UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2021

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to ___________

Commission file number 001-13958

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	13-3317783
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Hartford Plaza, Hartford, Connecticut 06155

(Address of principal executive offices) (Zip Code)

(860) 547-5000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	HIG	The New York Stock Exchange
6.10% Notes due October 1, 2041	HIG 41	The New York Stock Exchange
7.875% Fixed-to-Floating Rate Junior Subordinated Debentures due 2042	HGH	The New York Stock Exchange
Depositary Shares, Each Representing a 1/1,000th Interest in a Share of 6.000% Non-Cumulative Preferred Stock, Series G, par value $0.01 per share	HIG PR G	The New York Stock Exchange

Indicate by check mark:

- whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

- whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

- whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

- whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 26, 2021, there were outstanding 357,191,014 shares of Common Stock, $0.01 par value per share, of the registrant.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2021
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[a]The information required by this item is set forth in the Enterprise Risk Management section of Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations and is incorporated herein by reference.

Forward-looking Statements

Certain of the statements contained herein are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “projects,” and similar references to future periods.

Forward-looking statements are based on management's current expectations and assumptions regarding future economic, competitive, legislative and other developments and their potential effect upon The Hartford Financial Services Group, Inc. and its subsidiaries (collectively, the "Company" or "The Hartford"). Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual results could differ materially from expectations, depending on the evolution of various factors, including the risks and uncertainties identified below, as well as factors described in such forward-looking statements; or in Part I, Item 1A, Risk Factors, in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and those identified from time to time in our other filings with the Securities and Exchange Commission.

- Risks relating to the pandemic caused by the spread of the novel strain of coronavirus, specifically identified as the Coronavirus Disease 2019 (“COVID-19”) including impacts to the Company's insurance and product-related, regulatory/legal, recessionary and other global economic, capital and liquidity and operational risks
- Risks Relating to Economic, Political and Global Market Conditions:
  - challenges related to the Company’s current operating environment, including global political, economic and market conditions, and the effect of financial market disruptions, economic downturns, changes in trade regulation including tariffs and other barriers or other potentially adverse macroeconomic developments on the demand for our products and returns in our investment portfolios;
  - market risks associated with our business, including changes in credit spreads, equity prices, interest rates, inflation rate, foreign currency exchange rates and market volatility;
  - the impact on our investment portfolio if our investment portfolio is concentrated in any particular segment of the economy;
  - the impacts of changing climate and weather patterns on our businesses, operations and investment portfolio including on claims, demand and pricing of our products, the availability and cost of reinsurance, our modeling data used to evaluate and manage risks of catastrophes and severe weather events, the value of our investment portfolios and credit risk with reinsurers and other counterparties;
  - the risks associated with the discontinuance of the London Inter-Bank Offered Rate ("LIBOR") on the securities we hold or may have issued, other financial instruments and any other assets and liabilities whose value is tied to LIBOR;
  - the impacts associated with the withdrawal of the United Kingdom (“U.K.”) from the European Union (“E.U.”) on our international operations in the U.K. and E.U.
- Insurance Industry and Product-Related Risks:
  - the possibility of unfavorable loss development, including with respect to long-tailed exposures;
  - the significant uncertainties that limit our ability to estimate the ultimate reserves necessary for asbestos and environmental claims;
  - the possibility of another pandemic, civil unrest, earthquake, or other natural or man-made disaster that may adversely affect our businesses;
  - weather and other natural physical events, including the intensity and frequency of storms, hail, wildfires, flooding, winter storms, hurricanes and tropical storms, as well as climate change and its potential impact on weather patterns;
  - the possible occurrence of terrorist attacks and the Company’s inability to contain its exposure as a result of, among other factors, the inability to exclude coverage for terrorist attacks from workers' compensation policies and limitations on reinsurance coverage from the federal government under applicable laws;
  - the Company’s ability to effectively price its property and casualty policies, including its ability to obtain regulatory consents to pricing actions or to non-renewal or withdrawal of certain product lines;
  - actions by competitors that may be larger or have greater financial resources than we do;
  - technological changes, including usage-based methods of determining premiums, advancements in automotive safety features, the development of autonomous vehicles, and platforms that facilitate ride sharing,
  - the Company's ability to market, distribute and provide insurance products and investment advisory services through current and future distribution channels and advisory firms;
  - political instability, politically motivated violence or civil unrest, may increase the frequency and severity of insured losses;
- Financial Strength, Credit and Counterparty Risks:

- risks to our business, financial position, prospects and results associated with negative rating actions or downgrades in the Company's financial strength and credit ratings or negative rating actions or downgrades relating to our investments;
- capital requirements which are subject to many factors, including many that are outside the Company's control, such as National Association of Insurance Commissioners ("NAIC") risk based capital formulas, rating agency capital models, Funds at Lloyd's and Solvency Capital Requirement, which can in turn affect our credit and financial strength ratings, cost of capital, regulatory compliance and other aspects of our business and results;
- losses due to nonperformance or defaults by others, including credit risk with counterparties associated with investments, derivatives, premiums receivable, reinsurance recoverables and indemnifications provided by third parties in connection with previous dispositions;
- the potential for losses due to our reinsurers' unwillingness or inability to meet their obligations under reinsurance contracts and the availability, pricing and adequacy of reinsurance to protect the Company against losses;
- state and international regulatory limitations on the ability of the Company and certain of its subsidiaries to declare and pay dividends;

- Risks Relating to Estimates, Assumptions and Valuations:
  - risk associated with the use of analytical models in making decisions in key areas such as underwriting, pricing, capital management, reserving, investments, reinsurance and catastrophe risk management;
  - the potential for differing interpretations of the methodologies, estimations and assumptions that underlie the Company's fair value estimates for its investments and the evaluation of intent-to-sell impairments and allowance for credit losses on available-for-sale securities and mortgage loans;
  - the potential for further impairments of our goodwill;
- Strategic and Operational Risks:
  - the Company's ability to maintain the availability of its systems and safeguard the security of its data in the event of a disaster, cyber or other information security incident or other unanticipated event;
  - the potential for difficulties arising from outsourcing and similar third-party relationships;
  - the risks, challenges and uncertainties associated with capital management plans, expense reduction initiatives and other actions, which may include acquisitions, divestitures or restructurings;
  - risks associated with acquisitions and divestitures, including the challenges of integrating acquired companies or businesses, which may result in our inability to achieve the anticipated benefits and synergies and may result in unintended consequences;
  - difficulty in attracting and retaining talented and qualified personnel, including key employees, such as executives, managers and employees with strong technological, analytical and other specialized skills;
  - the Company's ability to protect its intellectual property and defend against claims of infringement;
- Regulatory and Legal Risks:
  - the cost and other potential effects of increased federal, state and international regulatory and legislative developments, including those that could adversely impact the demand for the Company's products, operating costs and required capital levels;
  - unfavorable judicial or legislative developments;
  - the impact of changes in federal, state or foreign tax laws;
  - regulatory requirements that could delay, deter or prevent a takeover attempt that stockholders might consider in their best interests; and
  - the impact of potential changes in accounting principles and related financial reporting requirements.

Any forward-looking statement made by the Company in this document speaks only as of the date of the filing of this Form 10-Q. Factors or events that could cause the Company's actual results to differ may emerge from time to time, and it is not possible for the Company to predict all of them. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

Item 1. Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
The Hartford Financial Services Group, Inc.
Hartford, Connecticut

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of The Hartford Financial Services Group, Inc. and subsidiaries (the "Company") as of March 31, 2021, the related condensed consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows for the three-month periods ended March 31, 2021 and 2020, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2020, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 19, 2021, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2020, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ DELOITTE & TOUCHE LLP

Hartford, Connecticut
April 27, 2021

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THE HARTFORD FINANCIAL SERVICES GROUP, INC.
Condensed Consolidated Statements of Operations

(in millions, except for per share data)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	(Unaudited)	
Revenues		
Earned premiums	$ 4,343	$ 4,391
Fee income	355	320
Net investment income	509	459
Net realized capital gains (losses)	80	(231)
Other revenues	12	17
Total revenues	**5,299**	**4,956**
Benefits, losses and expenses		
Benefits, losses and loss adjustment expenses	3,350	2,916
Amortization of deferred policy acquisition costs ("DAC")	416	437
Insurance operating costs and other expenses	1,144	1,176
Interest expense	57	64
Amortization of other intangible assets	18	19
Restructuring and other costs	11	—
Total benefits, losses and expenses	**4,996**	**4,612**
Income before income taxes	**303**	**344**
Income tax expense	54	71
Net income	**249**	**273**
Preferred stock dividends	5	5
Net income available to common stockholders	**$ 244**	**$ 268**
Net income available to common stockholders per common share		
Basic	**$ 0.68**	**$ 0.75**
Diluted	**$ 0.67**	**$ 0.74**

See Notes to Condensed Consolidated Financial Statements.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(in millions)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	(Unaudited)	
Net income	**$ 249**	**$ 273**
Other comprehensive income (loss) ("OCI"):		
Change in net unrealized gain on fixed maturities	(925)	(1,057)
Change in unrealized losses on fixed maturities for which an allowance for credit losses ("ACL") has been recorded	—	1
Change in net gain on cash flow hedging instruments	5	44
Change in foreign currency translation adjustments	1	(8)
Changes in pension and other postretirement plan adjustments	13	11
Other comprehensive loss, net of tax	**(906)**	**(1,009)**
Comprehensive loss	**$ (657)**	**$ (736)**

See Notes to Condensed Consolidated Financial Statements.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
Condensed Consolidated Balance Sheets

(in millions, except for share and per share data)	March 31, 2021	December 31, 2020
	(Unaudited)	
Assets		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost of $41,317 and $41,561, and ACL of $19 and $23)	$ 43,607	$ 45,035
Equity securities, at fair value	1,632	1,438
Mortgage loans (net of ACL of $34 and $38)	4,588	4,493
Limited partnerships and other alternative investments	2,326	2,082
Other investments	207	201
Short-term investments	3,367	3,283
Total investments	55,727	56,532
Cash	176	151
Restricted cash	104	88
Premiums receivable and agents' balances (net of ACL of $144 and $152)	4,487	4,268
Reinsurance recoverables (net of allowance for uncollectible reinsurance of $98 and $108)	6,083	6,011
Deferred policy acquisition costs	827	789
Deferred income taxes, net	205	46
Goodwill	1,911	1,911
Property and equipment, net	1,092	1,122
Other intangible assets, net	927	950
Other assets	2,497	2,066
Assets held for sale	165	177
Total assets	**$ 74,201**	**$ 74,111**
Liabilities		
Unpaid losses and loss adjustment expenses	$ 38,540	$ 37,855
Reserve for future policy benefits	641	638
Other policyholder funds and benefits payable	681	701
Unearned premiums	6,958	6,629
Long-term debt	4,353	4,352
Other liabilities	5,178	5,222
Liabilities held for sale	148	158
Total liabilities	**56,499**	**55,555**
Commitments and Contingencies (Note 12)		
Stockholders’ Equity		
Preferred stock, $0.01 par value — 50,000,000 shares authorized, 13,800 shares issued at March 31, 2021 and December 31, 2020, aggregate liquidation preference of $345	334	334
Common stock, $0.01 par value —1,500,000,000 shares authorized, 384,923,222 shares issued at March 31, 2021 and December 31, 2020	4	4
Additional paid-in capital	4,310	4,322
Retained earnings	14,036	13,918
Treasury stock, at cost 27,406,740 and 26,434,682 shares	(1,246)	(1,192)
Accumulated other comprehensive income, net of tax	264	1,170
Total stockholders’ equity	**17,702**	**18,556**
Total liabilities and stockholders’ equity	**$ 74,201**	**$ 74,111**

See Notes to Condensed Consolidated Financial Statements.

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THE HARTFORD FINANCIAL SERVICES GROUP, INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity

(in millions, except for share and per share data)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	(Unaudited)	
Preferred Stock	$ 334	$ 334
Common Stock	4	4
Additional Paid-in Capital		
Additional Paid-in Capital, beginning of period	4,322	4,312
Issuance of shares under incentive and stock compensation plans	(69)	(79)
Stock-based compensation plans expense	57	53
Additional Paid-in Capital, end of period	4,310	4,286
Retained Earnings		
Retained Earnings, beginning of period	13,918	12,685
Cumulative effect of accounting changes, net of tax	—	(18)
Adjusted balance, beginning of period	13,918	12,667
Net income	249	273
Dividends declared on preferred stock	(5)	(5)
Dividends declared on common stock	(126)	(116)
Retained Earnings, end of period	14,036	12,819
Treasury Stock, at cost		
Treasury Stock, at cost, beginning of period	(1,192)	(1,117)
Treasury stock acquired	(123)	(150)
Issuance of shares under incentive and stock compensation plans	94	82
Net shares acquired related to employee incentive and stock compensation plans	(25)	(35)
Treasury Stock, at cost, end of period	(1,246)	(1,220)
Accumulated Other Comprehensive Income (Loss), net of tax		
Accumulated Other Comprehensive Income, net of tax, beginning of period	1,170	52
Total other comprehensive loss	(906)	(1,009)
Accumulated Other Comprehensive Income (Loss), net of tax, end of period	264	(957)
Total Stockholders' Equity	**$ 17,702**	**$ 15,266**
Preferred Shares Outstanding		
Preferred Shares Outstanding, beginning of period	13,800	13,800
Issuance of preferred shares	—	—
Preferred Shares Outstanding, end of period	13,800	13,800
Common Shares Outstanding		
Common Shares Outstanding, beginning of period (in thousands)	358,489	359,570
Treasury stock acquired	(2,386)	(2,661)
Issuance of shares under incentive and stock compensation plans	1,914	1,685
Return of shares under incentive and stock compensation plans to treasury stock	(500)	(660)
Common Shares Outstanding, at end of period	357,517	357,934
Cash dividends declared per common share	**$ 0.350**	**$ 0.325**
Cash dividends declared per preferred share	**$ 375.00**	**$ 375.00**

See Notes to Condensed Consolidated Financial Statements.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
Condensed Consolidated Statements of Cash Flows

	Three Months Ended March 31,	
(in millions)	2021	2020
Operating Activities	(Unaudited)	
Net income	$ 249	$ 273
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized capital losses (gains)	(80)	231
Amortization of deferred policy acquisition costs	416	437
Additions to deferred policy acquisition costs	(449)	(447)
Depreciation and amortization	174	134
Other operating activities, net	15	79
Change in assets and liabilities:		
Increase in reinsurance recoverables	(66)	(75)
Net change in accrued and deferred income taxes	70	53
Increase in insurance liabilities	996	235
Net change in other assets and other liabilities	(566)	(622)
Net cash provided by operating activities	**759**	**298**
Investing Activities		
Proceeds from the sale/maturity/prepayment of:		
Fixed maturities, available-for-sale	5,536	3,906
Equity securities, at fair value	157	645
Mortgage loans	307	329
Partnerships	56	34
Payments for the purchase of:		
Fixed maturities, available-for-sale	(5,049)	(3,578)
Equity securities, at fair value	(756)	(518)
Mortgage loans	(400)	(487)
Partnerships	(245)	(97)
Net proceeds from derivatives	27	161
Net additions of property and equipment	(23)	(23)
Net proceeds from (payments for) short-term investments	(54)	407
Other investing activities, net	(6)	(2)
Net cash provided by (used for) investing activities	**(450)**	**777**
Financing Activities		
Deposits and other additions to investment and universal life-type contracts	22	15
Withdrawals and other deductions from investment and universal life-type contracts	(44)	(10)
Net decrease in securities loaned or sold under agreements to repurchase	—	(237)
Repayment of debt	—	(500)
Net return of shares under incentive and stock compensation plans	—	(32)
Treasury stock acquired	(123)	(150)
Dividends paid on preferred stock	(5)	(5)
Dividends paid on common stock	(116)	(108)
Net cash used for financing activities	**(266)**	**(1,027)**
Foreign exchange rate effect on cash	(3)	(9)
Net increase in cash and restricted cash, including cash classified within assets held for sale	40	39
Less: Net decrease in cash classified within assets held for sale	(1)	—
Net increase in cash and restricted cash	41	39
Cash and restricted cash – beginning of period	239	262
Cash and restricted cash– end of period	**$ 280**	**$ 301**
Supplemental Disclosure of Cash Flow Information		
Income tax received (paid)	$ 32	$ (1)
Interest paid	$ 58	$ 74

See Notes to Condensed Consolidated Financial Statements.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Hartford Financial Services Group, Inc. is a holding company for insurance and financial services subsidiaries that provide property and casualty insurance, group life and disability products and mutual funds and exchange-traded products to individual and business customers in the United States as well as in the United Kingdom, continental Europe and other international locations (collectively, “The Hartford”, the “Company”, “we” or “our”).

On September 30, 2020, the Company entered into a definitive agreement to sell all of the issued and outstanding equity of Navigators Holdings (Europe) N.V., a Belgium holding company, and its subsidiaries, Bracht, Deckers & Mackelbert N.V. (“BDM”) and Assurances Contintales Contintale Verzekeringen N.V. (“ASCO”), (collectively referred to as "Continental Europe Operations"). For further discussion of this transaction see Note 16 - Business Disposition.

The Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information, which differ materially from the accounting practices prescribed by various insurance regulatory authorities. These Condensed Consolidated Financial Statements and Notes should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company's 2020 Form 10-K Annual Report. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the full year.

The accompanying Condensed Consolidated Financial Statements and Notes are unaudited. These financial statements reflect all adjustments (generally consisting only of normal accruals) which are, in the opinion of management, necessary for the fair statement of the financial position, results of operations and cash flows for the interim periods. The Company's significant accounting policies are summarized in Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Consolidated Financial Statements included in the Company's 2020 Form 10-K Annual Report.

Consolidation

The Condensed Consolidated Financial Statements include the accounts of The Hartford Financial Services Group, Inc., and entities in which the Company directly or indirectly has a controlling financial interest. Entities in which the Company has significant influence over the operating and financing decisions but does not control are reported using the equity method. Intercompany transactions and balances between The Hartford and its subsidiaries and affiliates have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant estimates include those used in determining property and casualty and group long-term disability insurance product reserves, net of reinsurance; evaluation of goodwill for impairment; valuation of investments and derivative instruments; and contingencies relating to corporate litigation and regulatory matters.

The novel strain of coronavirus, specifically identified as the Coronavirus Disease 2019 (“COVID-19”), continues to impact the global economy. The ultimate impact of COVID-19 and the extent to which COVID-19 continues to impact the Company’s business, results of operations and financial condition will depend on the duration and severity of the pandemic, the duration and severity of the economic downturn and the degree to which federal, state and local government actions to vaccinate the public and stimulate the economy are effective. Our estimates, judgments and assumptions related to COVID-19 could ultimately differ over time.

Reclassifications

Certain reclassifications have been made to prior year financial information to conform to the current year presentation.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. EARNINGS PER COMMON SHARE

Computation of Basic and Diluted Earnings per Common Share

	Three Months Ended March 31,	
(In millions, except for per share data)	2021	2020
Earnings		
Net income	$ 249	$ 273
Less: Preferred stock dividends	5	5
Net income available to common stockholders	**$ 244**	**$ 268**
Shares		
Weighted average common shares outstanding, basic	358.2	358.5
Dilutive effect of stock-based awards under compensation plans	4.0	2.6
Weighted average common shares outstanding and dilutive potential common shares	**362.2**	**361.1**
Net income available to common stockholders per common share		
Basic	**$ 0.68**	**$ 0.75**
Diluted	**$ 0.67**	**$ 0.74**

3. SEGMENT INFORMATION

The Company currently conducts business principally in five reporting segments including Commercial Lines, Personal Lines, Property & Casualty Other Operations, Group Benefits and Hartford Funds, as well as a Corporate Category.

Net Income

	Three Months Ended March 31,	
	2021	2020
Commercial Lines	$ 129	$ 121
Personal Lines	135	98
Property & Casualty Other Operations	(13)	5
Group Benefits	9	104
Hartford Funds	47	36
Corporate	(58)	(91)
Net income	**249**	**273**
Preferred stock dividends	5	5
Net income available to common stockholders	**$ 244**	**$ 268**

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Revenues

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Earned premiums and fee income:		
Commercial Lines		
Workers' compensation	$ 738	$ 816
Liability	375	343
Marine	58	65
Package business	393	377
Property	200	205
Professional liability	155	143
Bond	69	70
Assumed reinsurance	68	66
Automobile	188	188
Total Commercial Lines	2,244	2,273
Personal Lines		
Automobile	512	543
Homeowners	230	240
Total Personal Lines [1]	742	783
Group Benefits		
Group disability	739	726
Group life	602	607
Other	77	58
Total Group Benefits	1,418	1,391
Hartford Funds		
Mutual fund and Exchange-Traded Products ("ETP")	259	225
Talcott Resolution life and annuity separate accounts [2]	23	22
Total Hartford Funds	282	247
Corporate	12	17
Total earned premiums and fee income	4,698	4,711
Net investment income	509	459
Net realized capital gains (losses)	80	(231)
Other revenues	12	17
Total revenues	**$ 5,299**	**$ 4,956**

[1] For the three months ended March 31, 2021 and 2020, AARP members accounted for earned premiums of $676 and $707, respectively.
[2] Represents revenues earned for investment advisory services on the life and annuity separate account AUM sold in May 2018 that is still managed by the Company's Hartford Funds segment.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Revenue from Non-Insurance Contracts with Customers

	Revenue Line Item	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Commercial Lines			
Installment billing fees	Fee income	$ 9	$ 8
Personal Lines			
Installment billing fees	Fee income	8	9
Insurance servicing revenues	Other revenues	19	19
Group Benefits			
Administrative services	Fee income	44	43
Hartford Funds			
Advisor, distribution and other management fees	Fee income	257	224
Other fees	Fee income	25	23
Corporate			
Investment management and other fees	Fee income	12	13
Transition service revenues	Other revenues	—	2
Total non-insurance revenues with customers		**$ 374**	**$ 341**

4. FAIR VALUE MEASUREMENTS

The Company carries certain financial assets and liabilities at estimated fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants. Our fair value framework includes a hierarchy that gives the highest priority to the use of quoted prices in active markets, followed by the use of market observable inputs, followed by the use of unobservable inputs. The fair value hierarchy levels are as follows:

Level 1 Fair values based primarily on unadjusted quoted prices for identical assets or liabilities, in active markets that the Company has the ability to access at the measurement date.

Level 2 Fair values primarily based on observable inputs, other than quoted prices included in Level 1, or based on prices for similar assets and liabilities.

Level 3 Fair values derived when one or more of the significant inputs are unobservable (including assumptions about risk). With little or no observable market, the determination of fair values uses considerable judgment and represents the Company's best estimate of an amount that could be realized in a market exchange for the asset or liability. Also included are securities that are traded within illiquid markets and/or priced by independent brokers.

The Company will classify the financial asset or liability by level based upon the lowest level input that is significant to the determination of the fair value. In most cases, both observable inputs (e.g., changes in interest rates) and unobservable inputs (e.g., changes in risk assumptions) are used to determine fair values that the Company has classified within Level 3.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Assets and (Liabilities) Carried at Fair Value by Hierarchy Level as of March 31, 2021

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a recurring basis				
Fixed maturities, AFS				
Asset backed securities ("ABS")	$ 1,435	$ —	$ 1,429	$ 6
Collateralized loan obligations ("CLOs")	3,049	—	2,623	426
Commercial mortgage-backed securities ("CMBS")	4,167	—	4,106	61
Corporate	19,495	—	18,551	944
Foreign government/government agencies	868	—	868	—
Municipal	9,214	—	9,214	—
Residential mortgage-backed securities ("RMBS")	4,025	—	3,544	481
U.S. Treasuries	1,354	547	807	—
Total fixed maturities	43,607	547	41,142	1,918
Equity securities, at fair value	1,632	1,022	540	70
Derivative assets				
Credit derivatives	21	—	21	—
Interest rate derivatives	1	—	1	—
Total derivative assets [1]	22	—	22	—
Short-term investments	3,367	1,754	1,597	16
Total assets accounted for at fair value on a recurring basis	**$ 48,628**	**$ 3,323**	**$ 43,301**	**$ 2,004**
Liabilities accounted for at fair value on a recurring basis				
Derivative liabilities				
Foreign exchange derivatives	$ (10)	$ —	$ (10)	$ —
Interest rate derivatives	(45)	—	(45)	—
Total derivative liabilities [2]	(55)	—	(55)	—
Total liabilities accounted for at fair value on a recurring basis	**$ (55)**	**$ —**	**$ (55)**	**$ —**

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Assets and (Liabilities) Carried at Fair Value by Hierarchy Level as of December 31, 2020

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a recurring basis				
Fixed maturities, AFS				
ABS	$ 1,564	$ —	$ 1,564	$ —
CLOs	2,780	—	2,420	360
CMBS	4,484	—	4,407	77
Corporate	20,273	—	19,392	881
Foreign government/government agencies	919	—	913	6
Municipal	9,503	—	9,503	—
RMBS	4,107	—	3,726	381
U.S. Treasuries	1,405	529	876	—
Total fixed maturities	45,035	529	42,801	1,705
Equity securities, at fair value	1,438	872	496	70
Derivative assets				
Credit derivatives	21	—	21	—
Foreign exchange derivatives	1	—	1	—
Interest rate derivatives	1	—	1	—
Total derivative assets [1]	23	—	23	—
Short-term investments	3,283	2,663	590	30
Total assets accounted for at fair value on a recurring basis	**$ 49,779**	**$ 4,064**	**$ 43,910**	**$ 1,805**
Liabilities accounted for at fair value on a recurring basis				
Derivative liabilities				
Foreign exchange derivatives	(14)	—	(14)	—
Interest rate derivatives	(70)	—	(70)	—
Total derivative liabilities [2]	(84)	—	(84)	—
Total liabilities accounted for at fair value on a recurring basis	**$ (84)**	**$ —**	**$ (84)**	**$ —**

[1] Includes derivative instruments in a net positive fair value position after consideration of the accrued interest and impact of collateral posting requirements which may be imposed by agreements and applicable law. See footnote 2 to this table for derivative liabilities.

[2] Includes derivative instruments in a net negative fair value position (derivative liability) after consideration of the accrued interest and impact of collateral posting requirements which may be imposed by agreements and applicable law.

