The Hartford Financial Services Group, Inc.
February 4, 2019

The Hartford Announces Fourth Quarter And Full Year 2018 Financial Results And $1.0 Billion Share Repurchase Authorization; Also Provides 2019 Key Business Metrics Outlook

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The discussion in this presentation of The Hartford's financial performance includes financial measures that are not derived from generally accepted accounting principles (GAAP). Information regarding these non-GAAP financial measures, including reconciliations to the most directly comparable GAAP financial measures, is provided in the news release issued on February 4, 2019 and The Hartford's Investor Financial Supplement for fourth quarter 2018 which is available at the Investor Relations section of The Hartford's website at **https://ir.thehartford.com**.

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Summary

2019 Key Business Metrics Outlook

- Outlook for Commercial Lines combined ratio of 94.5% - 96.5%, Personal Lines combined ratio of 97.5% - 99.5%, P&C[1]CAY CATs[2] ratio of 4.2%, and Group Benefits core earnings margin[3] of 6.0% - 7.0%
- The outlook does not include the impact of the acquisition of The Navigators Group (Navigators), which is expected to close in late March or April 2019

New Share Repurchase Authorization

- New share repurchase authorization of $1.0 billion for use through Dec. 31, 2020
- Expect to use a portion of this authorization in 2019 but anticipate using the majority of the program in 2020, based on projected future holding company resources

4Q18 Financial Results

- 4Q18 core earnings[3] of $284 million (down 3% from 4Q17), or $0.78 per diluted share[3] (down 4%), principally due to higher CAY CATs
- BVPS (ex. AOCI)[3,4] of $39.40 at Dec. 31, 2018, rose 12% from Dec. 31, 2017

FY18 Financial Results

- FY18[5] core earnings rose to $1,575 million (up 55% from FY17[6]), or $4.33 per diluted share (up 58%), with higher Commercial Lines, Group Benefits and Hartford Funds core earnings, including benefit from lower U.S. corporate tax rate
- FY18 core earnings ROE[3,7] of 11.6%, up 4.9 points over FY17; up 3.8 points when adjusting average equity for the full year impact of 2017 charges, including the sale of Talcott Resolution

2019 Catastrophe Reinsurance Program

- Slight changes in 2019 catastrophe reinsurance programs include $50 million lower attachment point on aggregate property catastrophe treaty at $775 million compared with $825 million in 2018

1. Property and Casualty (P&C) 2. Current accident year (CAY) catastrophe losses (CATs) 3. Denotes financial measure not calculated based on generally accepted accounting principles (GAAP) 4. Book value per diluted share (BVPS), excluding accumulated other comprehensive income (AOCI) 5. Full year 2018 (FY18) 6. Full year 2017 (FY17) 7. Core earnings return on equity (ROE)

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2019 Outlook

The Hartford's strategic and financial goals

Strategic goals:

REALIZE THE FULL POTENTIAL OF OUR PRODUCT CAPABILITIES AND UNDERWRITING EXPERTISE	BECOME AN EASIER COMPANY TO DO BUSINESS WITH	ATTRACT AND RETAIN TALENT NEEDED FOR LONG TERM SUCCESS

- Strengthen the competitive advantages of our businesses through expanded products, underwriting expertise, market capabilities and talent
- While expanding our product capabilities and risk appetite are key pillars of our strategy, with the recent Group Benefits acquisition and the future acquisition of Navigators, we have what we need
    - The near term focus is on successfully integrating the acquisitions and
    - Maximizing our combined potential, including deepening our distribution relationships and meeting a broader array of customer needs

Financial goals:

- Maintain strong margins and top line growth
- Sustain core earnings ROEs well above our cost of equity capital; core earnings ROE was 11.6% in FY18
- Generate shareholder value creation (SVC[1]) over the long term by growing BVPS (ex. AOCI) and dividends

1. *Shareholder value creation (SVC) in a period is defined as change in common dividends paid plus ending BVPS (ex. AOCI) divided by beginning of period BVPS (ex AOCI)*

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Key business metrics outlook for 2019

- The Hartford's 2019 outlook is for continued strong margins, including lower expected CATs
  - Outlook does not include Navigators
  - Neither Commercial Lines nor Personal Lines outlook includes favorable prior accident year development (PYD)
  - CAY CATs outlook lower than actual results in FY17 and FY18 and more consistent with 10-year average
  - Commercial Lines underlying combined ratio reflects expected modest pressure on workers' compensation from reduced premium rates
  - Personal Lines underlying combined ratio reflects strong margins and higher new business
  - Group Benefits margins assume LP[1] returns of 6% versus a 19% return in FY18

($ in millions)	2018 Actual	2019 Outlook
Commercial Lines combined ratio[2,3,4]	92.6	94.5 - 96.5
Commercial Lines underlying combined ratio[3,5]	91.5	91.0 - 93.0
Personal Lines combined ratio[2]	106.3	97.5 - 99.5
Personal Lines underlying combined ratio[5]	91.2	91.0 - 93.0
P&C CAY CATs ratio[2,3]	7.9	4.2
Group Benefits net income margin[6,7]	5.6%	5.5% - 6.5%
Group Benefits core earnings margin[5,7]	7.0%	6.0% - 7.0%

1. Limited partnerships and other alternative investments (LP)
2. 2019 outlook includes total P&C CAY CATs ratio of 4.2 points or 3.0 points in Commercial Lines and 6.5 points in Personal Lines; actual catastrophes are likely to be different and will fluctuate quarterly due to seasonal variations. P&C CAY CATs ratio equates to approximately $435 million, before tax, in 2019
3. Excludes The Navigators Group
4. Commercial Lines 2019 outlook includes 0.5 point of unfavorable PYD from the accretion of discount on workers' compensation loss reserves
5. Denotes financial measure not calculated based on GAAP
6. Group Benefits 2019 net income margin outlook includes integration costs of approximately $35 million, after tax, compared with $37 million, after tax, in 2018
7. Group Benefits 2019 outlook includes amortization of intangibles of $30 million to $35 million, after tax, compared with $47 million, after tax, in 2018. Includes an estimated 6% return on LP compared with 19% in 2018; actual results are likely to be different and will fluctuate quarterly

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The Hartford announces new share repurchase authorization for $1.0 billion

- As a result of our strong financial position and outlook, The Hartford's board of directors has authorized a $1.0 billion share repurchase program
  - The program, effective Feb. 6, 2019, is authorized through Dec. 31, 2020
  - Will be utilized with discretion, based on current and expected holding company resources
  - Will not be exercised ratably over program authorization as was the practice in several previous programs
  - Based on current projections of future holding company resources, expect to use a portion of this authorization in 2019 but anticipate using the majority of the program in 2020

- Total holding company resources were $3.4 billion at Dec. 31, 2018 and decreased to $2.9 billion at Jan. 31, 2019, due to Jan. 2019 debt maturity and dividend payment

- Projected near-term holding company cash uses include $2.2 billion (including transaction costs) for the purchase of Navigators in late March or April 2019

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2019 Outlook

The Hartford's expected 2019 and 2020 holding company resources[1]

