

The Hartford Financial Services Group, Inc.
October 25, 2018

Third Quarter 2018 Financial Results



Safe harbor statement

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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 October 25, 2018 and The Hartford's Investor Financial Supplement for third quarter 2018 which is available at the Investor Relations section of The Hartford's website at <https://ir.thehartford.com>.

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3Q18 key financial highlights

Core Earnings

- Core EPS^{1,2} of \$1.15, up from \$0.35 in 3Q17, primarily due to higher core earnings¹ in all major business segments including the benefit of a lower U.S. corporate tax rate
- 3Q18 income before income taxes of \$530 million, up \$349 million from 3Q17, principally due to better P&C underwriting results and higher earnings from Group Benefits and Mutual Funds

Property & Casualty

- Core earnings of \$320 million, up \$214 million from 3Q17, due to lower CAY CATs³, higher net favorable PYD⁴, better Personal Lines underlying underwriting¹ results, and a lower corporate tax rate
- Underlying combined ratio¹ of 93.2 improved 0.7 point from 3Q17 with better results in Personal Lines partially offset by margin compression in Commercial Lines

Commercial Lines

- Underwriting gain¹ in 3Q18 versus underwriting loss in 3Q17, primarily due to lower CAY CATs and higher net favorable PYD in 3Q18 including favorable development on workers' compensation, professional liability, and 2017 catastrophe losses
- Underlying combined ratio of 93.7 worsened 0.5 point from 3Q17 mainly driven by lower workers' compensation margin in Middle Market and higher property losses in Small Commercial

Personal Lines

- Underwriting gain in 3Q18 versus loss in 3Q17, primarily due to improvement in auto results, a change to net favorable PYD in 3Q18, and lower CAY CATs
- Underlying combined ratio of 91.8 improved 3.1 points from 3Q17 due to better results in both auto and homeowners, partially offset by a higher expense ratio

Group Benefits

- Core earnings of \$102 million, up \$36 million from 3Q17, principally due to the 4Q17 acquisition and a lower corporate tax rate
- Loss ratio of 75.5% increased 0.8 point from 3Q17 as a lower group life loss ratio was more than offset by a higher group disability loss ratio
- Expense ratio decreased 1.9 points from 3Q17 due to increased scale and lower commission rate

BVPS and ROE

- BVPS, ex. AOCI^{1,5}, of \$39.12, up 11% from Dec. 31, 2017
- Core earnings ROE^{1,6} of 10.3%, which is a trailing four quarter calculation including 4Q17, improved 4.4 points over 3Q17

1. Denotes financial measure not calculated based on generally accepted accounting principles (GAAP) 2. Earnings per diluted share (EPS) 3. Current accident year (CAY) catastrophes (CAT)
4. Prior accident year development (PYD) 5. Book value per diluted share (BVPS), excluding accumulated other comprehensive income (AOCI) 6. Core earnings return on equity (ROE), excluding AOCI

3Q18 core earnings of \$418 million and core EPS of \$1.15 both rose significantly from 3Q17



- Core earnings increased \$288 million from \$130 million in 3Q17 due to higher income before income taxes from all major business segments and a lower corporate tax rate
- Income before income taxes of \$530 million rose 193%, or \$349 million, over 3Q17; reflecting:
 - P&C underwriting gain, before tax, rose \$259 million, including lower CAY CATs, higher net favorable PYD and better Personal Lines underlying results, partially offset by margin compression in Middle Market workers' compensation in Commercial Lines
 - Net investment income, before tax, increased due to higher asset levels principally due to the Group Benefits acquisition
 - Group Benefits income before income tax, excluding integration costs associated with the acquired business, increased principally due to the impact of the 4Q17 acquisition
 - Mutual Funds income before income taxes increased due to higher assets under management (AUM)

