

AMERICAN FINANCIAL GROUP INC

Form 424B5

March 11, 2019

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are neither offers to sell nor solicitations of offers to buy these securities in any jurisdiction where the offer or sale thereof is not permitted.

Filed Pursuant to Rule 424(b)(5)

Registration No. 333-223216

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS SUPPLEMENT DATED MARCH 11, 2019

PROSPECTUS SUPPLEMENT

(To Prospectus Dated February 26, 2018)

\$

% Subordinated Debentures due 2059

We will pay interest on the debentures on _____, _____, and _____ of each year, commencing _____, 2019. We may defer interest payments during one or more deferral periods for up to five consecutive years as described in this prospectus supplement.

On or after _____, 2024, we may redeem the debentures, in whole at any time or in part from time to time, at their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption; *provided* that if the debentures are not redeemed in whole, at least \$25 million aggregate principal amount of the debentures must remain outstanding after giving effect to such redemption.

We may redeem the debentures, in whole, but not in part, at any time prior to _____, 2024, within 90 days of the occurrence of a tax event (as defined in Description of Debentures—Optional Redemption of the Debentures _____), at a redemption price equal to their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption.

We may redeem the debentures, in whole, but not in part, at any time prior to _____, 2024, within 90 days of the occurrence of a rating agency event (as defined in Description of Debentures—Optional Redemption of the Debentures _____), at a redemption price equal to 102% of their principal amount plus any accrued and unpaid interest to, but excluding, the date of redemption.

The debentures will be unsecured and will rank in right of payment and, upon our liquidation, junior to all of our current and future Senior Indebtedness (as defined in Description of Debentures—Subordination _____) and will rank equally with all Indebtedness Ranking on a Parity (as defined in Description of Debentures—Subordination _____) on the terms set forth in the indenture pursuant to which the debentures will be issued. The debentures will not be obligations of or guaranteed by any of our subsidiaries. As a result, the debentures will also be structurally subordinated to all debt and other liabilities of our subsidiaries.

Beneficial interests in the debentures will be issued in book-entry form in denominations of \$25 and multiples of \$25 in excess thereof. The debentures will mature on _____, 2059.

We will apply for the listing of the debentures on the New York Stock Exchange (the NYSE) under the symbol AFGB. If approved for listing, we expect trading of the debentures on the NYSE to commence within 30 days after they are first issued.

Investing in the debentures involves risks that are described in Risk Factors beginning on page S-4 of this prospectus supplement, page 3 of the accompanying prospectus and in Item 1A Risk Factors beginning on page 14 of our Annual Report on Form 10-K for the year ended December 31, 2018.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Debenture	Total ⁽²⁾
Public Offering Price ⁽¹⁾	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to us ⁽¹⁾	%	\$

(1) Plus accrued interest, if any, from _____, 2019, to the date of delivery.

(2) Assumes no exercise of the underwriters' option to purchase additional debentures described below.

We have granted the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to an additional \$ _____ aggregate principal amount of debentures at the public offering price less the applicable underwriting discount solely to cover overallotments.

We expect that the debentures will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants on or about _____, 2019.

Joint Book-Running Managers

BofA Merrill Lynch

Wells Fargo Securities

The date of this prospectus supplement is _____, 2019.

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This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, utilizing a shelf registration process. Under this shelf registration process, we may, from time to time, sell the securities described in this prospectus supplement and the accompanying prospectus in one or more offerings. You should read both this prospectus supplement and the accompanying prospectus together with the documents incorporated by reference herein and therein described in this prospectus supplement and the accompanying prospectus under the heading **Where You Can Find More Information.**

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus relating to this offering prepared by us or on our behalf. We have not, and the underwriters have not, authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus or any other documents incorporated by reference is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since those respective dates.

This prospectus supplement and the accompanying prospectus summarize certain documents and other information, and we refer you to them for a more complete understanding of what we discuss in this prospectus supplement and the accompanying prospectus. In making an investment decision, you should rely on your own examination of our company and the terms of this offering and the debentures, including the merits and risks involved.

We are not, and the underwriters are not, making any representation to any purchaser of the debentures regarding the legality of an investment in the debentures by such purchaser. You should not consider any information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the debentures.

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PROSPECTUS SUPPLEMENT SUMMARY

The summary contains basic information about us, the debentures and this offering. Because this is a summary, it does not contain all the information you should consider before investing in the debentures. You should carefully read this summary together with the more detailed information, financial statements and notes to the financial statements contained elsewhere or incorporated by reference into this prospectus supplement or the accompanying prospectus. To fully understand this offering, you should read all of these documents. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, the information in this prospectus supplement shall control. Unless otherwise indicated or the context otherwise requires, all references in this prospectus supplement and the accompanying prospectus to AFG, we, us and our refer to American Financial Group, Inc., an insurance holding company incorporated in Ohio, and its subsidiaries.