- Expected sources of additional holding company resources in FY19 include:
  - Group Benefits dividends of $250 million - $300 million
  - Hartford Funds dividends of $100 million - $125 million
  - Cash tax receipts of $600 million - $700 million, including realization of net operating loss carry forwards[3] and AMT[2] credits
- FY20 holding company resources expected to increase from FY19, due to P&C dividends
  - In addition to dividends from Group Benefits and Hartford Funds in FY20, annual P&C ordinary net dividends have been $850 million - $900 million historically
  - FY20 cash tax receipts expected to total $500 million - $600 million[3], slightly lower than FY19 due to AMT credit repayment
- In addition to the acquisition of Navigators and utilization of the share repurchase authorization, FY19 and FY20 holding company uses are expected to include:
  - Annual interest expense of $265 million in FY19[4] and $240 million in FY20, based on assumed repayment of March 2020 senior note
  - Annual common and preferred dividends of approximately $460 million before share repurchases and any change in common stockholder dividend rate
  - $500 million 5.5% senior note maturity in March 2020

1. *Excludes The Navigators Group*
2. *Alternative minimum tax (AMT)*
3. *Subject to actual taxable earnings, including impact of catastrophe losses*
4. *Depends on actual closing of Navigators acquisition*

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4Q18 Financial Results

4Q18 core earnings of $284 million and core EPS[1,2] of $0.78 down slightly from 4Q17 due to higher CATs

- Core earnings of $284 million declined 3% from 4Q17 primarily due to a $182 million increase in CAY CATs, partially offset by higher core earnings contributions from:
  - Group Benefits due to the 4Q17 acquisition, better total loss and expense ratios and high LP income
  - P&C NII[3], up $27 million, before tax, due to increased invested assets and higher LP returns
  - P&C underlying underwriting gain[1], up $27 million, before tax, primarily due to lower policyholder dividends and better general liability and commercial auto margins than in 4Q17
  - Favorable impact of a lower U.S. corporate tax rate

Core Earnings By Segment ($ in millions, except per share amounts)	4Q17	4Q18	Change[4]
Commercial Lines	$282	$337	20%
Personal Lines	(46)	(166)	NM
P&C Other Operations	4	(15)	NM
Property & Casualty Total	**240**	**156**	**(35)%**
Group Benefits	67	136	103%
Hartford Funds	37	38	3%
Sub-total	**$344**	**$330**	**(4)%**
Corporate	(51)	(46)	10%
Core earnings	**$293**	**$284**	**(3)%**
Net realized capital gains (losses), before tax[5]	59	(175)	NM
Integration and transaction costs, before tax	(17)	(12)	29%
Income tax benefit (expense)	(893)	93	NM
Loss from discontinued operations, after tax	(3,145)	—	100%
Net income (loss) available to common stockholders	**$(3,703)**	**$190**	**NM**
Preferred stock dividends	—	6	NM
Loss from discontinued operations, after tax	3,145	—	(100)%
Income (loss) from continuing operations, after tax	**$(558)**	**$196**	**NM**
Income tax expense (benefit)	980	(29)	NM
Income before income taxes	**$422**	**$167**	**(60)%**
Loss from discontinued operations, after tax	(3,145)	—	100%
Income tax benefit (expense)	(980)	29	NM
Net income (loss)	**$(3,703)**	**$196**	**NM**
Core earnings per diluted share[6]	**$0.81**	**$0.78**	**(4)%**
Income (loss) from continuing operations per diluted share[6,7]	**$(1.56)**	**$0.52**	**NM**
Net income (loss) per diluted share[6,8]	**$(10.37)**	**$0.52**	**NM**
Wtd. avg. diluted shares outstanding[9]	363.9	364.0	—%
Wtd. avg. common shares outstanding[9]	357.0	359.1	1%

1. Denotes financial measure not calculated based on GAAP 2. Earnings per diluted share (EPS) 3. Net investment income (NII) 4.The Hartford defines increases or decreases greater than or equal to 200%, or changes from a net gain to a net loss position, or vice versa, as "NM" or not meaningful 5. Net realized capital gains (losses), before tax, excluded from core earnings 6. Includes dilutive potential common shares 7. Per diluted share data is based upon income (loss) from continuing operations, after tax, available to common stockholders 8. Per diluted share data is based upon net income (loss) available to common stockholders 9. in millions

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4Q18 key segment financial highlights

Property & Casualty

- Combined ratio of 104.8 in 4Q18 was 6.4 points higher than in 4Q17 primarily due to a 6.9 point increase in CAY CATs
- Underlying combined ratio of 92.2 improved 1.0 point from 4Q17 with lower underlying combined ratios in both Commercial Lines and Personal Lines

Commercial Lines

- Underwriting gain of $168 million declined $8 million from 4Q17; combined ratio of 90.7 was 0.8 point higher than in 4Q17 primarily due to higher CAY CATs, partially offset by higher net favorable PYD
- Underlying combined ratio of 91.7 improved 1.3 points from 4Q17 due to lower policyholder dividends and better auto and general liability margins, partially offset by higher property losses

Personal Lines

- Underwriting loss in 4Q18 was $140 million higher than in 4Q17 primarily due to a $124 million increase in CAY CATs; combined ratio of 130.3 increased 17.8 points from 4Q17 due to a 16.7 point increase in CAY CATs
- Underlying combined ratio of 92.8 improved 0.3 point from 4Q17 due to earned pricing increases in both auto and homeowners and lower non-catastrophe losses in homeowners, largely offset by a higher total expense ratio

Group Benefits

- Core earnings of $136 million, up $69 million from 4Q17 primarily due to the 4Q17 acquisition, better total loss and expense ratios, total loss ratio of 72.6%, decreased 3.5 points and a lower U.S. corporate tax rate
- Core earnings margin of 8.9%, up 3.7 points over 4Q17

P&C NII

- P&C 4Q18 NII up 10% over 4Q17 due to increased invested assets and a 61% increase in LP income
- 4Q18 annualized investment yield, before tax, was 4.0%, up 0.2 point from 4Q17; flat excluding LP[1]
  - LP yield of 10.7% in 4Q18 was higher than 6.5% in 4Q17

