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EXECUTIVES

Beth A. Costello
Chief Financial Officer

Christopher Jerome Swift
Chairman & CEO

ANALYSTS

Meyer Shields
Keefe, Bruyette, & Woods, Inc.,
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Presentation

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

We're going to move along in the interest of being as punctual as possible. So I want to welcome Chris Swift and Beth Costello, the CEO and CFO of The Hartford. I thank them for being here.

I'm going to turn it over to Chris for opening comments. But I want to say this is the one company that makes we want to sort of pick up the collective of buy side and shake them and say, you don't realize how good this company is, because I do think that it's an underappreciated strength of the company, the intellect and the outcome of that.

And with that, let me turn it over to Chris to kick it off with opening comments.

Christopher Jerome Swift
Chairman & CEO

Well, it's good to be with you, and thank you for inviting us. And I appreciate your kind comments about being underappreciated, but we're working hard to change that mindset as you know, Meyer. All I would like to just say is that I think through the first half of the year, we're performing extremely well. If I look at all our major businesses from Commercial Lines to Group Benefits to the recovery we're seeing in Personal Lines, I'm very pleased. The team is executing very, very well, evidenced by strong top line growth, strong margins, maintaining margins, particularly in Commercial Lines as we set goals this year, expanding margins in Group Benefits, profitability being restored to Personal Lines, our investment portfolio, contributing to our overall earnings profile, evidenced by a strong ROE of 17.4% on a trailing 12-month basis.
And to top it all off, we're generating excess capital. We announced a new share buyback program of 3.3 billion shares over the -- $3.3 billion over the next 2-year time period. So yes, we feel good, but we're not done yet. We're not at full potential. You should know the team is extremely focused on competing and winning in the marketplace every day, and I'm happy to tell you about it more.

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Question and Answer

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. Excellent. Over the course of this session, I'll certainly be looking up to make sure that if you have questions that are being answered. But I want to kick it off, I'm going to start with Commercial P&C, I think probably for obvious reasons. Can you talk about product expansion? Where you are in terms of adding products? Obviously, we had the step function when you acquire Navigators, but where are we now in terms of that process?

Christopher Jerome Swift
Chairman & CEO

Well, I would say it's a continuing journey. We've always talked about being focused on organic growth and providing more product, more capabilities, more underwriting expertise through our really expansive distribution system. And that continues. So that continues to be a goal. If you get a little bit more specific of what we're really trying to do, you would say there's industry verticals that we've invested in and growing we've reinvested, as we've talked about before, heavily in a commercial property offering from small to middle to large to E&S.

We continue to think about specialty product lines and using the Navigators platform and its wholesale distribution in more meaningful ways there. We're in the E&S market through our small commercial franchise through the Global Specialty business. If I really dissect what we're trying to do in middle and large, it's cross-sell all those specialty products through our agency distribution force to account round and ultimately make our agents' lives easier, more efficient to place more businesses with us. We continue to market our capabilities. There's been a great emphasis to make sure our distribution partners know really what our capabilities are, know what our risk appetite is and know where we want to grow with them. And those just touched sort of the top of the channel on Commercial Lines.

So again, we're pleased with the growth that we've been able to produce pretty consistently over the last 2 years, sort of in that double-digit range for commercial, and I expect that will continue going forward because we are differentiating ourselves with our capabilities, with our digital tools, with our marketing and product and underwriting. And I think we'll continue to capture market share.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Fantastic. If I can zero in on the E&S side of things, one observation, I'm not unique in making this, is the E&S market is growing very rapidly. It was not a onetime issue with property moving last year. There was this, I guess, consistent growth in risk that's driving growth in E&S. And Hartford has a fairly explicit E&S growth ambition for this year of 50% on the binding side. How is that working out so far? What are the steps that are being done taken internally to pursue that growth?

Christopher Jerome Swift
Chairman & CEO

Well, the E&S market, in my judgment remains very relevant, very growth-orientated, and I don't see anything really changing that. It might slow down a little bit, but I think the sort of the freedom of form and freedom of rate compared to the admitted market, particularly in property and increasingly in casualty, I just think is going to be a trend that's out there. So we really have 2 avenues. You mentioned one. The other is through our Global Specialty wholesale operation, where we have an open brokerage capability, which, again, the rates in that market continue to be robust. We've expanded them from first to second quarter by about 200 basis points.

