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GREAT AMERICAN INSURANCE REACHES AGREEMENT WITH POLICYHOLDER REGARDING INSURANCE COVERAGE RELATED TO HOUSTON FIRE

Cincinnati, Ohio – January 21, 2009 - Great American Insurance Company and its policyholder announced today that they have reached an agreement with respect to all outstanding issues relating to the availability of excess insurance coverage for lawsuits brought by families of individuals who died in a 2007 Houston building fire. The fire was intentionally set by an arsonist and resulted in three fatalities.

Great American had previously asked a federal court in Houston to determine whether the total pollution exclusion of its excess policy applies to the claims asserted in the underlying lawsuits. This exclusion, like a similar exclusion in the policyholder's primary liability policy, excluded coverage for certain injuries arising out of "pollutants." Both policies defined "pollutant" to include "smoke," "soot" and "fumes." The policyholder's primary policy, however, also contained what is commonly known as a "hostile fire" exception, which stated that its pollution exclusion does not apply to injuries arising out of "smoke" or "fumes" from a "hostile fire." The Great American policy did not contain this exception.

The agreement between Great American and its policyholder will result in the dismissal of Great American's federal court action. Whether Great American's policyholder is liable to the plaintiffs will be determined in future proceedings in the lawsuits filed by the families of the individuals who died in the fire. Great American's policyholder has consistently maintained that its conduct did not cause or contribute to the fire or its tragic consequences.

About Great American Insurance Group

Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company. Based in Cincinnati, Ohio, the operations of Great American Insurance Group are engaged primarily in property and casualty insurance, focusing on specialty commercial products for businesses, and in the sale of traditional fixed, indexed and variable annuities and a variety of supplemental insurance products. Great American Insurance Company has received an "A" (Excellent) or higher rating from the A.M. Best Company for over 100 years (most recent rating evaluation effective on December 17, 2007). The members of the Great American Insurance Group are subsidiaries of American Financial Group, Inc. (AFG), also based in Cincinnati, Ohio.

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