In connection with the acquisition of Navigators Group, the Company has overseas deposits in Other Invested Assets of $61 and $54 as of March 31, 2021 and December 31, 2020, respectively, which are measured at fair value using the net asset value as a practical expedient.

Fixed Maturities, Equity Securities, Short-term Investments, and Derivatives

Valuation Techniques

The Company generally determines fair values using valuation techniques that use prices, rates, and other relevant information evident from market transactions involving identical or similar instruments. Valuation techniques also include, where appropriate, estimates of future cash flows that are converted into a single discounted amount using current market expectations. The Company uses a "waterfall" approach comprised of the following pricing sources and techniques, which are listed in priority order:

- Quoted prices, unadjusted, for identical assets or liabilities in active markets, which are classified as Level 1.
- Prices from third-party pricing services, which primarily utilize a combination of techniques. These services utilize recently reported trades of identical, similar, or benchmark securities making adjustments for market observable inputs available through the reporting date. If there are no recently reported trades, they may use a discounted cash flow technique to develop a price using expected cash flows based upon the anticipated future performance of the underlying collateral discounted at an estimated market rate. Both techniques develop prices that consider the time value of future cash flows and provide a margin for risk, including liquidity and credit risk. Most prices provided by third-party pricing services are classified as Level 2 because the inputs used in pricing the securities are observable. However, some securities that are less liquid or trade less actively are classified as Level 3. Additionally, certain long-dated securities, such as municipal securities and bank loans, include benchmark interest rate or credit spread assumptions that are not observable in the marketplace and are thus classified as Level 3.

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- Internal matrix pricing, which is a valuation process internally developed for private placement securities for which the Company is unable to obtain a price from a third-party pricing service. Internal pricing matrices determine credit spreads that, when combined with risk-free rates, are applied to contractual cash flows to develop a price. The Company develops credit spreads using market based data for public securities adjusted for credit spread differentials between public and private securities, which are obtained from a survey of multiple private placement brokers. The market-based reference credit spread considers the issuer's financial strength and term to maturity, using an independent public security index, while the credit spread differential considers the non-public nature of the security. Securities priced using internal matrix pricing are classified as Level 2 because the significant inputs are observable or can be corroborated with observable data.
- Independent broker quotes, which are typically non-binding, use inputs that can be difficult to corroborate with observable market based data. Brokers may use present value techniques using assumptions specific to the security types, or they may use recent transactions of similar securities. Due to the lack of transparency in the process that brokers use to develop prices, valuations that are based on independent broker quotes are classified as Level 3.

The fair value of derivative instruments is determined primarily using a discounted cash flow model or option model technique and incorporates counterparty credit risk. In some cases, quoted market prices for exchange-traded and over-the-counter ("OTC") cleared derivatives may be used and in other cases independent broker quotes may be used. The pricing valuation models primarily use inputs that are observable in the market or can be corroborated by observable market data. The valuation of certain derivatives may include significant inputs that are unobservable, such as volatility levels, and reflect the Company's view of what other market participants would use when pricing such instruments.

Valuation Controls

The process for determining the fair value of investments is monitored by the Valuation Committee, which is a cross-functional group of senior management within the Company. The purpose of the Valuation Committee is to provide oversight of the pricing policy, procedures and controls, including approval of valuation methodologies and pricing sources. The Valuation Committee reviews market data trends, pricing statistics and trading statistics to ensure that prices are reasonable and consistent with our fair value framework. Controls and procedures used to assess third-party pricing services are reviewed by the Valuation Committee, including the results of annual due-diligence reviews. Controls include, but are not limited to, reviewing daily and monthly price changes, stale prices, and missing prices and comparing new trade prices to third-party pricing services, weekly price changes to published bond prices of a corporate bond index, and daily OTC derivative market valuations to counterparty valuations. The Company has a dedicated pricing unit that works with trading and investment professionals to challenge the price received by a third party pricing source if the Company believes that the valuation received does not accurately reflect the fair value. New valuation models and changes to current models require approval by the Valuation Committee. In addition, the Company's enterprise-wide Operational Risk Management function provides an independent review of the suitability and reliability of model inputs, as well as an analysis of significant changes to current models.

Valuation Inputs

Quoted prices for identical assets in active markets are considered Level 1 and consist of on-the-run U.S. Treasuries, money market funds, exchange-traded equity securities, open-ended mutual funds, certain short-term investments, and exchange traded futures and option contracts.

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Valuation Inputs Used in Levels 2 and 3 Measurements for Securities and Derivatives

Level 2 Primary Observable Inputs	Level 3 Primary Unobservable Inputs
Fixed Maturity Investments	
Structured securities (includes ABS, CLOs, CMBS and RMBS)	
• Benchmark yields and spreads • Monthly payment information • Collateral performance, which varies by vintage year and includes delinquency rates, loss severity rates and refinancing assumptions • Credit default swap indices Other inputs for ABS, CLOs and RMBS: • Estimate of future principal prepayments, derived from the characteristics of the underlying structure • Prepayment speeds previously experienced at the interest rate levels projected for the collateral	• Independent broker quotes • Credit spreads beyond observable curve • Interest rates beyond observable curve Other inputs for less liquid securities or those that trade less actively, including subprime RMBS: • Estimated cash flows • Credit spreads, which include illiquidity premium • Constant prepayment rates • Constant default rates • Loss severity
Corporates	
• Benchmark yields and spreads • Reported trades, bids, offers of the same or similar securities • Issuer spreads and credit default swap curves Other inputs for investment grade privately placed securities that utilize internal matrix pricing: • Credit spreads for public securities of similar quality, maturity, and sector, adjusted for non-public nature	• Independent broker quotes • Credit spreads beyond observable curve • Interest rates beyond observable curve Other inputs for below investment grade privately placed securities and private bank loans: • Credit spreads for public securities of similar quality, maturity, and sector, adjusted for non-public nature
U.S. Treasuries, Municipals, and Foreign government/government agencies	
• Benchmark yields and spreads • Issuer credit default swap curves • Political events in emerging market economies • Municipal Securities Rulemaking Board reported trades and material event notices • Issuer financial statements	• Credit spreads beyond observable curve • Interest rates beyond observable curve
Equity Securities	
• Quoted prices in markets that are not active	• For privately traded equity securities, internal discounted cash flow models utilizing earnings multiples or other cash flow assumptions that are not observable
Short-term Investments	
• Benchmark yields and spreads • Reported trades, bids, offers • Issuer spreads and credit default swap curves • Material event notices and new issue money market rates	• Independent broker quotes
Derivatives	
Credit derivatives	
• Swap yield curve • Credit default swap curves	Not applicable
Foreign exchange derivatives	
• Swap yield curve • Currency spot and forward rates • Cross currency basis curves	Not applicable
Interest rate derivatives	
• Swap yield curve	Not applicable

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Significant Unobservable Inputs for Level 3 - Securities

Assets accounted for at fair value on a recurring basis	Fair Value	Predominant Valuation Technique	Significant Unobservable Input	Minimum	Maximum	Weighted Average [1]	Impact of Increase in Input on Fair Value [2]
			As of March 31, 2021				
CLOs [3]	$ 331	Discounted cash flows	Spread	232 bps	332 bps	312 bps	Decrease
CMBS [3]	$ 21	Discounted cash flows	Spread (encompasses prepayment, default risk and loss severity)	255 bps	670 bps	555 bps	Decrease
Corporate [4]	$ 844	Discounted cash flows	Spread	91 bps	1,231 bps	330 bps	Decrease
RMBS [3]	$ 450	Discounted cash flows	Spread [6]	2 bps	1,499 bps	100 bps	Decrease
			Constant prepayment rate [6]	—%	12%	6%	Decrease [5]
			Constant default rate [6]	1%	10%	3%	Decrease
			Loss severity [6]	—%	100%	76%	Decrease
			As of December 31, 2020				
CLOs [3]	$ 340	Discounted cash flows	Spread	304 bps	305 bps	304 bps	Decrease
CMBS [3]	$ 20	Discounted cash flows	Spread (encompasses prepayment, default risk and loss severity)	255 bps	975 bps	688 bps	Decrease
Corporate [4]	$ 749	Discounted cash flows	Spread	110 bps	692 bps	293 bps	Decrease
RMBS [3]	$ 364	Discounted cash flows	Spread [6]	7 bps	937 bps	119 bps	Decrease
			Constant prepayment rate [6]	—%	10%	5%	Decrease [5]
			Constant default rate [6]	2%	6%	3%	Decrease
			Loss severity [6]	—%	100%	84%	Decrease

[1]The weighted average is determined based on the fair value of the securities.
[2]Conversely, the impact of a decrease in input would have the opposite impact to the fair value as that presented in the table.
[3]Excludes securities for which the Company bases fair value on broker quotations.
[4]Excludes securities for which the Company bases fair value on broker quotations; however, included are broker priced lower-rated private placement securities for which the Company receives spread and yield information to corroborate the fair value.
[5]Decrease for above market rate coupons and increase for below market rate coupons.
[6]Generally, a change in the assumption used for the constant default rate would have been accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for constant prepayment rate and would have resulted in wider spreads.

As of March 31, 2021 and December 31, 2020, the fair values of the Company's level 3 derivatives were $0 and less than $1, respectively.

The table above excludes certain securities for which fair values are predominately based on independent broker quotes. While the Company does not have access to the significant unobservable inputs that independent brokers may use in their pricing process, the Company believes brokers likely use inputs similar to those used by the Company and third-party pricing services to price similar instruments. As such, in their pricing models, brokers likely use estimated loss severity rates, prepayment rates, constant default rates and credit spreads. Therefore, similar to non-broker priced securities, increases in these inputs would generally cause fair values to decrease. As of March 31, 2021, no significant adjustments were made by the Company to broker prices received.

Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs

The Company uses derivative instruments to manage the risk associated with certain assets and liabilities. However, the derivative instrument may not be classified within the same fair value hierarchy level as the associated asset or liability. Therefore, the realized and unrealized gains and losses on derivatives reported in the Level 3 rollforward may be offset by realized and unrealized gains and losses of the associated assets and liabilities in other line items of the financial statements.

Fair Value Rollforwards for Financial Instruments Classified as Level 3 for the Three Months Ended March 31, 2021

		Total realized/ unrealized gains (losses)							
	Fair value as of January 1, 2021	Included in net income [1]	Included in OCI [2]	Purchases	Settlements	Sales	Transfers into Level 3 [3]	Transfers out of Level 3 [3]	Fair value as of March 31, 2021
Assets									
Fixed Maturities, AFS									
ABS	$ —	$ —	$ —	$ 6	$ —	$ —	$ —	$ —	$ 6
CLOs	360	—	—	140	(15)	—	—	(59)	426
CMBS	77	—	—	1	(2)	—	—	(15)	61
Corporate	881	5	(13)	73	(7)	(7)	48	(36)	944
Foreign Govt./Govt. Agencies	6	—	—	—	—	(6)	—	—	—
RMBS	381	—	(1)	151	(46)	(4)	—	—	481
Total Fixed Maturities, AFS	1,705	5	(14)	371	(70)	(17)	48	(110)	1,918
Equity Securities, at fair value	70	—	—	—	—	—	—	—	70
Short-term investments	30	—	—	—	(14)	—	—	—	16
Total Assets	$ 1,805	$ 5	$ (14)	$ 371	$ (84)	$ (17)	$ 48	$ (110)	$ 2,004

Fair Value Rollforwards for Financial Instruments Classified as Level 3 for the Three Months Ended March 31, 2020

		Total realized/ unrealized gains (losses)							
	Fair value as of January 1, 2020	Included in net income [1]	Included in OCI [2]	Purchases	Settlements	Sales	Transfers into Level 3 [3]	Transfers out of Level 3 [3]	Fair value as of March 31, 2020
Assets									
Fixed Maturities, AFS									
ABS	$ 15	$ —	$ (1)	$ 20	$ —	$ —	$ —	$ (15)	$ 19
CLOs	95	—	(6)	—	(6)	—	—	—	83
CMBS	9	—	—	10	(1)	—	—	—	18
Corporate	732	(10)	(80)	94	(36)	(8)	47	(30)	709
Foreign Govt./Govt. Agencies	3	—	—	—	—	—	—	—	3
RMBS	560	—	(25)	5	(46)	(7)	—	—	487
Total Fixed Maturities, AFS	1,414	(10)	(112)	129	(89)	(15)	47	(45)	1,319
Equity Securities, at fair value	73	(7)	—	3	—	—	—	—	69
Short-term investments	15	—	—	—	(1)	—	—	—	14
Total Assets	**$ 1,502**	**$ (17)**	**$ (112)**	**$ 132**	**$ (90)**	**$ (15)**	**$ 47**	**$ (45)**	**$ 1,402**
Liabilities									
Contingent Consideration	(22)	12	—	—	10	—	—	—	—
Derivatives, net [4]									
Equity	(15)	36	—	—	(21)	—	—	—	—
Total Derivatives, net [4]	(15)	36	—	—	(21)	—	—	—	—
Total Liabilities	**$ (37)**	**$ 48**	**$ —**	**$ —**	**$ (11)**	**$ —**	**$ —**	**$ —**	**$ —**

[1] Amounts in these columns are generally reported in net realized capital gains (losses). All amounts are before income taxes.
[2] All amounts are before income taxes.
[3] Transfers in and/or (out) of Level 3 are primarily attributable to the availability of market observable information and the re-evaluation of the observability of pricing inputs.
[4] Derivative instruments are reported in this table on a net basis for asset (liability) positions and reported in the Condensed Consolidated Balance Sheets in other investments and other liabilities.

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Changes in Unrealized Gains (Losses) for Financial Instruments Classified as Level 3 Still Held at End of Period

	Three Months Ended March 31,			
	2021	2020	2021	2020
	Changes in Unrealized Gain/(Loss) included in Net Income [1] [2]		Changes in Unrealized Gain/(Loss) included in OCI [3]	
Assets				
Fixed Maturities, AFS				
ABS	$ —	$ —	$ —	$ (1)
CLOs	—	—	—	(6)
Corporate	5	—	(13)	(79)
RMBS	—	—	(1)	(24)
Total Fixed Maturities, AFS	5	—	(14)	(110)
Equity Securities, at fair value	—	(6)	—	—
Total Assets	**$ 5**	**$ (6)**	**$ (14)**	**$ (110)**
Liabilities				
Contingent Consideration	$ —	$ 12	$ —	$ —
Total Liabilities	**$ —**	**$ 12**	**$ —**	**$ —**

[1]All amounts in these rows are reported in net realized capital gains (losses). All amounts are before income taxes.
[2]Amounts presented are for Level 3 only and therefore may not agree to other disclosures included herein.
[3]Changes in unrealized gain (loss) on fixed maturities, AFS are reported in changes in net unrealized gain on securities in the Condensed Consolidated Statements of Comprehensive Income.

Financial Instruments Not Carried at Fair Value

Financial Assets and Liabilities Not Carried at Fair Value

	March 31, 2021			December 31, 2020		
	Fair Value Hierarchy Level	Carrying Amount [1]	Fair Value	Fair Value Hierarchy Level	Carrying Amount [1]	Fair Value
Assets						
Mortgage loans	Level 3	$ 4,588	$ 4,768	Level 3	$ 4,493	$ 4,792
Liabilities						
Other policyholder funds and benefits payable	Level 3	$ 681	$ 683	Level 3	$ 701	$ 703
Senior notes [2]	Level 2	$ 3,263	$ 3,965	Level 2	$ 3,262	$ 4,363
Junior subordinated debentures [2]	Level 2	$ 1,090	$ 1,128	Level 2	$ 1,090	$ 1,107

[1]As of March 31, 2021 and December 31, 2020, carrying amount of mortgage loans is net of ACL of $34 and $38, respectively.
[2]Included in long-term debt in the Condensed Consolidated Balance Sheets, except for current maturities, which are included in short-term debt.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. INVESTMENTS

Net Realized Capital Gains (Losses)

	Three Months Ended March 31,	
(Before tax)	2021	2020
Gross gains on sales	$ 31	$ 78
Gross losses on sales	(31)	(8)
Equity securities [1]	43	(386)
Net credit losses on fixed maturities, AFS	4	(12)
Change in ACL on mortgage loans	4	(2)
Intent-to-sell impairments	—	(5)
Other, net [2]	29	104
Net realized capital gains (losses)	**$ 80**	**$ (231)**

[1] The net unrealized gains (losses) on equity securities included in net realized capital gains (losses) related to equity securities still held as of March 31, 2021, were $40 for the three months ended March 31, 2021. The net unrealized gains (losses) on equity securities included in net realized capital gains (losses) related to equity securities still held as of March 31, 2020, were $(277) for the three months ended March 31, 2020.

[2] For the three months ended March 31, 2021, primarily includes gains (losses) from transactional foreign currency revaluation of ($7) and gains (losses) on non-qualifying derivatives of $35. For the three months ended March 31, 2020, includes gains (losses) from transactional foreign currency revaluation of $10 and gains (losses) on non-qualifying derivatives of $92.

Proceeds from the sales of fixed maturities, AFS totaled $4.2 billion and $3.1 billion for the three months ended March 31, 2021 and 2020, respectively.

Accrued Interest Receivable on Fixed Maturities, AFS and Mortgage Loans

As of March 31, 2021 and December 31, 2020, the Company reported accrued interest receivable related to fixed maturities, AFS of $334 and $327, respectively, and accrued interest receivable related to mortgage loans of $15 and $14, respectively. These amounts are recorded in other assets on the Condensed Consolidated Balance Sheets and are not included in the carrying value of the fixed maturities or mortgage loans. The Company does not include the current accrued interest receivable balance when estimating the ACL. The Company has a policy to write-off accrued interest receivable balances that are more than 90 days past due. Write-offs of accrued interest receivable are recorded as a credit loss component of net realized capital gains and losses.

Interest income on fixed maturities and mortgage loans is accrued unless it is past due over 90 days or management deems the interest uncollectible.

Recognition and Presentation of Intent-to-Sell Impairments and ACL on Fixed Maturities, AFS

The Company will record an "intent-to-sell impairment" as a reduction to the amortized cost of fixed maturities, AFS in an unrealized loss position if the Company intends to sell or it is more likely than not that the Company will be required to sell the fixed maturity before a recovery in value. A corresponding charge is recorded in net realized capital losses equal to the difference between the fair value on the impairment date and the amortized cost basis of the fixed maturity before recognizing the impairment.

When fixed maturities are in an unrealized loss position and the Company does not record an intent-to-sell impairment, the Company will record an ACL for the portion of the unrealized loss due to a credit loss. Any remaining unrealized loss on a fixed maturity after recording an ACL is the non-credit amount and is recorded in OCI. The ACL is the excess of the amortized cost over the greater of the Company's best estimate of the present value of expected future cash flows or the security's fair value. Cash flows are discounted at the effective yield that is used to record interest income. The ACL cannot exceed the unrealized loss and, therefore, it may fluctuate with changes in the fair value of the fixed maturity if the fair value is greater than the Company's best estimate of the present value of expected future cash flows. The initial ACL and any subsequent changes are recorded in net realized capital gains and losses. The ACL is written off against the amortized cost in the period in which all or a portion of the related fixed maturity is determined to be uncollectible.

Developing the Company's best estimate of expected future cash flows is a quantitative and qualitative process that incorporates information received from third-party sources along with certain internal assumptions regarding the future performance. The Company's considerations include, but are not limited to, (a) changes in the financial condition of the issuer and/or the underlying collateral, (b) whether the issuer is current on contractually obligated interest and principal payments, (c) credit ratings, (d) payment structure of the security and (e) the extent to which the fair value has been less than the amortized cost of the security.

For non-structured securities, assumptions include, but are not limited to, economic and industry-specific trends and fundamentals, instrument-specific developments including changes in credit ratings, industry earnings multiples and the issuer's ability to restructure, access capital markets, and execute asset sales.

For structured securities, assumptions include, but are not limited to, various performance indicators such as historical and projected default and recovery rates, credit ratings, current and projected delinquency rates, loan-to-value ratios ("LTVs"), average cumulative collateral loss rates that vary by vintage year, prepayment speeds, and property value declines. These assumptions require the use of significant management judgment

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and include the probability of issuer default and estimates regarding timing and amount of expected recoveries which may include estimating the underlying collateral value.

ACL on Fixed Maturities, AFS by Type

	Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
(Before tax)	Corporate	Total	Corporate	Total
Balance as of beginning of period	$ 23	$ 23	$ —	$ —
Credit losses on fixed maturities where an allowance was not previously recorded	2	2	12	12
Net increases (decreases) on fixed maturities where an allowance was previously recorded	(6)	(6)	—	—
Balance as of end of period	**$ 19**	**$ 19**	**$ 12**	**$ 12**

Fixed Maturities, AFS, by Type

	March 31, 2021					December 31, 2020				
	Amortized Cost	ACL	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	ACL	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
ABS	$ 1,405	$ —	$ 30	$ —	$ 1,435	$ 1,525	$ —	$ 39	$ —	$ 1,564
CLOs	3,040	—	10	(1)	3,049	2,780	—	7	(7)	2,780
CMBS	3,979	—	206	(18)	4,167	4,219	—	286	(21)	4,484
Corporate	18,385	(19)	1,216	(87)	19,495	18,401	(23)	1,926	(31)	20,273
Foreign govt./govt. agencies	825	—	47	(4)	868	842	—	77	—	919
Municipal	8,471	—	762	(19)	9,214	8,564	—	940	(1)	9,503
RMBS	3,924	—	110	(9)	4,025	3,966	—	144	(3)	4,107
U.S. Treasuries	1,288	—	69	(3)	1,354	1,264	—	141	—	1,405
Total fixed maturities, AFS	**$ 41,317**	**$ (19)**	**$ 2,450**	**$ (141)**	**$ 43,607**	**$ 41,561**	**$ (23)**	**$ 3,560**	**$ (63)**	**$ 45,035**

Fixed Maturities, AFS, by Contractual Maturity Year

	March 31, 2021		December 31, 2020	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	$ 1,394	$ 1,411	$ 1,411	$ 1,432
Over one year through five years	7,706	8,108	7,832	8,286
Over five years through ten years	7,755	8,158	7,622	8,354
Over ten years	12,114	13,254	12,206	14,028
Subtotal	28,969	30,931	29,071	32,100
Mortgage-backed and asset-backed securities	12,348	12,676	12,490	12,935
Total fixed maturities, AFS	**$ 41,317**	**$ 43,607**	**$ 41,561**	**$ 45,035**

Estimated maturities may differ from contractual maturities due to call or prepayment provisions. Due to the potential for variability in payment speeds (i.e. prepayments or extensions), mortgage-backed and asset-backed securities are not categorized by contractual maturity.

Concentration of Credit Risk

The Company aims to maintain a diversified investment portfolio including issuer, sector and geographic stratification, where applicable, and has established certain exposure limits, diversification standards and review procedures to mitigate credit risk. The Company had no investment exposure to any credit concentration risk of a single issuer greater than 10% of the Company's stockholders' equity as of March 31, 2021 or December 31, 2020 other than U.S. government securities and certain U.S. government agencies.

Unrealized Losses on Fixed Maturities, AFS

Unrealized Loss Aging for Fixed Maturities, AFS by Type and Length of Time as of March 31, 2021

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
ABS	$ 99	$ —	$ —	$ —	$ 99	$ —
CLOs	278	—	458	(1)	736	(1)
CMBS	360	(8)	127	(10)	487	(18)
Corporate	2,451	(72)	300	(15)	2,751	(87)
Foreign govt./govt. agencies	173	(4)	—	—	173	(4)
Municipal	796	(19)	—	—	796	(19)
RMBS	953	(9)	13	—	966	(9)
U.S. Treasuries	560	(3)	—	—	560	(3)
Total fixed maturities, AFS in an unrealized loss position	**$ 5,670**	**$ (115)**	**$ 898**	**$ (26)**	**$ 6,568**	**$ (141)**

Unrealized Loss Aging for Fixed Maturities, AFS by Type and Length of Time as of December 31, 2020

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
ABS	$ 44	$ —	$ —	$ —	$ 44	$ —
CLOs	758	(2)	715	(5)	1,473	(7)
CMBS	410	(17)	19	(4)	429	(21)
Corporate	466	(13)	212	(18)	678	(31)
Foreign govt./govt. agencies	24	—	—	—	24	—
Municipal	34	(1)	—	—	34	(1)
RMBS	461	(3)	21	—	482	(3)
U.S. Treasuries	39	—	—	—	39	—
Total fixed maturities, AFS in an unrealized loss position	**$ 2,236**	**$ (36)**	**$ 967**	**$ (27)**	**$ 3,203**	**$ (63)**

As of March 31, 2021, fixed maturities, AFS in an unrealized loss position consisted of 978 instruments, primarily in the corporate sectors, most notably technology and communications and financial services, as well as municipal bonds and CMBS which were depressed largely due to higher interest rates and/or wider credit spreads since the purchase date. As of March 31, 2021, 97% of these fixed maturities were depressed less than 20% of cost or amortized cost. The increase in unrealized losses during the three months ended March 31, 2021 was primarily attributable to higher interest rates, partially offset by tighter credit spreads.

Most of the fixed maturities depressed for twelve months or more relate to the corporate and CMBS sectors which were primarily depressed because current market spreads are wider than at the respective purchase dates. Additionally, certain corporate fixed maturities were also depressed because of their variable-rate coupons and long-dated maturities. The Company neither has an intention to sell nor does it expect to be required to sell the fixed maturities outlined in the preceding discussion. The decision to record credit losses on fixed maturities, AFS in the form of an ACL requires us to make qualitative and quantitative estimates of expected future cash flows. Given the uncertainty about the ultimate impact of the COVID-19 pandemic on issuers of these securities, actual cash flows could ultimately deviate significantly from our expectations resulting in realized losses in future periods.

