

The Hartford Insurance Group, Inc. NYSE:HIG Company Conference Presentation

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Call Participants

EXECUTIVES

Beth A. Costello
Chief Financial Officer

Christopher Jerome Swift
Chairman & CEO

ANALYSTS

Brian Robert Meredith
*UBS Investment Bank, Research
Division*

Presentation

Brian Robert Meredith

UBS Investment Bank, Research Division

Excellent. Thanks, everybody, for joining us. I'm Brian Meredith. I'm the property casualty insurance analyst here at UBS. It gives me great pleasure to have The Hartford as our next fireside chat here. We've got Chris Swift, the Chairman and CEO; Beth Costello, the Chief Financial Officer. Hartford has been one of the best-performing stocks over the last probably 24 months, at least 36 months. We finally got some re-rating, which is great. I'd like to see that. And I guess a lot of the questions are how are you going to continue to keep doing it, right? So -- particularly in this current marketplace.

Question and Answer

Brian Robert Meredith

UBS Investment Bank, Research Division

So I figured the way we kind of start off is big picture, think -- tell us about kind of key strategic priorities for The Hartford for 2026 and over the next couple of years as we're kind of facing maybe a different type of a marketplace.

Christopher Jerome Swift

Chairman & CEO

Great. Well, first, Brian, it's always a pleasure to be with you at your conference here. Beth and I always look forward to that and all our discussions and questions you have. So I would say, if I look out over the next couple of years, there's probably 3 or 4 or 5 things that we're really focused on. I would say, one, you just mentioned it, we're going to continue to invest in our capabilities, primarily tech-enabled, AI-enabled to better the customer experience and ultimately to augment human talent.

I would say the second priority for us, and it's been a consistent priority over the last couple of years is we want to be a bigger property underwriter. Even in the face of softening property prices, we still think the starting point is good. The returns are great. We have about \$3.3 billion of property underwritings across all our business units. And I still think we can grow that double digits into 2026.

I would say then the third area is agency Prevail. I think we talked about it in our earnings call, we're planning on being in 30 states with our Prevail agency chassis by early 2027. We see good growth opportunities there. And really, it's, again, part of the extension of our strategy of trying to do more business with all our agents and brokers, which really means supplying them with product capabilities, underwriting appetite that we've built or acquired over the years.

And I'm really pleased where we're at today. But property for agency, particularly home and auto, I think, is an important segment for the U.S. population. It's a preferred market we would target. I would say the other sort of business-related growth item is employee benefits. We enjoy a top 3 market position. We're known more as a national carrier, and we want to defend that area and obviously grow it. And one of the key strategies there is to fill out all our absence capabilities, whether it be paid family leave, medical leave, supplemental products into that channel. So that's -- it's a growth and defensive type strategy.

And then the new offensive strategy, if you could characterize it as that, is employers below 500 lives, where we need really a dental and vision capability. We need more supplemental capabilities. We needed a little more technology enabled in that smaller end of the market. And we found it. We found it with a partner. We're live with dental and vision capabilities, coupled with all our core products, including then supplemental health. So I feel really good about where that business is today. And I would say that's probably the good top 4.

Brian Robert Meredith

UBS Investment Bank, Research Division

Terrific. That's great. So the first one you identified and you talked about was continue to invest in the business. AI, that's obviously a really, really hot topic right now. So maybe we can first start on that topic with where are you investing? Where have you been investing over the last couple of years? I know that you're probably a little bit ahead of the curve with respect to the industry, I think, as far as your investments you're making. Obviously, you had some success at it. So maybe talk about where the investments are? What areas of the business? Is it efficiencies? Is it data science? And then the second thing maybe you can -- sorry, a long-winded question, you can throw into that is.

Christopher Jerome Swift

Chairman & CEO

No, we're used to it. Don't worry.

Brian Robert Meredith

UBS Investment Bank, Research Division

Good. It's a long-winded question, but KPIs. I'm sitting here as an investor and analyst and everybody love to talk about all these wonderful AI capabilities and stuff. But how do we know what the ROI is on this? How do we -- how should we think of it as investors?