Core Earnings By Segment (\$ in millions, except per share amounts)	3Q17	3Q18	Change ¹
Commercial Lines	\$81	\$265	NM
Personal Lines	7	47	NM
P&C Other Operations	18	8	(56%)
Group Benefits	66	102	55%
Mutual Funds	26	41	58%
Sub-total	\$198	\$463	134%
Corporate	(68)	(45)	34%
Core earnings	\$130	\$418	NM
Net realized capital gains (losses), before tax ²	25	37	48%
Integration and transaction costs, before tax	—	(12)	(100%)
Income tax benefit (expense)	(10)	(16)	(60%)
Income from continuing operations, after tax	\$145	\$427	194%
Income tax expense (benefit)	36	103	186%
Income before income taxes	\$181	\$530	193%
Income from discontinued operations, after tax	89	5	(94%)
Income tax benefit (expense)	(36)	(103)	(186%)
Net income	\$234	\$432	85%
Core earnings per diluted share³	\$0.35	\$1.15	NM
Income from continuing operations per diluted share³	\$0.40	\$1.17	193%
Net income per diluted share³	\$0.64	\$1.19	86%
Wtd. avg. diluted shares outstanding ⁴	367.0	364.1	(1%)
Wtd. avg. common shares outstanding ⁴	360.2	358.6	—%

1. 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

2. Net realized capital gains (losses), before tax, excluded from core earnings

3. Includes dilutive potential common shares

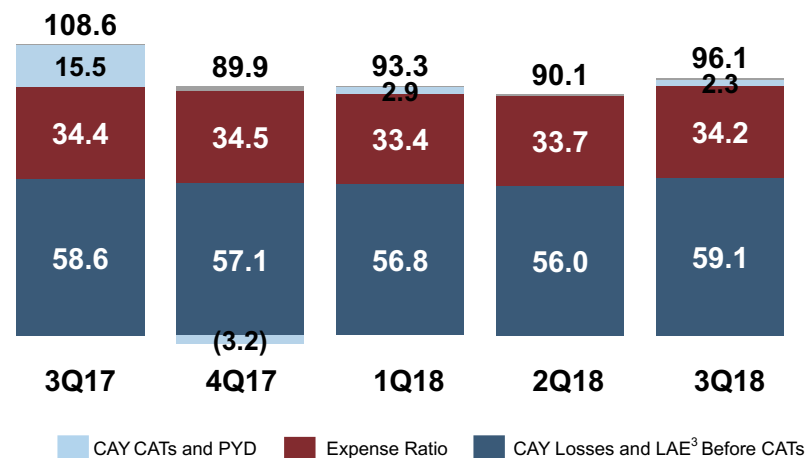
4. in millions

Commercial Lines: Underlying combined ratio deteriorated 0.5 point mainly due to margin compression in Middle Market workers' compensation and higher property losses