1. Denotes financial measure not calculated based on GAAP

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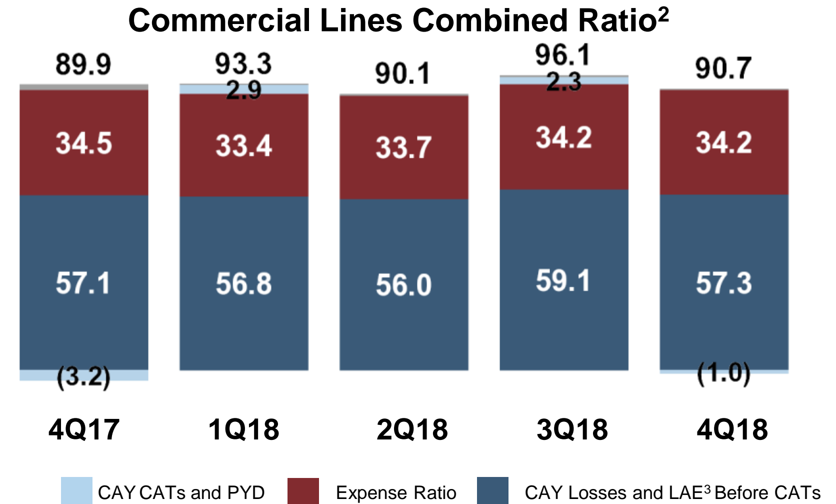
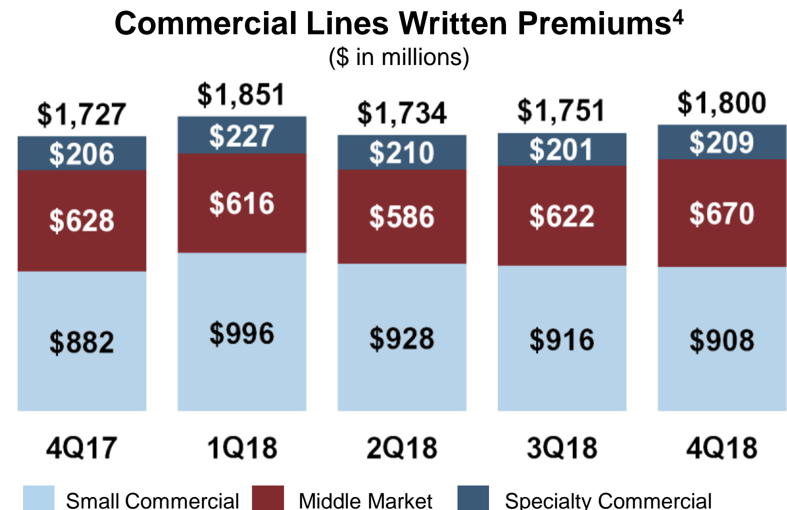
Commercial Lines: Underlying combined ratio improved 1.3 points over 4Q17 mainly due to lower policyholder dividends and improvements in auto and general liability results

- Combined ratio of 90.7 in 4Q18, 0.8 point worse than 4Q17 due principally to:
  - CAY CATs ratio up 3.2 points, with 4Q18 CAY CATs of 2.0 points compared with 4Q17 net favorable CAY CATs of 1.2 points, partially offset by
  - More net favorable PYD, with 3.0 points of net favorable PYD in 4Q18 versus 2.0 points in 4Q17, including higher net favorable PYD in workers' compensation
- Underlying combined ratio of 91.7 improved 1.3 points from 4Q17 principally due to:
  - Policyholder dividends 1.1 point less than in 4Q17
  - Better commercial auto and general liability results
  - Offset in part by higher property losses
- Written premium up 4% over 4Q17, with strong new business and higher Middle Market renewal pricing
  - Standard Commercial[1] new business premiums increased 4% from 4Q17 primarily due to:
    - Small Commercial up 6% due to the Foremost renewal rights agreement which was effective in 3Q17, partially offset by lower Maxum new business
    - Middle Market up 1%
  - Standard Commercial renewal written price increases averaged 1.5%; Small Commercial was 1.1% and Middle Market was 2.2%
  - Policy count retention at 83% and 79% in Small Commercial and Middle Market, respectively, both consistent with 4Q17





1. Standard Commercial includes Small Commercial and Middle Market
2. Combined ratio includes policyholder dividends ratio
3. Loss adjustment expense
4. Commercial Lines written premiums include immaterial amounts from Other Commercial

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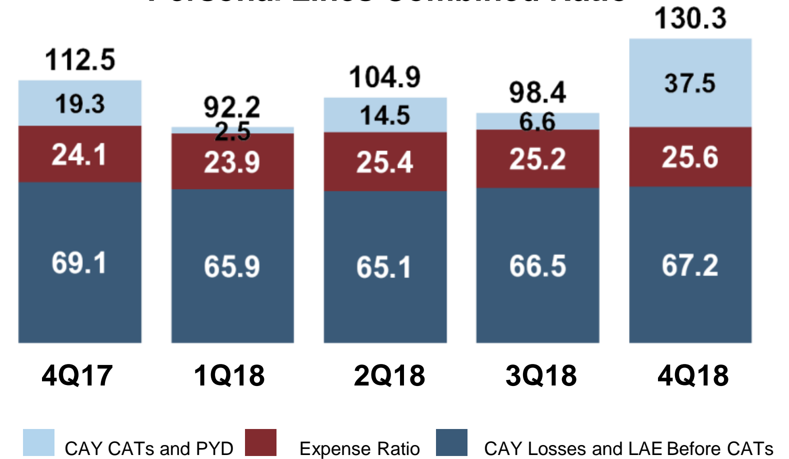
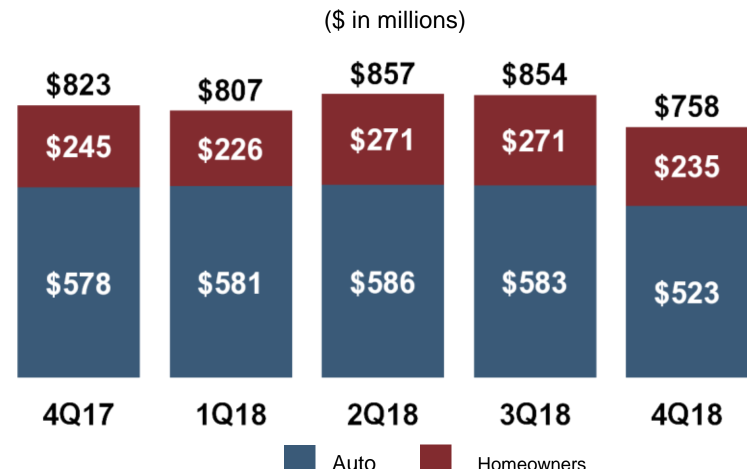
Personal Lines: Better underlying combined ratio primarily due to earned pricing increases and lower losses in homeowners largely offset by a higher expense ratio

- Combined ratio of 130.3 in 4Q18, a 17.8 point increase over 4Q17 reflecting:
  - CAY CATs ratio up 16.7 points, with 38.8 points in 4Q18, primarily from California wildfires, compared with 22.1 points in 4Q17
  - Less favorable PYD of 1.5 point, with 1.3 points in net favorable PYD in 4Q18 compared with 2.8 points in 4Q17, primarily due to homeowners
- Underlying combined ratio improved 0.3 point from 4Q17 to 92.8 primarily due to:
  - 1.9 point improvement in loss ratio due to earned pricing increases in both auto and homeowners and lower homeowners fire and water non-weather losses
  - Largely offset by a 1.5 point increase in the expense ratio due to increased marketing spending and the impact of lower earned premium
- Written premiums down 8% from 4Q17 principally due to lower auto premium retention offset in part by higher new business premiums
  - New business premiums in 4Q18 up 30% from 4Q17 as a result of increased marketing initiatives
  - Premium retention ratios were 84% and 90% for auto and homeowners, respectively; auto down 3 points from 4Q17 and homeowners up 1 point
  - Renewal written price increases were at 5.2% and 9.1% for auto and homeowners, respectively; auto down 5.9 points from 4Q17 and homeowners up 0.1 point