Christopher Jerome Swift
Chairman & CEO

Yes. I mean, how much time do we have? So I would start by always reminding people where we came from and where we are today. I think you know well, we've been on a journey to modernize our platforms for at least the last 10, 12 years. And I think that foundational element is pretty key to what I think is the next phase of where technology is going. So whether it be claim platforms, administrative platforms, whether it be cloud-based or on-prem, I think we have a pretty good foundation to grow from here.

We've been working hard on organizing our data and feel that there's probably a little more work to be done primarily here in '26. But you put it all together, we can go faster now in the AI area because if you know anything about AI, it's really -- it's fueled by data, whether it be the Internet data, your own data, customer-centric industries. So you need to have your own data organized to interplay with large language models or small language models.

So I would say from there, we think in terms of 2 main bodies of work in the organization. Some of it, you could call it personal productivity tools. And then you would call it reinventing workflows on an end-to-end basis throughout most of the organization to basically have that better experience. I think our primary goal in all this work, though, is to augment human talent. We're not trying to take it out and actually needs to be in the loop from a governance side and then ultimately have a better customer experience, faster, less friction, more intuitive. And I would put the agents and brokers into that customer category because they're advising the customers on the end product.

So that's sort of the premise. And in the personal productivity tools, you could think of Microsoft Copilot, you could think of Notebook by Google. We've, I think, trained and licensed over 6,000 people in our organization to start to use those productivity tools in their own daily work. That's not industrial strength, but it is providing a lift to people, I think, quite a bit. From there then, when we say the end-to-end and sort of reinventing workflows with an AI-first mindset, that's primarily centered in underwriting, operations and claims.

I think you've heard me say before, I'm not going to go into too many details because we think what we're doing is pretty cool, and you want to have an element of confidentiality with it. But I would just say, look, we're not trying to replace underwriters. This really isn't an expense play. I think a lot of the things that I just said for the end-to-end, it is really a growth, a customer retention orientation. And then obviously, there will be some levels of productivity and leverage that comes with -- as we grow, we just need less people to support our businesses.

But we're not in a mindset of having mass layoffs. We talk to our employees very clearly and adult like as far as what we're trying to achieve, and we'll keep them posted. But those are the dimensions of how we're going about it. And we're going about it by business unit, by product line, in an organized fashion, probably over the next 3 years. I mean this isn't something you're just going to snap in. Some of this is working with Google as our preferred partner in this particular area of building out the AI tools specific to our workflows and operations.

Beth A. Costello
Chief Financial Officer

And I think on your question on KPIs that come up a lot. As Chris described it, it really is focused on all aspects of our business. So it's hard to say a particular KPI that will say, okay, that's where the AI benefit shows up. It's really kind of across the value chain. So we believe that over time, it's going to show up from a growth rate perspective on the top line and what we're able to achieve there. There definitely should be some productivity that we would see from just operating leverage. There's also going to be a component that will impact how we think about our loss costs, both from the standpoint of if we can be better selectors of risk, obviously, that will have an impact. But then also just the productivity that we'll see from the claims area as well. So it's not as if it's one particular KPI. We really see it as impacting kind of all aspects of our business over time.

Christopher Jerome Swift
Chairman & CEO

And I think the early evidence, particularly in small and middle is quite encouraging, particularly with growth rates and opportunities. And those are -- particularly in small, it's a business we've invested in heavily, particularly in data science, the digital, the customer experience. So it's not a stretch to add on a little more true AI activities to that business unit today. But I would tell you, we're using middle and large as the test case for the organization in underwriting.

We think there's more -- actually more opportunities because it's pretty self-evident. We talk about 75% of all our small business customer, new business is processed on the glass today. So that's years of investment in technology, that's years of investment in data,

segmentation, everything you need to be able to do that and produce the margins that we do. We think the real step change is more in the middle market, and that's why we started there with heavy investments.