So the market is continuing in spite of what you might read or might headlines are being very conducive to earning good risk-adjusted returns in that space. But Meyer, what you're referring to is what we call our small commercial operation, a binding operation that we really started with an acquisition we did probably 7 or 8 years ago, you might have forgot about it called Maxum that we inherited a binding operation there that was subscale, poor performing. I just wanted to make sure everything...

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

It's good to know where we're starting from...

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Christopher Jerome Swift
Chairman & CEO

Yes. So -- but again, over the years, transformed that, fixed it, improved it. And then really with the Navigators acquisition, particularly the wholesale relationships that we picked up, we've been able to grow it. So I think -- I know 2023, we ended about $180 million of written premium through our E&S wholesale binding, small commercial strategy, and we expect to achieve a little over a $300 million level this year, about a 60% growth. That growth rate will continue to decline a little bit, but the focus area in the outer years is still meaningful, and we want to be a meaningful player there. But because ultimately, in that small commercial channel, we want to be the dominant player in the admitted market, and we want to have an increasing, more meaningful share in the E&S marketplace to sort of complement that marketplace needs in totality.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. No, that's fantastic. I do remember the Maxum acquisition. I don't remember the description being exactly like that at the time, but that's fine. I want to talk about cross-selling a little bit, if I can, because Hartford is still unique in terms of having a Group Benefits business. You've talked repeatedly about the synergies. You've demonstrated that with returns. No one's really following with your lead, which I guess is great, even if it's hard to understand. But can you talk us through the cross-selling efforts and success rates between Group Benefits and P&C?

Christopher Jerome Swift
Chairman & CEO

Yes. So let me just, again, give you context that sort of cross-selling, in general, has been a strategic theme for the last 5 or 6 years. We needed to do certain things, particularly in the commercial operations to have that, I'll call it, mindset come to fruition. But again, with the acquisitions we did with the organic growth that we've built in product capability with expanding our underwriting appetite, product sets within P&C, we're writing increasingly more lines per account. And that, again, is using our middle market and large commercial franchise distribution and then marrying it up with Global Specialty products like E&O, D&O, EPLI, environmental, life sciences and any of the specialties that we might have in London.

So that has gone extremely well. And it's really contributing, I think, to our growth and our long-term penetration relationships with our agents and brokers of doing more with them and for them. I think what you're specifically referring to is the synergies that we see and are achieving to a degree. I wouldn't call it a raging success, just to manage expectations, but we are seeing more and more of our highly partnered agents and brokers that have meaningful medical and benefit practices, thinking about how we could go to market in a more integrated fashion where we can sell comp and disability.

If I look at the metrics on that, it's probably $200 million of premium on a shared basis, it's probably 150 to 200 accounts that we've done it. And it's a hard sale. Not every agent or broker is capable of doing it. Again, you have to have meaningful knowledge and experience on both channels. But those that commit to it, we're willing to work with them and extra marketing efforts, extra analytic efforts to show what the benefits and outcomes might be. And again, for a select group of customers in the marketplace, the concept of how do you manage productivity whether it be firm injury, from disability or for leave, particularly with all the paid family, paid medical leave programs that are out there, we're able to consolidate that information and just give them more insights, more analytics and what's happening with their workforce.

So again, success, but it's going to take a little bit longer to probably reach the ultimate fruition that we want, which is just more relationships tied up on both sides of the product. But again, our claims capabilities, both on comp and long-term disability, short-term disability leave a very synergist and those that invest the time with us, the clients and the agents to see that, do come away impressed.

Beth A. Costello
Chief Financial Officer

And Chris, you would say that we definitely are hearing more from agents and brokers maybe than we did in the past about that potential. Again, not trying to oversell it because it still is not everywhere. But I think to Chris' point on this concept around lead management and what larger companies are dealing with definitely see momentum there.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Is it reasonable for us to think about the cross-sell opportunities within E&S and Group Benefits, the same way we think about them on the admitted side, is there any reason that would be different?