Mortgage Loans

ACL on Mortgage Loans

The Company reviews mortgage loans on a quarterly basis to estimate the ACL with changes in the ACL recorded in net realized capital gains and losses. Apart from an ACL recorded on individual mortgage loans where the borrower is experiencing financial difficulties, the Company records an ACL on the pool of mortgage loans based on lifetime expected credit losses. The Company utilizes a third-party forecasting model to estimate lifetime expected credit losses at a loan level under multiple economic scenarios. The scenarios use macroeconomic data provided by an internationally recognized economics firm that generates forecasts of varying economic factors such as GDP growth, unemployment and interest rates. The economic scenarios are projected over 10 years. The first two to four years of the 10-year period assume a specific modeled economic scenario (including moderate upside, moderate recession and severe recession scenarios) and then revert to historical long-term assumptions over the remaining period. Using these economic scenarios, the forecasting model projects property-specific operating income and capitalization rates used to estimate the value of a future operating income stream. The operating income and the property valuations derived from capitalization rates are compared to loan payment and principal amounts to create debt service coverage ratios ("DSCRs") and loan-to-value ratios ("LTVs") over the forecast period. The model overlays historical data about mortgage loan performance based on DSCRs and LTVs and projects the probability of default, amount of loss given a default and resulting expected loss through maturity for each loan under each economic scenario. Economic scenarios are probability-weighted based on a statistical analysis of the forecasted economic factors and qualitative analysis. The Company records the change in the ACL on mortgage loans based on the weighted-average expected credit losses across the selected economic scenarios.

When a borrower is experiencing financial difficulty, including when foreclosure is probable, the Company measures an ACL on individual mortgage loans. The ACL is established for any shortfall between the amortized cost of the loan and the fair value of the collateral less costs to sell. Estimates of collectibility from an individual borrower require the use of significant management judgment and include the probability and timing of borrower default and loss severity estimates. In addition, cash flow projections may change based upon new information about the borrower's ability to pay and/or the value of underlying collateral such as changes in projected property value estimates. As of March 31, 2021, the Company did not have any mortgage loans for which an ACL was established on an individual basis.

There were no mortgage loans held-for-sale as of March 31, 2021 or December 31, 2020. For the three months ended March 31, 2021 and 2020, respectively, the Company had no mortgage loans that have had extensions or restructurings other than what is allowable under the original terms of the contract.

ACL on Mortgage Loans

	Three Months Ended March 31,	
	2021	2020
ACL as of beginning of period	$ 38	$ —
Cumulative effect of accounting changes [1]		19
Adjusted beginning ACL	38	19
Current period provision (release)	(4)	2
ACL as of March 31,	$ 34	$ 21

[1] Represents the adjustment to the ACL recorded on adoption of accounting guidance for credit losses on January 1, 2020. For further information, see the Financial Instruments - Credit Losses section within Note 1 - Basis of Presentation and Significant Accounting Policies, included in The Hartford's 2020 Form 10-K Annual Report.

During 2020, the Company increased the estimate of the ACL in response to significant economic stress experienced as a result of the COVID-19 pandemic. The decrease in the allowance for the three months ended March 31, 2021, is the result of improved economic scenarios, including improved GDP growth and unemployment, and higher property valuations as compared to the prior quarter. We continue to monitor the impact on our mortgage loan portfolio from borrower behavior in response to the economic stress. Borrowers with lower LTVs have an incentive to continue to make payments of principal and/or interest in order to preserve the equity they have in the underlying commercial real estate properties.

The weighted-average LTV ratio of the Company's mortgage loan portfolio was 55% as of March 31, 2021, while the weighted-average LTV ratio at origination of these loans was 61%. LTV ratios compare the loan amount to the value of the underlying property collateralizing the loan with property values based on appraisals updated no less than annually. Factors considered in estimating property values include, among other things, actual and expected property cash flows, geographic market data and the ratio of the property's net operating income to its value. DSCR compares a property's net operating income to the borrower's principal and interest payments and are updated no less than annually through reviews of underlying properties.

Mortgage Loans LTV & DSCR by Origination Year as of March 31, 2021

	2021		2020		2019		2018		2017		2016 & Prior		Total	
Loan-to-value	Amortized Cost	Avg. DSCR	Amortized Cost	Avg. DSCR	Amortized Cost	Avg. DSCR	Amortized Cost	Avg. DSCR	Amortized Cost	Avg. DSCR	Amortized Cost	Avg. DSCR	Amortized Cost [1]	Avg. DSCR
65% - 80%	$ 26	2.28x	$ 57	2.12x	$ 223	1.59x	$ 210	1.32x	$ 45	1.83x	$ 166	1.57x	$ 727	1.59x
Less than 65%	149	2.62x	637	2.71x	695	2.74x	410	2.16x	423	1.88x	1,581	2.53x	3,895	2.49x
Total mortgage loans	$ 175	2.57x	$ 694	2.66x	$ 918	2.46x	$ 620	1.87x	$ 468	1.88x	$ 1,747	2.44x	$ 4,622	2.35x

[1] Amortized cost of mortgage loans excludes ACL of $34.

Mortgage Loans LTV & DSCR by Origination Year as of December 31, 2020

	2020		2019		2018		2017		2016		2015 & Prior		Total	
Loan-to-value	Amortized Cost	Avg. DSCR	Amortized Cost	Avg. DSCR	Amortized Cost	Avg. DSCR	Amortized Cost	Avg. DSCR	Amortized Cost	Avg. DSCR	Amortized Cost	Avg. DSCR	Amortized Cost [1]	Avg. DSCR
65% - 80%	$ 28	1.62x	$ 243	1.58x	$ 212	1.33x	$ 45	2.02x	$ 51	1.92x	$ 115	1.74x	$ 694	1.59x
Less than 65%	659	2.56x	676	2.85x	410	2.25x	446	1.89x	235	2.99x	1,411	3.01x	3,837	2.69x
Total mortgage loans	**$ 687**	**2.52x**	**$ 919**	**2.51x**	**$ 622**	**1.94x**	**$ 491**	**1.90x**	**$ 286**	**2.80x**	**$ 1,526**	**2.92x**	**$ 4,531**	**2.52x**

[1] Amortized cost of mortgage loans excludes ACL of $38.

Mortgage Loans by Region

	March 31, 2021		December 31, 2020	
	Amortized Cost	Percent of Total	Amortized Cost	Percent of Total
East North Central	$ 279	6.0 %	$ 290	6.4 %
Middle Atlantic	290	6.3 %	291	6.4 %
Mountain	295	6.4 %	254	5.6 %
New England	396	8.6 %	397	8.8 %
Pacific	1,044	22.6 %	1,001	22.1 %
South Atlantic	1,062	23.0 %	1,038	22.9 %
West North Central	44	0.9 %	44	1.0 %
West South Central	431	9.3 %	433	9.5 %
Other [1]	781	16.9 %	783	17.3 %
Total mortgage loans	**4,622**	**100.0 %**	**4,531**	**100.0 %**
ACL	**(34)**		**(38)**	
Total mortgage loans, net of ACL	**$ 4,588**		**$ 4,493**	

[1]Primarily represents loans collateralized by multiple properties in various regions.

Mortgage Loans by Property Type

	March 31, 2021		December 31, 2020	
	Amortized Cost	Percent of Total	Amortized Cost	Percent of Total
Commercial				
Industrial	$ 1,472	31.8 %	$ 1,339	29.5 %
Multifamily	1,499	32.4 %	1,498	33.1 %
Office	712	15.4 %	774	17.1 %
Retail	807	17.5 %	788	17.4 %
Single Family	92	2.0 %	92	2.0 %
Other	40	0.9 %	40	0.9 %
Total mortgage loans	**4,622**	**100.0 %**	**4,531**	**100.0 %**
ACL	**(34)**		**(38)**	
Total mortgage loans, net of ACL	**$ 4,588**		**$ 4,493**	

Past-Due Mortgage Loans

Mortgage loans are considered past due if a payment of principal or interest is not received according to the contractual terms of the loan agreement, which typically includes a grace period. As of March 31, 2021 and December 31, 2020, the Company held no mortgage loans considered past due.

Mortgage Servicing

The Company originates, sells and services commercial mortgage loans on behalf of third parties and recognizes servicing fee income over the period that services are performed. As of March 31, 2021, under this program, the Company serviced mortgage loans with a total outstanding principal of $7.1 billion, of which $3.8 billion was serviced on behalf of third parties and $3.3 billion was retained and reported in total investments on the Company's Condensed Consolidated Balance Sheets. As of December 31, 2020, the Company serviced mortgage loans with a total outstanding principal balance of $6.9 billion, of which $3.7 billion was serviced on behalf of third parties and $3.2 billion was retained and reported in total investments on the Company's Condensed Consolidated Balance Sheets. Servicing rights are carried at the lower of cost or fair value and were $0 as of March 31, 2021 and December 31, 2020, because servicing fees were market-level fees at origination and remain adequate to compensate the Company for servicing the loans.

Variable Interest Entities

The Company is engaged with various special purpose entities and other entities that are deemed to be VIEs primarily as an investor through normal investment activities but also as an investment manager.

A VIE is an entity that either has investors that lack certain essential characteristics of a controlling financial interest, such as simple majority kick-out rights, or lacks sufficient funds to finance its own activities without financial support provided by other entities. The Company performs ongoing qualitative assessments of its VIEs to determine whether the Company has a controlling financial interest in the VIE and therefore is the primary beneficiary. The Company is deemed to have a controlling financial interest when it has both the ability to direct the activities that most significantly impact the economic performance of the VIE and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. Based on the Company’s assessment, if it determines it is the primary beneficiary, the Company consolidates the VIE in the Company’s Condensed Consolidated Financial Statements.

Consolidated VIEs

As of March 31, 2021 and December 31, 2020, the Company did not hold any securities for which it is the primary beneficiary.

Non-Consolidated VIEs

The Company, through normal investment activities, makes passive investments in limited partnerships and other alternative investments. For these non-consolidated VIEs, the Company has determined it is not the primary beneficiary as it has no ability to direct activities that could significantly affect the economic performance of the investments. The Company's maximum exposure to loss as of March 31, 2021 and December 31, 2020 was limited to the total carrying value of $1.4 billion and $1.3 billion, respectively, which are included in limited partnerships and other alternative investments in the Company's Condensed Consolidated Balance Sheets. As of March 31, 2021 and December 31, 2020, the Company has outstanding commitments totaling $801 and $768, respectively, whereby the Company is committed to fund these investments and may be called by the partnership during the commitment period to fund the purchase of new investments and partnership expenses. These investments are generally of a passive nature in that the Company does not take an active role in management. For further discussion of these investments, see Equity Method Investments within Note 6 - Investments of Notes to Consolidated Financial Statements included in the Company's 2020 Form 10-K Annual Report.

In addition, the Company makes passive investments in structured securities issued by VIEs for which the Company is not the manager. These investments are included in ABS, CLOs, CMBS, and RMBS and are reported in fixed maturities, available-for-sale. The Company has not provided financial or other support with respect to these investments other than its original investment. For these investments, the Company determined it is not the primary beneficiary due to the relative size of the Company's investment in comparison to the principal amount of the structured securities issued by the VIEs, the level of credit subordination which reduces the Company's obligation to absorb losses or right to receive benefits and the Company's inability to direct the activities that most significantly impact the economic performance of the VIEs. The Company's maximum exposure to loss on these investments is limited to the amount of the Company's investment.

Securities Lending, Reverse Repurchase Agreements, Other Collateral Transactions and Restricted Investments

Securities Lending

Under a securities lending program, the Company lends certain fixed maturities within the corporate, foreign government/ government agencies, and municipal sectors as well as equity securities to qualifying third-party borrowers in return for collateral in the form of cash or securities. For domestic and non-domestic loaned securities, respectively, borrowers provide collateral of 102% and 105% of the fair value of the securities lent at the time of the loan. Borrowers will return the securities to the Company for cash or securities collateral at maturity dates generally of 90 days or less. Security collateral on deposit from counterparties in connection with securities lending transactions may not be sold or re-pledged, except in the event of default by the counterparty, and is not reflected on the Company's Condensed Consolidated Balance Sheets. Additional collateral is obtained if the fair value of the collateral falls below 100% of the fair value of the loaned securities. The agreements are continuous and do not have stated maturity dates and provide the counterparty the right to sell or re-pledge the securities loaned. If cash, rather than securities, is received as collateral, the cash is typically invested in short-term investments or fixed maturities and is reported as an asset on the Company's Condensed Consolidated Balance Sheets. Income associated with securities lending transactions is reported as a component of net investment income in the Company's Condensed Consolidated Statements of Operations. While the Company did have securities on loan as part of a securities lending program during 2020, as of March 31, 2021 and December 31, 2020, the Company did not have any securities on loan as part of a securities lending program.

Reverse Repurchase Agreements

From time to time, the Company enters into reverse repurchase agreements where the Company purchases securities and simultaneously agrees to resell the same or substantially the same securities. The maturity of these transactions is generally within one year. The agreements require additional collateral to be transferred to the Company under specified conditions and the Company has the right to sell or re-pledge the securities received. The Company accounts for reverse repurchase agreements as collateralized financing. As of March 31, 2021 and December 31, 2020, the Company reported $16 and $30, respectively, within short-term investments on the Condensed Consolidated Balance Sheets representing a receivable for the amount of cash transferred to purchase the securities.

Other Collateral Transactions

As of March 31, 2021 and December 31, 2020, the Company pledged collateral of $9 and $34, respectively, of U.S. government securities or cash primarily related to certain bank loan participations committed to through a limited partnership agreement. Amounts also include collateral related to letters of credit.

For disclosure of collateral in support of derivative transactions, refer to the Derivative Collateral Arrangements section in Note 6 - Derivatives of Notes to Condensed Consolidated Financial Statements.

Other Restricted Investments

The Company is required by law to deposit securities with government agencies in certain states in which it conducts business. As of March 31, 2021 and December 31, 2020, the fair value of securities on deposit was $2.5 billion and $2.6 billion, respectively.

In addition, as of March 31, 2021, the Company held fixed maturities and short-term investments of $673 and $4, respectively, in trust for the benefit of syndicate policyholders, held fixed maturities of $171 in a Lloyd's of London ("Lloyd's") trust account to provide a portion of the required capital, and maintained other investments of $61 primarily consisting of overseas deposits in various countries with Lloyd's to support underwriting activities in those countries. As of December 31, 2020, the Company held fixed maturities and short-term investments of $661 and $26, respectively, in trust for the benefit of syndicate policyholders, held fixed maturities of $175 in a Lloyd's trust account to provide a portion of the required capital, and maintained other investments of $54 primarily consisting of overseas deposits in various countries with Lloyd's to support underwriting activities in those countries. Lloyd's is an insurance market-place operating worldwide. Lloyd's does not underwrite risks. The Company accepts risks as the sole member of Lloyd's Syndicate 1221 ("Lloyd's Syndicate").

6. DERIVATIVES

The Company utilizes a variety of OTC, OTC-cleared and exchange traded derivative instruments as a part of its overall risk management strategy as well as to enter into replication transactions or income generation covered call transactions. Derivative instruments are used to manage risk associated with interest rate, equity market, credit spread, issuer default, price, and currency exchange rate or volatility. Replication transactions are used as an economical means to synthetically replicate the characteristics and performance of assets that are permissible investments under the Company’s investment policies.

Strategies that Qualify for Hedge Accounting

Some of the Company's derivatives satisfy hedge accounting requirements as outlined in Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Consolidated Financial Statements, included in The Hartford’s 2020 Form 10-K Annual Report. Typically, these hedging instruments include interest rate swaps and, to a lesser extent, foreign currency swaps where the terms or expected cash flows of the hedged item closely match the terms of the swap. The interest rate swaps are typically used to manage interest rate duration of certain fixed maturity securities or debt instruments issued.

Cash Flow Hedges

Interest rate swaps are predominantly used to manage portfolio duration and better match cash receipts from assets with cash disbursements required to fund liabilities. These derivatives primarily convert interest receipts on variable-rate fixed maturity securities to fixed rates. The Company has also entered into interest rate swaps to convert the variable interest payments on 3 month LIBOR + 2.125% junior subordinated debt to fixed interest payments. For further information, see the Junior Subordinated Debentures section within Note 14 - Debt of Notes to the Consolidated Financial Statements, included in The Hartford's 2020 Form 10-K Annual Report.

Foreign currency swaps are used to convert foreign currency denominated cash flows related to certain investment receipts to U.S. dollars in order to reduce cash flow fluctuations due to changes in currency rates.

The Company also previously entered into forward starting swap agreements to hedge the interest rate exposure related to the future purchase of fixed-rate securities, primarily to hedge interest rate risk inherent in the assumptions used to price certain group benefits liabilities.

Non-Qualifying Strategies

Derivative relationships that do not qualify for hedge accounting (“non-qualifying strategies”) primarily include hedges of interest rate, foreign currency and equity risk of certain fixed maturities and equities. In addition, hedging and replication strategies that utilize credit default swaps do not qualify for hedge accounting. The non-qualifying strategies include:

Credit Contracts

Credit default swaps are used to purchase credit protection on an individual entity or referenced index to economically hedge against default risk and credit-related changes in the value of fixed maturity securities. Credit default swaps are also used to assume credit risk related to an individual entity or referenced index as a part of replication transactions. These contracts require the Company to pay or receive a periodic fee in exchange for compensation from the counterparty or the Company should the referenced security issuers experience a credit event, as defined in the contract. The Company also enters into credit default swaps to terminate existing credit default swaps, thereby offsetting the changes in value of the original swap going forward.

Interest Rate Swaps, Swaptions and Futures

The Company uses interest rate swaps, swaptions and futures to manage interest rate duration between assets and liabilities. In addition, the Company enters into interest rate swaps to terminate existing swaps, thereby offsetting the changes in value of the original swap going forward. As of March 31, 2021 and December 31, 2020, the notional amount of interest rate swaps in offsetting relationships was $7.6 billion.

Foreign Currency Swaps and Forwards

The Company enters into foreign currency swaps to convert the foreign currency exposures of certain foreign currency-denominated fixed maturity investments to U.S. dollars.

Equity Index Options

The Company enters into equity index options to hedge the impact of a decline in the equity markets on the investment portfolio. The Company also enters into covered call options on equity securities to generate additional return.

Derivative Balance Sheet Classification

For reporting purposes, the Company has elected to offset within assets or liabilities, based upon the net of the fair value amounts, income accruals and related cash collateral receivables and payables of OTC derivative instruments executed in a legal entity and with the same counterparty under a master netting agreement, which provides the Company with the legal right of offset. The following fair value amounts do not include income accruals or related cash collateral receivables and payables, which are netted with derivative fair value amounts to determine balance sheet presentation. The Company’s derivative instruments are held for risk management purposes, unless otherwise noted in the following table. The notional amount of derivative contracts represents the basis upon which pay or receive amounts are calculated and is presented in the table to quantify the volume of the Company’s derivative activity. Notional amounts are not necessarily reflective of credit risk.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Derivative Balance Sheet Presentation

	Net Derivatives				Asset Derivatives		Liability Derivatives	
	Notional Amount		Fair Value		Fair Value		Fair Value	
Hedge Designation/ Derivative Type	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Cash flow hedges								
Interest rate swaps	$ 2,340	$ 2,340	$ —	$ —	$ —	$ —	$ —	$ —
Foreign currency swaps	297	286	(10)	(13)	3	3	(13)	(16)
Total cash flow hedges	**2,637**	**2,626**	**(10)**	**(13)**	**3**	**3**	**(13)**	**(16)**
Non-qualifying strategies								
Interest rate contracts								
Interest rate swaps and futures	7,926	8,335	(44)	(69)	4	4	(48)	(73)
Foreign exchange contracts								
Foreign currency swaps and forwards	269	269	—	—	—	—	—	—
Credit contracts								
Credit derivatives that purchase credit protection	6	6	—	—	—	—	—	—
Credit derivatives that assume credit risk [1]	675	675	21	21	21	21	—	—
Credit derivatives in offsetting positions	216	218	—	—	5	5	(5)	(5)
Total non-qualifying strategies	**9,092**	**9,503**	**(23)**	**(48)**	**30**	**30**	**(53)**	**(78)**
Total cash flow hedges and non-qualifying strategies	**$11,729**	**$12,129**	**$ (33)**	**$ (61)**	**$ 33**	**$ 33**	**$ (66)**	**$ (94)**
Balance Sheet Location								
Fixed maturities, available-for-sale	$ 269	$ 269	$ —	$ —	$ —	$ —	$ —	$ —
Other investments	9,657	9,585	22	23	24	25	(2)	(2)
Other liabilities	1,803	2,275	(55)	(84)	9	8	(64)	(92)
Total derivatives	**$11,729**	**$12,129**	**$ (33)**	**$ (61)**	**$ 33**	**$ 33**	**$ (66)**	**$ (94)**

[1]The derivative instruments related to this strategy are held for other investment purposes.

Offsetting of Derivative Assets/ Liabilities

The following tables present the gross fair value amounts, the amounts offset, and net position of derivative instruments eligible for offset in the Company's Condensed Consolidated Balance Sheets. Amounts offset include fair value amounts, income accruals and related cash collateral receivables and payables associated with derivative instruments that are traded under a common master netting agreement, as described in the preceding discussion. Also included in the tables are financial collateral receivables and payables, which are contractually permitted to be offset upon an event of default, although are disallowed for offsetting under U.S. GAAP.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Offsetting Derivative Assets and Liabilities

	(i)	(ii)	(iii) = (i) - (ii)		(iv)	(v) = (iii) - (iv)
			Net Amounts Presented in the Statement of Financial Position		Collateral Disallowed for Offset in the Statement of Financial Position	
	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in the Statement of Financial Position	Derivative Assets [1] (Liabilities) [2]	Accrued Interest and Cash Collateral (Received) [3] Pledged [2]	Financial Collateral (Received) Pledged [4]	Net Amount
As of March 31, 2021						
Other investments	$ 33	$ 30	$ 22	$ (19)	$ 1	$ 2
Other liabilities	$ (66)	$ (4)	$ (55)	$ (7)	$ (57)	$ (5)
As of December 31, 2020						
Other investments	$ 33	$ 31	$ 23	$ (21)	$ 1	$ 1
Other liabilities	$ (94)	$ (6)	$ (84)	$ (4)	$ (83)	$ (5)

[1] Included in other investments in the Company's Condensed Consolidated Balance Sheets.
[2] Included in other liabilities in the Company's Condensed Consolidated Balance Sheets and is limited to the net derivative payable associated with each counterparty.
[3] Included in other investments in the Company's Condensed Consolidated Balance Sheets and is limited to the net derivative receivable associated with each counterparty.
[4] Excludes collateral associated with exchange-traded derivative instruments.

Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the derivative is reported as a component of OCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. All components of each derivative's gain or loss were included in the assessment of hedge effectiveness.

Gain (Loss) Recognized in OCI

	Three Months Ended March 31,	
	2021	2020
Interest rate swaps	$ 10	$ 32
Foreign currency swaps	4	28
Total	**$ 14**	**$ 60**

Gain (Loss) Reclassified from AOCI into Income

	Three Months Ended March 31,					
	2021			2020		
	Net Realized Capital Gain/ (Loss)	Net Investment Income	Interest Expense	Net Realized Capital Gain/ (Loss)	Net Investment Income	Interest Expense
Interest rate swaps	$ —	$ 10	$ (2)	$ —	$ 3	$ —
Foreign currency swaps	—	1	—	—	1	—
Total	**$ —**	**$ 11**	**$ (2)**	**$ —**	**$ 4**	**$ —**
Total amounts presented on the Condensed Consolidated Statement of Operations	**$ 80**	**$ 509**	**$ 57**	**$ (231)**	**$ 459**	**$ 64**

As of March 31, 2021, the before tax deferred net gains on derivative instruments recorded in AOCI that are expected to be reclassified to earnings during the next twelve months are $35. This expectation is based on the anticipated interest payments on hedged investments in fixed maturity securities and long-term debt that will occur over the next twelve months. At that time, the Company will recognize the deferred net gains (losses) as an adjustment to net investment income and interest expense over the term of the investment cash flows.

During the three months ended March 31, 2021 and 2020, the Company had no net reclassifications from AOCI to earnings resulting from the discontinuance of cash-flow hedges due to forecasted transactions that were no longer probable of occurring.

Non-Qualifying Strategies

For non-qualifying strategies, including embedded derivatives that are required to be bifurcated from their host contracts and accounted for as derivatives, the gain or loss on the derivative is recognized currently in earnings within net realized capital gains (losses).

Non-Qualifying Strategies Recognized within Net Realized Capital Gains (Losses)

	Three Months Ended March 31,	
	2021	**2020**
Foreign exchange contracts		
Foreign currency swaps and forwards	$ —	$ 3
Interest rate contracts		
Interest rate swaps, swaptions, and futures	32	20
Credit contracts		
Credit derivatives that purchase credit protection	—	6
Credit derivatives that assume credit risk	3	(12)
Equity contracts		
Equity index swaps and options	—	75
Total [1]	**$ 35**	**$ 92**

[1]Excludes investments that contain an embedded credit derivative for which the Company has elected the fair value option.

Credit Risk Assumed through Credit Derivatives

The Company enters into credit default swaps that assume credit risk of a single entity or referenced index in order to synthetically replicate investment transactions that are permissible under the Company's investment policies. The Company will receive periodic payments based on an agreed upon rate and notional amount and will only make a payment if there is a credit event. A credit event payment will typically be equal to the notional value of the swap contract less the value of the referenced security issuer's debt obligation after the occurrence of the credit event. A credit event is generally defined as a default on contractually obligated interest or principal payments or bankruptcy of the referenced entity. The credit default swaps in which the Company assumes credit risk primarily reference investment grade single corporate issuers and baskets, which include standard diversified portfolios of corporate and CMBS issuers. The diversified portfolios of corporate issuers are established within sector concentration limits and may be divided into tranches that possess different credit ratings.