Brian Robert Meredith
UBS Investment Bank, Research Division

Got you. I mean have you seen it in number of submissions that underwriters can handle, all those types of things, and that's sort of we're hearing a lot in the industry.

Christopher Jerome Swift
Chairman & CEO

That's part of the goal orientation we have. So we do have some KPIs that will go undisclosed today to you that try to capture what we think is real. And some of this is -- this is brand-new stuff. So we're making our best estimates based on early test cases and activities that we tried out 18 months ago. So as we roll it around to more product lines completely to the organization in all parts of the country, we should see a lift.

Beth A. Costello
Chief Financial Officer

As Chris said, you can look at what we've achieved in small business, and we're kind of leveraging some of those learnings as we bring it to middle and large and so forth. And we've talked about this many times in our small business division, over 75% of quotes are on the glass, no human touch. And that business unit has a goal of increasing that metric. But I think it just shows the leverage that can be created and how you can get more submissions per underwriter and so forth as you kind of think about that moving up kind of within our other business units.

Christopher Jerome Swift
Chairman & CEO

I think the other area that I just talk a little bit about is claims, right? Some people think claims pretty mundane. But obviously, from a customer side, claims is very important because that's usually some of the first times customers really interact with us. So you got to get that right. But also our 2 largest product lines, both workers' compensation and disability involve medical records, how people are injured or how people are disabled and the treatments they seek or the treatments that are directed by a carrier to get someone back healthy are all summarized in medical records.

So we've been able to ingest medical records into an AI capability that summarizes pages and pages. Like you're going to have medical records that are 1,000 pages. Two hours later, you would have something summarized for a claim person to begin to get their arms around what is a covered event, what is a noncovered event and then begin to think in terms of what is the next step that the claim person would recommend to a medical officer. So again, real tangible lift because when -- instead of reading a file for 2 weeks, 2 hours later, you could start to actually interact and try to get someone back to work sooner, which cuts down on lost time. Hopefully, it cuts down on medical expenses, too.

Brian Robert Meredith
UBS Investment Bank, Research Division

That's interesting. So all of this AI costs money and it takes time and it takes data, right? So I'm just curious, your perspective on what this could mean for the industry over the next, let's call it, 5 to 10 years.

Christopher Jerome Swift
Chairman & CEO

Well, you're right. I mean your premise is it's not just a snap in. I mean it's sustained investment for at least my judgment at least 3 years. So we have our 3-year road map that we've allocated capital to various activities, invest capital and feel good about what we could do with that allocation of invest capital, still within a balance of expense ratios and ROEs, everything we still want to try to achieve. And then there's just a bandwidth issue, too. I mean we always challenge ourselves of if we had more money, can we do it? And a lot of times, it just comes back to bandwidth and you can't have 6 to 10 major projects going on in your operation and expect to execute it well.

So we have some natural limits we put on ourselves, and it's just not financial. So then if you play this out, again, at least according to -- at least the vision that I have, I think they're going to be a have and a have-not category. And we're going to be in the have category for sure. And I think that will allow us to continue to grow at above market rates, capture more market share, endear our agents and

brokers to us even more because we're doing more with them. They're making theoretically more money, particularly from contingent commissions and profit commissions.

So it's a decent picture for those that invest and those that don't, I think it will be a slow, my words, consolidation. It's sort of like the life insurance industry, I said on our earnings call. If you look back over the last 20, 30 years, the top 20 control about 80% of the flows. That's ex the benefits business. So -- and really, you didn't have a lot of life company consolidation that happened. And you might have some old books and carve-out things. But from the main platforms, I think they've been performing well.

And I think our P&C industry probably could use a little bit of that because I think there'll be a little better discipline than for shareholders. I think there's more predictability, more relevancy, better growth rates, more integration with agents and brokers. So yes, 3 to 4 years from now, I think it could be a positive environment for those that really embrace it.