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Christopher Jerome Swift
Chairman & CEO

Yes, I would say it's slightly different. Again, our E&S orientation, again, is small to middle. I mean, we're sort of, as everyone knows, a middle based organization, and we have National Accounts and P&C and the National Accounts and Benefits. So right now, the primary is comp and disability. We're not actively exploring any cross synergies right now with benefits in Global Specialty.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. Perfect.

Christopher Jerome Swift
Chairman & CEO

But that's a great idea. Thank you.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

I'm here only to help. I want to start delving into a few individual lines of business. Last year, you set out an ambitious growth target for property, achieved it. Last year was a horrific year for weather, your results are still really, really strong. Can you talk about what you're doing in the property business to ensure that it's not just growth, but that is profitable growth, whether that's pricing, underwriting steps, et cetera?

Christopher Jerome Swift
Chairman & CEO

Yes. So yes, we're -- as we've discussed, we're on our way to about $3 billion of commercial premium, commercial property coverage, and that's up from $2 billion at the end of '22. So executing well. Again, I think the context of what you should really know is that we've worked hard on our risk management capabilities, our modeling capabilities, our underwriting, our product, basically, the products have been refresh with new policy forms. So it's been like a sort of a grand makeover of our property capabilities over the last 5 years, and you could see the fruition of those activities.

Specifically, what gives us greater confidence in what we focused on is sort of our by-peril modeling we needed to enhance quite honestly. But we always had the major perils of quake and hurricane pretty well modeled, but the secondary perils of wind, tornado, hail, flood, wildfire, we have built separate models that our underwriters are using every day. Obviously, there's commercial modeling tools out there that we use, but we also then overlay our proprietary views into those models and ultimately come up with the cat loads that we expect.

I think from a management mechanism side, it's very important for you to understand that we're focused on profitable growth, and we're just not focused on taking on cat risk. And the way we do that on a monthly basis with our senior team is to really manage our AALs by region, by state, by ZIP code. And then ultimately, you look at our tail events in the 100 events, 1 in 250-year events. We've overlaid a robust and I think, very rich reinsurance program on a per occurrence and aggregate basis when we're one of the few companies that still covers or carries an aggregate cover. I think it kicks in above $750 million.

So you put all that together, what I'm trying to describe is that we've rebuilt product, underwriting tools, capabilities. We've added talent. We have good reinsurance programs that gives us confidence we could grow profitably without expanding our cat risk. We might write more cat, but as you write more premium, you can afford to write more cat and that's, again, managed through our AAL and tail event metrics.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

How do Hartford's AALs incorporate climate change? Maybe a different way of asking, how do you balance long-term trends with, like this year and last year, maybe last year even worse, I mean, the weather has been terrible. And so you have to balance responsiveness and stability. And I'm wondering what the mix is at Hartford?

Christopher Jerome Swift
Chairman & CEO

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If I interpret your question, it's really -- what are the judgments you're making sort of day to day. And again, that goes back to our metrics. But I would say also, there's, I'll call it, underwriting, the pure underwriting side, particularly with terms and conditions that are important, such as deductibles, roofs that you're going to stay away from and just say no to, managing any micro concentrations in various hotspots, which Texas is a hotspot, Oklahoma is a hotspot, Colorado is a hotspot. So you got to be very thoughtful and willing just to say no. And I think that's the balance that we charge our underwriters with is, look, use the tools, use the models, don't be bashful, but just know where to draw the line. And I think we've been able to do that pretty well.

Beth A. Costello
Chief Financial Officer

I would just add the other component of when we look at cat loads and thinking about modeled risk is obviously modeled, but we also then put provisions in for unmodeled, just to think about that. We look closely at trends versus 10-year versus 5-year versus 3-year as we make those selections and we think about what the prices that we need. So we're not just on auto pilot with models. We are putting some judgment over that to compensate for some of the things that you point out.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. Fantastic. And again, looking...