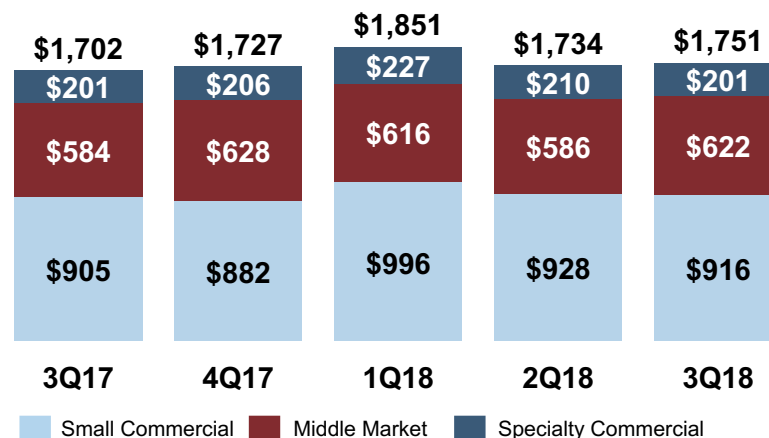


- Combined ratio of 96.1 in 3Q18, 12.5 points better than 3Q17, including:
 - 5.3 points in CAY CAT losses, down 10.4 points from 3Q17
 - 3.0 points of net favorable PYD versus 0.2 point of net favorable PYD in 3Q17, primarily due to favorable workers' compensation frequency and medical severity, professional liability, and 2017 catastrophe losses
- Underlying combined ratio of 93.7 deteriorated 0.5 point from 3Q17 principally due to:
 - Higher loss ratios in Middle Market workers' compensation and Small Commercial property
 - Partially offset by lower Small Commercial general liability and lower commercial auto loss ratios
- Written premium up 3% over 3Q17 with strong new business and higher renewal pricing
 - New business premiums increased from 3Q17
 - Small Commercial up 9% due to the newly acquired Foremost-branded business
 - Middle Market up 21% due to large property, energy and auto
 - Standard Commercial¹ renewal written price increases averaged 1.7%, with Small Commercial at 1.7% and Middle Market at 2.0%
 - Policy count retention at 83% and 78% in Small Commercial and Middle Market, respectively

Commercial Lines Combined Ratio²



Commercial Lines Written Premiums⁴
(\$ in millions)



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

Update on The Navigators Group, Inc. acquisition



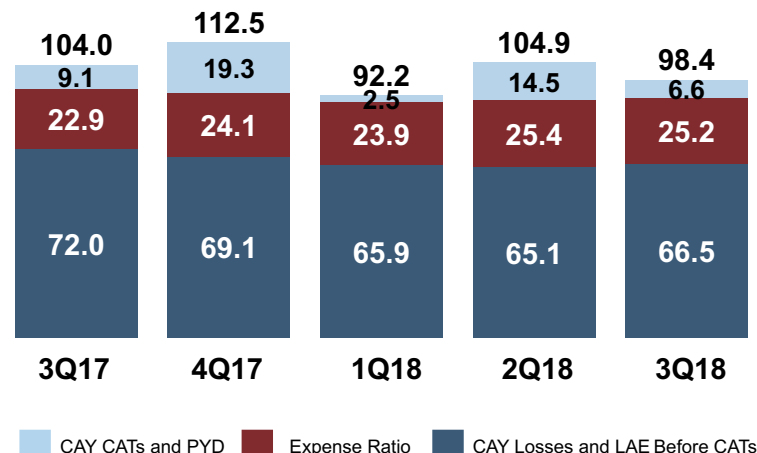
- Go shop period under the acquisition agreement expired without any competing bids
- Expect to close in the first half of 2019, subject to approval by the shareholders of The Navigators Group, Inc. and other customary closing conditions, including regulatory approvals
- The Navigators Group, Inc. has filed proxy, with a shareholder meeting date of Nov. 16
- Required change in control materials filed with the regulators including New York State, the U.K. and Belgium
 - Waiting period under Hart-Scott-Rodino antitrust review has expired
- Initiated joint integration and planning activities
- Expect to achieve an attractive return on this investment in the low double digits over time
 - Annual core earnings approaching \$200 million, after tax, excluding amortization of intangibles, within 4 to 5 years
 - About half of the increase in earnings expected to come from investment portfolio and expense actions that will impact earnings beginning in the first year after closing
 - The remainder expected to come over time from greater top line growth and better underwriting margins

Personal Lines: Better underlying results due to improvement in auto and lower weather-related homeowners losses