American Financial Group, Inc.

General

American Financial Group, Inc. (AFG) is a holding company that, through subsidiaries, is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and in the sale of fixed, fixed-indexed and variable-indexed annuities in the retail, financial institutions, registered investment advisor and education markets.

Our address is 301 East Fourth Street, Cincinnati, Ohio 45202; our phone number is (513) 579-2121. SEC filings, news releases, AFG's Code of Ethics applicable to directors, officers and employees and other information may be accessed free of charge through AFG's Internet site at: www.AFGinc.com. Other than the information specifically contained or incorporated by reference in this prospectus supplement or the accompanying prospectus, information on our website is not part of this prospectus supplement or the accompanying prospectus.

Holding Company Structure

As a holding company, our cash flow and our ability to service our debt, including the debentures, are dependent upon the earnings of our subsidiaries and on the distribution of earnings, loans or other payments by our subsidiaries to us. Payment of dividends by our insurance subsidiaries may require prior regulatory notice or approval. The debentures will be structurally subordinated to all existing and future obligations of our subsidiaries, including claims of policyholders, which means that holders of obligations of our subsidiaries have claims on the assets of those subsidiaries that have priority to claims of holders of the debentures. Our subsidiaries are distinct legal entities having no obligation to pay any amounts pursuant to the debentures or to make funds available to us. The debentures are also subordinated in right of payment and upon our liquidation junior to all of our current and future Senior Indebtedness (as defined in Description of Debentures— Subordination) and will rank equally with all Indebtedness Ranking on a Parity (as defined in Description of Debentures—Subordination). The indenture governing the debentures does not limit the amount of debt that we or any of our subsidiaries may incur.

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The Offering

Issuer

American Financial Group, Inc.

Securities Offered

\$ principal amount of % Subordinated Debentures due 2059 (\$ million aggregate principal amount if the underwriters exercise their overallotment option to purchase additional debentures in full).

Use of Proceeds

We intend to use the net proceeds from this offering for general corporate purposes. See Use of Proceeds in this prospectus supplement.

Maturity

, 2059

Interest

The debentures will bear interest at an annual rate of %. We will pay interest quarterly in arrears on , , , and of each year, beginning on , 2019, subject to our right to defer the payment of interest as described under Optional Interest Deferral below.

Record Date

We will make interest payments on the debentures to the holders of record at the close of business on the , , and , as the case may be, immediately preceding such , , and , whether or not a business day. However, interest that we pay on the maturity date or redemption date will be payable to the person to whom the principal will be payable.

Optional Interest Deferral

We have the right on one or more occasions to defer the payment of interest on the debentures for up to five consecutive years (each such period, an optional deferral period). During an optional deferral period, interest will continue to accrue at the interest rate on the debentures, compounded quarterly as of each interest payment date to the extent permitted by applicable law. See Description of Debentures—Option to Defer Interest Payments in this prospectus supplement.

Payment Restrictions Upon Interest Deferral

If we have exercised our right to defer interest payments on the debentures, we generally may not make payments on or redeem or purchase any shares of our capital stock or any of our debt securities or guarantees that rank upon our liquidation, dissolution or winding up equally with or junior to the debentures, subject to certain limited exceptions.

Subordination; Ranking

The debentures will be unsecured, and will rank in right of payment and upon our liquidation junior to all of our current and future Senior Indebtedness and equally with all Indebtedness Ranking on a Parity. The debentures will also be structurally subordinated to all debt and other liabilities of our subsidiaries. The debentures do not limit our or our subsidiaries' ability to incur additional debt, including debt that ranks senior in right of payment and upon our liquidation to the debentures.

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Optional Redemption

We may elect to redeem the debentures:

- in whole at any time or in part from time to time on or after _____, 2024, at a redemption price equal to their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption; *provided* that if the debentures are not redeemed in whole, at least \$25 million aggregate principal amount of the debentures must remain outstanding after giving effect to such redemption;
- in whole, but not in part, at any time prior to _____, 2024, within 90 days of the occurrence of a tax event (as defined in Description of Debentures—Optional Redemption of the Debentures) at a redemption price equal to their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption; or
- in whole, but not in part, at any time prior to _____, 2024, within 90 days of the occurrence of a rating agency event (as defined in Description of Debentures—Optional Redemption of the Debentures) at a redemption price equal to 102% of their principal amount plus any accrued and unpaid interest to, but excluding, the date of redemption.

Events of Default

The debentures can only be accelerated upon certain events of bankruptcy, insolvency, or reorganization involving us and certain of our subsidiaries. See Description of Debentures—Events of Default in this prospectus supplement.