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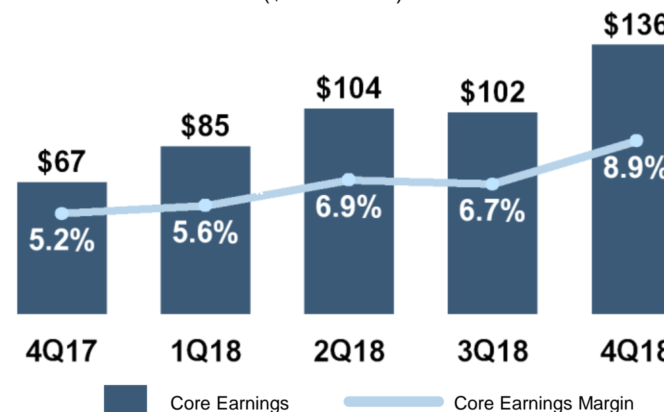
Group Benefits: Core earnings rose 103% over 4Q17 and core earnings margin was 8.9% for 4Q18

- Core earnings of $136 million, up $69 million from 4Q17 primarily due to the 4Q17 acquisition, better loss and expense ratios, and a lower U.S. corporate tax rate
- 8.9% core earnings margin versus 5.2% in 4Q17
- Loss ratio of 72.6% decreased 3.5 points from 4Q17 with improvement in both disability and life
  - Group disability loss ratio of 67.5% decreased 5.4 points from 4Q17 due to continued favorable incidence
  - Group life loss ratio decreased 1.4 points to 78.8% reflecting better mortality experience partially offset by the expected increase in the loss ratio due to the acquisition
- 4Q18 expense ratio of 24.1% declined 0.9 point from 4Q17 due to higher premiums to cover fixed costs and achievement of expense synergies from acquisition in 2018
- Fully insured ongoing premiums up 17% from 4Q17 due to the acquisition, strong persistency, and higher sales during full year 2018
  - Fully insured ongoing sales of $61 million declined by $42 million from 4Q17 due to one large case sale in 4Q17

Core Earnings and Core Earnings Margin*

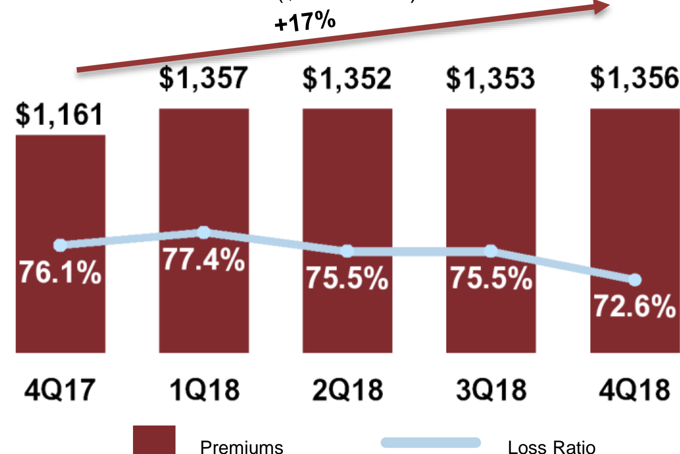
($ in millions)



** Includes amortization of intangibles, after tax, of $6 million, $13 million, $13 million, $12 million and $9 million in 4Q17, 1Q18, 2Q18, 3Q18 and 4Q18 respectively*

Fully Insured Ongoing Premiums[1] & Loss Ratio

($ in millions)



1. Excludes buyout premiums

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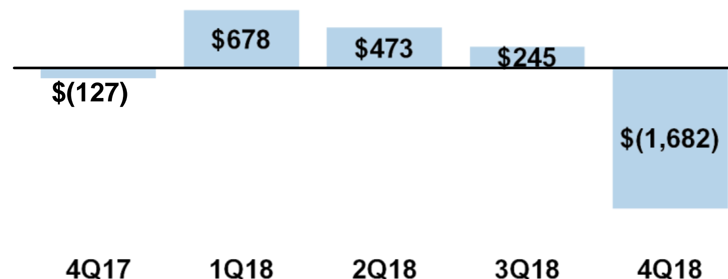
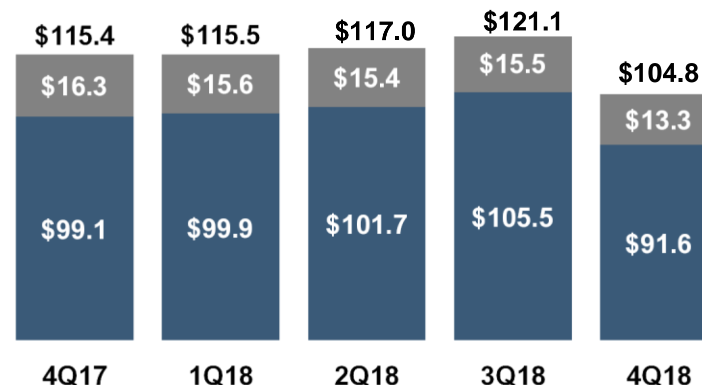
Hartford Funds: Core earnings of $38 million up 3% from 4Q17 despite a 9% decline in assets under management (AUM)

- Core earnings of $38 million, up $1 million from 4Q17 due to a lower U.S. corporate tax rate partially offset by lower fee income due to reduced average AUM
- Total AUM of $104.8 billion decreased 9% from Dec. 31, 2017 principally due to a decline in market value and higher redemptions in 4Q18
  - Mutual Fund and ETP[1] net outflows of $0.3 billion in 2018
    - Mutual Fund net outflows of $1.7 billion were partially offset by strong exchange-traded products (ETP) net inflows of $1.4 billion
    - Net flows were positive in the first nine months of 2018
- Performance remains strong as 53%, 66% and 68% of funds outperformed peers on a 1-year, 3-year and 5-year basis[2], respectively
  - 51% of funds rated 4 or 5 stars by Morningstar as of Dec. 31, 2018





1. *Includes Mutual Fund AUM (mutual funds sold through retail, bank trust, registered investment advisor and 529 plan channels) and ETPs*
2. *Hartford Funds and ETPs on Morningstar net of fees basis at Dec. 31, 2018*
3. *Includes Mutual Fund, ETP and Talcott Resolution life and annuity separate account AUM as of end of period*
4. *Represents AUM of the Talcott Resolution life and annuity business sold in May 2018 that are still managed by Hartford Funds*