Brian Robert Meredith
UBS Investment Bank, Research Division

Great. That's helpful. Let's pivot over to the Commercial Lines pricing environment, right? And what's been going on. It's a topic I'm getting a lot of questions on. So if we look at your renewal written price increases, right, ex comp went up 6.1% in Commercial Lines that moderated from 7.3% in the third quarter. It's the lowest actually it's been since the first quarter of 2021, right, when things obviously got a little better there. So maybe talk a little bit about where you see the pricing environment heading into 2026. And as investors, what should we be thinking about and prepared for?

Christopher Jerome Swift
Chairman & CEO

Yes. I don't want to just reprise what we said on the earnings call. So -- but I would point out, pricing is a function of what you view your loss cost to be and what you're trying to execute to within a competitive market situation. And that's why I think we talked about as far as where we see trend in an aggregate portfolio basis compared to 6.1%, loss trend is probably a couple of tenths of a point, 0.3%, 0.4%, 0.5% higher than that. So that's one reference point.

So second reference point that I will repeat is we have open dialogue with our underwriters across the organization, working through our team structure, and we're asking them to hold on to margins the best way they can. Third, outside of property, property is probably the area that is softening the fastest. But I would also say that 60% of our property book is in small and middle, which is tending to hold up just a little bit better. And I would say then at the highest levels. Everything else, particularly liability remains robust because trends are in the high single digits for liability, whether it be commercial auto, whether it be primary, whether it be GL, excess umbrella, you put it all together, and that's still a hard market because the views have lost trends.

So I don't know if I answered your question completely, but I still feel like it is a good time to be a P&C carrier. I think there's many opportunities. I think the starting point matters and it's still relatively healthy. And there's not one cycle that I feel right now. I think there's micro cycles in comp, property, liability and then you could put all the specialties, including E&O and D&O together in there. You could put London in there. So there's really 4 micro environments that you really got to track and manage.

Brian Robert Meredith
UBS Investment Bank, Research Division

Yes. Let's just go back to the back. I mean, one of your key priorities you said is growing the property business, right? But you just said that's one of the most competitive marketplaces. How are you navigating that kind of desire to kind of grow market share then in a more competitive market? It's a specific area you're like, listen, returns are great, it's fine, 5% to 10% lower.

Christopher Jerome Swift
Chairman & CEO

Yes. I would say, again, that's why I gave you the point, 60% of our book is in small to middle. That's the focus. You'll see us pulling back in E&S, you see us pulling back in large. We're really not a big Sheraton layer player. So it's really in our sweet spot that, again, we could build a diversified national book with our great distribution. We could take on incrementally minor catastrophe risk or incremental casualty -- excuse me, catastrophe risk. But we're really going after the fire perils more than anything in the strategy.

Brian Robert Meredith
UBS Investment Bank, Research Division

Makes a lot of sense. Another one just pivot to on that topic of the cycle, you're the industry leader in small commercial lines. So maybe you can kind of talk to us a little bit about how that line typically kind of goes through the cycles, right? Is it as volatile? How

should we be thinking about pricing in that line, margins in that line as you kind of -- as we kind of think about this over the next -- as we head into a softening market?

Christopher Jerome Swift
Chairman & CEO

Yes. Again, I'm going to break it down and bifurcate it by some of the categories I just gave, the big product line and small is comp. Comp has its own cycle that we've talked about. We probably face whether it be in small or middle, just a little headwind pressure. But severities, medical severities are behaving. We're not getting a lot of rate. Frequencies are still negative or positive, depending on how you want to view negative, which is a positive. So we see just an element of consistency there, but just maybe slight headwinds.

And then our BOP, second biggest product is both the property component and the liability component. I think what you're seeing in some of your questions is the property component of BOP is actually slowing down because we're rate adequate now on a national book basis. That wasn't the case over the last 2 years. We had to work hard to get rate into the book, particularly in California and some of the Western states, we have done that. And then I think what will still come through is that overall elevated liability trend that we're going to stay on top of from a pricing side. Commercial auto, we are selective there, but that's been a growing book for us over the last couple of years. Again, trend there is probably high single digits, low double digits, and we need to keep up with that trend. And then I would say E&S binding is sort of the other category that we talk about. And I just want to make sure we don't confuse numbers. E&S binding, again, is composed of both a property book and a liability book, could be individual or can be combined. That overall book of liability and property and E&S binding and small is about \$425 million at the end of this year.