Credit Risk Assumed Derivatives by Type

	Notional Amount [2]	Fair Value	Weighted Average Years to Maturity	Underlying Referenced Credit Obligation(s) [1] Type	Underlying Referenced Credit Obligation(s) [1] Average Credit Rating	Offsetting Notional Amount [3]	Offsetting Fair Value [3]
As of March 31, 2021							
Single name credit default swaps							
Investment grade risk exposure	$ 100	$ 2	5 years	Corporate Credit	A	$ —	$ —
Basket credit default swaps [4]							
Investment grade risk exposure	500	12	5 years	Corporate Credit	BBB+	—	—
Below investment grade risk exposure	75	7	5 years	Corporate Credit	B+	—	—
Investment grade risk exposure	100	1	7 years	CMBS Credit	AAA	100	(1)
Below investment grade risk exposure	8	(4)	Less than 1 year	CMBS Credit	CCC+	8	4
Total [5]	**$ 783**	**$ 18**				**$ 108**	**$ 3**
As of December 31, 2020							
Single name credit default swaps							
Investment grade risk exposure	$ 175	$ 9	5 years	Corporate Credit	A-	$ —	$ —
Basket credit default swaps [4]							
Investment grade risk exposure	500	12	5 years	Corporate Credit	BBB+	—	—
Investment grade risk exposure	100	1	8 years	CMBS Credit	AAA	100	(1)
Below investment grade risk exposure	9	(4)	Less than 1 year	CMBS Credit	CCC+	9	4
Total [5]	**$ 784**	**$ 18**				**$ 109**	**$ 3**

[1] The average credit ratings are based on availability and are generally the midpoint of the available ratings among Moody's, S&P and Fitch. If no rating is available from a rating agency, then an internally developed rating is used.

[2] Notional amount is equal to the maximum potential future loss amount. These derivatives are governed by agreements and applicable law, which include collateral posting requirements. There is no additional specific collateral related to these contracts or recourse provisions included in the contracts to offset losses.

[3] The Company has entered into offsetting credit default swaps to terminate certain existing credit default swaps, thereby offsetting the future changes in value of, or losses paid related to, the original swap.

[4] Comprised of swaps of standard market indices of diversified portfolios of corporate and CMBS issuers referenced through credit default swaps. These swaps are subsequently valued based upon the observable standard market index.

[5] Excludes investments that contain an embedded credit derivative for which the Company has elected the fair value option.

Derivative Collateral Arrangements

The Company enters into various collateral arrangements in connection with its derivative instruments, which require both the pledging and accepting of collateral. As of March 31, 2021 and December 31, 2020, the Company has not pledged cash collateral associated with derivative instruments. In general, collateral receivable is recorded in other assets or other liabilities on the Company's Condensed Consolidated Balance Sheets as determined by the Company's election to offset on the balance sheet. As of March 31, 2021 and December 31, 2020, the Company pledged securities collateral associated with derivative instruments with a fair value of $61 and $90, respectively, which have been included in fixed maturities on the Company's Condensed Consolidated Balance Sheets. The counterparties generally have the right to sell or re-pledge these securities.

In addition, as of March 31, 2021 and December 31, 2020, the Company has pledged initial margin of securities related to OTC-cleared and exchange traded derivatives with a fair value of $60 and $83, respectively, which are included within fixed maturities on the Company's Condensed Consolidated Balance Sheets.

As of March 31, 2021 and December 31, 2020, the Company accepted cash collateral associated with derivative instruments of $22 and $24, respectively, which was invested and recorded in the Company's Condensed Consolidated Balance Sheets in fixed maturities and short-term investments with corresponding amounts recorded in other investments or other liabilities as determined by the Company's election to offset on the balance sheet. The Company also accepted securities collateral as of March 31, 2021 and December 31, 2020, with a fair value of $1 as of both dates, which the Company has the right to sell or repledge. As of March 31, 2021 and December 31, 2020, the Company had no repledged securities and no securities held as collateral have been sold. Non-cash collateral accepted was held in separate custodial accounts and was not included in the Company's Condensed Consolidated Balance Sheets.

7. PREMIUMS RECEIVABLE AND AGENTS' BALANCES

Premiums Receivable and Agents' Balances

	As of March 31, 2021	As of December 31, 2020
Premiums receivable, excluding receivables for losses within a deductible and retrospectively-rated policy premiums	$ 4,058	$ 3,851
Receivables for loss within a deductible and retrospectively-rated policy premiums, by credit quality:		
AAA	—	—
AA	140	142
A	65	62
BBB	186	185
BB	115	115
Below BB	67	65
Total receivables for losses within a deductible and retrospectively-rated policy premiums	**573**	**569**
Total Premiums Receivable and Agents' Balances, Gross	**4,631**	**4,420**
ACL	(144)	(152)
Total Premiums Receivable and Agents' Balances, Net of ACL	**$ 4,487**	**$ 4,268**

ACL on Premiums Receivable and Agents' Balances

Balances are considered past due when amounts that have been billed are not collected within contractually stipulated time periods. The Company had an immaterial amount of receivables with a due date of more than one year that are past-due.

Premium receivable and agents' balances, excluding receivables for losses within a deductible and retrospectively-rated policy premiums, are primarily comprised of premiums due from policyholders, which are typically collectible within one year or less. For these balances, the ACL is estimated based on an aging of receivables and recent historical credit loss and collection experience, adjusted for current economic conditions and reasonable and supportable forecasts, when appropriate.

A portion of the Company's Commercial Lines business is written with large deductibles or under retrospectively-rated plans. Under some commercial insurance contracts with a large deductible, the Company is obligated to pay the claimant the full amount of the claim and the Company is subsequently reimbursed by the policyholder for the deductible amount. As such, the Company is subject to credit risk until reimbursement is made. Retrospectively-rated policies are utilized primarily for workers' compensation coverage, whereby the ultimate premium is adjusted based on actual losses incurred. Although the premium adjustment feature of a retrospectively-rated policy substantially reduces insurance risk for the Company, it presents credit risk to the Company. The Company's results of operations could be adversely affected if a significant portion of such policyholders failed to reimburse the Company for the deductible amount or the amount of additional premium owed under retrospectively-rated policies. The Company manages these credit risks through credit analysis, collateral requirements, and oversight.

The ACL for receivables for loss within a deductible and retrospectively-rated policy premiums is estimated as the amount of the receivable exposed to loss multiplied by estimated factors for probability of default and the amount of loss given a default. The probability of default is assigned based on each policyholder's credit rating, or a rating is estimated if no external rating is available. Credit ratings are reviewed and updated at least annually. The exposure amount is estimated net of collateral and other credit enhancement, considering the nature of the collateral, potential future changes in collateral values, and historical loss information for the type of collateral obtained. The probability of default factors are historical corporate defaults for receivables with similar durations estimated through multiple economic cycles. Credit ratings are forward-looking and consider a variety of economic outcomes. The loss given default factors are based on a study of historical recovery rates for general creditors through multiple economic cycles. The Company's evaluation of the required ACL for receivables for loss within a deductible and retrospectively-rated policy premiums considers the current economic environment as well as the probability-weighted macroeconomic scenarios similar to the approach used for estimating the ACL for mortgage loans. See Note 5 - Investments.

During the three months ended March 31, 2021, the ACL on premiums receivable decreased as the provision required on premiums written in the quarter was more than offset by write-offs and a reduction in the provision reflecting lessening expected impacts of COVID-19 relative to prior assumptions in certain lines of business. The three months ended March 31, 2020 reflected an increase in the ACL primarily due to increasing expected impacts of COVID-19.

Rollforward of ACL on Premiums Receivable and Agents' Balances

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Premiums Receivable and Agents' Balances, Excluding Receivables for Loss within a Deductible and Retrospectively-Rated Policy Premiums	Receivables for Loss within a Deductible and Retrospectively-Rated Policy Premiums	Total	Premiums Receivable and Agents' Balances, Excluding Receivables for Loss within a Deductible and Retrospectively-Rated Policy Premiums	Receivables for Loss within a Deductible and Retrospectively-Rated Policy Premiums	Total
Beginning ACL	$ 117	$ 35	$ 152	$ 85	$ 60	$ 145
Cumulative effect of accounting change [1]				(2)	(21)	(23)
Adjusted beginning ACL	117	35	152	83	39	122
Current period provision (release)	4	1	5	28	2	30
Current period gross write-offs	(15)	—	(15)	(15)	—	(15)
Current period gross recoveries	2	—	2	2	—	2
Ending ACL	$ 108	$ 36	$ 144	$ 98	$ 41	$ 139

[1] Represents the adjustment to the ACL recorded on adoption of accounting guidance for credit losses on January 1, 2020. The adjusted beginning ACL was based on the Company's historical loss information adjusted for current conditions and the forecasted economic environment at the time the guidance was adopted. For further information, see Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Consolidated Financial Statements included in the Company's 2020 Form 10-K Annual Report.

8. REINSURANCE

The Company cedes insurance risk to reinsurers to enable the Company to manage capital and risk exposure. Such arrangements do not relieve the Company of its primary liability to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company. The Company's procedures include carefully selecting its reinsurers, structuring agreements to provide collateral funds where necessary, and regularly monitoring the financial condition and ratings of its reinsurers.

Reinsurance Recoverables

Reinsurance recoverables include balances due from reinsurance companies and are presented net of an allowance for uncollectible reinsurance. Reinsurance recoverables include an estimate of the amount of gross losses and loss adjustment expense reserves that may be ceded under the terms of the reinsurance agreements, including incurred but not reported ("IBNR") unpaid losses. The Company's estimate of losses and loss adjustment expense reserves ceded to reinsurers is based on assumptions that are consistent with those used in establishing the gross reserves for amounts the Company owes to its claimants. The Company estimates its ceded reinsurance recoverables based on the terms of any applicable facultative and treaty reinsurance, including an estimate of how incurred but not reported losses will ultimately be ceded under reinsurance agreements. Accordingly, the Company's estimate of reinsurance recoverables is subject to similar risks and uncertainties as the estimate of the gross reserve for unpaid losses and loss adjustment expenses.

Reinsurance Recoverables by Credit Quality Indicator

	As of March 31, 2021				As of December 31, 2020			
	Property and Casualty	Group Benefits	Corporate	Total	Property and Casualty	Group Benefits	Corporate	Total
A.M. Best Financial Strength Rating								
A++	$ 1,627	$ —	$ —	$ 1,627	$ 1,598	$ —	$ —	$ 1,598
A+	1,823	240	306	2,369	1,788	230	305	2,323
A	565	—	—	565	638	—	—	638
A-	36	9	—	45	37	9	—	46
B++	658	—	3	661	666	—	3	669
Below B++	21	1	—	22	21	1	—	22
Total Rated by A.M. Best	**4,730**	**250**	**309**	**5,289**	**4,748**	**240**	**308**	**5,296**
Mandatory (Assigned) and Voluntary Risk Pools	259	—	—	259	259	—	—	259
Captives	308	—	—	308	305	—	—	305
Other not rated companies	318	7	—	325	254	5	—	259
Gross Reinsurance Recoverables	**5,615**	**257**	**309**	**6,181**	**5,566**	**245**	**308**	**6,119**
Allowance for uncollectible reinsurance	(95)	(1)	(2)	(98)	(105)	(1)	(2)	(108)
Net Reinsurance Recoverables	**$ 5,520**	**$ 256**	**$ 307**	**$ 6,083**	**$ 5,461**	**$ 244**	**$ 306**	**$ 6,011**

Balances are considered past due when amounts that have been billed are not collected within contractually stipulated time periods, generally 30, 60 or 90 days. There were no write-offs for the three months ended March 31, 2021.

To manage reinsurer credit risk, a reinsurance security review committee evaluates the credit standing, financial performance, management and operational quality of each potential reinsurer. In placing reinsurance, the Company considers the nature of the risk reinsured, including the expected liability payout duration, and establishes limits tiered by reinsurer credit rating.

Where its contracts permit, the Company secures future claim obligations with various forms of collateral or other credit enhancement, including irrevocable letters of credit, secured trusts, funds held accounts and group wide offsets. As part of its reinsurance recoverable review, the Company analyzes recent developments in commutation activity between reinsurers and cedants, recent trends in arbitration and litigation outcomes in disputes between cedants and reinsurers and the overall credit quality of the Company's reinsurers.

Due to the inherent uncertainties as to collection and the length of time before reinsurance recoverables become due, it is possible that future adjustments to the Company's reinsurance recoverables, net of the allowance, could be required, which could have a material adverse effect on the Company's consolidated results of operations or cash flows in a particular quarter or annual period.

The allowance for uncollectible reinsurance comprises an ACL and an allowance for disputed balances. The ACL is estimated as the amount of reinsurance recoverables exposed to loss multiplied by estimated factors for the probability of default and the amount of loss given a default. The probability of default is assigned based on each reinsurer's credit rating, or a rating is estimated if no external rating is available. Credit ratings are reviewed on a quarterly basis and any significant changes are reflected in an updated estimate. The probability of default factors are historical insurer and reinsurer defaults for liabilities with similar durations to the reinsured liabilities as estimated through multiple economic cycles. Credit ratings are forward-looking and consider a variety of economic outcomes. The loss given default factors are based on a study of historical recovery rates for general creditors of corporations through multiple economic cycles or, in the case of purchased annuities funding structured settlements accounted for as reinsurance, historical recovery rates for annuity contract holders.

As shown in the table above, a portion of the total gross reinsurance recoverable balance relates to the Company's participation in various mandatory (assigned) and voluntary risk pools. Reinsurance recoverables due from pools are backed by the financial position of all insurance companies participating in the pools and the credit backing the reinsurance recoverable is not limited to the financial strength of each pool. The mandatory pools generally are funded through policy assessments or surcharges and if any participant in the pool defaults, remaining liabilities are apportioned among the other members.

The Company's evaluation of the required ACL for reinsurance recoverables considers the current economic environment as well as macroeconomic scenarios similar to the approach used to estimate the ACL for mortgage loans. See Note 5 - Investments. Insurance companies, including reinsurers, are regulated and hold risk-based capital ("RBC") to mitigate the risk of loss due to economic factors and other risks. Non-U.S. reinsurers are either subject to a capital regime substantively equivalent to domestic insurers or we hold collateral to support collection of reinsurance recoverables. As a result, there is limited history of losses from insurer defaults. The decrease in the ACL for the three months ended March 31, 2021 was primarily due to higher than expected recovery from one reinsurer on which the Company had recognized an ACL.

Allowance for Uncollectible Reinsurance

	Three Months Ended March 31, 2021				Three Months Ended March 31, 2020			
	Property and Casualty	Group Benefits	Corporate	Total	Property and Casualty	Group Benefits	Corporate	Total
Beginning allowance for uncollectible reinsurance	$ 105	$ 1	$ 2	$ 108	$ 114	$ —	$ —	$ 114
Beginning allowance for disputed amounts	53	—	—	53	66	—	—	$ 66
Beginning ACL	52	1	2	55	48	—	—	48
Cumulative effect of accounting change [1]					—	1	1	2
Adjusted beginning ACL	52	1	2	55	48	1	1	50
Current period provision (release)	(13)	—	—	(13)	1	—	1	2
Ending ACL	39	1	2	42	49	1	2	52
Ending allowance for disputed amounts	56	—	—	56	65	—	—	65
Ending allowance for uncollectible reinsurance	$ 95	$ 1	$ 2	$ 98	$ 114	$ 1	$ 2	$ 117

[1] Represents the adjustment to the ACL recorded on adoption of accounting guidance for credit losses on January 1, 2020. For further information, see Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Consolidated Financial Statements included in the Company's 2020 Form 10-K Annual Report.

9. RESERVE FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Property and Casualty Insurance Products

Rollforward of Liabilities for Unpaid Losses and Loss Adjustment Expenses

	For the three months ended March 31,	
	2021	2020
Beginning liabilities for unpaid losses and loss adjustment expenses, gross	**$ 29,622**	**$ 28,261**
Reinsurance and other recoverables	5,725	5,275
Beginning liabilities for unpaid losses and loss adjustment expenses, net	**23,897**	**22,986**
Provision for unpaid losses and loss adjustment expenses		
Current accident year	1,924	1,883
Prior accident year development [1]	229	23
Total provision for unpaid losses and loss adjustment expenses	**2,153**	**1,906**
Change in deferred gain on retroactive reinsurance included in other liabilities [1]	(6)	(29)
Payments		
Current accident year	(292)	(304)
Prior accident years	(1,221)	(1,491)
Total payments	**(1,513)**	**(1,795)**
Net change in reserves transferred to liabilities held for sale	(1)	—
Foreign currency adjustment	(6)	(20)
Ending liabilities for unpaid losses and loss adjustment expenses, net	**24,524**	**23,048**
Reinsurance and other recoverables	5,808	5,332
Ending liabilities for unpaid losses and loss adjustment expenses, gross	**$ 30,332**	**$ 28,380**

[1] Prior accident year development does not include the benefit of a portion of losses ceded under the Navigators and A&E ADC which, under retroactive reinsurance accounting, is deferred and is recognized over the period the ceded losses are recovered in cash from NICO. For additional information regarding the two adverse development cover reinsurance agreements, refer to Adverse Development Covers discussion below.

Unfavorable (Favorable) Prior Accident Year Development

	For the three months ended March 31,	
	2021	2020
Workers' compensation	$ (40)	$ (17)
Workers' compensation discount accretion	9	9
General liability	307	12
Marine	6	—
Package business	(27)	1
Commercial property	(13)	(7)
Professional liability	(1)	1
Bond	—	—
Assumed reinsurance	2	—
Automobile liability - Commercial Lines	—	5
Automobile liability - Personal Lines	(23)	(6)
Homeowners	(3)	(2)
Catastrophes	(16)	(13)
Uncollectible reinsurance	(9)	—
Other reserve re-estimates, net	31	11
Prior accident year development before change in deferred gain	**223**	**(6)**
Change in deferred gain on retroactive reinsurance included in other liabilities [1]	6	29
Total prior accident year development	**$ 229**	**$ 23**

[1] The change in deferred gain for the three months ended March 31, 2021 and 2020 included $6 and $29, respectively, of adverse development on Navigators 2018 and prior accident year reserves, primarily driven by marine for both periods and due to commercial automobile liability in the 2021 period and prior accident year catastrophes in the 2020 period.

Re-estimates of prior accident year reserves for the three months ended March 31, 2021

Workers' compensation reserves were decreased primarily within small commercial and national accounts for the 2014 through 2017 accident years driven by lower than previously estimated claim severity.

General liability reserves were increased including an increase for sexual molestation and sexual abuse claims above the amount of reserves previously recorded for this exposure, primarily to reflect an agreement to settle claims made against the Boy Scouts of America ("BSA") as discussed further below, partially offset by reserve decreases for other mass torts and extra contractual liability claims.

Package business reserves decreased largely due to lower estimated loss adjustment expenses for accident years 2014 to 2018 and a reduction in estimated reserves for extra contractual liability claims.

Commercial property reserves were decreased primarily due to favorable development for the 2020 accident year in both middle and large commercial and global specialty.

Automobile liability reserves were decreased in Personal Lines principally due to lower estimated severity on AARP Direct and Agency claims, primarily within accident years 2017 to 2019, and a reduction in estimated reserves for extra contractual liability claims.

Catastrophes reserves were decreased in both Commercial and Personal Lines primarily driven by an expected recovery of subrogation from a utility related to the 2018 Woolsey wildfire in California.

Uncollectible reinsurance reserves were decreased due to a higher than expected recovery from one reinsurer on which the Company had recognized an allowance for credit losses.

Other reserve re-estimates, net, were increased primarily due to an increase in reserves for sexual molestation and sexual abuse claims within P&C Other Operations, principally on assumed reinsurance.

Re-estimates of prior accident year reserves for the three months ended March 31, 2020

Workers' compensation reserves were reduced on national account business within middle & large commercial, driven by lower than previously estimated claim severity for the 2014 and prior accident years.

General liability reserves were increased, primarily related to guaranteed cost construction business for accident years 2016 to 2019 as incurred losses are developing higher than previously expected for premises and operations claims and product liability claims, partly due to a change in industry mix and a heavier concentration of losses in California than initially assumed.

Marine reserves were increased principally due to an increase in domestic marine liability, mostly in accident years 2017 and 2018 due to a higher number of large losses. The increase in marine reserves is included as a component of the change in deferred gain under retroactive reinsurance in the above table.

Commercial property reserves were decreased for accident year 2019 due to favorable developments on marine and middle market property claims.

Automobile liability reserves were decreased in Personal Lines principally due to lower than previously expected AARP Direct automobile liability claim severity for the 2018 accident year. Automobile liability reserves were increased in Commercial Lines primarily due to higher than expected large losses on national accounts in the first quarter of 2020 related to accident years 2015 to 2017.

Catastrophes reserves were reduced, primarily due to a reduction in estimated catastrophes for the 2019 accident year and a reduction in estimated reserves for 2017 California wildfires, partially offset by an increase in reserves for 2019 typhoons Hagibis and Faxai in Asia.

Other reserve re-estimates, net, primarily included an increase in reserves on pool participations.

Settlement Agreement with Boy Scouts of America

On April 16, 2021, the Company announced that it has entered into a Settlement Agreement and Release with Boy Scouts of America pursuant to which The Hartford will pay $650 for sexual molestation and sexual abuse claims associated with policies mostly issued in the 1970s. The agreement, entered into after extensive negotiations, contemplates that, in exchange for The Hartford's payment, the BSA and its local councils will fully release The Hartford from any obligation under policies it issued to the BSA and its local councils. The agreement is in connection with BSA's Chapter 11 bankruptcy and will become effective upon the occurrence of certain conditions, including confirmation of the BSA's global resolution plan, executed releases from the local councils, and approval from the abuse claimants and bankruptcy court. The Hartford and the BSA hope to receive court approval in the third quarter of 2021, but this could be delayed for various procedural reasons.

Adverse Development Covers

The Company has an adverse development cover reinsurance agreement with NICO, a subsidiary of Berkshire Hathaway Inc., to reinsure loss development after 2016 on substantially all of the Company's asbestos and environmental reserves (the "A&E ADC"). Under the A&E ADC, the Company paid a reinsurance premium of $650 for NICO to assume adverse net loss reserve development up to $1.5 billion above the Company's existing net A&E reserves as of December 31, 2016 of approximately $1.7 billion including reserves for A&E exposure for accident years prior to 1986 that are reported in Property & Casualty Other Operations ("Run-off A&E") and reserves for A&E exposure for accident years 1986 and subsequent from policies underwritten prior to 2016 that are reported in ongoing Commercial Lines and Personal Lines. The $650 reinsurance premium was placed into a collateral trust account as security for NICO's claim payment obligations to the Company. The Company has retained the risk of collection on amounts due from other third-party reinsurers and continues to be responsible for claims handling and other administrative services, subject to certain conditions. The A&E ADC covers substantially all the Company's A&E reserve development up to the reinsurance limit.

Under retroactive reinsurance accounting, net adverse A&E reserve development after December 31, 2016 will result in an offsetting reinsurance recoverable up to the $1.5 billion limit. Cumulative ceded losses up to the $650 reinsurance premium paid have been recognized as a dollar-for-dollar offset to direct losses incurred. Cumulative ceded losses exceeding the $650 reinsurance premium paid result in a deferred gain. As of March 31, 2021, the Company has incurred $860 in cumulative adverse development on asbestos and environmental reserves that have been ceded under the A&E ADC treaty with NICO with $640 of available limit remaining under the A&E ADC. As a result, the Company has recorded a $210 deferred gain within other liabilities, representing the difference between the reinsurance recoverable of $860 and ceded premium paid of $650. The deferred gain is recognized over the claim settlement period in the proportion of the amount of cumulative ceded losses collected from the reinsurer to the estimated ultimate reinsurance recoveries. Consequently, until periods when the deferred gain is recognized as a benefit to earnings, cumulative adverse development of asbestos and environmental claims will result in charges against earnings which may be significant.

Immediately after closing on the acquisition of Navigators Group, effective May 23, 2019, the Company purchased the Navigators ADC, an aggregate excess of loss reinsurance agreement covering adverse reserve development, from NICO, on behalf of Navigators Insurers. Under the Navigators ADC, the Navigators Insurers paid NICO a reinsurance premium of $91 in exchange for reinsurance coverage of $300 of adverse net loss reserve development that attaches $100 above the Navigators Insurers' existing net loss and allocated loss adjustment reserves as of December 31, 2018 subject to the treaty of $1.816 billion for accidents and losses prior to December 31, 2018.

As of March 31, 2021, the Company has recorded a reinsurance recoverable under the Navigators ADC of $215, as estimated cumulative loss development on the 2018 and prior accident year reserves of $315 exceed the $100 deductible. While the reinsurance recoverable is $215, the Company has also recorded a $124 cumulative deferred gain within other liabilities since, under retroactive reinsurance accounting, ceded losses in excess of the $91 of ceded premium paid must be recognized as a deferred gain. Of the $124 of cumulative ceded losses in excess of ceded premium paid, $6 was recognized as a deferred gain in first quarter 2021 and $29 was recognized as a deferred gain in first quarter 2020. As the Company has ceded $215 of the $300 available limit, there is $85 of remaining limit available as of March 31, 2021.

Group Life, Disability and Accident Products

Rollforward of Liabilities for Unpaid Losses and Loss Adjustment Expenses

	For the three months ended March 31,	
	2021	2020
Beginning liabilities for unpaid losses and loss adjustment expenses, gross	$ 8,233	$ 8,256
Reinsurance recoverables [1]	237	246
Beginning liabilities for unpaid losses and loss adjustment expenses, net	7,996	8,010
Provision for unpaid losses and loss adjustment expenses		
Current incurral year	1,325	1,148
Prior year's discount accretion	55	57
Prior incurral year development [2]	(151)	(163)
Total provision for unpaid losses and loss adjustment expenses [3]	1,229	1,042
Payments		
Current incurral year	(350)	(278)
Prior incurral years	(914)	(821)
Total payments	(1,264)	(1,099)
Ending liabilities for unpaid losses and loss adjustment expenses, net	7,961	7,953
Reinsurance recoverables	247	249
Ending liabilities for unpaid losses and loss adjustment expenses, gross	$ 8,208	$ 8,202

[1] Includes a cumulative effect adjustment of $(1) representing an adjustment to the ACL recorded on adoption of accounting guidance for credit losses on January 1, 2020. For further information refer to 2020 10-K, Note 1 - Basis of Presentation and Significant Accounting Policies.

[2] Prior incurral year development represents the change in estimated ultimate incurred losses and loss adjustment expenses for prior incurral years on a discounted basis.

[3] Includes unallocated loss adjustment expenses ("ULAE") of $43 and $44 for the three months ended March 31, 2021 and 2020, respectively, that are recorded in insurance operating costs and other expenses in the Condensed Consolidated Statements of Operations.