Listing

We intend to apply to list the debentures on the NYSE under the symbol AFGB. If approved for listing, we expect trading of the debentures on the NYSE to commence within 30 days after they are first issued.

Form and Denomination

The debentures will be issued in fully registered form in denominations of \$25 and integral multiples of \$25 in excess thereof.

Trustee and Paying Agent

The trustee and paying agent for the debentures is U.S. Bank National Association.

Governing Law

The indenture and the debentures will be governed by the laws of the State of New York.

Risk Factors

Investing in the debentures involves risks that are described in the Risk Factors section beginning on page S-4 of this prospectus supplement, page 4 of the accompanying prospectus and those risk factors incorporated by reference into this prospectus supplement and the accompanying prospectus from our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and other documents set forth under Where You Can Find More Information in this prospectus supplement and the accompanying prospectus.

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RISK FACTORS

Before you invest in the debentures, you should carefully consider the risks involved. Accordingly, you should carefully consider the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risk factors listed below, in the prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2018 and in the other documents incorporated by reference in this prospectus supplement.

We may incur additional indebtedness that may adversely affect our ability to meet our financial obligations under the debentures.

The terms of the indenture and the debentures do not impose any limitation on our or our subsidiaries' ability to incur additional debt. We may incur additional indebtedness in the future, which could have important consequences to holders of the debentures, including the following:

- we could have insufficient cash to meet our financial obligations, including our obligations under the debentures;
- our ability to obtain additional financing for working capital, capital expenditures or general corporate purposes may be impaired; and
- a significant degree of debt could make us more vulnerable to changes in general economic conditions and also could affect the financial strength ratings of our insurance subsidiaries.

Our obligations under the debentures will be subordinated.

Our payment obligation under the debentures will be unsecured and will rank junior in right of payment and upon our liquidation to all of our Senior Indebtedness on the terms set forth in the indenture pursuant to which the debentures will be issued. We, therefore, cannot make any payments on the debentures, if (i) we have defaulted on the payment of any of our Senior Indebtedness and the default is continuing, (ii) the maturity of any Senior Indebtedness has been or would be permitted upon notice or the passage of time to be accelerated as a result of a default and the default is continuing and such acceleration has not been rescinded or annulled, or (iii) we have filed for bankruptcy or are liquidating, dissolving or winding-up or in receivership, and our Senior Indebtedness has not been repaid in full.

As of December 31, 2018, we had \$1,015 million in outstanding Senior Indebtedness, \$500 million available under our bank credit facility, \$300 million of Indebtedness Ranking on a Parity with the debentures and approximately \$3 million in miscellaneous other debt outstanding. The indenture pursuant to which the debentures will be issued does not place any limit on the amount of liabilities that we may issue, guarantee or otherwise incur or the amount of liabilities, including debt or preferred stock, that our subsidiaries may issue, guarantee or otherwise incur. We expect from time to time to incur additional indebtedness and other liabilities and to guarantee indebtedness that will be senior to the debentures.

The debentures will be effectively subordinated to the liabilities of our subsidiaries.

We have limited operations of our own and derive substantially all of our revenue and cash flow from our subsidiaries. None of our subsidiaries will guarantee the debentures. Creditors of our subsidiaries (including policyholders and trade creditors) will generally be entitled to payment from the assets of those subsidiaries before those assets can be distributed to us. As a result, the debentures will effectively be subordinated to the liabilities of our subsidiaries. Our insurance subsidiaries also have customary liabilities associated with insurance policies issued by those subsidiaries (generally claims and benefits), reinsurance obligations and other trade payables and expenses. As of December 31, 2018, our insurance subsidiaries had reserves for claims and benefits of approximately \$50.1 billion.

We can defer interest payments on the debentures for one or more periods of up to five years each. This may affect the market price of the debentures.

So long as there is no event of default with respect to the debentures, we may defer interest payments on the debentures, from time to time, for one or more optional deferral periods of up to five consecutive years. At the end of an optional deferral period, if all amounts due are paid, we could start a new optional deferral period of up to five consecutive years. During any optional deferral period, interest on the debentures would be deferred

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but would accrue additional interest at a rate equal to the interest rate on the debentures, to the extent permitted by applicable law. No optional deferral period may extend beyond the maturity date of the debentures. See Description of Debentures—Option to Defer Interest Payments.

If we exercise our right to defer interest payments, the debentures may trade at a price that does not fully reflect the value of accrued and unpaid interest on the debentures or that is otherwise less than the price at which the debentures may have been traded if we had not exercised such right. In addition, as a result of our right to defer interest payments, the market price of the debentures is likely to be affected and may be more volatile than other securities that do not have these rights.