So sometimes when I talk in earnings calls about binding, I'm really reflecting the property component, which is about \$300 million at the end of the year. And then we still think we could grow that in the 10% range next year, too, both the liability component and the property component. So we still like the binding business. We've got great partners that know our risk appetite and sort of adhere to our rules of the road. And I think we've been able to grow that with strong profitability.

Beth A. Costello
Chief Financial Officer

I think the only thing I'll just add as it relates to small business. I mean we do talk about this a lot that a key focus of how we manage that book is we want ease, speed and accuracy. And that has been over multi years. And we've talked about before that we have been sub-90% on an underlying basis in small business for many, many, many years. And that's indicative of just how the team is operating, how they think about it. We definitely want to manage that book in such a way that we're always trying to keep up with loss trend so that we're not putting big increases or big decreases into the marketplace. You kind of want that to be steady. And that, I think, is a big part of why we're able to achieve what we do in that area of the market.

Brian Robert Meredith
UBS Investment Bank, Research Division

Got you. On the topic of the MGAs delegated authority, I've been doing this for 30 years, and MGA was a bad word for a long time, right, particularly when it came to the carriers just because you see the conflict of interest and they want to grow in a soft market. Are we different today? How do you manage that? How do you think about that as we are heading into a softening market?

Christopher Jerome Swift
Chairman & CEO

No, you still got it right. There's a lot to worry about, a lot to think about from a risk side. I would say from a pure MGA side, it's not that big for us. I'm making a little distinction on the binding business because we actually set the risk appetite and someone executes that to us. MGAs are usually a little different. They usually want more flexibility to grow and they have usually third-party capital and usually a claims TPA, which we just don't think is a value proposition for us and what we stand for. And I think you've heard me, Brian, and I get a little strong in our views here. I mean we're underwriters. We pay claims and we manage our investments. And anything that comes close to sort of disintermediating that, we're not going to have the best reaction.

Brian Robert Meredith
UBS Investment Bank, Research Division

Makes sense. I just remind anybody if you got a question, 2 ways to do it. We can -- just I guess, on your computers, you can log one in. We'll also have a microphone if anybody has got a question. I've got a lot of them, but anybody in the room right now? No, we keep going.

So another thing that I think -- it's been interesting with The Hartford over the last 10 years that has been following you and maybe you can talk a little bit about it is kind of how the company has changed. And one thing that's been really interesting to me is just the fact that if I look at your written premium growth in your Commercial Lines business, it's exceeded peers by more than 100 basis points over the last 4 years. So really, really strong growth while maintaining that terrific profitability. Maybe you can talk about how The Hartford's competitive positioning has been changed over the last 5 to 10 years and what puts you in that great position to continue to drive industry-leading growth.

Christopher Jerome Swift
Chairman & CEO

Do you want to tag team?

Beth A. Costello
Chief Financial Officer

There you go.

Christopher Jerome Swift
Chairman & CEO

So I would say it's not one thing. It's probably a multitude of things. So I mean if you look at the heart of it, I think the biggest change that we've made is we've added more product capabilities, expanded our underwriting appetite, added E&S capabilities and broader specialty capabilities. Some of that was organic. Some of it was M&A. Second, even sort of the depths of the crisis, I would say that our agency force just remained very loyal. When I joined The Hartford in March 2010, we felt firsthand their loyalty, but they're also nervous at that time, which was obvious.

So again, deep, deep relationships where they like doing business with us. They want to do more business with us because they're incented to. And I think through, again, a lot of team effort across the entire organization, I mean we put ourselves in a position today where we have more to offer, we could cross-sell. We have a One Hartford mindset where we're representing all the business insurance units in the marketplace with focus on the segments within BI. We've added bulk in our Group Benefits business with the acquisition of Aetna. We've done other small little things along the way.