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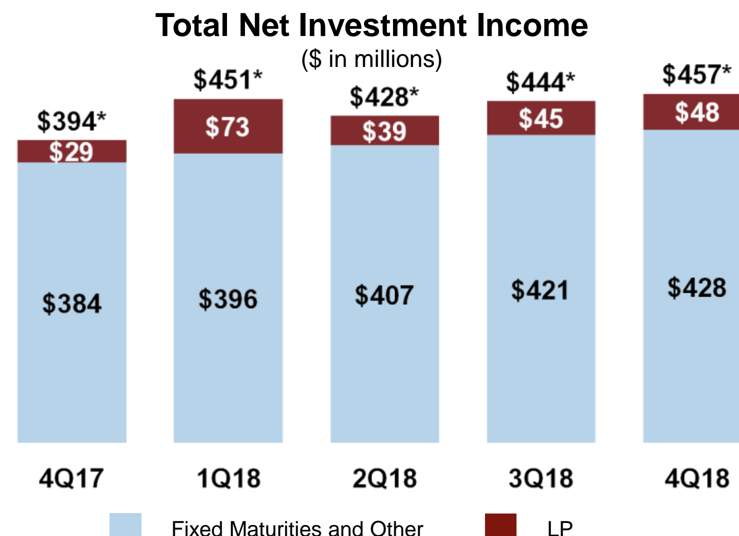
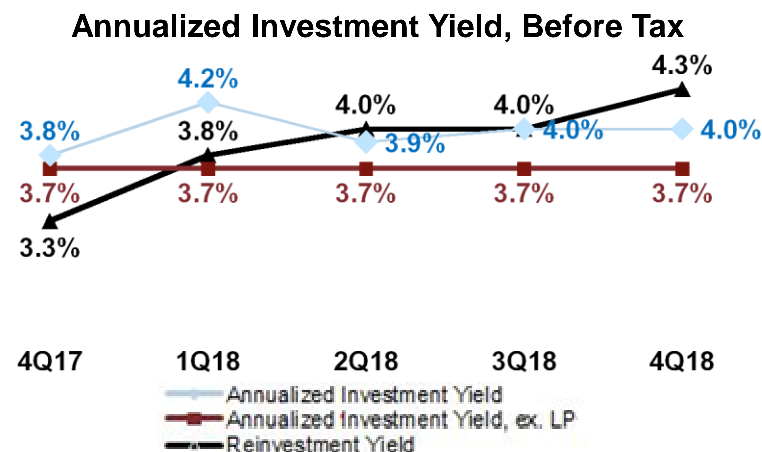
4Q18 Financial Results

Total net investment income up 16% from 4Q17 due to higher asset levels, LP income, and reinvestment yield

- Total net investment income up 16% over 4Q17
  - Total net investment income, excluding LP[1], of $428 million, before tax and before investment expenses, increased $44 million principally due to higher asset levels in Group Benefits, driven by the 4Q17 acquisition, and in Corporate from proceeds from the sale of Talcott Resolution
  - LP income of $48 million, before tax, was $19 million higher than 4Q17
- Annualized investment yield, before tax, was 4.0%, up 0.2 point from 4Q17 due to higher LP returns and reinvestment rates
  - LP yield of 11.6% was higher than 7.3% in 4Q17
- Annualized investment yield, before tax, excluding LP[1], was 3.7% in 4Q18, flat with 4Q17:
  - Group Benefits annualized investment yield, before tax, excluding LP[1], was 3.9% in 4Q18, up 0.2 point from 3.7% due to rebalancing of the portfolio since the November 2017 acquisition
  - P&C annualized investment yield, before tax, excluding LP[1], was 3.7%, flat with 4Q17
- Annualized investment yield, after tax, was 3.3% in 4Q18, up from 2.8% in 4Q17 reflecting a lower U.S. corporate tax rate in 2018 compared with 2017
  - Both P&C and Group Benefits annualized investment yield, after tax, of 3.3% and 3.4% respectively, were up from 2.8% in 4Q17, due to a lower U.S. corporate tax rate in FY18



* *Total includes investment expenses of $19, $18, $18, $22 and $19 in 4Q17, 1Q18, 2Q18, 3Q18 and 4Q18 respectively*



1. Denotes financial measure not calculated based on GAAP

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FY18 Financial Results

FY18 core earnings of $1,575 million rose 55% over FY17 despite the second consecutive year of elevated CAY CATs

- Core earnings increased in all segments except Personal Lines and P&C Other Operations
- Increased core earnings driven by:
  - Higher P&C underwriting gain due to more favorable PYD, improved underlying results, and slightly lower CAY CATs than 2017 which also experienced significantly higher CATs
    - Better underlying results reflecting improvement in both Commercial Lines and Personal Lines
    - Partially offset by higher expenses
  - Increased Group Benefits core earnings due to the 4Q17 acquisition and improved group disability incidence
  - Net investment income, before tax, rose 11% over 2017 principally due to higher asset levels from the Group Benefits acquisition and the sale proceeds of Talcott Resolution, as well as higher LP income
  - Higher Hartford Funds earnings driven by higher average daily AUM
  - A lower U.S. corporate tax rate

Core Earnings By Segment ($ in millions, except per share amounts)	FY17	FY18	Change
Commercial Lines	$825	$1,245	51%
Personal Lines	13	(28)	NM
P&C Other Operations	61	13	(79)%
Property & Casualty Total	**899**	**1,230**	**37%**
Group Benefits	234	427	82%
Hartford Funds	110	151	37%
Sub-total	**$1,243**	**$1,808**	**45%**
Corporate	(229)	(233)	(2)%
Core earnings	**$1,014**	**$1,575**	**55%**
Net realized capital gains (losses), before tax	160	(118)	NM
Integration and transaction costs, before tax	(17)	(47)	(176)%
Loss on extinguishment of debt, before tax	—	(6)	NM
Pension settlement, before tax	(750)	—	100%
Income tax benefit (expense)	(669)	75	NM
Income (loss) from discontinued operations, after tax	(2,869)	322	NM
Net income (loss) available to common stockholders	**$(3,131)**	**$1,801**	**NM**
Preferred stock dividends	—	6	NM
Loss (Income) from discontinued operations, after tax	2,869	(322)	NM
Income (loss) from continuing operations, after tax	**$(262)**	**$1,485**	**NM**
Income tax expense	985	268	(73)%
Income before income taxes	**$723**	**$1,753**	**142%**
Income (loss) from discontinued operations, after tax	(2,869)	322	NM
Income tax expense	(985)	(268)	73%
Net income (loss)	**$(3,131)**	**$1,807**	**NM**
Core earnings per diluted share	**$2.74**	**$4.33**	**58%**
Income (loss) from continuing operations per diluted share	**$(0.72)**	**$4.06**	**NM**
Net income (loss) per diluted share	**$(8.61)**	**$4.95**	**NM**
Wtd. avg. diluted shares outstanding	370.5	364.1	(2)%
Wtd. avg. common shares outstanding	363.7	358.4	(1)%

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FY18 key segment and financial highlights

THE HARTFORD

Core Earnings

- Core EPS of $4.33 rose 58% from $2.74 in FY17 due principally to a 55% increase in core earnings, including the impact of a lower U.S. corporate tax rate
- Adjusted for the 2Q17 pension settlement charge, FY18 income before income taxes of $1,753 million was $280 million, or 19%, higher than FY17 due to growth in Commercial Lines, Group Benefits and Hartford Funds

Property & Casualty

- Core earnings of $1,230 million, up $331 million from FY17 due to better underwriting results, higher net investment income and a lower U.S. corporate tax rate, despite high CAY CATs in both years
- Underlying combined ratio of 91.5 improved 1.0 point from FY17, with better underlying underwriting results in both Commercial Lines and Personal Lines

Commercial Lines

- Higher underwriting gain primarily due to higher net favorable PYD and lower CAY CATs
- Underlying combined ratio of 91.5 improved 0.5 point from FY17 primarily due to margin improvement in general liability and auto

Personal Lines

- Higher underwriting loss due to higher CAY CATs in FY18, partially offset by improved underlying underwriting results
- Underlying combined ratio of 91.2 improved 1.8 points from FY17 with better loss results in both auto and homeowners, partially offset by a higher expense ratio mainly from increased marketing spend and the impact of lower earned premium