Christopher Jerome Swift
Chairman & CEO

And just a pure math. I mean, if you sort of model -- and we don't give guidance anymore, but cat loads have increased. And I suspect when we update models again this year, coming out of this convective season, this wildfire season. My suspicion is we'll have a higher cat load as we go into '25. And again, that requires us to get the rate, we maintain the discipline, price it in the product and execute against it. So again, the mechanism is there to ensure stable, profitable growth with outsized risk.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. No, that's very helpful. I apologize for cutting off there. If there are questions again in the room, please let me know. It's taken us almost half of the session to get to workers' compensation, which I think reflects the successful diversification. But I want to talk about Hartford's expertise in workers' compensation specifically. At some point in time, these benign trends probably inflect, right? Now we've been saying that for years, we -- I mean me, I don't want to impute anything to you and they haven't. But at some point in time, maybe they do if medical inflation gets worse. How does Hartford have the ability to anticipate that? Can you impact pricing before results actually get bad?

Christopher Jerome Swift
Chairman & CEO

Simple answer is no. I mean from a regulatory side, I mean, it's more backward looking. And most of our insurance mindset is a lag effect. And you want to shorten those lags as short as possible. But to try to get ahead of trend, apparently the regulators aren't going to allow it until it shows up in your data, particularly from the comp side. So again, the context here is our comp business is focused in small and middle market enterprises. We do have some excess comp we provide to National Accounts, but it's a relatively small book of business, maybe $300 million, $400 million of premium. And we're the second largest, right behind who was in this chair before this meeting. And we have deep expertise, deep analytics, just some, I think, the best thinkers out there that help us manage that overall book from a profitability side.

So there is no news here. I mean trends have been benign. Frequency has been benign. Wage growth is actually contributing a little bit to sort of a rate. Medical severity trends are below the 5% long-term assumptions we have, which is positive. They've increased, I would say, over the last 15 to 18 months, but I wouldn't say anything outsized that's beyond within sort of our assumptions. And the ROEs are good. You mix in a little positive prior year development on a calendar year basis, and it's contributing meaningfully to our overall profitability and capabilities in the marketplace. I don't think we're focused on growth in comps. So if you really look at our numbers and sort of deflated for any wage inflation, we're comfortable being flat. We're not pressing the gas pedal in that area, but we're not backing away from writing what we think is good business also.

So that's sort of the story, Meyer. There's nothing really dramatically new. But I wouldn't expect any rate -- positive rate news into '26 at this point. I mean '25 is basically set with the last 12 months of data, and we'll have to see how ultimately, '25 plays out. But you're

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right, at some point, just with negative rates and just normal inflationary pressure, there will be an inflection. There doesn't have to be a shock, but it's just a matter of function of time. when, in essence, things go negative.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Right. But so far, everything that you're saying is that, yes, medical inflation is normalizing, but it's not above. So...

Christopher Jerome Swift
Chairman & CEO

No, clearly.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

And when you talk about the happy being satisfied with, call it, flat, that's a non-exposure basis, the premium growth, that we still see that.

Christopher Jerome Swift
Chairman & CEO

Yes.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. Perfect. That's very helpful. And we looked broadly at pricing dynamics right now and most of the industries look the same, even though if the calculations and the numbers are different. If you didn't have numbers, they look about the same. Casualty rate increases seem to be accelerating. Property rate increases seem to be decelerating. How does that impact your growth -- appetite your growth strategy?

Christopher Jerome Swift
Chairman & CEO

Well, again, the overall strategy, as you highlighted earlier, was at 10, 15 years ago, when I joined the organization, we were a 45% comp company on a written basis. So if we diversified ourselves down into the 25% range today, that feels good. I think there's more diversification benefits we could still achieve as we think about writing more property and that's why we got the capital and risk appetite to do it, writing more casualty, again, thoughtfully and certain classes of business and avoiding certain classes of businesses.

But if you look at it at a high level, the way I'd like to describe it is auto and commercial auto and property are still -- rates are in that double-digit range, maybe high singles for general liability. You get into more mid-double digits for umbrella in excess. So as much as things are moderating, and you put it all together on sort of a risk-adjusted basis in our ROE metrics and our margin metrics, it all works. We, again, want to be balanced. We want to focus on profitable growth. We told our underwriters that this is a year to maintain margins at healthy levels. We haven't set any guidance yet for '25, but I don't think it's going to be radically different from where we sit here today.

