecast or estimate, as many factors could influence potential liability for any such losses. These factors may include developments in PFAS- related litigation, including the establishment or expansion of theories of causation and liability; new or enhanced rules, regulations and enforcement actions by the U. S. federal government and its agencies, including the Environmental Protection Agency, as well as state governments and agencies; and medical or research findings pertaining to actual or potential harm or illness to human health resulting from PFAS. **New technology, including AI, could also create unforeseen exposures or coverage issues under policies written by AFG, as well as increase and aggravate claims fraud and cybercrime.** AFG' s business, financial condition, results of operations and liquidity could also be adversely affected if judicial **or**, legislative **or other anticipated** developments cause AFG' s ultimate liabilities to increase from current expectations. AFG is subject to comprehensive regulation, and its ability to earn profits may be restricted by these regulations. AFG is subject to comprehensive regulation by government agencies in the states and countries where its insurance company subsidiaries are domiciled and where these subsidiaries issue policies and handle claims. Most insurance regulations are designed to protect the interests of AFG' s policyholders and third- party claimants as opposed to its investors. While the federal government' s role in regulating insurance companies is currently limited, the Dodd- Frank Act established a Federal Insurance Office (~~"FIO"~~) within the U. S. Department of Treasury to collect data on the insurance industry, recommend changes to the state system of insurance regulation and preempt certain state insurance laws. The potential impact on AFG remains unclear, but the implementation of any federal insurance regulations that constrain AFG' s business opportunities or reduce investment

flexibility could change the competitive landscape of the financial services sector or the insurance industry, make it more expensive for AFG to conduct its business and otherwise have a material adverse effect on AFG's financial condition and results of operations. **The Company may be subject to increasing regulation imposing mandatory disclosure of Environmental, Social, and Governance standards ("ESG") and sustainability and have become major topics that encompass a wide range of issues, including climate - related data change and other environmental risks.** For example, **in October 2023,** California recently adopted two new climate- related bills **that, which** require companies doing business in California that meet certain revenue thresholds to publicly disclose certain greenhouse gas emissions data and climate- related financial risk reports **, and compliance Compliance** with such requirements will require significant effort and resources. AFG is subject to complex and changing laws, regulation and public policy debates relating to climate change which are difficult to predict and quantify and may have an adverse impact on its business. Changes in regulations relating to climate change may result in an increase in the cost of doing business or a decrease in premiums in certain lines of business. As a participant in the federal crop insurance program, AFG could also be impacted by regulatory and legislative changes affecting that program. For example, the reinsurance levels that the federal government provides to authorized carriers could be reduced by future legislation. AFG will continue to monitor new and changing federal regulations and the potential impact, if any, on its insurance company subsidiaries. Both state and federal regulators in the U. S., as well as regulators in foreign jurisdictions, including the EU (whether under its regulatory framework proposed in April 2021 or otherwise), **have enacted and will** continue to evaluate and assess potential laws and regulations to limit and restrict companies' use of AI, and enact new and expanding bases of liability for businesses utilizing AI. Such laws and regulations may limit or prevent AFG's development and use of AI applications, or may eliminate or restrict the confidentiality of our proprietary technology, which could adversely affect AFG's business, operations and financial results, including by reducing the utility of AFG's products, increasing AFG's costs and exposing AFG to litigation or other liabilities. Existing insurance- related laws and regulations may become more restrictive in the future or new restrictive laws may be enacted; it is not possible to predict the potential effects of these laws and regulations. The costs of compliance or the failure to comply with existing or future regulations could impose significant burdens on AFG. As a holding company, AFG is dependent on the operations of its insurance company subsidiaries to meet its obligations and pay future dividends. AFG is a holding company and a legal entity separate and distinct from its insurance company subsidiaries. As a holding company without significant operations of its own, AFG's principal sources of funds are dividends and other distributions from its insurance company subsidiaries. State insurance laws differ from state to state but may, absent advance regulatory approval, restrict the maximum amount of dividends that may be paid by an insurer to its shareholders in any twelve-month period. AFG's rights to participate in any distribution of assets of its insurance company subsidiaries are subject to prior claims of policyholders and creditors (except to the extent that its rights, if any, as a creditor are recognized). Consequently, AFG's ability to pay its debts, expenses and dividends to its shareholders may be limited. Statutory capital requirements set by the NAIC and the various state insurance regulatory bodies establish regulations that provide minimum capitalization requirements based on risk- based capital ("RBC") ratios for insurance companies. Statutory surplus