Group Benefits

- Core earnings of $427 million, up $180 million from FY17 adjusted for a state guaranty fund assessment of $13 million, after tax, in 1Q17; growth due principally to the 4Q17 acquisition and a lower U.S. corporate tax rate
- Loss ratio of 75.3% improved 0.8 points from FY17 and expense ratio decreased 1.7 points

ROE and BVPS

- Core earnings ROE of 11.6% improved 4.9 points compared with 6.7% at Dec. 31, 2017
- BVPS, ex. AOCI of $39.40, increased 12% compared with Dec. 31, 2017

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The Hartford's FY18 results, except for CATs, were better than or in line with February 2018 outlook

- Commercial Lines and Personal Lines FY18 combined ratios were both impacted by higher CAT losses than assumed in February 2018, outlook
- Commercial Lines combined ratio was better than outlook principally due to favorable PYD and strong underlying underwriting results
- Excluding CAY CATs, both Commercial Lines and Personal Lines underlying combined ratios were within the range of our February 2018 outlook
- P&C net investment income, before tax, was better, largely due to LP yield of 12.3% versus 6% outlook
- Group Benefits earnings better than outlook, primarily due to better loss ratios, particularly in group disability resulting from continued favorable incidence and recovery trends, and higher LP income

($ in millions)	2018 Outlook	2018 Actual
Key Business Metrics:		
Commercial Lines combined ratio[1,2]	93.0 - 95.5	92.6
Commercial Lines underlying combined ratio	90.0 - 92.5	91.5
Personal Lines combined ratio[1]	96.0 - 98.0	106.3
Personal Lines underlying combined ratio	90.5 - 92.5	91.2
P&C CAY CATs ratio[1]	3.6	7.9
P&C net investment income[3]	$1,125 - $1,175	$1,242
Group Benefits net income[4]	$275 - $295	$340
Group Benefits core earnings[4]	$310 - $330	$427

1. *2018 outlook includes total P&C CAY CATs ratio of 3.6 points or 2.6 points in Commercial Lines and 5.6 points in Personal Lines; P&C CAY CATs ratio equates to approximately $375 million, before tax, in 2018*
2. *Commercial Lines 2018 outlook includes 0.5 point of unfavorable PYD from the accretion of discount on workers' compensation loss reserves*
3. *Before tax and 2018 outlook includes an estimated 6% return on LP*
4. *2018 outlook net income and core earnings include amortization of intangibles of $45 million to $50 million, after tax, compared to 2018 actual of $47 million, after tax, and net income also includes integration costs of approximately $35 million, after tax, compared to 2018 actual of $37 million, after tax*

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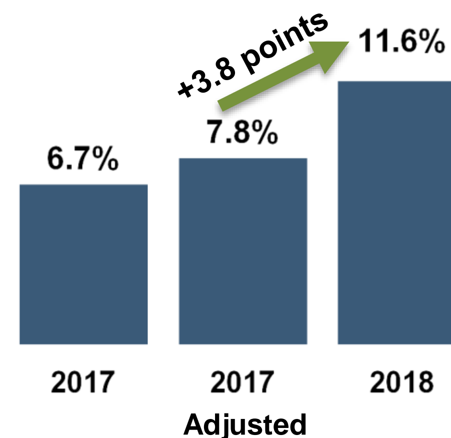
FY18 Financial Results

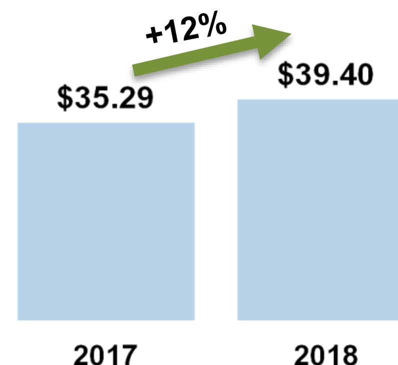
2018 core earnings ROE rose 4.9 points and BVPS (ex. AOCI) grew 12% over 2017

- 2018 core earnings ROE was 11.6% versus 6.7% as reported and 7.8% adjusted[1] in 2017
  - 2018 core earnings ROE was well in excess of cost of capital
  - Improvement over 2017 due to increased core earnings
  - 2017 ratio was impacted by charges incurred after Dec. 31, 2016, adjusting average equity[1] for the full year impact of charges taken during the year, including the sale of Talcott Resolution, 2017 core earnings ROE was 7.8%
  - 2018 core earnings ROE for P&C, Group Benefits and Hartford Funds were 16.3%, 12.3% and 54.8%, respectively
- BVPS of $35.06 at Dec. 31, 2018 declined 6% versus prior year principally due to the sale of Talcott Resolution and the negative impact of higher interest rates and wider credit spreads on net unrealized capital gains
  - BVPS (ex. AOCI) of $39.40 at Dec. 31, 2018 rose 12%, primarily due to net income in excess of stockholder dividends
- Including dividends paid, SVC[3] of 15% over last 12 months
  - $379 million of common dividends were paid in 2018, up 11% over 2017

Consolidated Core Earnings ROE



Book Value Per Diluted Share (ex. AOCI)



1. *Adjustment reduced Dec. 31, 2016 beginning equity by approximately $4.2 billion for loss on discontinued operations of $2.9 billion, pension transfer charge of $488 million and tax charge of $877 million*
2. *Core earnings ROE is calculated by dividing (a) core earnings for the prior four fiscal quarters by (b) average common stockholders' equity, excluding AOCI for the year, using a two point average*
3. *Shareholder value creation (SVC) in a period is defined as change in common dividends paid plus ending BVPS (ex. AOCI) divided by beginning of period BVPS, (ex AOCI)*

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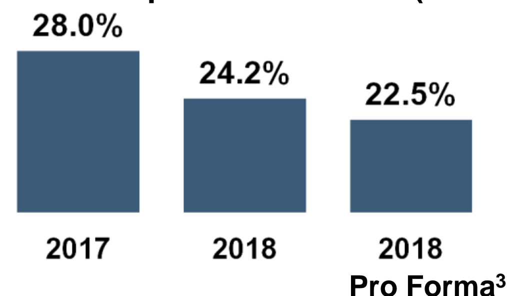
Debt decreased and leverage ratio improved since 2017

- Recent actions:
  - Repaid $500 million junior subordinated debentures in June 2018
  - Issued $345 million preferred stock in Nov. 2018
  - Repaid $413 million debt maturity in Jan. 2019
- Total debt to capitalization, excluding AOCI, of 24.2% at Dec. 31, 2018 decreased 3.8 points from Dec. 31, 2017
  - Pro forma 22.5% with January repayment
  - Net reduction in senior debt par of $233 million and junior subordinated debentures par of $500 million
- Total debt and preferred stock ratio[1] was 25.9% at Dec. 31, 2018, a 2.1 point decrease from 28.0% at Dec. 31, 2017
  - Pro forma 24.3% with January repayment
  - Total leverage ratio currently within target range of low to mid-twenties
- Future actions:
  - Expect to assume 5.75% senior note par of $265 million, due 2023, upon closing of Navigators acquisition
  - Expect to repay 5.5% senior note par of $500 million in March 2020

Capital Structure
($ in millions)