So again, having the products, having the right metrics, having the discipline on rate, having realistic assumptions on loss cost trends over the last 5 years, I think, puts us in a position that were different than others. I don't know what to say other than we've been focused really hard on getting rate into the book making sure terms and conditions are lined up and having realistic long-term trends, and that's where we sit today.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. Go ahead. I'm sorry.

Christopher Jerome Swift
Chairman & CEO

No, I was going to say, that said, there's always going to be I wouldn't call it surprises, but even when we make best estimates originally and then quarterly when we look at reserves, there's always going to be tweaks and then you could see we haven't been

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perfect in our judgments, but there hasn't been anything outsized. I think we're one of the more transparent companies of what the judgments we're making and why, and we'll continue to do that. And we'll see how things play out. But from my perspective, that discipline that we've had over the last 5 years, I think is shining through.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

No, excellent. I was hoping to talk a little bit more about social inflation. You touched on pricing. Given your data, your capabilities, given your scale, what are the other tools available to manage social inflation as it impacts your financial results? And is there any optimism for tort reform may be coming its way down the pike?

Christopher Jerome Swift
Chairman & CEO

Any lawyers in the group? I just want to make sure I know my crowd.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

I'm pretty sure [Allen] [indiscernible] a lawyer, but...

Christopher Jerome Swift
Chairman & CEO

Yes, but he's one of the good -- on the right side. Yes, okay. So yes, I've been on the record of just saying this is just a societal issue. It has a halo effect when you get outsized awards and smart lawyers are marketing that they could do that repeatedly. You got sympathetic juries, you've got litigation financing more and more involved. So I think the simple answer, Meyer, is there isn't a short-term solution. It's a long-term gain. I'm really proud of the industry through our trade group of how we're organizing our efforts and trying to influence outcomes in various states, but that's a prioritization you got to do. You can't do 50 states all at once, but I think states like Florida, where we've had some early success, Louisiana, North Carolina, other jurisdictions.

I think the disclosure sensitivity, particularly on third-party capital coming in to finance it, particularly capital may be coming from overseas that have different outcomes or different expectations of what they're going to do. So it's a long way of saying it. It's a tax on society. We are all paying it, whether it be individually in our homeowners and auto policies, whether it be in our commercial policy. I think we're making marginal progress, but it's going to be a long-term battle to get real tort reform that will impact the premium base over a longer period of time.

Beth A. Costello
Chief Financial Officer

I would say the other thing that we've been doing, too, is looking at things like terms and conditions, attachment points, I mean all those things we've been managing in our books for several years in what we refer to as sort of underwriting actions that we can take that also help combat that a little bit as well.

Christopher Jerome Swift
Chairman & CEO

I think also, just lastly, our claims group is really professional, obviously, in the liability and property areas. I think they are more sensitive to fighting for what we believe is right. And if that means we got to have a couple a little more fights or litigation activities. We're prepared to do that, but also being realistic to when to call it, and just pay a claim. I think there's a little bit more coordination amongst the industry participants, particularly as casualty towers get bifurcated amongst multiple players, so that there are industry organizations that are communicating behind the scenes. But as I said, Meyer, it's not a silver bullet. It's a series of things that we're just going to have to continue to work very hard.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. And you just stimulated another question. One of the trends that we've seen over the last 6 years, I don't know if that's the right time frame, our smaller line sizes even on casualty even on liability lines, that's not reversing at all.

Christopher Jerome Swift
Chairman & CEO

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No, I think everyone is eliminating how much limit they're going to put out any one risk just given the potential of a nuclear verdict, yes.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. Fantastic. Can you talk a little bit about cyber insurance at Hartford? It's -- people think about Hartford may be on a lag. And it doesn't come up and it's like one of the key lines of business, but I was hoping you could give us a little bit more insight into your exposure and how that book is managed?