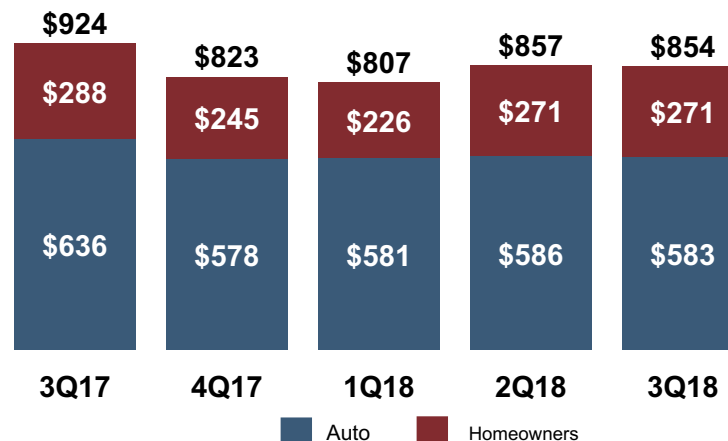


- Combined ratio of 98.4 in 3Q18, 5.6 points better than 3Q17, reflecting:
 - 2.3 point improvement from a change to net favorable PYD of 2.1 points due to auto liability and homeowners in 3Q18 versus net unfavorable PYD of 0.2 point in 3Q17
 - 0.2 point decrease in CAY CAT losses from 8.9 points in 3Q17 to 8.7 points in 3Q18
- Underlying combined ratio improved 3.1 points from 3Q17 to 91.8 primarily due to:
 - 5.5 point improvement in loss ratio due to auto and weather-related homeowners losses
 - Partially offset by 2.3 point increase in expense ratio due to increased marketing spending and impact of lower earned premium on expense ratio
- Written premiums down 8% from 3Q17 as impact of retention was greater than higher new business and renewal pricing
 - New business premiums in 3Q18 up 23% from 3Q17 due to auto, up 27%, as a result of increased marketing
 - Premium retention ratios were 85% and 90% for auto and homeowners, respectively; auto down 2 points from 3Q17 and homeowners up 1 point
 - Renewal written price increases were at 6.1% and 10.0% for auto and homeowners, respectively; auto down 5.7 points from 3Q17 and homeowners up 1.5 points

Personal Lines Combined Ratio



Written Premiums
(\$ in millions)

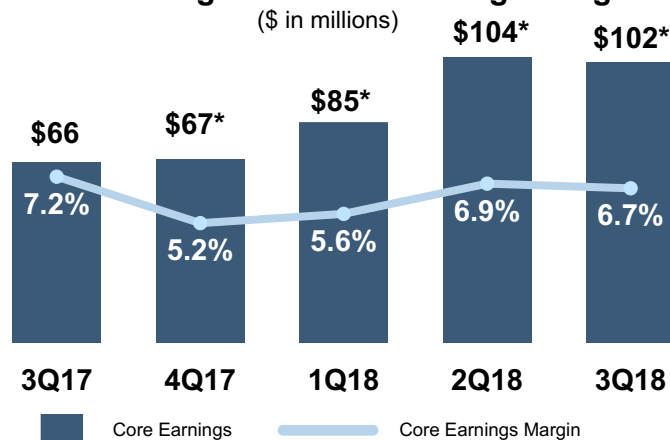


Group Benefits: Core earnings increased over 3Q17 primarily due to the acquisition and a lower U.S. corporate tax rate



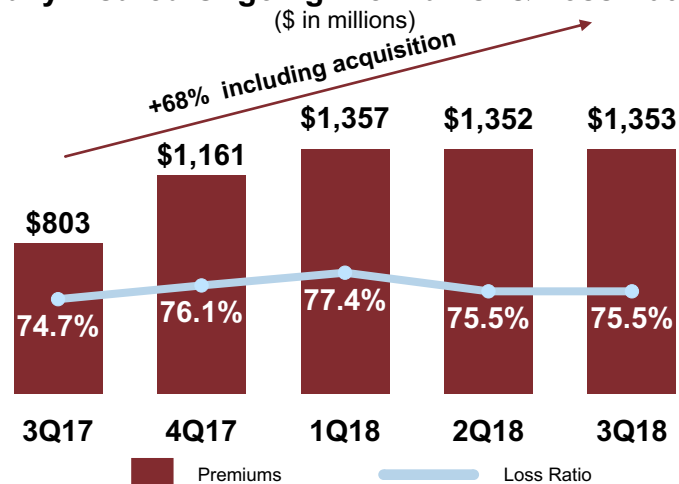
- Core earnings of \$102 million, up \$36 million from 3Q17, primarily driven by the 4Q17 acquisition and a lower corporate tax rate
- 6.7% core earnings margin¹ versus 7.2% in 3Q17
 - 2018 year-to-date core earnings margin, excluding amortization of intangibles², of 7.5% compared with 6.1% in 2017
- Loss ratio of 75.5% increased 0.8 point from 3Q17 as a higher group disability loss ratio was partially offset by a lower group life loss ratio
 - Group disability loss ratio of 75.9% increased 2.9 points from 3Q17 due to lower claim recoveries compared with very favorable levels in 3Q17, partially offset by continued improvement in incidence trends
 - Group life loss ratio decreased 1.1 points to 76.6% reflecting better mortality experience partially offset by the expected increase in the loss ratio due to the acquisition
- 3Q18 expense ratio of 23.9% decreased 1.9 points from 3Q17 due to increased scale and a lower average commission rate due to the acquisition
- Fully insured ongoing premiums up 68% from 3Q17 due to the acquisition, strong persistency and sales
 - Fully insured ongoing sales of \$104 million rose 53%