But at the core, we reinvented our product capabilities, our risk appetite and renewed our distribution relationships. And again, it didn't happen overnight, but again, with sustained effort and commitment from the team and a great attitude and a great culture, well, here we are.

Brian Robert Meredith
UBS Investment Bank, Research Division

That's great. I want to pivot back also to one of the initial things you said about investing in Prevail and kind of growing your Personal Lines. This is something that we've had discussions with over the years. So I'm just kind of curious, maybe talk about growing your Personal Lines presence in the independent agency system. And on that topic, maybe in the perspective that this is a really competitive marketplace. There are some amazing providers out there already with very low expense ratios that do it really, really well. How are you going to find your place in that independent agency market?

Christopher Jerome Swift
Chairman & CEO

Well, again, that's a great question. It's the question we work hard every day to make sure we're relevant, particularly as we roll out new states, right? We're in about 10 states right now. We'll be in 30 early 2027. So I'm asking for a little grace. Let's see how we do. But as primarily an agency company in all our product lines, particularly in small and middle, it's not a leap of faith that our agents that are close to us that do business in those lines would also want to do business with us in Personal Lines, principally because they lead with a home product where we have capacity.

We have -- obviously, we worked hard on a Prevail product, which is both home and auto. So we -- I think we have better roof scores. We have better imagery we use. We have better underwriting tools, catastrophe management tools. So again, you put all that we have done from the product side together with loyal distribution that leads with home, and we have capacity to deliver it, it's pretty good. And then we'll account round and bundle with auto. So we still want an auto capability in agency. But again, I think there's probably 100 to 150 national agents or regional agents that want to turn us on in their system. Okay. So just give us a little grace. And when we're back here next time, you can really test us.

Brian Robert Meredith

UBS Investment Bank, Research Division

We'll do. I promise that. So on the topic of Personal Lines, we're hearing some pushback or media news and stuff about regulators putting in excess profit legislation, all sorts of things is becoming a consumer affordability issue. Curious kind of how you see this playing out within the industry? And how does The Hartford think about it, number one. And then the second thing I think about with your small commercial business, is this an area that they could potentially spill over into?

Christopher Jerome Swift

Chairman & CEO

Yes. So I have a lot of empathy for all of us as consumers of insurance products, but particularly Personal Lines. I mean, costs have been up. The cost of the product is up. But I think sometimes when you get into the economic political discussions, things don't really get talked about very clearly because, as I said, price is the afterthought for the predicate of what is your loss trends. And it's certainly true in Personal Lines, too, whether it be auto inflationary used car price, whether it be catastrophe events, whether it be flood that is obviously a separate policy. But there's a lot that goes into the equation.

But again, the bottom line, the customers feel it and the politicians are trying to be thoughtful. And we, as an industry, I could speak for our trade group that tries to educate people is, I mean, there's education that needs to be more clearly understood. So again, there's a lot of inflationary pressure in a lot of our products, whether it be economic, whether it be social inflation and some of the things that we've been talking about for a longer period of time. But it's gotten to the point where I think it's on everyone's mind because everyone is feeling it more and more.

My only hope is because you had a great case study, both in Florida and California of what not to do. And let's not make mistakes in the other 48 states of what not to do and trying to control price because the regulator's job in the insurance industry is to have affordable product and available product. And that did not happen in California. There's a lot of commotion in Florida here until Governor DeSantis really reformed the industry and a lot of these dimensions that was creating inflationary pressure. So I hope others have taken the lesson from a couple of big states of what not to do and then how to fix it in real terms.

Brian Robert Meredith

UBS Investment Bank, Research Division

Got you. That's helpful. Let's talk -- pivot over to your Group Benefits business, something that I think probably doesn't get talked about enough with The Hartford and has got a pretty good -- great earnings over many, many years. Maybe you can talk about -- you've got this guidance you're always giving us about what your after-tax margins to be. You consistently are beating it, right? So maybe talk a little bit about why you're consistently beating it and why it's going to go back to the target margins.