Re-estimates of prior incurral years reserves for the three months ended March 31, 2021

Group disability- Prior period reserve estimates decreased by approximately $125 largely driven by group long-term disability claim incidence lower than prior assumptions together with strong recoveries on prior incurral year claims; and by group short-term disability non-COVID-19 claim incidence lower than previously expected.

Group life and accident (including group life premium waiver)- Prior period reserve estimates decreased by approximately $20 largely driven by lower-than-previously expected claim incidence in both group life premium waiver and group accidental death & dismemberment, partially offset by higher than previously estimated 2020 incurral year excess mortality claims on group term life.

Re-estimates of prior incurral years reserves for the three months ended March 31, 2020

Group disability- Prior period reserve estimates decreased by approximately $100 largely driven by group long-term disability claim incidence lower than prior assumptions and strong recoveries on prior incurral year claims.

Group life and accident (including group life premium waiver)- Prior period reserve estimates decreased by approximately $50 largely driven by lower prior year mortality than prior assumptions in group life and lower than previously expected claim incidence in group life premium waiver.

10. RESERVE FOR FUTURE POLICY BENEFITS

Changes in Reserves for Future Policy Benefits[1]

	For the three months ended March 31,	
	2021	2020
Beginning liability balance	$ 638	$ 635
Incurred	37	18
Paid	(26)	(22)
Change in unrealized investment gains and losses	(8)	(2)
Ending liability balance	$ 641	$ 629
Beginning reinsurance recoverable asset	$ 28	$ 31
Incurred	18	(1)
Paid	—	—
Ending reinsurance recoverable asset	$ 46	$ 30

[1] Reserves for future policy benefits includes paid-up life insurance and whole-life policies resulting from conversion from group life policies included within the Group Benefits segment and reserves for run-off structured settlement and terminal funding agreement liabilities which are in the Corporate category.

11. INCOME TAXES

Income Tax Expense

Income Tax Rate Reconciliation

	Three Months Ended March 31,	
	2021	2020
Tax provision at U.S. federal statutory rate	$ 63	$ 72
Tax-exempt interest	(11)	(12)
Executive compensation	5	5
Increase in deferred tax valuation allowance	1	6
Other	(4)	—
Provision for income taxes	$ 54	$ 71

Other Tax Matters

Unrecognized tax benefits were $15 and $14 at the beginning and end of the periods ended March 31, 2021 and 2020, respectively. The entire amount of unrecognized tax benefits, if recognized, would affect the effective tax rate in the period of the release. The Company believes it is reasonably possible approximately $5 of its currently unrecognized tax benefits associated with dividends from segregated asset accounts of the life and annuity business sold in 2018 may be recognized by the end of 2021 as a result of a lapse in the applicable statute of limitations. This liability is subject to a tax indemnification agreement and has a corresponding receivable included in other assets which would also be taken down upon lapse of the statute of limitations.

For the period ending March 31, 2021, the Company has foreign net operating losses of $11 for which a valuation allowance of $3 has been established. While the foreign NOLs do not expire, this assessment reflects uncertainty in the Company's ability to generate sufficient taxable income in the near term in those specific jurisdictions.

Management has assessed the need for a valuation allowance against its deferred tax assets based on tax character and jurisdiction. In making the assessment, management considered future taxable temporary difference reversals, future taxable income exclusive of reversing temporary differences and carryovers, taxable income in open carry back years and other tax planning strategies which management views as prudent and feasible.

The federal income tax audits for the Company have been completed through 2013, and the Company is not currently under federal income tax examination for any open years. The statute of limitations is closed through the 2016 tax year with the exception of NOL carryforwards utilized in open tax years. Management believes that adequate provision has been made in the Company's Condensed Consolidated Financial Statements for any potential adjustments that may result from tax examinations and other tax-related matters for all open tax years.

12. COMMITMENTS AND CONTINGENCIES

Management evaluates each contingent matter separately. A loss is recorded if probable and reasonably estimable. Management establishes liabilities for these contingencies at its “best estimate,” or, if no one number within the range of possible losses is more probable than any other, the Company records an estimated liability at the low end of the range of losses.

Litigation

The Hartford is involved in claims litigation arising in the ordinary course of business, both as a liability insurer defending or providing indemnity for third-party claims brought against insureds and as an insurer defending coverage claims brought against it. The Hartford accounts for such activity through the establishment of unpaid loss and loss adjustment expense reserves. Subject to the uncertainties related to sexual molestation and sexual abuse claims discussed in Note 9 - Reserves for Unpaid Losses and Loss Adjustment Expenses of this Form 10-Q and in Note 12 - Reserve for Unpaid Losses and Loss Adjustment Expense, of the Company's Annual Report on Form 10-K for the year ended December 31, 2020, and in the following discussion under the caption “COVID-19 Pandemic Business Income Insurance Coverage Litigation” and under the caption “Run-off Asbestos and Environmental Claims,” management expects that the ultimate liability, if any, with respect to such ordinary-course claims litigation, after consideration of provisions made for potential losses and costs of defense, will not be material to the consolidated financial condition, results of operations or cash flows of The Hartford.

The Hartford is also involved in other kinds of legal actions, some of which assert claims for substantial amounts. In addition to the matter described below, these actions include putative class actions seeking certification of a state or national class. Such putative class actions have alleged, for example, underpayment of claims or improper sales or underwriting practices in connection with various kinds of insurance policies, such as personal and commercial automobile, property, disability, life and inland marine. The Hartford also is involved in individual actions in which punitive damages are sought, such as claims alleging bad faith in the handling of insurance claims or other allegedly unfair or improper business practices. Like many other insurers, The Hartford also has been joined in actions by asbestos plaintiffs asserting, among other things, that insurers had a duty to protect the public from the dangers of asbestos and that insurers committed unfair trade practices by asserting defenses on behalf of their policyholders in the underlying asbestos cases. Management expects that the ultimate liability, if any, with respect to such lawsuits, after consideration of provisions made for estimated losses, will not be material to the consolidated financial condition of The Hartford. Nonetheless, given the large or indeterminate amounts sought in certain of these actions, and the inherent unpredictability of litigation, the outcome in certain matters could, from time to time, have a material adverse effect on the Company’s results of operations or cash flows in particular quarterly or annual periods.

COVID-19 Pandemic Business Income Insurance Coverage Litigation

Like many others in the property and casualty insurance industry, beginning in April 2020, various direct and indirect subsidiaries of the Company (collectively the "Hartford Writing Companies”), and in some instances the Company itself, have been served as defendants in lawsuits seeking insurance coverage under commercial insurance policies issued by the Hartford Writing Companies for alleged losses resulting from the shutdown or suspension of their businesses due to the spread of COVID-19. More than 240 such lawsuits have been filed, of which more than 50 purport to be filed on behalf of broad nationwide or statewide classes of policyholders. These lawsuits have been filed in state and federal courts in roughly 34 states. Although the allegations vary, the plaintiffs generally seek a declaration of insurance coverage, damages for breach of contract in unspecified amounts, interest, and attorney’s fees. Many of the lawsuits also allege that the insurance claims were denied in bad faith or otherwise in violation of state laws and seek extra-contractual or punitive damages.

The Company and its subsidiaries deny the allegations and intend to defend vigorously. The Hartford Writing Companies maintain that they have no coverage obligations with respect to these suits for business income allegedly lost by the plaintiffs due to the COVID-19 pandemic based on the clear terms of the applicable insurance policies. Although the policy terms vary depending, among other things, upon the size, nature, and location of the policyholder’s business, in general, the claims at issue in these lawsuits were denied because the claimant identified no direct physical damage or loss to property at the insured premises, and the governmental orders that led to the complete or partial shutdown of the business were not due to the existence of any direct physical loss or damage in the immediate vicinity of the insured premises and did not prohibit access to the insured premises, as required by the terms of the insurance policies. In addition, the vast majority of the policies at issue expressly exclude from coverage any loss caused directly or indirectly by the presence, growth, proliferation, spread or activity of a virus, subject to a narrow set of exceptions not applicable in connection with this pandemic, and contain a pollution and contamination exclusion that, among other things, expressly excludes from coverage any loss caused by material that threatens human health or welfare.

In addition to the inherent difficulty in predicting litigation outcomes, the COVID-19 pandemic business income coverage lawsuits present numerous uncertainties and contingencies that are not yet known, including how many policyholders will ultimately file claims, the number of lawsuits that will be filed, the extent to which any state or nationwide classes will be certified, and the size and scope of any such classes. The legal theories advocated by plaintiffs vary significantly by case as do the state laws that govern the policy interpretation. These lawsuits are at various stages of litigation; some are in the earliest stages of litigation, many complaints are in the process of being amended, some have been dismissed voluntarily and may be refiled, while others have been dismissed through rulings in favor of the Hartford Writing Companies. Discovery is underway in certain single plaintiff cases and class actions. More than a dozen policyholders have appealed dismissals in favor of the Hartford Writing Companies. While these appeals are at various stages of the briefing process, none have been fully briefed at this time. In addition, business income calculations depend upon a wide range of factors that are particular to the circumstances of each individual policyholder and, here, virtually none of the plaintiffs have submitted proofs of loss or otherwise quantified or factually supported any allegedly covered loss, and, in any event, the Company’s experience shows that demands for damages often bear little relation to a reasonable estimate of potential loss. Accordingly, management cannot now reasonably estimate the possible loss or range of loss, if any. Nonetheless, given the large number of claims and potential claims, the indeterminate amounts sought, and the inherent unpredictability of litigation, it is possible that adverse outcomes, if any, in the aggregate, could have a material adverse effect on the Company’s consolidated operating results.

Run-off Asbestos and Environmental Claims

The Company continues to receive A&E claims. Asbestos claims relate primarily to bodily injuries asserted by people who came in contact with asbestos or products containing asbestos. Environmental claims relate primarily to pollution and related clean-up costs.

The vast majority of the Company's exposure to A&E relates to Run-off A&E, reported within the P&C Other Operations segment. In addition, since 1986, the Company has written asbestos and environmental exposures under general liability policies and pollution liability under homeowners policies, which are reported in the Commercial Lines and Personal Lines segments.

Prior to 1986, the Company wrote several different categories of insurance contracts that may cover A&E claims. First, the Company wrote primary policies providing the first layer of coverage in an insured's liability program. Second, the Company wrote excess and umbrella policies providing higher layers of coverage for losses that exhaust the limits of underlying coverage. Third, the Company acted as a reinsurer assuming a portion of those risks assumed by other insurers writing primary, excess, umbrella and reinsurance coverages.

Significant uncertainty limits the ability of insurers and reinsurers to estimate the ultimate reserves necessary for unpaid gross losses and expenses related to environmental and particularly asbestos claims. The degree of variability of gross reserve estimates for these exposures is significantly greater than for other more traditional exposures.

In the case of the reserves for asbestos exposures, factors contributing to the high degree of uncertainty include inadequate loss development patterns, plaintiffs' expanding theories of liability, the risks inherent in major litigation, and inconsistent emerging legal doctrines. Furthermore, over time, insurers, including the Company, have experienced significant changes in the rate at which asbestos claims are brought, the claims experience of particular insureds, and the value of claims, making predictions of future exposure from past experience uncertain. Plaintiffs and insureds also have sought to use bankruptcy proceedings, including "pre-packaged" bankruptcies, to accelerate and increase loss payments by insurers. In addition, some policyholders have asserted new classes of claims for coverages to which an aggregate limit of liability may not apply. Further uncertainties include insolvencies of other carriers and unanticipated developments pertaining to the Company's ability to recover reinsurance for A&E claims. Management believes these issues are not likely to be resolved in the near future.

In the case of the reserves for environmental exposures, factors contributing to the high degree of uncertainty include expanding theories of liability and damages, the risks inherent in major litigation, inconsistent decisions concerning the existence and scope of coverage for environmental claims, and uncertainty as to the monetary amount being sought by the claimant from the insured.

The reporting pattern for assumed reinsurance claims, including those related to A&E claims, is much longer than for direct claims. In many instances, it takes months or years to determine that the policyholder's own obligations have been met and how the reinsurance in question may apply to such claims. The delay in reporting reinsurance claims and exposures adds to the uncertainty of estimating the related reserves.

It is also not possible to predict changes in the legal and legislative environment and their effect on the future development of A&E claims.

Given the factors described above, the Company believes the actuarial tools and other techniques it employs to estimate the ultimate cost of claims for more traditional kinds of insurance exposure are less precise in estimating reserves for A&E exposures. For this reason, the Company principally relies on exposure-based analysis to estimate the ultimate costs of these claims, both gross and net of reinsurance, and regularly evaluates new account information in assessing its potential A&E exposures. The Company supplements this exposure-based analysis with evaluations of the Company's historical direct net loss and expense paid and reported experience, and net loss and expense paid and reported experience by calendar and/or report year, to assess any emerging trends, fluctuations or characteristics suggested by the aggregate paid and reported activity.

While the Company believes that its current A&E reserves are appropriate, significant uncertainties limit the ability of insurers and reinsurers to estimate the ultimate reserves necessary for unpaid losses and related expenses. The ultimate liabilities, thus, could exceed the currently recorded reserves, and any such additional liability, while not estimable now, could be material to The Hartford's consolidated operating results and liquidity.

For its Run-off A&E, as of March 31, 2021, the Company reported $676 of net asbestos reserves and $79 of net environmental reserves. In addition, the Company has recorded a $210 deferred gain within other liabilities for losses economically ceded to NICO but for which the benefit is not recognized in earnings until later periods. While the Company believes that its current Run-off A&E reserves are appropriate, significant uncertainties limit our ability to estimate the ultimate reserves necessary for unpaid losses and related expenses. The ultimate liabilities, thus, could exceed the currently recorded reserves, and any such additional liability, while not reasonably estimable now, could be material to The Hartford's consolidated operating results and liquidity.

The Company's A&E ADC reinsurance agreement with NICO reinsures substantially all A&E reserve development for 2016 and prior accident years, including Run-off A&E and A&E reserves included in Commercial Lines and Personal Lines. The A&E ADC has a coverage limit of $1.5 billion above the Company's existing net A&E reserves as of December 31, 2016 of approximately $1.7 billion. As of March 31, 2021, the Company has incurred $860 in cumulative adverse development on A&E reserves that have been ceded under the A&E ADC treaty with NICO, leaving $640 of coverage available for future adverse net reserve development, if any. Cumulative adverse development of A&E claims for accident years 2016 and prior could ultimately exceed the $1.5 billion treaty limit in which case any adverse development in excess of the treaty limit would be absorbed as a charge to earnings by the Company. In these scenarios, the effect of these charges could be material to the Company's consolidated operating results and liquidity. For more information on the A&E ADC, refer to Note 12, Reserve for Unpaid Losses and Loss Adjustment Expenses of Notes to Consolidated Financial Statements included in the Company's 2020 Form 10-K Annual Report.

Derivative Commitments

Certain of the Company's derivative agreements contain provisions that are tied to the financial strength ratings, as set by nationally recognized statistical agencies, of the individual legal entity that entered into the derivative agreement. If the legal entity's financial strength were to fall below certain ratings, the counterparties to the derivative agreements could demand immediate and ongoing full collateralization and, in certain instances, enable the counterparties to terminate the agreements and demand immediate settlement of all outstanding derivative positions traded under each impacted bilateral agreement. The settlement amount is determined by netting the derivative positions transacted under each agreement. If the termination rights were to be exercised by the counterparties, it could impact the legal entity's ability to conduct hedging activities by increasing the associated costs and decreasing the willingness of counterparties to transact with the legal entity. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a net liability position as of March 31, 2021 was $60 for which the legal entities have posted collateral of $61 in the normal course of business. Based on derivative market values as of March 31, 2021, a downgrade of one level below the current financial strength ratings by either Moody's or S&P would not require additional assets to be posted as collateral. A downgrade of two levels below the current financial strength ratings by either Moody's or S&P would require an additional $2 of assets to be posted as collateral. These collateral amounts could change as derivative market values change, as a result of changes in our hedging activities or to the extent changes in contractual terms are negotiated. The nature of the additional collateral that we would post, if required, would be primarily in the form of U.S. Treasury bills, U.S. Treasury notes and government agency securities.

13. EQUITY

Equity Repurchase Program

During the three months ended March 31, 2021, the Company repurchased $123 (2.4 million shares) of common stock under the share repurchase program, effective January 1, 2021 until December 31, 2022, authorized by the Board of Directors in December 2020. The share repurchase program was initially authorized at $1.5 billion and, in April 2021, the Company announced an increase in the share repurchase authorization to $2.5 billion, which remains effective until December 31, 2022. During the period April 1, 2021 through April 26, 2021, the Company repurchased $27 (0.4 million shares) under this repurchase program. The timing of future repurchases will be dependent on several factors, including the market price of the Company's securities, the Company's capital position, consideration of the effect of any repurchases on the Company's financial strength or credit ratings, the Company's blackout periods, and other considerations.

During the three months ended March 31, 2020, The Company repurchased $150 (2.7 million shares) of common stock under the previous share repurchase program that expired December 31, 2020.

14. CHANGES IN AND RECLASSIFICATIONS FROM ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Changes in AOCI, Net of Tax for the Three Months Ended March 31, 2021

	Changes in					
	Net Unrealized Gain on Fixed Maturities	Unrealized Loss on Fixed Maturities with ACL	Net Gain on Cash Flow Hedging Instruments	Foreign Currency Translation Adjustments	Pension and Other Postretirement Plan Adjustments	AOCI, net of tax
Beginning balance	$ 2,834	$ (2)	$ 12	$ 43	$ (1,717)	$ 1,170
OCI before reclassifications	(922)	—	12	1	—	(909)
Amounts reclassified from AOCI	(3)	—	(7)	—	13	3
OCI, net of tax	(925)	—	5	1	13	(906)
Ending balance	$ 1,909	$ (2)	$ 17	$ 44	$ (1,704)	$ 264

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Reclassifications from AOCI

	Three Months Ended March 31, 2021	Affected Line Item in the Condensed Consolidated Statement of Operations
Net Unrealized Gain on Fixed Maturities		
Available-for-sale fixed maturities	$ 4	Net realized capital gains (losses)
	4	**Total before tax**
	1	Income tax expense
	$ 3	**Net income**
Net Gains on Cash Flow Hedging Instruments		
Interest rate swaps	$ 10	Net investment income
Interest rate swaps	(2)	Interest expense
Foreign currency swaps	1	Net investment income
	9	**Total before tax**
	2	Income tax expense
	$ 7	**Net income**
Pension and Other Postretirement Plan Adjustments		
Amortization of prior service credit	$ 2	Insurance operating costs and other expenses
Amortization of actuarial loss	(19)	Insurance operating costs and other expenses
	(17)	**Total before tax**
	(4)	Income tax expense
	$ (13)	**Net income**
Total amounts reclassified from AOCI	$ (3)	**Net income**

Changes in AOCI, Net of Tax for the Three Months Ended March 31, 2020

	Changes in					
	Net Unrealized Gain on Fixed Maturities	Net Unrealized Loss on Fixed Maturities with ACL	Net Gain on Cash Flow Hedging Instruments	Foreign Currency Translation Adjustments	Pension and Other Postretirement Plan Adjustments	AOCI, net of tax
Beginning balance	$ 1,684	$ (3)	$ 9	$ 34	$ (1,672)	$ 52
OCI before reclassifications	(1,015)	1	47	(8)	(1)	(976)
Amounts reclassified from AOCI	(42)	—	(3)	—	12	(33)
OCI, net of tax	(1,057)	1	44	(8)	11	(1,009)
Ending balance	$ 627	$ (2)	$ 53	$ 26	$ (1,661)	$ (957)

Reclassifications from AOCI

	Three Months Ended March 31, 2020	Affected Line Item in the Condensed Consolidated Statement of Operations
Net Unrealized Gain on Fixed Maturities		
Available-for-sale fixed maturities	$ 53	Net realized capital gains (losses)
	53	**Total before tax**
	11	Income tax expense
	$ 42	**Net income**
Net Gains on Cash Flow Hedging Instruments		
Interest rate swaps	$ 3	Net investment income
Foreign currency swaps	1	Net investment income
	4	**Total before tax**
	1	Income tax expense
	$ 3	**Net income**
Pension and Other Postretirement Plan Adjustments		
Amortization of prior service credit	$ 2	Insurance operating costs and other expenses
Amortization of actuarial loss	(17)	Insurance operating costs and other expenses
	(15)	**Total before tax**
	(3)	Income tax expense
	$ (12)	**Net income**
Total amounts reclassified from AOCI	$ 33	**Net income**

15. EMPLOYEE BENEFIT PLANS

The Company's employee benefit plans are described in Note 19 - Employee Benefit Plans of Notes to Consolidated Financial Statements included in The Hartford's 2020 Annual Report on Form 10-K. Net periodic cost (benefit) is recognized in insurance operating costs and other expenses in the condensed consolidated statement of operations.

Net Periodic Cost (Benefit)

	Pension Benefits		Other Postretirement Benefits	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2021	2020	2021	2020
Service cost	$ 1	$ 1	$ —	$ —
Interest cost	24	32	1	2
Expected return on plan assets	(51)	(54)	(1)	(1)
Amortization of prior service credit	—	—	(2)	(2)
Amortization of actuarial loss	17	15	2	2
Net periodic cost (benefit)	**$ (9)**	**$ (6)**	**$ —**	**$ 1**

16. BUSINESS DISPOSITION

Sale of Continental Europe Operations

On September 30, 2020, the Company entered into a definitive agreement to sell its Continental Europe Operations consisting of multiple arrangements designed as a single transaction. The Continental Europe Operations are included in the Commercial Lines reporting segment. Revenues and earnings are not material to the Company's consolidated results of operations for the three months ended March 31, 2021 and 2020. The pending sale resulted in an estimated loss on the sale of approximately $47, before tax, which was recorded within net realized capital gains (losses). The accrual for the estimated before tax loss is included as a reduction of the carrying value of assets held for sale in the Company's Condensed Consolidated Balance Sheets as of March 31, 2021. The transaction is expected to close in the second or third quarter of 2021, subject to customary closing conditions, including regulatory approvals.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Carrying Value of Assets and Liabilities to be Transferred in Connection With the Sale [1]

	As of March 31, 2021	As of December 31, 2020
Assets		
Investments and cash	$ 137	$ 142
Reinsurance recoverables and other	28	35
Total assets held for sale	**165**	**177**
Liabilities		
Unpaid losses and loss adjustment expenses	77	84
Unearned premiums	23	31
Other liabilities	48	43
Total liabilities held for sale	**$ 148**	**$ 158**

[1] As of March 31, 2021 and December 31, 2020, the estimated fair value of the disposal group was $14 based on the estimated consideration to be received less cost to sell. Within the disposal group, as of March 31, 2021 and December 31, 2020, investments in fixed maturities and short-term investments, which are measured at fair value on a recurring basis, had a fair value of $80 and $84, respectively, of which $1 and $1, respectively, was based on quoted prices in active markets for identical assets and $79 and $83, respectively, was based on significant observable inputs. The remaining fair value less costs to sell for the disposal group as of March 31, 2021 and December 31, 2020 was ($66) and ($70), respectively, which is measured on a nonrecurring basis using significant unobservable inputs. See Note 4—Fair Value Measurements for more information.

17. RESTRUCTURING AND OTHER COSTS

In recognition of the need to become more cost efficient and competitive along with enhancing the experience we provide to agents and customers, on July 30, 2020 the Company announced an operational transformation and cost reduction plan it refers to as Hartford Next. Hartford Next is intended to reduce annual insurance operating costs and other expenses through reduction of the Company's headcount, investment in information technology ("IT") to further enhance our capabilities, and other activities. The activities are expected to be substantially complete by the end of 2022.

Termination benefits related to workforce reductions and professional fees are included within restructuring and other costs in the Condensed Consolidated Statement of Operations and unpaid restructuring costs are included in other liabilities in the March 31, 2021 Condensed Consolidated Balance Sheet. Subsequent to March 31, 2021, the Company expects to incur additional costs including amortization of right of use assets and other lease exit costs, other IT costs to retire applications, professional fees and other expenses. Total restructuring and other costs are expected to be approximately $164, before tax, and are being recognized in Corporate for segment reporting.

Restructuring and Other Costs, Before Tax

	Incurred in the Three Months Ended March 31, 2021	Cumulative Incurred Through March 31, 2021	Total Amount Expected to be Incurred
Severance benefits	$ —	$ 73	$ 73
IT costs	2	4	27
Professional fees and other expenses	9	38	64
Total restructuring and other costs, before tax	**$ 11**	**$ 115**	**$ 164**

Accrued Restructuring and Other Costs

	Three Months Ended March 31, 2021			
	Severance Benefits and Related Costs	IT Costs	Professional Fees and Other	Total Restructuring and Other Costs Liability
Balance, beginning of period	$ 54	$ —	$ —	$ 54
Incurred	—	2	9	11
Payments	(6)	(2)	(6)	(14)
Balance, end of period	**$ 48**	**$ —**	**$ 3**	**$ 51**

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollar amounts in millions except for per share data, unless otherwise stated)

The Hartford provides projections and other forward-looking information in the following discussions, which contain many forward-looking statements, particularly relating to the Company's future financial performance. These forward-looking statements are estimates based on information currently available to the Company, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and are subject to the cautionary statements set forth on pages 4 and 5 of this Form 10-Q. Actual results are likely to differ, and in the past have differed, materially from those forecast by the Company, depending on the outcome of various factors, including, but not limited to, those set forth in the following discussion; Part I, Item 1A, Risk Factors in The Hartford's 2020 Form 10-K Annual Report; and our other filings with the Securities and Exchange Commission. The Hartford undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.

On September 30, 2020, the Company entered into a definitive agreement to sell all of the issued and outstanding equity of Navigators Holdings (Europe) N.V., a Belgium holding company, and its subsidiaries, Bracht, Deckers & Mackelbert N.V. ("BDM") and Assurances Contintales Contintale Verzekeringen N.V. ("ASCO"), (collectively referred to as "Continental Europe Operations"). For discussion of this transaction, see Note 16 - Business Disposition of Notes to Condensed Consolidated Financial Statements.

Certain reclassifications have been made to historical financial information presented in Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") to conform to the current period presentation.

The Hartford defines increases or decreases greater than or equal to 200% as "NM" or not meaningful.

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Throughout the MD&A, we use certain terms and abbreviations, the more commonly used are summarized in the Acronyms section.