Core Earnings and Core Earnings Margin



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

Fully Insured Ongoing Premiums³ & Loss Ratio



1. Denotes financial measure not calculated based on GAAP

2. Excludes September 2018 year-to-date amortization of intangibles, after tax, totaled \$38 million

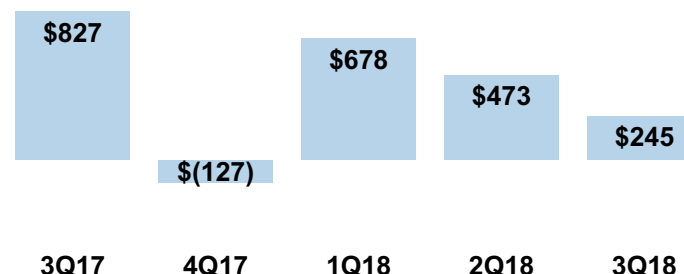
3. Excludes buyout premiums

Mutual Funds: Core earnings rose to \$41 million due to higher AUM and a lower U.S. corporate tax rate

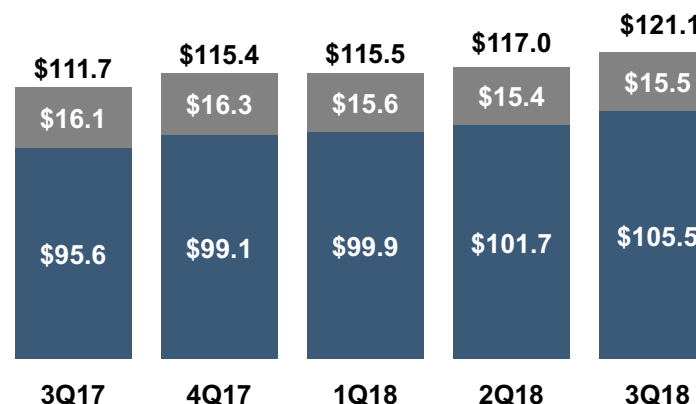


- Core earnings of \$41 million, up \$15 million from 3Q17, due to 9% increase in daily average AUM and a lower corporate tax rate
- Total AUM of \$121.1 billion, up 8% from Sept. 30, 2017 due to market appreciation and positive Mutual Fund and exchange-traded products (ETP) net flows
 - Mutual Fund and ETP AUM¹ increased 10% to \$105.5 billion with positive net flows of approximately \$1.3 billion over the last year
 - ETP positive net flows were \$725 million over the last twelve months
- Performance remains strong as 61%, 61% and 69% of funds outperformed peers on a 1-, 3- and 5-year basis², respectively
 - 51% of funds rated 4 or 5 stars by Morningstar as of Sept. 30, 2018

Mutual Fund and ETP Net Flows
(\$ in millions)



Total AUM³
(\$ in billions)



1. Includes Mutual Fund AUM (mutual funds sold through retail, bank trust, registered investment advisor and 529 plan channels) and ETPs

2. Hartford Mutual Funds (HMF) and ETPs on Morningstar net of fees basis at Sept. 30, 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 The Hartford's Mutual Funds segment