and RBC ratios may change in a given year based on a number of factors, including statutory earnings / losses, reserve changes, excess capital held to support growth, equity market and interest rate changes, the value of investment securities and changes to the RBC formulas. Increases in the amount of capital or reserves that AFG's larger insurance subsidiaries are required to hold could reduce the amount of future dividends such subsidiaries are able to distribute to the holding company or require capital contributions. Any reduction in the RBC ratios of AFG's insurance subsidiaries could also adversely affect their financial strength ratings as determined by rating agencies. AFG could be adversely impacted by changes to the U. S. Federal income tax laws. Changes in domestic or foreign tax laws or interpretations of such laws could increase AFG's corporate taxes and reduce earnings. For example, on August 16, 2022, the U. S. government enacted the Inflation Reduction Act ("IRA") which, among other changes, created a new corporate alternative minimum tax ("AMT-CAMT") based on adjusted financial statement income and **imposes imposed** a 1% excise tax on corporate stock repurchases. **These Many of the key individual tax provisions became effective January 1 from the 2017 Tax Cuts and Jobs Act are set to expire on December 31, 2023-2025.** Any AMT incurred, under this **Legislation to extend or modify the provision provisions, - would is expected to** be treated as a timing difference **addressed by the U. S. Congress in 2025** and generate a deferred tax asset **such legislation could include provisions** that **impact** would be carried forward to offset regular tax liability in the **taxation of corporations** future. Any excise tax incurred on corporate stock repurchases will generally be recognized as part of the **their domestic** cost basis of the stock acquired and **foreign** not reported as part of income tax expense. As additional guidance is provided, AFG will continue to evaluate the **impact that the new law will have on AFG's financial results.** Any changes in federal income tax laws, **including changes to the IRA or the Tax Cuts and Jobs Act of 2017,** could adversely affect the federal income taxation of AFG's ongoing operations and have a material adverse impact on its financial condition and results of operations. New accounting rules or changes to existing accounting standards could adversely impact AFG's reported results of operations. As a U. S.- based SEC registrant, AFG prepares its financial statements in accordance with GAAP, as promulgated by the Financial Accounting Standards Board, subject to the accounting- related rules and interpretations of the SEC. New accounting rules or changes in accounting standards, particularly those that specifically apply to insurance company operations, may impact AFG's reported financial results and could cause increased volatility in reported earnings, resulting in other adverse impacts on AFG's ratings and cost of capital, and decrease the understandability of AFG's financial results as well as the comparability of AFG's reported results with other insurers. GENERAL RISK FACTORS Certain shareholders exercise substantial control over AFG's affairs, which may impede a change of control transaction. **As of December 31, 2024,** Carl H. Lindner III and S. Craig Lindner **(each of whom** are each Co- Chief Executive Officers and Directors of AFG **-) and members of their respective families, directly or indirectly through trusts or other entities, Together together with employees of the Company, collectively** Carl H. Lindner III and S. Craig Lindner beneficially own **owned approximately 24** H. 9% of AFG's outstanding Common Stock as of February 1,

2024. Other members of the Lindner family own, directly or through trusts, a significant number of additional shares of AFG Common Stock. As a result, the Lindner family has and AFG's employees have the ability to exercise significant influence over AFG's management and over matters requiring shareholder approval. Such influence could prevent an acquisition of AFG at a price and upon terms that other shareholders may find attractive. AFG's business and operations may be negatively impacted by its and its business partners' failure to recruit and retain key employees. The expertise and experience of AFG's employees is a critical component of the company's success. The continuation of such success depends, in large part, on AFG's ability to attract and retain key individuals. There can be intense competition for qualified candidates in the activities that AFG conducts and in the markets that it serves, both within the insurance industry and from businesses outside the industry. This is particularly acute in certain specialized positions and areas of expertise, such as underwriting, data and analytics and AI-related and technology fields. Competition for employees may increase AFG's expenses and may result in the company not being able to hire key employees or retain them. If AFG is unable to hire qualified candidates or retain its key personnel, AFG may be unable to execute its business strategies and may suffer material adverse consequences to its business, operations and financial condition. The price of AFG Common Stock may fluctuate significantly, which may make it difficult for holders to resell common stock when they want or at a price they find attractive. The price of AFG Common Stock, which is listed on the NYSE, constantly changes. AFG's Common Stock price could materially fluctuate or decrease in response to a number of events or factors discussed in this section in addition to other events or factors, including quarterly variations in AFG's operating results; operating and stock price performance of comparable companies; and negative publicity relating to AFG or its competitors. In addition, broad market and industry fluctuations may materially and adversely affect the trading price or volume of AFG Common Stock, regardless of AFG's actual operating performance.