Christopher Jerome Swift

Chairman & CEO

Well, thank you for acknowledging that, the Benefits business is a fit for us strategically. And for 2 primary reasons. One, it's an underwriting business. It's a mortality and morbidity underwriting business. And secondly, you've heard me talk at least 3 occasions of how important our distribution partners to us. All our distribution partners have a Benefits business, whether it be medical or whether it be sort of our core products, and it's very complementary. And it's fact, we try to do more and more, and we haven't found the secret sauce yet for true cross-selling.

But from a relationship side, it helps represent one another in the marketplace, full stop. 6% to 7% is our long-term guidance. We've worked hard to outperform it. I can't predict what's going to happen in the future. But I would say being responsive to your question is, at least in my view, Beth, is we've outperformed our incidence assumptions. And we continue to have stronger recoveries, meaning getting people back to work in a more timely fashion than our 6 to 7 calibration model is today. And if that continues, great.

Brian Robert Meredith

UBS Investment Bank, Research Division

That's great. On that topic, I want to pivot back a little bit to the AI discussion. And one of the things I think about, too, and [herd] talked about is, yes, there's all sorts of benefits to the insurance industry. But what are the risks here that we should be thinking about, both in the commercial P&C Personal Lines as well as Group Benefits business that new emerging risk that could happen as a result of AI? And how are you thinking about that?

Christopher Jerome Swift

Chairman & CEO

Yes. It's clearly a watch area for our team and our emerging risk group, part of our overall risk management group. I think there's parallels to other industries and other activities that we sort of try to triangulate impacts. But all I could say is it's an emerging area. I'm not here to sort of cry wolf and sky is falling, but you got to be thoughtful. We look at -- and remember, the underwriting leader reports to Beth from a segregation of duties perspective.

So we got a lot of trust and confidence in MO and all the underwriters, but we split that up to really sort of test theory, test words, terms and conditions and policies and make sure we're regularly refreshing our views of what are acceptable terms and conditions, and that's how we manage it. But I'm not going to try to predict what could go wrong with AI because we've seen it. And I can tell you, just personally, we spend a lot of time out in Silicon Valley with our senior team every year.

This year, we went to Google's campus for 2 days. And Beth and I had the opportunity to drive in a Waymo. It was like Nirvana. I was in the back seat and Beth was in the front seat. But why it was so revealing to me is because if you really understand how Google approached that product or that project, however you want to say it, it was very cautious, right? I mean they have radar, LiDAR, they have cameras. They have had 9 accidents since they've been driving these things on the road.

They limited to sort of urban areas that don't go on highways yet, although they're getting used to. And what just struck me was sort of their really do no harm mentality and caution in how they wanted to deploy this product technology to consumers. You could see others have different strategies. Others have different strategies of just how much risk they're willing to take as an organization and/or with any one particular product.

Brian Robert Meredith

UBS Investment Bank, Research Division

Got you. So perfect from a timing perspective. So I asked this last year, I'm going to ask it again. You have 60 seconds or less. Tell us why as an investor, Hartford is a good investment today for the next 12 to 24 months, 24 months.

Christopher Jerome Swift

Chairman & CEO

Yes. I would say -- I can't remember, you asked this last year...

Brian Robert Meredith

UBS Investment Bank, Research Division

I did ask it last year. I've got it right here and see if you can answer the same.

Christopher Jerome Swift

Chairman & CEO

So what I want to say this year is I think even compared to last year, we're a more consistent, predictable organization that values underwriting and underwriting discipline to produce the margins. Second, I think we're going to grow faster than the market and consolidate and capture more market share. Third, we generate superior, superior ROEs, and we're generating excess capital and our preferred strategy for excess capital, at least currently is dividend increases and buybacks. So I think that's a powerful equation for a highly valued organization.

Brian Robert Meredith

UBS Investment Bank, Research Division

Pretty compelling. Thank you. I appreciate both of your time. That was great.

Christopher Jerome Swift

Chairman & CEO

Thank you.

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