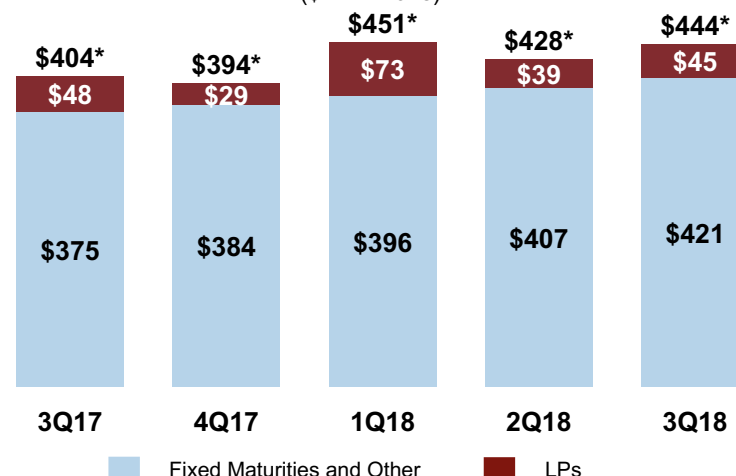
Total net investment income up 10% primarily due to the 4Q17 Group Benefits acquisition



- Total net investment income up 10% over 3Q17
 - Total investment income, excluding limited partnerships and other alternative investments (LPs)¹, of \$421 million, before tax, increased \$46 million, principally due to the Group Benefits acquisition in 4Q17
 - LP income of \$45 million, before tax, was \$3 million lower than 3Q17, but was up \$4 million, after tax, due to a lower corporate tax rate in 3Q18
- Annualized investment yield, before tax, was 4.0%, down 0.1 point from 3Q17, due to the expected impact of the acquired Group Benefits assets
 - LP yield of 10.6% was lower than 12.8% in 3Q17, but had an immaterial impact on consolidated yield
- Annualized investment yield, before tax, excluding LPs¹, was 3.7% in 3Q18, down 0.1 point from 3Q17 due to:
 - Group Benefits annualized investment yield, before tax, excluding LPs, was 3.9% in 3Q18, down 0.4 point from 4.3% largely due to the impact of the acquired assets being recorded at market yields at closing date in accordance with purchase accounting
 - P&C annualized investment yield, before tax, excluding LPs, was 3.8%, up 0.1 point from 3Q17, due to higher interest rates and the redeployment of tax-exempt municipals into taxable securities

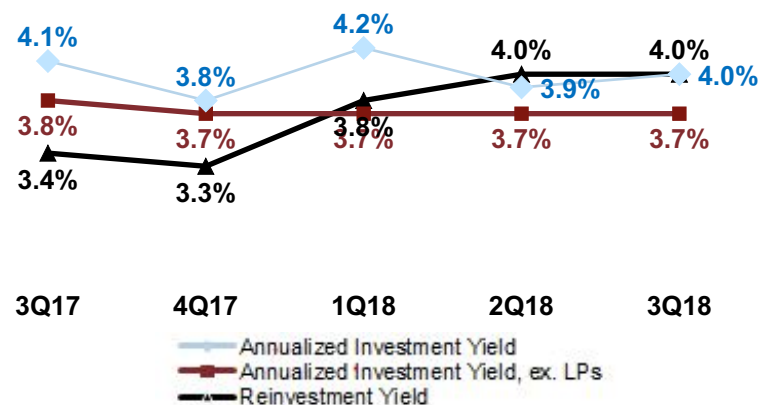
Total Net Investment Income

(\$ in millions)