KEY PERFORMANCE MEASURES AND RATIOS

The Company considers the measures and ratios in the following discussion to be key performance indicators for its businesses. Management believes that these ratios and measures are useful in understanding the underlying trends in The Hartford's businesses. However, these key performance indicators should only be used in conjunction with, and not in lieu of, the results presented in the segment discussions that follow in this MD&A. These ratios and measures may not be comparable to other performance measures used by the Company's competitors.

Definitions of Non-GAAP and Other Measures and Ratios

Assets Under Management ("AUM")- Include mutual fund and exchange-traded products ("ETP") assets. AUM is a measure used by the Company's Hartford Funds segment because a significant portion of the Company's mutual fund and ETP revenues are based upon asset values. These revenues increase or decrease with a rise or fall in AUM whether caused by changes in the market or through net flows.

Book Value per Diluted Share excluding accumulated other comprehensive income ("AOCI")- This is a non-GAAP per share measure that is calculated by dividing (a) common stockholders' equity, excluding AOCI, after tax, by (b) common shares outstanding and dilutive potential common shares. The Company provides this measure to enable investors to analyze the amount of the Company's net worth that is primarily attributable to the Company's business operations. The Company believes that excluding AOCI from the numerator is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period, primarily based on changes in interest rates. Book value per diluted share is the most directly comparable U.S. GAAP measure.

Combined Ratio- The sum of the loss and loss adjustment expense ratio, the expense ratio and the policyholder dividend ratio. This ratio is a relative measurement that describes the related cost of losses and expenses for every $100 of earned premiums. A combined ratio below 100 demonstrates underwriting profit; a combined ratio above 100 demonstrates underwriting losses.

Core Earnings- The Hartford uses the non-GAAP measure core earnings as an important measure of the Company's operating performance. The Hartford believes that core earnings provides investors with a valuable measure of the performance of the Company's ongoing businesses because it reveals trends in our insurance and financial services businesses that may be obscured by including the net effect of certain items. Therefore, the following items are excluded from core earnings:

- Certain realized capital gains and losses - Some realized capital gains and losses are primarily driven by investment decisions and external economic developments, the nature and timing of which are unrelated to the insurance and underwriting aspects of our business. Accordingly, core earnings excludes the effect of all realized gains and losses that tend to be highly variable from period to period based on capital market conditions. The Hartford believes, however, that some realized capital gains and losses are integrally related to our insurance operations, so core earnings includes net realized gains and losses such as net periodic settlements on credit derivatives. These net realized gains and losses are directly related to an offsetting item included in the income statement such as net investment income.
- Restructuring and other costs - Costs incurred as part of a restructuring plan are not a recurring operating expense of the business.
- Loss on extinguishment of debt - Largely consisting of make-whole payments or tender premiums upon paying debt off before maturity, these losses are not a recurring operating expense of the business.
- Gains and losses on reinsurance transactions - Gains or losses on reinsurance, such as those entered into upon sale of a business or to reinsure loss reserves, are not a recurring operating expense of the business.
- Integration and transaction costs in connection with an acquired business - As transaction costs are incurred upon acquisition of a business and integration costs are completed within a short period after an acquisition, they do not represent ongoing costs of the business.
- Change in loss reserves upon acquisition of a business - These changes in loss reserves are excluded from core earnings because such changes could obscure the ability to compare results in periods after the acquisition to results of periods prior to the acquisition.
- Deferred gain resulting from retroactive reinsurance and subsequent changes in the deferred gain - Retroactive reinsurance agreements economically transfer risk to the reinsurers and including the full benefit from retroactive reinsurance in core earnings provides greater insight into the economics of the business.
- Change in valuation allowance on deferred taxes related to non-core components of pre-tax income - These changes in valuation allowances are excluded from core earnings because they relate to non-core components of pre-tax income, such as tax attributes like capital loss carryforwards.
- Results of discontinued operations - These results are excluded from core earnings for businesses sold or held for sale because such results could obscure the ability to compare period over period results for our ongoing businesses.

In addition to the above components of net income available to common stockholders that are excluded from core earnings, preferred stock dividends declared, which are excluded from net income available to common stockholders, are included in the determination of core earnings. Preferred stock dividends are a cost of financing more akin to interest expense on debt and are expected to be a recurring expense as long as the preferred stock is outstanding.

Net income (loss) and net income (loss) available to common stockholders are the most directly comparable U.S. GAAP measures to core earnings. Core earnings should not be considered as a substitute for net income (loss) or net income (loss) available to common stockholders and does not reflect the overall profitability of the Company's business. Therefore, The Hartford believes that it is useful for investors to evaluate net income (loss), net income (loss) available to common stockholders, and core earnings when reviewing the Company's performance.

Reconciliation of Net Income to Core Earnings

	Three Months Ended March 31,	
	2021	2020
Net income	$ 249	$ 273
Preferred stock dividends	5	5
Net income available to common stockholders	244	268
Adjustments to reconcile net income available to common stockholders to core earnings:		
Net realized capital losses (gains) excluded from core earnings, before tax	(77)	232
Restructuring and other costs, before tax	11	—
Integration and transaction costs associated with acquired business, before tax	9	13
Change in deferred gain on retroactive reinsurance, before tax	6	29
Income tax expense (benefit)	10	(57)
Core earnings	$ 203	$ 485

Core Earnings Margin- The Hartford uses the non-GAAP measure core earnings margin to evaluate, and believes it is an important measure of, the Group Benefits segment's operating performance. Core earnings margin is calculated by dividing core earnings by revenues, excluding buyouts and realized gains (losses). Net income margin, calculated by dividing net income by revenues, is the most directly comparable U.S. GAAP measure. The Company believes that core earnings margin provides investors with a valuable measure of the performance of Group Benefits because it reveals trends in the business that may be obscured by the effect of buyouts and realized gains (losses) as well as other items excluded in the calculation of core earnings. Core earnings margin should not be considered as a substitute for net income margin and does not reflect the overall profitability of Group Benefits. Therefore, the Company believes it is important for investors to evaluate both core earnings margin and net income margin when reviewing performance. A reconciliation of net income margin to core earnings margin is set forth in the Results of Operations section within MD&A - Group Benefits.

Current Accident Year Catastrophe Ratio- A component of the loss and loss adjustment expense ratio, represents the ratio of catastrophe losses incurred in the current accident year (net of reinsurance) to earned premiums. For U.S. events, a catastrophe is an event that causes $25 or more in industry insured property losses and affects a significant number of property and casualty policyholders and insurers, as defined by the Property Claim Service office of Verisk. For international events, the Company's approach is similar, informed, in part, by how Lloyd's of London defines catastrophes. Lloyd's of London is an insurance market-place operating worldwide ("Lloyd's"). Lloyd's does not underwrite risks. The Company accepts risks as the sole member of Lloyd's Syndicate 1221 ("Lloyd's Syndicate"). The current accident year catastrophe ratio includes the effect of catastrophe losses, but does not include the effect of reinstatement premiums.

Expense Ratio- For the underwriting segments of Commercial Lines and Personal Lines is the ratio of underwriting expenses less fee income, to earned premiums. Underwriting expenses include the amortization of deferred policy acquisition costs ("DAC") and insurance operating costs and expenses, including certain centralized services costs and bad debt expense. DAC include commissions, taxes, licenses and fees and other incremental direct underwriting expenses and are amortized over the policy term.

The expense ratio for Group Benefits is expressed as the ratio of insurance operating costs and other expenses including amortization of intangibles and amortization of DAC, to premiums and other considerations, excluding buyout premiums.

The expense ratio for Commercial Lines, Personal Lines and Group Benefits does not include integration and other transaction costs associated with an acquired business.

Fee Income- Is largely driven from amounts earned as a result of contractually defined percentages of assets under management in our Hartford Funds business. These fees are generally earned on a daily basis. Therefore, the growth in assets under management either through positive net flows or favorable market performance will have a favorable impact on fee income. Conversely, either negative net flows or unfavorable market performance will reduce fee income.

Gross New Business Premium- Represents the amount of premiums charged, before ceded reinsurance, for policies issued to customers who were not insured with the Company in the previous policy term. Gross new business premium plus gross renewal written premium less ceded reinsurance equals total written premium.

Loss and Loss Adjustment Expense Ratio- A measure of the cost of claims incurred in the calendar year divided by earned premium and includes losses and loss adjustment expenses incurred for both the current and prior accident years. Among other factors, the loss and loss adjustment expense ratio needed for the Company to achieve its targeted return on equity ("ROE") fluctuates from year to year based on changes in the expected investment yield over the claim settlement period, the timing of expected claim settlements and the targeted returns set by management based on the competitive environment.

The loss and loss adjustment expense ratio is affected by claim frequency and claim severity, particularly for shorter-tail property lines of business, where the emergence of claim frequency and severity is credible and likely indicative of ultimate losses. Claim frequency represents the percentage change in the average number of reported claims per unit of exposure in the current accident year compared to that of the previous accident year. Claim severity represents the percentage change in the estimated average cost per claim in the current accident year compared to that of the previous accident year. As one of the factors used to determine pricing, the Company's practice is to first make an overall assumption about claim frequency and severity for a given line of business and then, as part of the rate-making process, adjust the assumption as appropriate for the particular state, product or coverage.

Loss and Loss Adjustment Expense Ratio before Catastrophes and Prior Accident Year Development- A measure of the cost of non-catastrophe loss and loss adjustment expenses incurred in the current accident year divided by earned premiums. Management believes that the current accident year loss and loss adjustment expense ratio before catastrophes is a performance measure that is useful to investors as it removes the impact of volatile and unpredictable catastrophe losses and prior accident year development.

Loss Ratio, excluding Buyouts- Utilized for the Group Benefits segment and is expressed as a ratio of benefits, losses and loss adjustment expenses, excluding those related to buyout premiums, to premiums and other considerations, excluding buyout premiums. Since Group Benefits occasionally buys a block of claims for a stated premium amount, the Company excludes this buyout from the loss ratio used for evaluating the profitability of the business as buyouts may distort the loss ratio. Buyout premiums represent takeover of open claim liabilities and other non-recurring premium amounts.

Mutual Fund and Exchange-Traded Product Assets- Are owned by the shareholders of those products and not by the Company and, therefore, are not reflected in the Company's Condensed Consolidated Financial Statements except in instances where the Company seeds new investment products and holds an investment in the fund for a period of time. Mutual fund and ETP assets are a measure used by the Company primarily because a significant portion of the Company's Hartford Funds segment revenues are based upon asset values. These revenues increase or decrease with a rise or fall in AUM whether caused by changes in the market or through net flows.

Net New Business Premium- Represents the amount of premiums charged, after ceded reinsurance, for policies issued to customers who were not insured with the Company in the previous policy term. Net new business premium plus renewal written premium equals total written premium.

Policies in Force- Represents the number of policies with coverage in effect as of the end of the period. The number of policies in force is a growth measure used for Personal Lines and standard commercial lines (small commercial and middle market lines within middle & large commercial) within Commercial Lines and is affected by both new business growth and policy count retention.

Policy Count Retention- Represents the ratio of the number of policies renewed during the period divided by the number of policies available to renew. The number of policies available to renew represents the number of policies, net of any cancellations, written in the previous policy term. Policy count retention is affected by a number of factors, including the percentage of renewal policy quotes accepted and decisions by the Company to non-renew policies because of specific policy underwriting concerns or because of a decision to reduce premium writings in certain classes of business or states. Policy count retention is also affected by advertising and rate actions taken by competitors.

Policyholder Dividend Ratio- The ratio of policyholder dividends to earned premium.

Prior Accident Year Loss and Loss Adjustment Expense Ratio- Represents the increase (decrease) in the estimated cost of settling catastrophe and non-catastrophe claims incurred in prior accident years as recorded in the current calendar year divided by earned premiums.

Reinstatement Premiums- Represents additional ceded premium paid for the reinstatement of the amount of reinsurance coverage that was reduced as a result of the Company ceding losses to reinsurers.

Renewal Earned Price Increase (Decrease)- Written premiums are earned over the policy term, which is six months for certain Personal Lines automobile business and twelve months for substantially all of the remainder of the Company's Property and Casualty business. Since the Company earns premiums over the six to twelve month term of the policies, renewal earned price increases (decreases) lag renewal written price increases (decreases) by six to twelve months.

Renewal Written Price Increase (Decrease)- For Commercial Lines, represents the combined effect of rate changes, amount of insurance and individual risk pricing decisions per unit of exposure on commercial lines policies that renewed. For Personal Lines, renewal written price increases represent the total change in premium per policy since the prior year on those policies that renewed and includes the combined effect of rate changes, amount of insurance and other changes in exposure. For Personal Lines, other changes in exposure include, but are not limited to, the effect of changes in number of drivers, vehicles and incidents, as well as changes in customer policy elections, such as deductibles and limits. The rate component represents the change in rate filed with and approved by state regulators during the period and the amount of insurance represents the change in the value of the rating base, such as model year/vehicle symbol for automobiles, building replacement costs for property and wage inflation for workers' compensation. A number of factors affect renewal written price increases (decreases) including expected loss costs as projected by the Company's pricing actuaries, rate filings approved by state regulators, risk selection decisions made by the Company's underwriters and marketplace competition. Renewal written price changes reflect the property and casualty insurance market cycle. Prices tend to increase for a particular line of business when insurance carriers have incurred significant losses in that line of business in the recent past or the industry as a whole commits less of its capital to writing exposures in that line of business. Prices tend to decrease when recent loss experience has been favorable or when competition among insurance carriers increases. Renewal written price statistics are subject to change from period to period, based on a number of factors, including changes in actuarial estimates and the effect of subsequent cancellations and non-renewals, and modifications made to better reflect ultimate pricing achieved.

Return on Assets ("ROA"), Core Earnings- The Company uses this non-GAAP financial measure to evaluate, and believes is an important measure of, the Hartford Funds segment's operating performance. ROA, core earnings is calculated by dividing annualized core earnings by a daily average AUM. ROA is the most directly comparable U.S. GAAP measure. The Company believes that ROA, core earnings, provides investors with a valuable measure of the performance of the Hartford Funds segment because it reveals trends in our business that may be obscured by the effect of items excluded in the calculation of core earnings. ROA, core earnings, should not be considered as a substitute for ROA and does not reflect the overall profitability of our Hartford Funds business. Therefore, the Company believes it is important for investors to evaluate both ROA, and ROA, core earnings when reviewing the Hartford Funds segment performance. A reconciliation of ROA to ROA, core earnings is set forth in the Results of Operations section within MD&A - Hartford Funds.

Underlying Combined Ratio- This non-GAAP financial measure of underwriting results represents the combined ratio before catastrophes, prior accident year development and current accident year change in loss reserves upon acquisition of a business. Combined ratio is the most directly comparable GAAP measure. The underlying combined ratio represents the combined ratio for the current accident year, excluding the impact of current accident year catastrophes and current accident year change in loss reserves upon acquisition of a business. The Company believes this ratio is an important measure of the trend in profitability since it removes the impact of volatile and unpredictable catastrophe losses and prior accident year loss and loss adjustment expense reserve development. The changes to loss reserves upon acquisition of a business are excluded from underlying combined ratio because such changes could obscure the ability to compare results in periods after the acquisition to results of periods prior to the acquisition as such trends are valuable to our investors' ability to assess the Company's financial performance.

A reconciliation of combined ratio to underlying combined ratio is set forth in the Results of Operations section within MD&A - Commercial Lines and Personal Lines.

Underwriting Gain (Loss)- The Hartford's management evaluates profitability of the Commercial and Personal Lines segments primarily on the basis of underwriting gain or loss. Underwriting gain (loss) is a before tax non-GAAP measure that represents earned premiums less incurred losses, loss adjustment expenses and underwriting expenses. Net income (loss) is the most directly comparable GAAP measure. Underwriting gain (loss) is influenced significantly by earned premium growth and the adequacy of The Hartford's pricing. Underwriting profitability over time is also greatly influenced by The Hartford's underwriting discipline, as management strives to manage exposure to loss through favorable risk selection and diversification, effective management of claims, use of reinsurance and its ability to manage its expenses. The Hartford believes that the measure underwriting gain (loss) provides investors with a valuable measure of profitability, before tax, derived from underwriting activities, which are managed separately from the Company's investing activities.

Reconciliation of Net Income to Underwriting Gain (Loss)

	Three Months Ended March 31,	
	2021	2020
Commercial Lines		
Net income	$ 129	$ 121
Adjustments to reconcile net income to underwriting gain (loss):		
Net servicing income	(2)	(1)
Net investment income	(327)	(277)
Net realized capital losses (gains)	(44)	143
Other expense	4	6
Income tax expense	24	28
Underwriting gain (loss)	$ (216)	$ 20
Personal Lines		
Net income	$ 135	$ 98
Adjustments to reconcile net income to underwriting gain (loss):		
Net servicing income	(4)	(2)
Net investment income	(35)	(41)
Net realized capital losses (gains)	(7)	23
Other expense	—	—
Income tax expense	35	25
Underwriting gain	$ 124	$ 103
P&C Other Ops		
Net income (loss)	$ (13)	$ 5
Adjustments to reconcile net income to underwriting gain (loss):		
Net investment income	(16)	(16)
Net realized capital losses (gains)	(2)	7
Income tax expense (benefit)	(4)	1
Underwriting loss	$ (35)	$ (3)

Written and Earned Premiums- Written premium represents the amount of premiums charged for policies issued, net of reinsurance, during a fiscal period. Premiums are considered earned and are included in the financial results on a pro rata basis over the policy period. Management believes that written premium is a performance measure that is useful to investors as it reflects current trends in the Company's sale of property and casualty insurance products. Written and earned premium are recorded net of ceded reinsurance premium.

Traditional life and disability insurance type products, such as those sold by Group Benefits, collect premiums from policyholders in exchange for financial protection for the policyholder from a specified insurable loss, such as death or disability. These premiums together with net investment income earned are used to pay the contractual obligations under these insurance contracts. Two major factors, new sales and persistency, impact premium growth. Sales can increase or decrease in a given year based on a number of factors, including but not limited to, customer demand for the Company's product offerings, pricing competition, distribution channels and the Company's reputation and ratings. Persistency refers to the percentage of premium remaining in-force from year-to-year.

THE HARTFORD'S OPERATIONS

The Hartford conducts business principally in five reporting segments including Commercial Lines, Personal Lines, Property & Casualty Other Operations, Group Benefits and Hartford Funds, as well as a Corporate category. The Company includes in the Corporate category reserves for run-off structured settlement and terminal funding agreement liabilities, restructuring costs, capital raising activities (including equity financing, debt financing and related interest expense), transaction expenses incurred in connection with an acquisition, purchase accounting adjustments related to goodwill and other expenses not allocated to the reporting segments. Corporate also includes investment management fees and expenses related to managing third party business, including management of the invested assets of Talcott Resolution Life, Inc. and its subsidiaries ("Talcott Resolution"). Talcott Resolution is the holding company of the life and annuity business that was sold in May 2018. In addition, Corporate includes a 9.7% ownership interest in the legal entity that acquired the life and annuity business sold. The sale of Talcott Resolution to a new group of investors is expected to close by

June 30, 2021. The Company will receive 9.7% of the proceeds and any pre-closing dividends.

The Company derives its revenues principally from: (a) premiums earned for insurance coverage provided to insureds; (b) management fees on mutual fund and ETP assets; (c) net investment income; (d) fees earned for services provided to third parties; and (e) net realized capital gains and losses. Premiums charged for insurance coverage are earned principally on a pro rata basis over the terms of the related policies in-force.

The profitability of the Company's property and casualty insurance businesses over time is greatly influenced by the Company's underwriting discipline, which seeks to manage exposure to loss through favorable risk selection and diversification, its management of claims, its use of reinsurance, the size of its in force block, actual mortality and morbidity experience, and its ability to manage its expense ratio which it accomplishes through economies of scale and its management of acquisition costs and other underwriting expenses. Pricing adequacy depends on a number of factors, including the ability to obtain regulatory approval for rate changes, proper evaluation of underwriting risks, the ability to project future loss cost frequency and severity based on historical loss experience adjusted for known trends, the Company's response to rate actions taken by competitors, its expense levels and expectations about regulatory and legal developments. The Company seeks to price its insurance policies such that insurance premiums and future net investment income earned on premiums received will cover underwriting expenses and the ultimate cost of paying claims reported on the policies and provide for a profit margin. For many of its insurance products, the Company is required to obtain approval for its premium rates from state insurance departments and the Lloyd's Syndicate 1221's ("Lloyd's Syndicate") ability to write business is subject to Lloyd's approval for its premium capacity each year. Most of Personal Lines written premium is associated with our exclusive licensing agreement with AARP. This agreement provides an important competitive advantage given the size of the 50 plus population and the strength of the AARP brand. In 2020, the Company extended this agreement through December 31, 2032.

Similar to property and casualty, profitability of the Group Benefits business depends, in large part, on the ability to evaluate and price risks appropriately and make reliable estimates of mortality, morbidity, disability and longevity. To manage the pricing risk, Group Benefits generally offers term insurance policies, allowing for the adjustment of rates or policy terms in order to minimize the adverse effect of market trends, loss costs, declining interest rates and other factors. However, as policies are typically sold with rate guarantees of up to three years, pricing for the Company's products could prove to be inadequate if loss and expense trends emerge adversely during the rate guarantee period or if investment returns are lower than expected at the time the products were sold. For some of its products, the Company is required to obtain approval for its premium rates from state insurance departments. New and renewal business for group benefits business, particularly for long-term disability, are priced using an assumption about expected investment yields over time. While the Company employs asset-liability duration matching strategies to mitigate risk and may use interest-rate sensitive derivatives to hedge its exposure in the Group Benefits investment portfolio, cash flow patterns related to the payment of benefits and claims are uncertain and actual investment yields could differ significantly from expected investment yields, affecting profitability of the business. In addition to appropriately evaluating and pricing risks, the profitability of the Group Benefits business depends on other factors, including the Company's response to pricing decisions and other actions taken by competitors, its ability to offer voluntary products and self-service capabilities, the persistency of its sold business and its ability to manage its expenses which it seeks to achieve through economies of scale and operating efficiencies.

The financial results of the Company's mutual fund and ETP businesses depend largely on the amount of assets under management and the level of fees charged based, in part, on asset share class and product type. Changes in assets under management are driven by the two main factors of net flows and the market return of the funds, which are heavily influenced by the return realized in the equity and bond markets. Net flows are comprised of new sales less redemptions by mutual fund and ETP shareholders. Financial results are highly correlated to the growth in assets under management since these products generally earn fee income on a daily basis.

The investment return, or yield, on invested assets is an important element of the Company's earnings since insurance products are priced with the assumption that premiums received can be invested for a period of time before benefits, losses and loss adjustment expenses are paid. Due to the need to maintain sufficient liquidity to satisfy claim obligations, the majority of the Company's invested assets have been held in available-for-sale securities, including, among other asset classes, corporate bonds, municipal bonds, government debt, short-term debt, mortgage-backed securities, asset-backed securities and collateralized loan obligations. The primary investment objective for the Company is to maximize economic value, consistent with acceptable risk parameters, including the management of credit risk and interest rate sensitivity of invested assets, while generating sufficient net of tax income to meet policyholder and corporate obligations. Investment strategies are developed based on a variety of factors including business needs, regulatory requirements and tax considerations.

Impact of COVID-19 on our financial condition, results of operations and liquidity

Impact to revenues

Written and Earned premiums

While we are beginning to emerge from the pandemic with economic stimulus measures being passed in the U.S. and other jurisdictions and progress being made to vaccinate the public from the COVID-19 virus, the COVID-19 pandemic continues to cause significant disruption to the economy of the U.S. and other countries in which we operate. As one of the largest providers of small business insurance in the U.S., we were negatively affected by economic effects of the pandemic on small businesses beginning in March of 2020. In 2021, economic conditions have improved and in the first quarter of 2021, we experienced a 4% year over year increase in our small commercial written premium. Our middle and large commercial business was also negatively affected by COVID-19 and written premium in that line has been slower to rebound with written premium in middle & large commercial down 3% year over year in the first quarter. Overall, first quarter 2021 Commercial Lines written premium increased $95, or 4%, as growth in small commercial package business and excess and surplus lines as well as growth in U.S. wholesale, global reinsurance, U.S. financial lines and international lines of business was partially offset by a decline in workers' compensation. Contributing to a year over year decline in workers' compensation written premium in first quarter 2021 was the effect of lower payrolls as a result of the continued economic effects of COVID-19, resulting in lower average premium per policy.

Personal Lines written premium declined 4% in first quarter 2021 compared to first quarter 2020, largely attributable to the effect of increased shopping behaviors and lower new business levels arising out of the competitive marketplace.

In Group Benefits, fully insured ongoing premium increased 4% in the first quarter of 2021 compared to first quarter of 2020, primarily due to higher in-force employer group disability premiums and higher supplemental health product premiums, though the book of business continues to be negatively impacted by lower insured exposure on in-force policies.

Net investment income and realized capital gains (losses)

Total net investment income increased in the first quarter of 2021 primarily due to greater income from limited partnerships and other alternative investments, a higher return on equity fund investments and a higher level of invested assets, partially offset by a lower yield on fixed maturity investments resulting from lower reinvestment rates and a lower yield on floating rate investments. While longer term interest rates have risen year to date in 2021, a prolonged period of low interest rates could depress the Company's net investment income such that to earn the same level of return on equity we may have to charge higher premiums for the insurance products we sell unless loss costs similarly lessen.

Net realized capital gains (losses) on equity securities for the three months ended March 31, 2021 totaled $43 before tax, largely due to an increase in equity market levels since year end 2020. However, we may incur net realized capital losses on equity securities in future periods if we experience declines in equity market levels. In addition, if the economy does not recover as expected, we could experience elevated credit losses on fixed maturity securities, particularly related to highly leveraged companies, resulting in net realized capital losses.

Impact to direct benefits, losses and loss adjustment expenses from COVID-19 claims

The Company continued to incur direct COVID-19 incurred losses and excess mortality claims in first quarter 2021, compared to a small impact in first quarter 2020.