	12/31/17	12/31/18	12/31/18 Pro Forma
Senior notes	$3,416	$3,589	$3,176
Junior subordinated debentures	$1,582	$1,089	$1,089
Total Debt	**$4,998**	**$4,678**	**$4,265**
Preferred stock[2]	$0	$334	$334
Common shareholders equity, ex. AOCI	$12,831	$14,346	$14,346
Total Capitalization, ex. AOCI	**$17,829**	**$19,358**	**$18,945**

Total Debt to Capitalization Ratio (ex. AOCI)



Debt to Capitalization Ratios

	12/31/17	12/31/18	12/31/18 Pro Forma
Total debt	28.0%	24.2%	22.5%
Total debt and preferred stock	28.0%	25.9%	24.3%
Rating agency adjusted[4]	28.8%	29.2%	27.6%

1. Total debt and preferred stock ratio = Total debt, including hybrids, and preferred stock divided by total capital excluding AOCI
2. Net of issuance costs
3. 2018 pro forma reflects the repayment of the $413 million 6.0% senior note in Jan. 2019
4. The rating agency adjusted leverage calculation reflects adjustments related to The Hartford's defined benefit plans' unfunded pension liability and the Company's rental expense on operating leases for a total adjustment of $0.9 billion and $1.0 billion for Dec. 31, 2018 and Dec. 31, 2017, respectively. Reflects 25% equity credit for The Hartford's outstanding junior subordinated debentures and 50% equity credit for The Hartford's outstanding preferred stock

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Appendix

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Catastrophe reinsurance program effective Jan. 1, 2019

- 2019 catastrophe reinsurance programs have slight changes from 2018 programs:
  - The single event per occurrence catastrophe treaty coverage continues to attach at $350 million, but coverage was reduced by $100 million to $750 million in 2019 (covering event losses up to $1.1 billion) from $850 million in 2018 (covering event losses up to $1.2 billion)
  - The aggregate property catastrophe treaty attachment was reduced by $50 million from $825 million in 2018 to $775 million in 2019, but coverage above the aggregate retention increased $25 million from $200 million to $225 million

Primary catastrophe treaty reinsurance coverages as of January 1, 2019*: ($ in millions)

Per Occurrence Property Catastrophe Treaty for 1/1/2019 to 12/31/2019 [1]	Portion of losses reinsured	Portion of losses retained by The Hartford
Losses of $0 to $350 from one event	None	100% retained
Losses of $350 to $500 from one event	75% of $150 in excess of $350	25% co-participation
Losses of $500 to $1.1 billion from one event [2]	90% of $600 in excess of $500	10% co-participation
Aggregate Property Catastrophe Treaty for 1/1/2019 to 12/31/2019 [3]		
$0 to $775 of aggregate losses	None	100% retained
$775 to $1.0 billion of aggregate losses	100%	None
Workers' Compensation Catastrophe Treaty for 1/1/2019 to 12/31/2019		
Losses of $0 to $100 from one event	None	100% retained
Losses of $100 to $450 from one event [4]	80% of $350 in excess of $100	20% co-participation

** The principal property catastrophe reinsurance program and certain other reinsurance programs include a provision to reinstate limits in the event that a catastrophe loss exhausts limits on one or more layers under the treaties. The per occurrence catastrophe treaty and workers' compensation catastrophe treaty include provisions to reinstate limits in the event that a covered loss exhausts limits in one or more layers. The aggregate property catastrophe treaty does not have a reinstatement because of the nature of the treaty.*

(1)In addition to the Property Occurrence Treaty, for Florida events, The Hartford has purchased the mandatory FHCF reinsurance for the period from 6/1/2018 to 5/30/2019. Retention and coverage varies by writing company. The writing company with the largest coverage under FHCF is Hartford Insurance Company of the Midwest, with coverage for $84 of per event losses in excess of a $29 retention.

(2)Portions of this layer of coverage extend beyond the traditional one year term.

(3)The aggregate treaty is not limited to a single event; rather, it is designed to provide reinsurance protection for the aggregate of all events designated as catastrophes by PCS (Property Claims Services/Verisk) with a $350 limit on any one event.

(4)In addition to the limits shown, the worker's compensation reinsurance includes a non-catastrophe, industrial accident layer, providing coverage for 80% of $30 in per event losses in excess of a $20 retention.

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2019 Catastrophe Reinsurance Program

Property catastrophe reinsurance occurrence cover effective Jan. 1, 2019

- The Hartford's "per occurrence" property catastrophe reinsurance program covers $652.5 million of losses in excess of $350 million arising from a single catastrophe event up to $1.1 billion in total losses on a single event
  - 2018 had coverage up to $1.2 billion, with $100 million of optional limit that could be used on the company's per occurrence or aggregate treaty
- For example, in a hypothetical single catastrophe event with $1.1 billion in losses, The Hartford would retain a total of $447.5 million ($350 million retention plus $97.5 million co-participation), and would recover $652.5 million from our reinsurers.
  - In a $400 million event, we would retain a total of $362.5 million ($350 million retention plus $12.5 million co-participation) and would recover $37.5 million (75% of $50 million)
- All the layers of this treaty allow for one full reinstatement; this allows coverage for subsequent events up to two times the limit of the treaty. As the limit is exhausted, it is reinstated by paying the original contract premium

The Hartford's Property Catastrophe Occurrence Cover

Loss level	Retention	Layer
$800 million – $1.1 billion	10% retention ($30 million)	3rd Layer: 90% of **$300 million** in excess of $800 million
$500 million – $800 million	10% retention ($30 million)	2nd Layer: 90% of **$300 million** in excess of $500 million
$350 million – $500 million	25% retention ($37.5 million)	1st Layer: 75% of **$150 million** in excess of $350 million
Up to $350 million	**$350 million** attachment/retention	

$750 million, with $652.5 million recoverable in one single $1.1 billion event after retention

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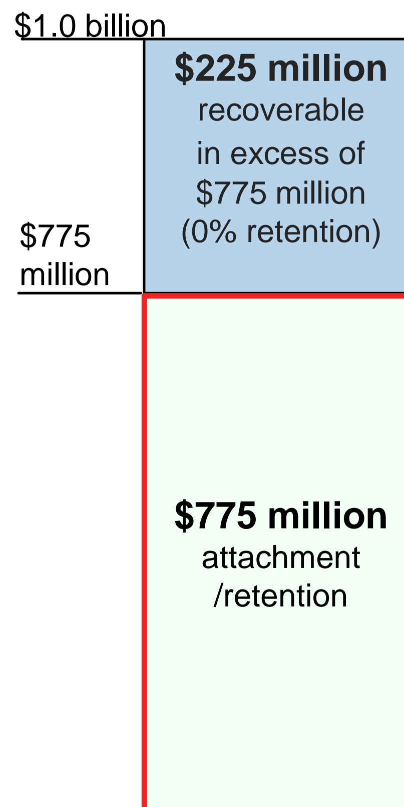
2019 Catastrophe Reinsurance Program

2019 aggregate property catastrophe treaty has $50 million lower attachment point than 2018 program