If we do defer interest on the debentures and you sell your debentures during the period of that deferral, you may not receive the same return on your investment as a holder that continues to hold its debentures until we pay the deferred interest at the end of the applicable deferral period.

A holder of the debentures will not have rights of acceleration in the case of payment defaults or other breaches of covenants.

The only event of default under the indenture consists of specific events of bankruptcy, insolvency or receivership relating to us and certain of our subsidiaries. There is no right of acceleration in the case of payment defaults or other breaches of covenants under the indenture.

If we defer interest payments on the debentures, there will be U.S. federal income tax consequences to holders of the debentures.

If we were to defer interest payments on the debentures, the debentures would be treated as issued with original issue discount (OID) at the time of such deferral, and all stated interest due after such deferral would be treated as OID. In such case, a United States holder would generally be required to include such stated interest in income as it accrues, regardless of such United States holder's regular method of accounting, using a constant yield method, before such holder received any payment attributable to such income, and would not separately report the actual payments of interest on the debentures as taxable income.

If holders of the debentures sell their debentures before the record date for the payment of interest at the end of an optional deferral period, they will not receive such interest. Instead, the accrued interest will be paid to the holder of record on the record date regardless of who the holder of record may have been on any other date during the optional deferral period. Moreover, amounts that holders were required to include in income in respect of the debentures during the optional deferral period will be added to such holders' adjusted tax basis in the debentures, but may not be reflected in the amount that such holder realizes on the sale. To the extent the amount realized on a sale is less than the holder's adjusted tax basis, the holder will generally recognize a capital loss for U.S. federal income tax purposes. The deductibility of capital losses is subject to limitations. See Material U.S. Federal Income Tax Considerations—United States Holders—Sale, Exchange, Redemption or Other Disposition of Debentures.

Rating agencies may change their practices for rating the debentures, which change may affect the market price of the debentures. In addition, we may redeem the debentures if a rating agency amends, clarifies or changes the criteria used to assign equity credit for securities similar to the debentures.

The rating agencies that currently publish a rating for us, including Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and A.M. Best Company, Inc., may, from time to time in the future, change the way they analyze securities with features similar to the debentures. This may include, for example, changes to the relationship between ratings assigned to an issuer's senior securities and ratings

assigned to securities with features similar to the debentures. Standard & Poor's recently released a Request for Comment with respect to potential changes in its rating criteria for hybrid capital securities such as the debentures. If the rating agencies change their criteria or practices for rating these types of securities in the future, and the ratings of the debentures are subsequently lowered, that could have a negative impact on the trading price of the debentures. In addition, we may redeem the debentures before _____, 2024 at our option, in whole, but not in part, within 90 days of a rating agency amending, clarifying or changing the criteria used to assign equity credit for securities such as the debentures, which amendment, clarification or change results in (i) the shortening of the length of time the debentures are assigned a particular level of equity credit by that rating agency as compared to the length of time they would have been assigned that

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level of equity credit by that rating agency or its predecessor on the initial issuance of the debentures or (ii) the lowering of the equity credit (including up to a lesser amount) assigned to the debentures by that rating agency compared to the equity credit assigned by that rating agency or its predecessor on the initial issuance of the debentures. See Description of Debentures—Optional Redemption of the Debentures.

The debentures may be redeemed prior to maturity, and you may not be able to reinvest the proceeds at the same or a higher rate.

We may redeem the debentures at our option, from time to time in whole at any time or in part, on or after _____, 2024. In addition, we may redeem the debentures in whole, but not in part, before _____, 2024, if certain changes in tax laws, regulations or interpretations occur. In each of these two cases, the redemption price will be 100% of the principal amount of such debentures being redeemed plus accrued and unpaid interest to, but excluding, the date of redemption. We may also redeem the debentures before _____, 2024 at our option, in whole, but not in part, within 90 days of a rating agency event (as defined in Description of Debentures—Optional Redemption of the Debentures). In this event, the redemption price will be equal to 102% of the aggregate principal amount plus accrued and unpaid interest to, but excluding, the date of redemption. See Description of Debentures—Optional Redemption of the Debentures. If we exercise any of these rights, you may not be able to reinvest the money you receive upon redemption at a rate that is equal to or higher than the rate of return on the debentures.

There may not be a public market for the debentures.

We will apply to list the debentures on the NYSE under the symbol AFGB. If approved for listing, we expect trading of the debentures on the NYSE to commence within 30 days after they are first issued. The listing of the debentures will not necessarily ensure that an active trading market will be available for the debentures or that you will be able to sell your debentures at the price you originally paid for them or at the time you wish to sell them. Future trading prices of the debentures will depend on many factors including, among other things, prevailing interest rates, our operating results and th