Christopher Jerome Swift
Chairman & CEO

Yes. I would say it's a line that, in aggregate, we probably have $200 million in premium. So it is not a huge line for us. I would say we've been historically very cautious on it. And I would say that if you really look at our book, 80% of it is small commercial based, where we're providing, I'll call it, a limited coverage grant. Generally, for recovery for maybe some damages, access to third-party vendors and things like that. So it's a limited grant. Not announcing anything new, but we are thinking about the market more holistically.

And when we think about the market more holistically, there's 3 or 4 elements that many others are doing, and we've always thought this way of just having -- just be a much more responsive product. And principally because it's like different from natural perils, natural occurring perils, really what was it on the other side of this is usually an enemy combatant, a fraudster, someone that wants to create damage that's smart, that's smart and tries to take advantage of opportunities in people's networks and people systems.

So I think first and foremost, we have a mindset of how do the threat actors think? How do they target? What do they target? What do they look for? And sort of use that then in our underwriting, which primarily means you're sort of scanning someone's network to see vulnerabilities. Second then from an underwriting side, we would focus in on just the internal control systems, the mechanisms they have, how quickly they patch, what are their routines, just the internal control system environment.

From there, we would overlay and have overlaid reinsurance protection, both on a pro rata in excess of loss basis. We've shifted a little bit more to excess of loss to protect ourselves. And you're really then thinking about sort of how do you model cat, how do you model vectors, threat vectors that could affect American systems. CrowdStrike is probably the latest greatest one that relatively had a minor impact. But those are the type of threat vectors that we manage.

From there, what we're beginning to think about and develop is what is the monitoring mechanism that we could allow a customer to have to routinely sort of scan. Why do you have to do it once a year? Why can't you do it monthly? Why can't you do quarterly to really detect if there's any zero day or other vulnerabilities in there. And then finally, we want to bring our agents and our customers, an array of services, whether it be forensics, litigation, communications, recovery.

So that's how we think about it. And as we think about maybe doing more in the marketplace, those are the components that you would see in any offering that we bring to the marketplace. So obviously, I've described what we built, and I think you'll see us step into the market on a -- still a thoughtful, cautious way, but it's a market that I think with the technology advances and everything I just described, I think we could get around the risk profile to feel good of making a coverage grant.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. Fantastic. That is very, very helpful. Looking around the room again to see if there are any questions. I wanted to shift, if we can, to Prevail and the product rollout, how that's going, the implications for growth and profitability?

Christopher Jerome Swift
Chairman & CEO

Sure. I always like to make sure people understand what Prevail means. Yes...

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Sorry, I should have started with that, but go ahead.

Christopher Jerome Swift

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Chairman & CEO

That's okay. Well, you know what it means. But -- so if you look at our Personal Lines business, 80% of it, 85% of it is through AARP on a direct response basis, where we advertise, get responses, people could go through our digital capabilities and/or interact the with a human being, which is a registered agent in our buildings, and we have about 300 of them. So when we struck a new contract with AARP, I would say, 3 years ago now, a new 10-year agreement, we agreed to make an investment in our platform and our product. Think of the platform as sort of a more modern digital technology provided by Duck Creek, and then think of the product side is a rebuilt auto and home capability with better risk segmentation, better matching of risk and price at just a more modern up-to-date program, and that's what we've built.

So the platform, both the technology and the product has been rolled out to 43 states expect to be in about 45, 46 states by the end of the year. And that is, again, through our direct chassis. I think when we built what we had, we always thought of how can we use that chassis, both the product and the technology in other aspects of the market, primarily through an agent distribution force. And again, not here announcing anything today, but we are thinking how to reenter the agency Personal Lines space.

That's probably -- if we do it, it'll probably be sometime in mid '25, I think you'll see a steady rollout over probably 18 months to 2 years to get it into all 50 states. It just takes a lot of time. But again, what we think we've built here, again, for a mass market, mass affluent channel, it could be applied in the agency world. There's other things we'll have to do in the agency world to connect to raters and adapt to the technology agents want to use to access our project -- our product. But we feel good about where we're at today. I feel good about getting back to targeted profitability in 2025 and finishing the rollout, but we are beginning to think in terms of expansion on a national basis with a limited independent agent force.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. Fantastic. I'm going to ask this question on the current book, on the current AARP heavy book. How do frequency and severity trends in that book differ given its unique nature, from what we see more broadly? And how do you balance using proprietary information and industry-wide information? This is very much a personal auto question, given again the AARP focus.