	For the three months ended March 31,	
	2021	2020
Excess mortality claims on group life	$ 185	$ —
COVID-19 short-term disability claims and benefits under New York's disability and paid family leave legislation	13	16
Workers' compensation COVID-19 claims	20	—
Global specialty financial lines and other	4	—
Total direct COVID-19 and excess mortality claims	**$ 222**	**$ 16**

While COVID-19 property claims in P&C were incurred in the second quarter of 2020, there were no COVID-19 P&C property losses incurred in the three months ended March 31, 2021 or 2020. Nearly all of our property insurance policies require direct physical loss or damage to property and contain standard exclusions that we believe preclude coverage for COVID-19 related claims, and the vast majority of such policies contain exclusions for virus-related losses. Within Property & Casualty, we incur COVID-19 workers' compensation losses when it is determined that workers were exposed to COVID-19 out of and in the course of their employment and in other cases where states have passed laws providing for the presumption of coverage for certain industry classes, including health care and other essential workers.

Within Group Benefits, the Company experienced excess mortality in its group life business, including those claims where COVID-19 is specifically listed as the cause of death.

Other impacts from COVID-19

In Personal Lines automobile, miles driven have begun to increase again as we emerge from the pandemic which we expect will increase loss costs in 2021. In addition, as the effects of favorable claim frequency from lower miles driven during the pandemic are factored into rates, we expect lower earned pricing increases resulting in a higher expected automobile loss ratio in 2021 than in 2020. Refer to Personal Lines Results of Operations for discussion of pricing and loss cost trends in first quarter 2021.

Aided by some improvement in the economy and the effect of the government's economic stimulus payments to our customers, in first quarter 2021, we recorded a $8 decrease in the ACL on premiums receivable, reflecting a lower expectation of credit losses, though there remains an elevated risk of uncollectible premiums receivable relative to historical trends if economic conditions do not improve further.

As we emerge from the pandemic, we expect travel costs and certain employee benefits costs will increase relative to the lower level of those costs we incurred when shelter-in-place orders were more broadly in effect.

For information about resources the Company has to manage capital and liquidity, refer to the Capital Resources & Liquidity section of MD&A.

For additional information about the potential economic impacts to the Company of the COVID-19 pandemic, see the risk factor "The pandemic caused by the spread of COVID-19 has disrupted our operations and may have a material adverse impact on our business results, financial condition, results of operations and/or liquidity" in Item 1A of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Operational Transformation and Cost Reduction Plan

In recognition of the need to become more cost efficient and competitive along with enhancing the experience we provide to agents and customers, on July 30, 2020, the Company announced an operational transformation and cost reduction plan it refers to as Hartford Next. Through reduction of its headcount, IT investments to further enhance our capabilities, and other activities, relative to 2019, the Company expects to achieve a reduction in annual insurance operating costs and other expenses of approximately $540 by 2022 and $625 by 2023. The Hartford Next program will contribute to our goal of reducing the 2022 P&C expense ratio by about 2.0 to 2.5 points, reducing the 2022 Group Benefits expense ratio by about 1.5 to 2.0 points and reducing our 2022 claim expense ratio by approximately 0.5 point.

To achieve those expected savings, we expect to incur approximately $410 over the course of the program, with $180 expensed cumulatively through March 31, 2021, and expected expenses of $75 over the last nine months of 2021, $77 in 2022 and $78 after 2022, with the expenses after 2022 consisting mostly of amortization of internal use software and capitalized real estate costs. Included in the estimated costs of $410, we expect to incur restructuring costs of approximately $164, including $73 of employee severance incurred in 2020, and approximately $91 of other costs, including consulting expenses and the cost to retire certain IT applications. Restructuring costs are reported as a charge to net income but not in core earnings.

The following table presents Hartford Next program costs incurred, including restructuring costs, and expense savings realized in the three months ended March 31, 2021 and expected annual costs and expense savings for the full year in 2021 and 2022:

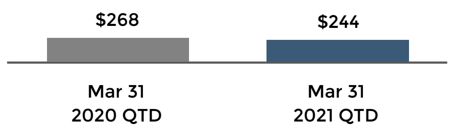
Hartford Next Costs and Expense Savings

	Three months ended March 31, 2021	Estimate for 2021	Estimate for 2022
IT costs to retire applications	$ 2	$ 11	$ 14
Professional fees and other expenses	9	24	11
Estimated restructuring costs	**11**	**35**	**25**
Non-capitalized IT costs	12	49	30
Other costs	4	17	14
Amortization of capitalized IT development costs [1]	—	1	6
Amortization of capitalized real estate [2]	—	—	2
Estimated costs within core earnings	**16**	**67**	**52**
Total Hartford Next program costs	**$ 27**	**$ 102**	**$ 77**
Cumulative savings for the period relative to 2019	**$ (90)**	**$ (370)**	**$ (540)**
Net expense (savings) before tax:	**$ (63)**	**$ (268)**	**$ (463)**
Net expense (savings) before tax:			
To be accounted for within core earnings	$ (74)	$ (303)	$ (488)
Restructuring costs recognized outside of core earnings	11	35	25
Net expense (savings) before tax	**$ (63)**	**$ (268)**	**$ (463)**

[1]Does not include approximately $50 of IT asset amortization after 2022.
[2]Does not include approximately $21 of real estate amortization after 2022.

Financial Highlights

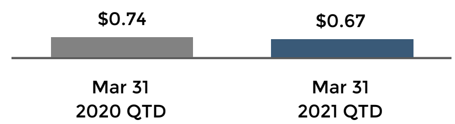
Net Income Available to Common Stockholders



Decreased $24 or 9%

- \- Greater net unfavorable prior accident year reserve development, primarily due to increases in reserves for sexual molestation and sexual abuse in the 2021 period.
- \- Higher mortality within group life driven by the direct and indirect impacts of COVID-19.
- \- An increase in current accident year catastrophes.
- \+ A change from net realized capital losses in the 2020 period to net realized capital gains in the 2021 period.
- \+ An increase in net investment income.
- \+ An improvement in the P&C underlying combined ratio, including a decrease in insurance operating costs and other expenses.

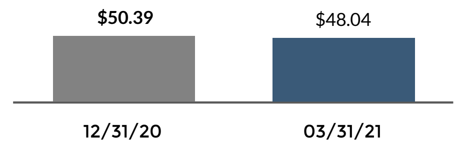
Net Income Available to Common Stockholders per Diluted Share



Decreased $0.07 or 9%

- \- Decrease in net income available to common stockholders.
- \- Increase in dilutive shares under stock-based compensation largely due to an increase in the quarterly average stock price.
- \+ Share repurchase activity.

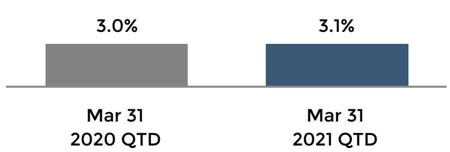
Book Value per Diluted Share



Decreased $2.35 or 5%

- \- Decrease in common stockholders' equity largely due to a decrease in AOCI, primarily driven by a decrease in net unrealized capital gains on available for sale securities.
- \- Increase in dilutive shares outstanding from stock-based compensation awards.

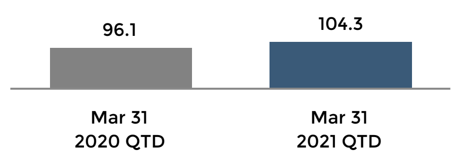
Investment Yield, After Tax



Increased 10 bps

- \+ Greater returns on limited partnerships and other alternative investments.
- \+ Higher returns on equity fund investments.
- \+ A higher level of invested assets.
- \- Lower reinvestment rates and lower yield on floating rate investments.

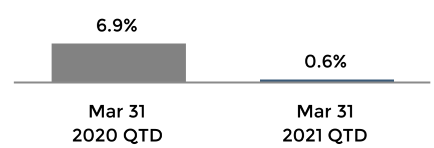
Property & Casualty Combined Ratio



Increased 8.2 points

- \+ Greater net unfavorable prior accident year reserve development, primarily due to increases in reserves for sexual molestation and sexual abuse in the 2021 period.
- \+ Higher current accident year catastrophe losses.'
- \- Lower current accident year loss ratio, due to lower personal automobile claim frequency, and lower current accident year loss ratios in middle market workers' compensation, U.S. wholesale, global reinsurance and U.S. financial lines.
- \- A lower expense ratio, driven by lower staffing and other costs as well as a decrease in the ACL on uncollectible premiums receivable in 2021 compared to an increase in 2020.

Group Benefits Net Income Margin



Decreased 6.3 points

- \- Higher mortality in group life, driven by the direct and indirect impacts of COVID-19.
- \+ A change from net realized capital losses in the 2020 period to net realized capital gains in 2021 period.
- \+ An increase in net investment income .
- \+ A lower group disability loss ratio primarily due to more favorable prior incurral year development driven by higher claim recoveries and continued improving claim incidence.

CONSOLIDATED RESULTS OF OPERATIONS

The Consolidated Results of Operations should be read in conjunction with the Company's Condensed Consolidated Financial Statements and the related Notes as well as with the segment operating results sections of MD&A.

Consolidated Results of Operations

	Three Months Ended March 31,		
	2021	2020	Change
Earned premiums	$ 4,343	$ 4,391	(1%)
Fee income	355	320	11%
Net investment income	509	459	11%
Net realized capital gains (losses)	80	(231)	135%
Other revenues	12	17	(29%)
Total revenues	**5,299**	**4,956**	**7%**
Benefits, losses and loss adjustment expenses	3,350	2,916	15%
Amortization of deferred policy acquisition costs	416	437	(5%)
Insurance operating costs and other expenses	1,144	1,176	(3%)
Interest expense	57	64	(11%)
Amortization of other intangible assets	18	19	(5%)
Restructuring and other costs	11	—	NM
Total benefits, losses and expenses	**4,996**	**4,612**	**8%**
Income, before tax	**303**	**344**	**(12%)**
Income tax expense	54	71	(24%)
Net income	**249**	**273**	**(9%)**
Preferred stock dividends	5	5	—%
Net income available to common stockholders	**$ 244**	**$ 268**	**(9%)**

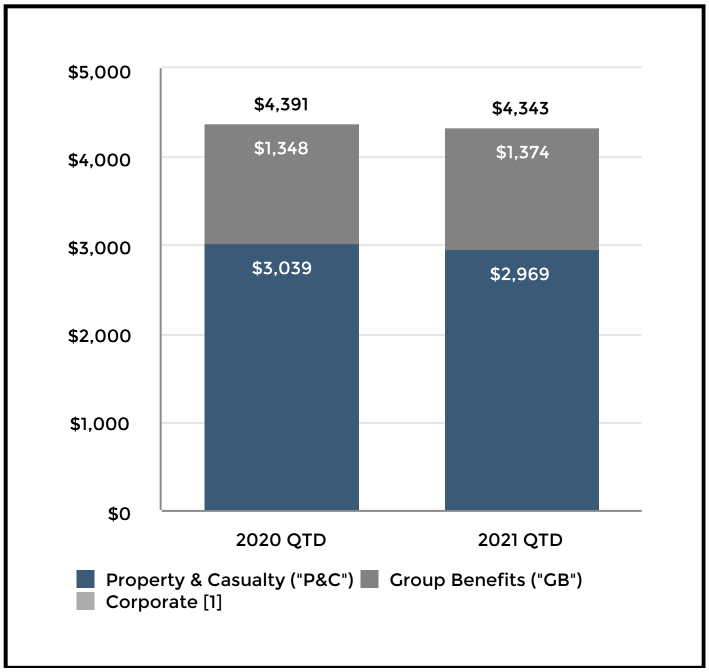
Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Net income available to common stockholders decreased by $24, primarily driven by $206 before tax of greater unfavorable P&C prior accident year development, losses in Group Benefits resulting from higher mortality in group life, including deaths specifically attributable to COVID-19, and a $140 before tax increase in current accident year catastrophe losses driven by the February 2021 winter storms. These declines were partially offset by a $311 before tax change from net realized capital losses in the 2020 period to net realized capital gains in the 2021 period, a $50 before tax increase in net investment income driven by higher returns on limited partnerships and other alternative investments, and an improvement in the P&C underlying combined ratio, including a decrease in insurance operating costs and other expenses. The increase in net unfavorable P&C prior accident year reserve development was principally driven by increased reserves for sexual molestation and sexual abuse claims in the first quarter 2021, primarily related to an agreement to settle claims made against the Boy Scouts of America.

For a discussion of the Company's operating results by segment, see MD&A - Segment Operating Summaries. For further discussion of impacts resulting from the COVID-19 pandemic, refer to the Impact of COVID-19 on our financial condition, results of operations and liquidity section of this MD&A.

Revenue

Earned Premiums



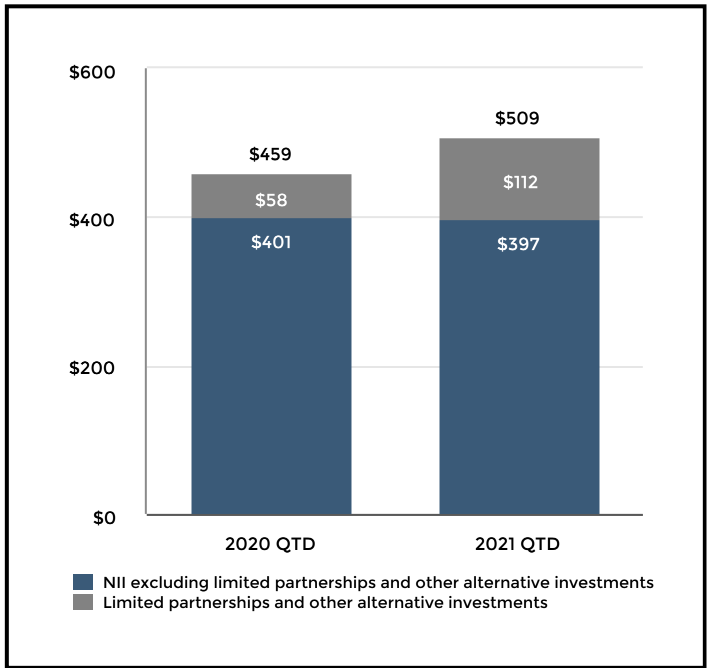
[1] For the three months ended March 31, 2020, the total includes $4 in Corporate.

Earned premiums declined by $48, or 1%, primarily due to:

- A decline in Property and Casualty reflecting a 5% decline in Personal Lines and a 1% decline in Commercial Lines.
- Partially offset by a 2% increase in Group Benefits primarily due to higher-in-force employer group disability premium and higher supplemental health product premium.

Fee income increased driven by Hartford Funds as a result of higher daily average assets under management due to an increase in equity market levels.

Net Investment Income



Net investment income increased primarily due to:

- Greater income from limited partnerships and other alternative investments primarily driven by higher valuations of underlying investments within private equity funds
- A higher return on equity fund investments resulting from the increase in equity market levels
- A higher level of invested assets
- Partially offset by a lower yield on fixed maturity investments resulting from reinvesting at lower rates and a lower yield on floating rate investments.

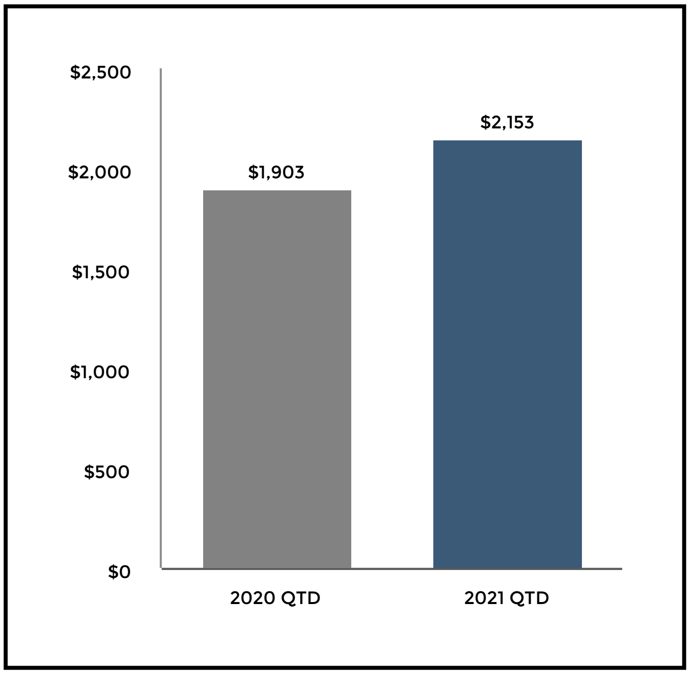
Net realized capital gains (losses) improved from net losses of $231 in first quarter 2020 to net gains of $80 in first quarter 2021, primarily driven by:

- Gains on equity securities in the first quarter of 2021 driven by appreciation in value compared to losses on equity securities in the first quarter of 2020 driven by depreciation in value and realized losses upon sales, partially offset by net realized gains upon termination of derivatives used to hedge against a decline in equity market levels.
- A net reduction in ACL on fixed maturities in the 2021 period due to an increase in fair value of corporate securities, compared to an increase in the ACL on fixed maturities in the 2020 period.
- Partially offset by lower net realized capital gains on sales of fixed maturity securities.

For further discussion of investment results, see MD&A - Investment Results, Net Realized Capital Gains and MD&A - Investment Results, Net Investment Income.

Benefits, losses and expenses

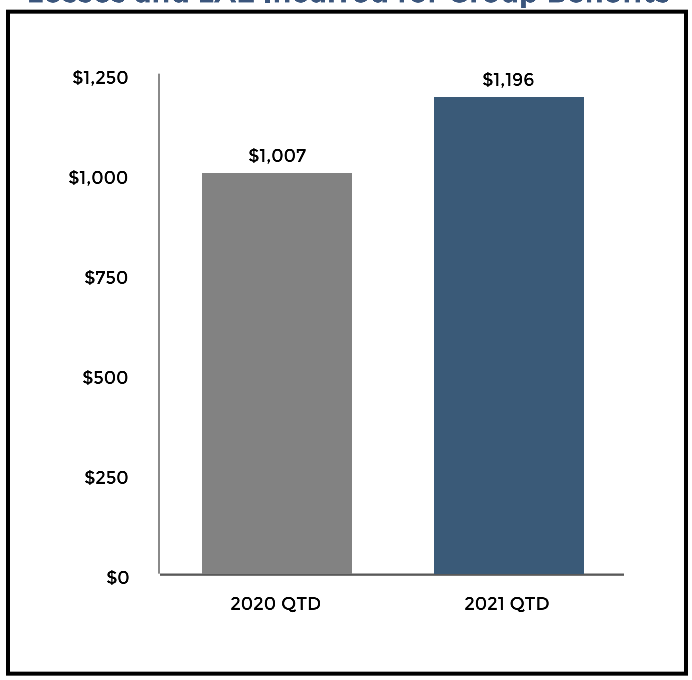
Losses and LAE Incurred for P&C



Benefits, losses and loss adjustment expenses increased due to:

- An increase in Group Benefits of $189 driven by higher mortality in group life, primarily caused by $185 of direct and indirect claims from COVID-19 in first quarter 2021, partially offset by the impact of a lower group disability loss ratio that was principally due to more favorable prior incurral year development driven by higher claim recoveries and continued improving claim incidence.
- An increase in Property & Casualty, which was attributable to:
  - An increase in Property & Casualty net unfavorable prior accident year reserve development $206. Prior accident year reserve development in 2021 was an unfavorable $229 before tax and primarily included reserve increases for sexual molestation and sexual abuse claims, primarily to reflect an agreement to settle claims made against the Boy Scouts of America. Also included were reserve decreases for workers' compensation, package business, personal automobile liability, catastrophes and commercial property, partially offset by $6 of adverse development as the result of recognizing a deferred gain on retroactive reinsurance. Prior accident year reserve development in 2020 was an unfavorable $23 before tax and primarily included reserve increases for marine, general liability and workers' compensation pool participants, partially offset by reserve decreases for workers' compensation, and catastrophes. The $23 of net unfavorable reserve development in first quarter 2020 included $29 of adverse development as the result of recognizing a deferred gain on retroactive reinsurance. For further discussion, see Note 9 - Reserve for Unpaid Losses and Loss Adjustment Expenses of Notes to Condensed Consolidated Financial Statements.
  - An increase in current accident year catastrophe losses of $140. Catastrophe losses of $214 in the first quarter of 2021 included $176 from February winter storms primarily in the South, with the remainder from various wind and hail events, mostly concentrated in the South and along the Pacific Coast. The $176 of losses from the February winter storms is net of a $46 reinsurance recoverable under the Company's per occurrence catastrophe treaty that covers 70% of up to $250 in losses in excess of $100 on catastrophe events occurring within a 7-day period other than from earthquakes and named hurricanes and tropical storms, subject to a $50 annual aggregate deductible. Catastrophe losses in 2020 were primarily from tornado, wind and hail events in the Midwest and Southeast. For additional information, see MD&A - Critical Accounting Estimates, Property & Casualty Insurance Product Reserves, Net of Reinsurance.
  - Partially offset by a decrease in Property & Casualty current accident year ("CAY") loss and loss adjustment expenses before catastrophes primarily due to lower personal automobile claim frequency, and lower current accident year loss ratios in middle market workers' compensation, U.S. wholesale, global reinsurance and U.S. financial lines.

Losses and LAE Incurred for Group Benefits



For further discussion of impacts resulting from the COVID-19 pandemic, refer to the Impact of COVID-19 on our financial condition, results of operations and liquidity section of this MD&A.

Amortization of deferred policy acquisition costs decreased from the prior year period due primarily to reductions in Personal Lines, middle & large commercial and small commercial, which was consistent with the decline in earned premium in those lines of business.

Insurance operating costs and other expenses decreased primarily due to:

- Lower staffing and other costs driven by the Company's Hartford Next operational and transformation cost reduction plan. In addition, employee travel costs were also lower as a result of the impact of the COVID-19 pandemic.
- A decrease in the ACL on uncollectible premiums receivable in Property & Casualty and Group Benefits in 2021 compared to an increase in 2020 due to the economic impacts of COVID-19.
- Partially offset by higher commissions expense as a result of increased premiums in Group Benefits, increased AARP direct marketing costs in Personal Lines and higher variable costs of the Hartford Funds business due to higher daily average assets under management.

Interest expense declined as a result of the Company repaying at maturity the $500 principal amount of its 5.5% senior notes in the first quarter of 2020.

Restructuring and other costs are due to the Company's Hartford Next operational transformation and cost reduction plan which includes professional fees and IT costs to retire applications.

For further discussion of impacts resulting from the Hartford Next initiative, see MD&A - The Hartford's Operations, Operational Transformation and Cost Reduction Plan and Note 17 - Restructuring and Other Costs of Notes to Condensed Consolidated Financial Statements.

Income tax expense decreased primarily due to an decline in income before tax. For further discussion of income taxes, see Note 11 - Income Taxes of Notes to Condensed Consolidated Financial Statements.

INVESTMENT RESULTS

Composition of Invested Assets

	March 31, 2021		December 31, 2020	
	Amount	Percent	Amount	Percent
Fixed maturities, available-for-sale ("AFS"), at fair value	$ 43,607	78.3 %	$ 45,035	79.7 %
Equity securities, at fair value	1,632	2.9 %	1,438	2.5 %
Mortgage loans (net of ACL of $34 and $38)	4,588	8.2 %	4,493	7.9 %
Limited partnerships and other alternative investments	2,326	4.2 %	2,082	3.7 %
Other investments [1]	207	0.4 %	201	0.4 %
Short-term investments	3,367	6.0 %	3,283	5.8 %
Total investments	$ 55,727	100.0 %	$ 56,532	100.0 %

[1]Primarily consists of equity fund investments, overseas deposits, consolidated investment funds and derivative instruments which are carried at fair value.

March 31, 2021 compared to December 31, 2020

Fixed maturities, AFS decreased primarily due to a decrease in valuations due to higher interest rates, partially offset by tighter credit spreads.

Net Investment Income

	Three Months Ended March 31,			
	2021		2020	
(Before tax)	Amount	Yield [1]	Amount	Yield [1]
Fixed maturities [2]	$ 349	3.2 %	$ 377	3.6 %
Equity securities	10	2.8 %	12	3.0 %
Mortgage loans	43	3.8 %	42	3.9 %
Limited partnerships and other alternative investments	112	21.1 %	58	13.2 %
Other [3]	14		(12)	
Investment expense	(19)		(18)	
Total net investment income	**$ 509**	**3.8 %**	**$ 459**	**3.7 %**
Total net investment income excluding limited partnerships and other alternative investments	**$ 397**	**3.1 %**	**$ 401**	**3.3 %**

[1] Yields calculated using annualized net investment income divided by the monthly average invested assets at amortized cost, as applicable, excluding repurchase agreement and securities lending collateral, if any, and derivatives book value.
[2] Includes net investment income on short-term investments.
[3] Primarily includes changes in fair value of certain equity fund investments and income from derivatives that qualify for hedge accounting and are used to hedge fixed maturities.

Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Total net investment income increased primarily due to:

- Greater income from limited partnerships and other alternative investments primarily driven by higher valuations of underlying investments within private equity funds
- A higher return on equity fund investments within Other resulting from the increase in equity market levels
- A higher level of invested assets
- Partially offset by a lower yield on fixed maturities resulting from reinvesting at lower rates and a lower yield on floating rate investments.

Annualized net investment income yield, excluding limited partnerships and other alternative investments and non-routine items on fixed maturities, which primarily include make-whole payments and prepayment fees, was down primarily due to lower reinvestment rates, partially offset by higher equity fund investment returns.

Average reinvestment rate, on fixed maturities and mortgage loans, excluding certain U.S. Treasury securities, for the first quarter of 2021 was 2.3%, which was below the average yield of sales and maturities of 2.9% for the same period. The average reinvestment rate for the 2020 three month period was 2.9%, which was below the average yield of sales and maturities of 3.3%.

For the 2021 calendar year, we expect the annualized net investment income yield, excluding limited partnerships and other alternative investments and non-routine items on fixed maturities, to be lower than the portfolio yield earned in 2020, due to a lower yield on short-term investments and lower reinvestment rates. The estimated impact on net investment income yield is subject to change due to evolving market conditions and active portfolio management.