- The Hartford also has an aggregate property catastrophe treaty for 2019 which provides $225 million of coverage in excess of a $775 million retention on aggregate catastrophe losses
  - The aggregate treaty is not limited to a single event; rather, it is designed to provide reinsurance protection to The Hartford in a year that has many small and mid-sized catastrophes occur along with one or two large events
  - The treaty attachment was reduced by $50 million from $825 million in 2018 to $775 million in 2019, while the coverage increased from $200 million in 2018 to $225 million in 2019
  - Similar to most of the coverage under the per occurrence property catastrophe treaty, this treaty does not have an "hours" limitation for wind events.
- Under the terms of the treaty, all paid losses from PCS*-designated catastrophes during an accident/calendar year are aggregated, with a $350 million limit for any one event. Once that total reaches the $775 million attachment point, The Hartford can cede additional aggregate losses up to $225 million to the treaty
  - For example: If The Hartford paid $200 million of accident year 2019 catastrophe claims through first half of the year, and two additional losses of $350 million each occurred in the second half of the year for a total of $900 million, we would not have any coverage under the per occurrence program (attachment point of $350 million for any one event not exceeded), but we would recover $125 million under the aggregate treaty, plus up to an additional $100 million would remain available for other catastrophes during the remainder of the treaty year

The Hartford's Property Catastrophe Aggregate Cover



**Property Claims Services/Verisk*

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A&E ADC Update

P&C A&E[1] reserve strengthening in 4Q18 of $238 million ceded to reinsurance agreement with National Indemnity Company

- 2018 A&E reserve review completed in 4Q18 resulted in unfavorable A&E PYD of $238 million, before tax
  - Asbestos unfavorable PYD of $167 million, before tax, primarily due to:
    - Higher than anticipated number and average settlement value of mesothelioma claim settlements
    - Higher than anticipated defense costs
  - Environmental unfavorable PYD of $71 million, before tax, primarily due to:
    - Increased clean-up costs particularly for superfund sites
    - Higher defense costs resulting from higher share of liability and more complex remediations
- Total amount of unfavorable A&E PYD was ceded under the adverse development cover (ADC) treaty with National Indemnity Company (NICO), a subsidiary of Berkshire Hathaway

U.S. A&E Net Reserves Liability

($ in millions)

	FY 2016	FY 2017	FY 2018
Beginning net reserves	$2,121	$1,655	$1,452
Paid losses and loss adjustment expenses	(518)	(204)	(198)
Incurred losses and loss adjustment expenses	268	—	—
Reclassification of allowance for uncollectible reinsurance	30	1	—
Reclassification of U.K. A&E reserves to liabilities held for sale (sale of business closed in 2017)	(246)	—	—
Ending net reserves	$1,655	$1,452	$1,254

Asbestos Net and Gross Survival Ratios[2]

	FY 2016	FY 2017[3]	FY 2018[3]
1 year net	8.3*	8.2	6.4
3 year net	7.6*	7.5*	6.6*
1 year gross	8.5*	9.2	8.6
3 year gross	7.4*	9.0*	9.1*

1. *Asbestos and Environmental (A&E)*
2. *Includes claims in P&C ongoing operations; net survival ratio is the quotient of the net carried reserves divided by the average annual payment amount and is an indication of the number of years that the net carried reserve would last (i.e., survive) if the future annual claim payments were consistent with the calculated historical average*
3. *In 2018 and 2017, the net survival ratio has been affected by the adverse development cover (ADC) with NICO, reducing the survival ratio as the company paid losses during the period that will be reimbursed in the future under the ADC*

* *These survival ratios presented exclude the 2016 payment related to the PPG Industries Inc. (PPG) settlement of $315 million (or $289 million, net of reinsurance)*

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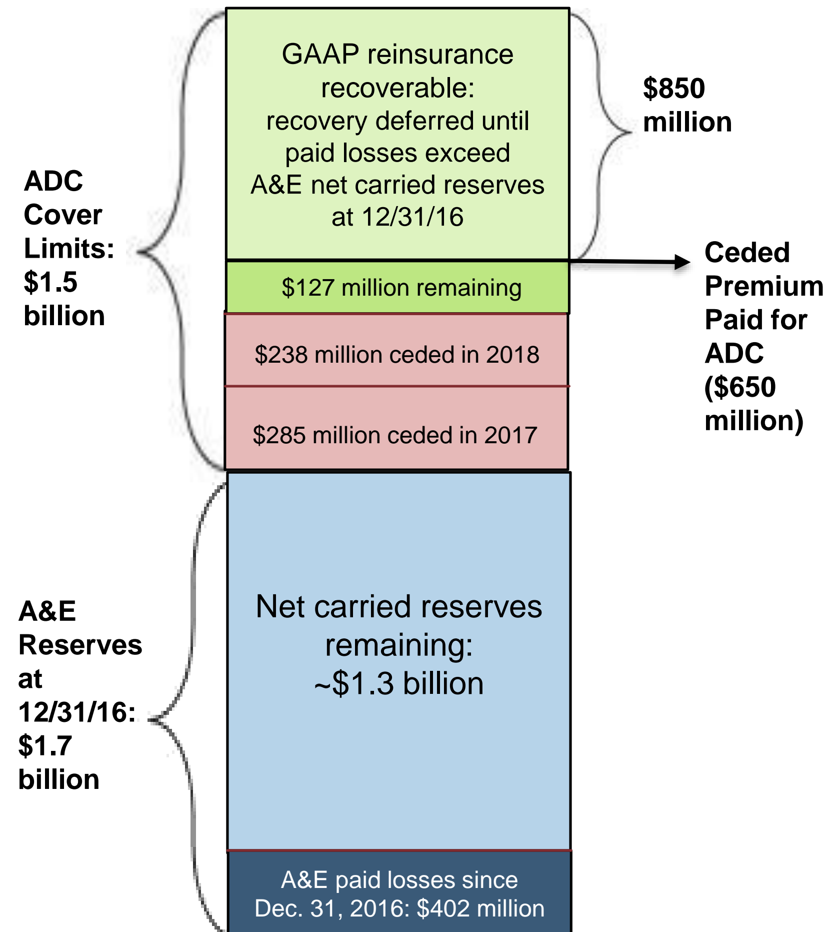
P&C A&E ADC as of Dec. 31, 2018

- Through the end of 2018, a total of $523 million, before tax, of A&E unfavorable PYD has been ceded to the NICO agreement with $977 million, before tax, of capacity remaining under the ADC
  - $285 million, before tax, ceded in 2017
  - $238 million, before tax, ceded in 2018
- The ADC treaty provides $1.5 billion of coverage for A&E unfavorable PYD above net carried reserves of $1.7 billion as of Dec. 31, 2016
  - Under GAAP, unfavorable PYD will be offset by reinsurance recoveries for GAAP financial reporting until the cumulative ceded reserve charges are equal to the ceded premium paid ($650 million)
  - Any unfavorable A&E PYD above the ceded premium paid of $650 million will result in a deferred recovery and an initial decrease to GAAP net income; recoveries will be collected from NICO only after paid losses exceed Dec. 31, 2016 carried reserves ($1.7 billion) with the deferred gain recognized in a future GAAP income statement in the proportion of cumulative recoveries collected to ultimate ceded recoveries
  - At the end of 2018, cumulative ceded PYD charges were $523 million, before tax. $127 million, before tax, of future unfavorable A&E PYD, if any, would be offset in the GAAP income statement by a reinsurance recovery



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