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

Annualized Investment Yield, Before Tax

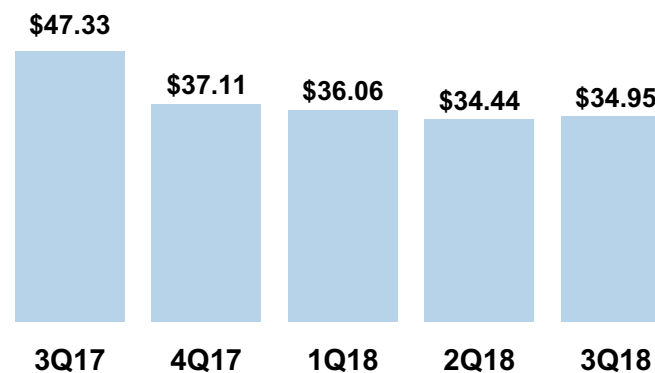


1. Denotes financial measure not calculated based on GAAP

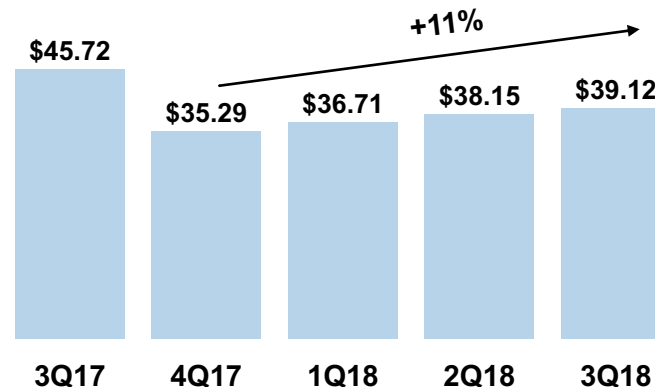
BVPS (ex. AOCI) of \$39.12, up 11% from Dec. 31, 2017

- \$34.95 BVPS at Sept. 30, 2018
 - Down 6% from Dec. 31, 2017 due to the sale of Talcott Resolution and the negative impact of higher interest rates on net unrealized capital gains on invested assets
- \$39.12 BVPS (ex. AOCI) at Sept. 30, 2018
 - Up 11% from Dec. 31, 2017 due to increase in stockholders' equity from year-to-date 2018 net income in excess of common dividends
- Declared quarterly dividend of \$0.30 per share, with a record date of Dec. 3, 2018, payable Jan. 2, 2019
 - Announced increase in quarterly common dividend by 20% to \$0.30 per share in July, payable Oct. 1, 2018, the sixth consecutive annual dividend increase

Book Value Per Diluted Share



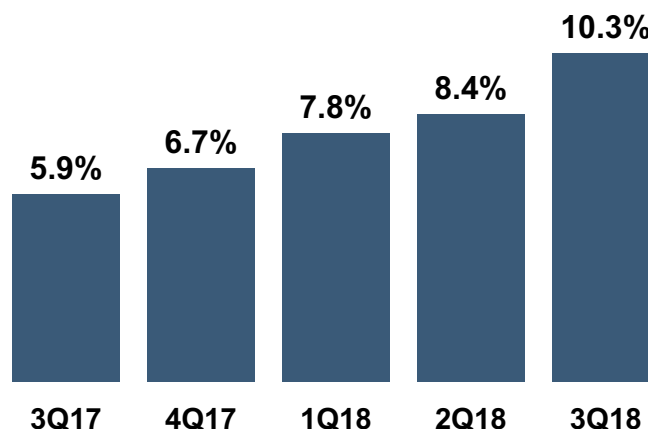
Book Value Per Diluted Share (ex. AOCI)



3Q18 core earnings ROE of 10.3%, up 4.4 points from 3Q17

- 3Q18 core earnings ROE was 10.3% versus 5.9% in 3Q17; all calculations are based on trailing four quarter core earnings
 - Improvement due to higher core earnings and impact of loss on sale of Talcott Resolution on stockholders' equity in 4Q17
- P&C core earnings ROE of 15.5% versus 10.7% in 3Q17
 - 3Q18 P&C core earnings ROE 4.8 points higher than 3Q17 primarily due to higher core earnings
- Group Benefits core earnings ROE of 13.1% versus 12.0% in 3Q17
 - 3Q18 Group Benefits core earnings ROE increased 1.1 points from 3Q17 primarily due to higher core earnings as a result of the acquisition
- Mutual Funds core earnings ROE of 53.3% versus 34.6% in 3Q17
 - 3Q18 Mutual Funds core earnings ROE increased 18.7 points from 3Q17 primarily due to higher AUM
- 2018 year-to-date annualized core earnings ROE was 12.7%, up from 5.7% in 2017
 - P&C 17.5%
 - Group Benefits 10.5%
 - Mutual Funds 53.7%

Consolidated Core Earnings ROE



P&C Core Earnings ROE