Christopher Jerome Swift
Chairman & CEO

Yes. Well, again, remember, the AARP focus, we have rich data. And we've got rich customer data. We know with the customer as well. I tend to always think of it as a mature market segment that has a lower risk profile. So it's a preferred class of business. So I think our data and understanding of it is pretty clear. I don't -- we don't mix in a lot of third-party data for the AARP channel. I think as we think about the agency channel and maybe more of a mass affluent offering, there are going to be new data requirements that we will get primarily through agency management systems, but that's down the road.

But where we are today, our data is rich, particularly in our customer set. I think what it means from, I'll call it, a loss cost trend side is -- I'll just give you the headlines. For '23, we were probably in the mid-teens from an overall trend perspective. You saw that we peaked out in written rate increases of about 25% in the first quarter. So we've been aggressively pursuing rate increases into that book. And I suspect we'll finish this year with about 20 points of rate increases into the book. That sets us then up to do sort of more normal maintenance on the book in '25, but get back to those targeted margins.

So if our loss cost trends for both frequency and severity were mid-teens in '23. They're probably low double digits this year, and we haven't obviously finished the year yet, so we'll have to watch that. But they are coming down, I would say, fairly significantly.

Beth, would you add anything?

Beth A. Costello
Chief Financial Officer

Yes. No, I would agree. I definitely have seen probably more improvement on the physical damage side. And obviously watching on the bodily injury side carefully. And as you know, we typically hold our picks for a while on lines like that. But yes, we've been pleased to see the rate that we've got in the book, how loss trends are performing, how that lines up to our goal of getting to target profitability in 2025.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

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Okay. Fantastic. We've got just a couple of minutes left. I want to touch on Group Benefits, if we can. Specifically, so you've announced a relationship with a company called Beam with dental and vision. What should we expect from that partnership?

Christopher Jerome Swift
Chairman & CEO

Yes. Well, one, we're very excited. It's an innovative creative company based in Columbus, Ohio. And as they have built their capabilities, they're primarily focused on dental and vision and using some innovative technology. So the basic relationship that we struck is we felt the need that we needed their product set, dental and vision, particularly as we focus down market say, 500 lives or less. We had not built out our capabilities in those product areas, and we thought that was an important piece of the equation.

So basically, what we're trying to do with our distribution force is to take their product set matched up with ours and create more opportunities for us, generally through independent agents or small regional brokers or even large brokers in the down market. The down market companies that we historically have not competed well within that down market or companies like Guardian, Principal Financial maybe even Lincoln in certain areas. So we want to be a more major down market player than we are today. We tend to have 65%, 70% of our business in National Accounts, which is 5,000 lives and up.

So we want access to their products. The beauty, though, is that's what we wanted, but they wanted access to our products for their distribution. So it's very sort of symbiotic as far as how we're going to go to market going forward. There's more details there, but they're highly confidential and trade secret protected, so I don't want to talk about it.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

All right. I'll ask about them on call then. The final question, I guess, just with interest rates likely coming down, I'm not making a forecast, I'm not capable of that, what does that imply for asset allocation?

Beth A. Costello
Chief Financial Officer

Yes. So overall, with our investment portfolio, I wouldn't have you think about it a significant change in how we allocate to various asset classes. We build our portfolio to withstand various economic conditions. And so on the margin, we're always making tweaks but overall, when we look at just how we've allocated to which asset classes, we don't anticipate any significant changes.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. Fantastic. And we still have, I guess, past interest rate increases?

Beth A. Costello
Chief Financial Officer

Oh, yes. So it's still earning in. Absolutely.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. With that, we are at time. So I want to thank Chris and Beth for a very informative session. Pay attention to this company, folks. And thank you so much.

Christopher Jerome Swift
Chairman & CEO

Thank you.

Beth A. Costello
Chief Financial Officer
Thank you.

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