Net Realized Capital Gains (Losses)

	Three Months Ended March 31,	
(Before tax)	2021	2020
Gross gains on sales	$ 31	$ 78
Gross losses on sales	(31)	(8)
Equity securities [1]	43	(386)
Net credit losses on fixed maturities, AFS [2]	4	(12)
Change in ACL on mortgage loans [3]	4	(2)
Intent-to-sell impairments [2]	—	(5)
Other, net [4]	29	104
Net realized capital gains (losses)	**$ 80**	**$ (231)**

[1] The net unrealized gains (losses) on equity securities included in net realized capital gains (losses) related to equity securities still held as of March 31, 2021, were $40 for the three months ended March 31, 2021. The net unrealized gains (losses) on equity securities included in net realized capital gains (losses) related to equity securities still held as of March 31, 2020, were $(277) for the three months ended March 31, 2020.

[2]See Credit Losses on Fixed Maturities, AFS and Intent-to-Sell Impairments within the Investment Portfolio Risks and Risk Management section of the MD&A.

[3]See ACL on Mortgage Loans within the Investment Portfolio Risks and Risk Management section of the MD&A.

[4]For the three months ended March 31, 2021 primarily includes gains (losses) from transactional foreign currency revaluation of $(7) and gains (losses) on non-qualifying derivatives of $35. For the three months ended March 31, 2020, includes gains (losses) from transactional foreign currency revaluation of $10 and gains (losses) on non-qualifying derivatives of $92.

Three months ended March 31, 2021

Gross gains and losses on sales were primarily driven by issuer-specific sales of corporate securities, a reduction of exposure in the foreign government sector, and sales of U.S. treasury securities for duration management.

Equity securities net gains were primarily driven by appreciation in value due to higher equity market levels.

Other, net gains were primarily due to $32 of gains on interest rate derivative trades, driven by an increase in interest rates.

Three months ended March 31, 2020

Gross gains and losses on sales were primarily driven by issuer-specific selling of corporate securities and RMBS as well as sales of U.S. treasury securities for duration management.

Equity securities net losses were primarily driven by mark-to-market losses due to a decline in equity market levels and losses incurred on sales across multiple issuers as the Company reduced its exposure to equity securities during the quarter.

Other, net gains for the three month period were primarily due to $75 of realized gains on terminated derivatives used to hedge against a decline in equity market levels and $20 of gains on interest rate derivatives due to a decline in interest rates.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ, and in the past have differed, from those estimates.

The Company has identified the following estimates as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability:

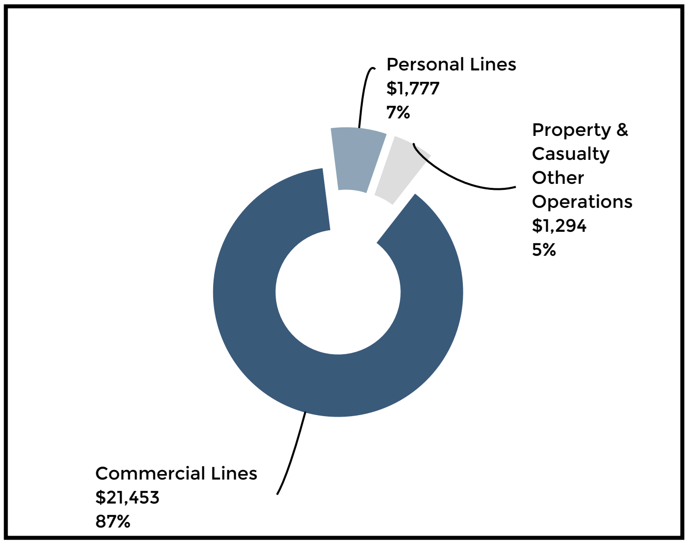
- property and casualty insurance product reserves, net of reinsurance;
- group benefit long-term disability ("LTD") reserves, net of reinsurance;
- evaluation of goodwill for impairment;
- valuation of investments and derivative instruments including evaluation of credit losses on fixed maturities, AFS and ACL on mortgage loans; and
- contingencies relating to corporate litigation and regulatory matters.

Certain of these estimates are particularly sensitive to market conditions, and deterioration and/or volatility in the worldwide debt or equity markets could have a material impact on the Condensed Consolidated Financial Statements. In developing these estimates, management makes subjective and complex judgments that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate based upon the facts available upon compilation of the financial statements.

The Company’s critical accounting estimates are discussed in Part II, Item 7 MD&A in the Company’s 2020 Form 10-K Annual Report. In addition, Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Consolidated Financial Statements included in the Company's 2020 Form 10-K Annual Report should be read in conjunction with this section to assist with obtaining an understanding of the underlying accounting policies related to these estimates. The following discussion updates certain of the Company’s critical accounting estimates as of March 31, 2021.

Property & Casualty Insurance Product Reserves, Net of Reinsurance

P&C Loss and Loss Adjustment Expense Reserves, Net of Reinsurance, by Segment as of March 31, 2021



Based on the results of the quarterly reserve review process, the Company determines the appropriate reserve adjustments, if any, to record. Recorded reserve estimates are adjusted after consideration of numerous factors, including but not limited to, the magnitude of the difference between the actuarial indication and the recorded reserves, improvement or deterioration of actuarial indications in the period, the maturity of the accident year, trends observed over the recent past and the level of volatility within a particular line of business. In general, adjustments are made more quickly to more mature accident years and less volatile lines of business. Such adjustments of reserves are referred to as “prior accident year development”. Increases in previous estimates of ultimate loss costs are referred to as either an increase in prior accident year reserves or as unfavorable reserve development. Decreases in previous estimates of ultimate loss costs are referred to as either a decrease in prior accident year reserves or as favorable reserve development. Reserve development can influence the comparability of year over year underwriting results and is set forth in the paragraphs and tables that follow.

Rollforward of Property and Casualty Insurance Product Liabilities for Unpaid Losses and LAE for the Three Months Ended March 31, 2021

	Commercial Lines	Personal Lines	Property & Casualty Other Operations	Total Property & Casualty
Beginning liabilities for unpaid losses and loss adjustment expenses, gross	**$ 25,058**	**$ 1,836**	**$ 2,728**	**$ 29,622**
Reinsurance and other recoverables	4,271	28	1,426	5,725
Beginning liabilities for unpaid losses and loss adjustment expenses, net	**20,787**	**1,808**	**1,302**	**23,897**
Provision for unpaid losses and loss adjustment expenses				
Current accident year before catastrophes	1,296	414	—	1,710
Current accident year ("CAY") catastrophes	175	39	—	214
Prior accident year development ("PYD") [1]	238	(42)	33	229
Total provision for unpaid losses and loss adjustment expenses	**1,709**	**411**	**33**	**2,153**
Change in deferred gain on retroactive reinsurance included in other liabilities [1]	(6)	—	—	(6)
Payments	(1,030)	(442)	(41)	(1,513)
Net change in reserves transferred to liabilities held for sale	(1)	—	—	(1)
Foreign currency adjustment	(6)	—	—	(6)
Ending liabilities for unpaid losses and loss adjustment expenses, net	**21,453**	**1,777**	**1,294**	**24,524**
Reinsurance and other recoverables	4,347	34	1,427	5,808
Ending liabilities for unpaid losses and loss adjustment expenses, gross	**$ 25,800**	**$ 1,811**	**$ 2,721**	**$ 30,332**
Earned premiums and fee income	$ 2,244	$ 742		
Loss and loss expense paid ratio [2]	45.9	59.6		
Loss and loss expense incurred ratio	76.5	56.0		
Prior accident year development (pts) [3]	10.6	(5.7)		

[1] Prior accident year development does not include the benefit of a portion of losses ceded under the Navigators and A&E ADC which, under retroactive reinsurance accounting, is deferred and is recognized over the period the ceded losses are recovered in cash from National Indemnity Company ("NICO"). For additional information regarding the two adverse development cover reinsurance agreements, refer to Note 9 - Reserve for Unpaid Losses and Loss Adjustment Expenses of Notes to Condensed Consolidated Financial Statements.

[2] The "loss and loss expense paid ratio" represents the ratio of paid losses and loss adjustment expenses to earned premiums and fee income.

[3] "Prior accident year development (pts)" represents the ratio of prior accident year development to earned premiums.

Current Accident Year Catastrophe Losses for the Three Months Ended March 31, 2021, Net of Reinsurance

	Commercial Lines	Personal Lines	Total
Wind and hail	$ 21	$ 17	$ 38
Winter storms [1]	154	22	176
Total catastrophe losses	**$ 175**	**$ 39**	**$ 214**

[1] Includes catastrophe losses from the February winter storms in Texas and other areas within Commercial Lines and Personal Lines of $194 and $28, respectively, gross of reinsurance, and $154 and $22, respectively, net of reinsurance under the Company's per occurrence property catastrophe treaty covering events other than earthquakes and named hurricanes and tropical storms. The reinsurance covers 70% of up to $250 of losses in excess of $100 from such events occurring within a seven day time period, subject to a $50 annual aggregate deductible. For further information on the treaty, refer to Enterprise Risk Management — Insurance Risk section of this MD&A.

Unfavorable (Favorable) Prior Accident Year Development for the Three Months Ended March 31, 2021

	Commercial Lines	Personal Lines	Property & Casualty Other Operations	Total Property & Casualty Insurance
Workers' compensation	$ (40)	$ —	$ —	$ (40)
Workers' compensation discount accretion	9	—	—	9
General liability	307	—	—	307
Marine	6	—	—	6
Package business	(27)	—	—	(27)
Commercial property	(13)	—	—	(13)
Professional liability	(1)	—	—	(1)
Assumed reinsurance	2	—	—	2
Automobile liability	—	(23)	—	(23)
Homeowners	—	(3)	—	(3)
Catastrophes	(4)	(12)	—	(16)
Uncollectible reinsurance	(5)	—	(4)	(9)
Other reserve re-estimates, net	(2)	(4)	37	31
Prior accident year development before change in deferred gain	**232**	**(42)**	**33**	**223**
Change in deferred gain on retroactive reinsurance included in other liabilities	6	—	—	6
Total prior accident year development	**$ 238**	**$ (42)**	**$ 33**	**$ 229**

Rollforward of Property and Casualty Insurance Product Liabilities for Unpaid Losses and LAE for the Three Months Ended March 31, 2020

	Commercial Lines	Personal Lines	Property & Casualty Other Operations	Corporate	Total Property & Casualty Insurance
Beginning liabilities for unpaid losses and loss adjustment expenses, gross	**$ 23,363**	**$ 2,201**	**$ 2,697**	**$ —**	**$ 28,261**
Reinsurance and other recoverables [1]	4,029	68	1,178	—	5,275
Beginning liabilities for unpaid losses and loss adjustment expenses, net	**19,334**	**2,133**	**1,519**	**—**	**22,986**
Transfer of Y-Risk from Commercial Lines to Corporate	(5)	—	—	5	—
Provision for unpaid losses and loss adjustment expenses					
Current accident year before catastrophes	1,343	463	—	3	1,809
Current accident year catastrophes	55	19	—	—	74
Prior accident year development [2]	41	(18)	—	—	23
Total provision for unpaid losses and loss adjustment expenses	**1,439**	**464**	**—**	**3**	**1,906**
Change in deferred gain on retroactive reinsurance included in other liabilities [2]	(29)	—	—	—	(29)
Payments	(1,194)	(550)	(50)	(1)	(1,795)
Foreign currency adjustment	(20)	—	—	—	(20)
Ending liabilities for unpaid losses and loss adjustment expenses, net	**19,525**	**2,047**	**1,469**	**7**	**23,048**
Reinsurance and other recoverables	4,107	68	1,157	—	5,332
Ending liabilities for unpaid losses and loss adjustment expenses, gross	**$ 23,632**	**$ 2,115**	**$ 2,626**	**$ 7**	**$ 28,380**
Earned premiums and fee income	$ 2,273	$ 783			
Loss and loss expense paid ratio [3]	52.5	70.2			
Loss and loss expense incurred ratio	63.5	60.0			
Prior accident year development (pts) [4]	1.8	(2.3)			

[1] Includes a cumulative effect adjustment of $1 and $(1) for Commercial Lines and Property & Casualty Other Operations respectively, representing an adjustment to the ACL recorded on adoption of accounting guidance for credit losses on January 1, 2020. See Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Consolidated Financial Statements included in the Company's 2020 Form 10-K Annual Report.

[2] Prior accident year development does not include the benefit of a portion of losses ceded under the Navigators and A&E ADC which, under retroactive reinsurance accounting, is deferred and is recognized over the period the ceded losses are recovered in cash from NICO. For additional information regarding the two adverse development cover reinsurance agreements, refer to Note 9 - Reserve for Unpaid Losses and Loss Adjustment Expenses of Notes to Condensed Consolidated Financial Statements.

[3] The "loss and loss expense paid ratio" represents the ratio of paid losses and loss adjustment expenses to earned premiums and fee income.

[4] "Prior accident year development (pts)" represents the ratio of prior accident year development to earned premiums.

Current Accident Year Catastrophe Losses for the Three Months Ended March 31, 2020, Net of Reinsurance

	Commercial Lines	Personal Lines	Total
Wind and hail	$ 50	$ 18	$ 68
Explosion/Fire	2	1	3
Other	3	—	3
Total catastrophe losses	**$ 55**	**$ 19**	**$ 74**

Unfavorable (Favorable) Prior Accident Year Development for the Three Months Ended March 31, 2020

	Commercial Lines	Personal Lines	Property & Casualty Other Operations	Total Property & Casualty Insurance
Workers' compensation	$ (17)	$ —	$ —	$ (17)
Workers' compensation discount accretion	9	—	—	9
General liability	12	—	—	12
Marine	—	—	—	—
Package business	1	—	—	1
Commercial property	(7)	—	—	(7)
Professional liability	1	—	—	1
Bond	—	—	—	—
Assumed Reinsurance	—	—	—	—
Automobile liability	5	(6)	—	(1)
Homeowners	—	(2)	—	(2)
Net asbestos reserves	—	—	—	—
Net environmental reserves	—	—	—	—
Catastrophes	(5)	(8)	—	(13)
Uncollectible reinsurance	—	—	—	—
Other reserve re-estimates, net	13	(2)	—	11
Prior accident year development before change in deferred gain	**12**	**(18)**	**—**	**(6)**
Change in deferred gain on retroactive reinsurance included in other liabilities	29	—	—	29
Total prior accident year development	**$ 41**	**$ (18)**	**$ —**	**$ 23**

For discussion of the factors contributing to unfavorable (favorable) prior accident year reserve development, please refer to Note 9 - Reserve for Unpaid Losses and Loss Adjustment Expenses of Notes to Condensed Consolidated Financial Statements.

SEGMENT OPERATING SUMMARIES

COMMERCIAL LINES

Results of Operations

Underwriting Summary

	Three Months Ended March 31,		
	2021	2020	Change
Written premiums	$ 2,503	$ 2,408	4%
Change in unearned premium reserve	268	143	87%
Earned premiums	2,235	2,265	(1%)
Fee income	9	8	13%
Losses and loss adjustment expenses			
Current accident year before catastrophes	1,296	1,343	(3%)
Current accident year catastrophes [1]	175	55	NM
Prior accident year development [1]	238	41	NM
Total losses and loss adjustment expenses	1,709	1,439	19%
Amortization of deferred policy acquisition costs	344	356	(3%)
Underwriting expenses	394	443	(11%)
Amortization of other intangible assets	7	7	—%
Dividends to policyholders	6	8	(25%)
Underwriting gain (loss)	**(216)**	**20**	**NM**
Net servicing income	2	1	100%
Net investment income [2]	327	277	18%
Net realized capital gains (losses) [2]	44	(143)	131%
Other expenses	(4)	(6)	33%
Income before income taxes	**153**	**149**	**3%**
Income tax expense [3]	24	28	(14%)
Net income	**$ 129**	**$ 121**	**7%**

[1]For discussion of current accident year catastrophes and prior accident year development, see MD&A - Critical Accounting Estimates, Property and Casualty Insurance Product Reserves Development, Net of Reinsurance and Note 9 - Reserve for Unpaid Losses and Loss Adjustment Expenses of Notes to Condensed Consolidated Financial Statements.
[2]For discussion of consolidated investment results, see MD&A - Investment Results.
[3]For discussion of income taxes, see Note 11 - Income Taxes of Notes to Condensed Consolidated Financial Statements.

Premium Measures

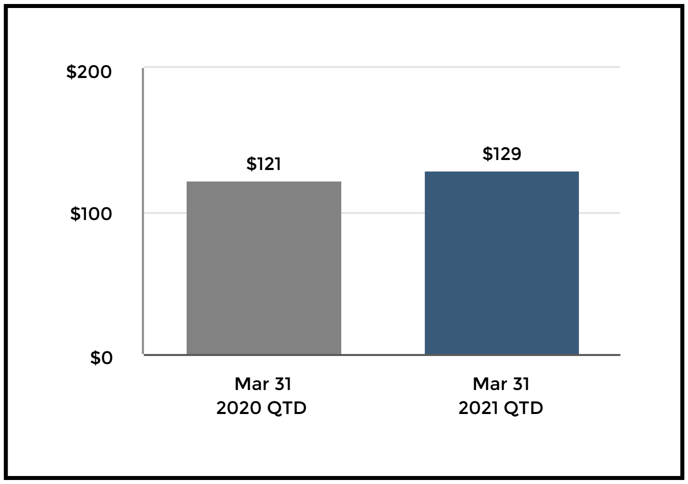
	Three Months Ended March 31,	
	2021	2020
Small Commercial:		
Net new business premium	$ 176	$ 157
Policy count retention	86 %	84 %
Renewal written price increases	2.1 %	2.3 %
Renewal earned price increases	2.2 %	2.1 %
Policies in-force as of end of period (in thousands)	1,304	1,291
Middle Market [1]:		
Net new business premium	$ 122	$ 125
Policy count retention	81 %	77 %
Renewal written price increases	6.0 %	7.6 %
Renewal earned price increases	7.9 %	4.6 %
Policies in-force as of end of period (in thousands)	58	62
Global Specialty:		
Global specialty gross new business premium [2]	$ 216	$ 197
U.S. global specialty renewal written price increases	14.6 %	11.5 %
U.S. global specialty renewal earned price increases	19.0 %	8.0 %
International global specialty renewal written price increases [3]	27.7 %	22.0 %
International global specialty renewal earned price increases [3]	56.6 %	23.7 %

[1] Middle market disclosures exclude loss sensitive and programs businesses.
[2] Excludes Global Re and Continental Europe Operations and is before ceded reinsurance.
[3] Excludes offshore energy policies, political violence and terrorism policies, and any business under which the managing agent of our Lloyd's Syndicate delegates underwriting authority to coverholders and other third parties.

Underwriting Ratios

	Three Months Ended March 31,		
	2021	2020	Change
Loss and loss adjustment expense ratio			
Current accident year before catastrophes	58.0	59.3	(1.3)
Current accident year catastrophes	7.8	2.4	5.4
Prior accident year development	10.6	1.8	8.8
Total loss and loss adjustment expense ratio	76.5	63.5	13.0
Expense ratio	32.9	35.2	(2.3)
Policyholder dividend ratio	0.3	0.4	(0.1)
Combined ratio	**109.7**	**99.1**	**10.6**
Impact of current accident year catastrophes and prior year development	(18.4)	(4.2)	(14.2)
Underlying combined ratio	**91.2**	**94.9**	**(3.7)**

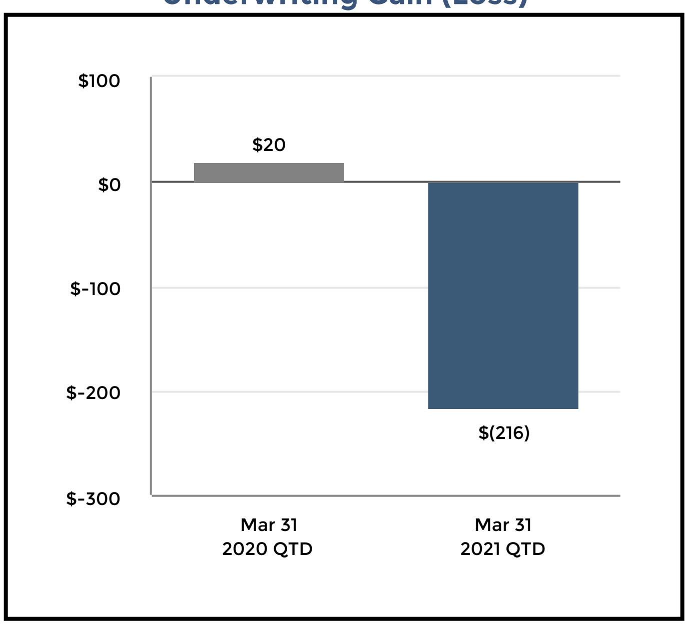
Net Income



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Net income increased in 2021 primarily due to a change from net realized capital losses in 2020 to net realized capital gains in 2021, as well as higher net investment income, largely offset by a change from an underwriting gain to an underwriting loss. For further discussion of investment results, see MD&A - Investment Results.

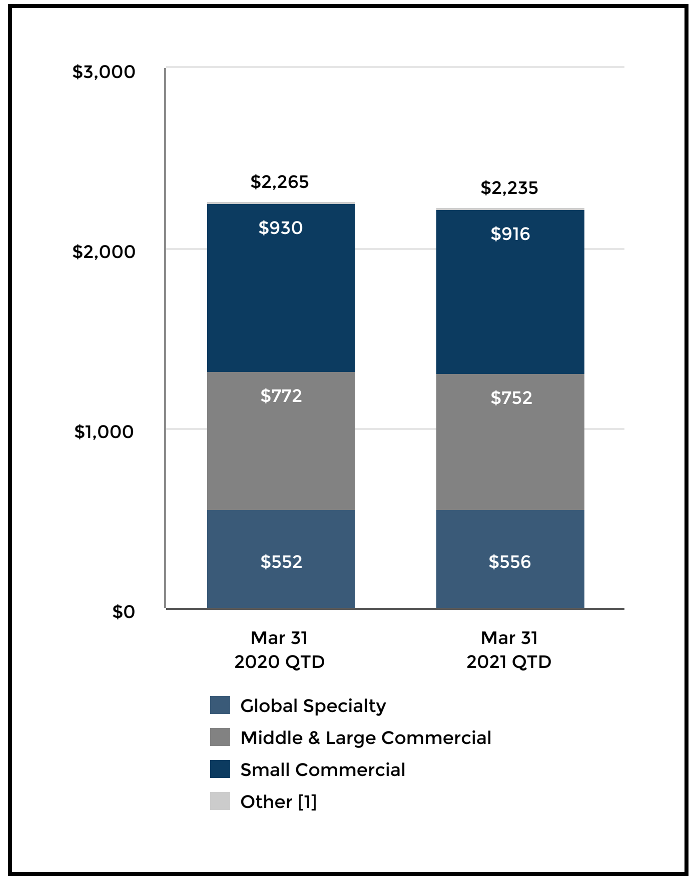
Underwriting Gain (Loss)



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Underwriting loss in 2021 changed from an underwriting gain in 2020, primarily driven by an increase in net unfavorable prior accident year development, higher current accident year catastrophe losses and $24 before-tax of COVID-19 incurred losses in workers' compensation and financial and other lines in first quarter 2021, partially offset by lower underwriting expenses and a lower current accident year loss and LAE ratio before catastrophes and COVID-19 losses. Underwriting expenses declined due to lower staffing costs and other expense savings to Hartford Next and lower travel costs as well as a decrease in the allowance for credit losses on premiums receivable in 2021 compared to an increase in 2020 due to the economic impacts of COVID-19.

Earned Premiums



[1] Other of $11 and $11 for the three months ended March 31, 2020, and 2021, respectively, is included in the total.

Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Earned premiums decreased in 2021 due to written premium declines in 2020 in small commercial as well as in middle & large commercial that were driven by the economic impacts of COVID-19, including lower new business across most lines as well as reductions in premiums from endorsements, principally in workers' compensation due to a declining exposure base from lower payrolls.

Written premiums increased in 2021 driven by growth in global specialty and small commercial, partially offset by a decline in middle and large commercial.

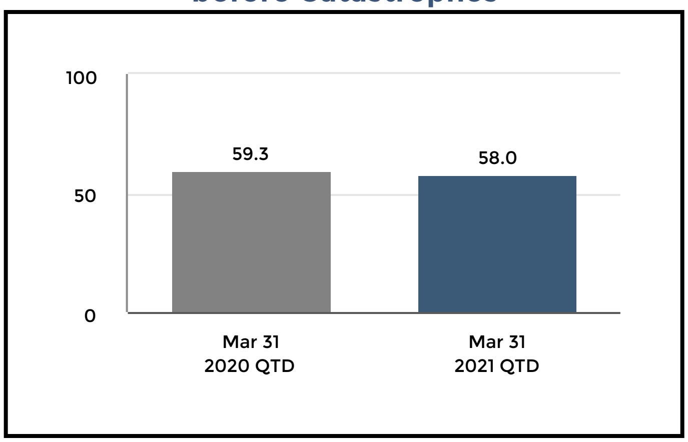
The Company recognized renewal written pricing increases in all lines except workers' compensation. In global specialty, our U.S. wholesale book achieved an approximate 22% renewal written price increase, led by excess casualty, property and automobile.

Global specialty international lines achieved a 28% price increase, led by D&O. In small commercial, renewal written price increases were slightly lower in 2021 than 2020, with mid-single digit to high single-digit rate increases in most lines, partially offset by slight written pricing decreases in workers' compensation. In middle market, pricing increases have moderated from 2020 levels, with high single-digit to low double-digit rate increases in most middle market lines other than workers' compensation, which experienced low single-digit written pricing increases.

New business premium increased in 2021 driven by growth in small commercial package business, offset by slight declines in middle and large commercial lines. Global specialty gross new business premium increased driven by wholesale and financial lines.

- Small commercial written premium increased in 2021 driven by growth in package business and excess and surplus lines, partially offset by a decline in workers' compensation.
- Middle & large commercial written premium decreased in 2021 driven by declines in workers' compensation, industry verticals and national accounts, partially offset by growth in specialty and commercial excess lines.
- Global specialty written premium increased in 2021 driven by growth in U.S. wholesale, global reinsurance, U.S. financial lines and international lines of business.

Current Accident Year Loss and LAE Ratio before Catastrophes

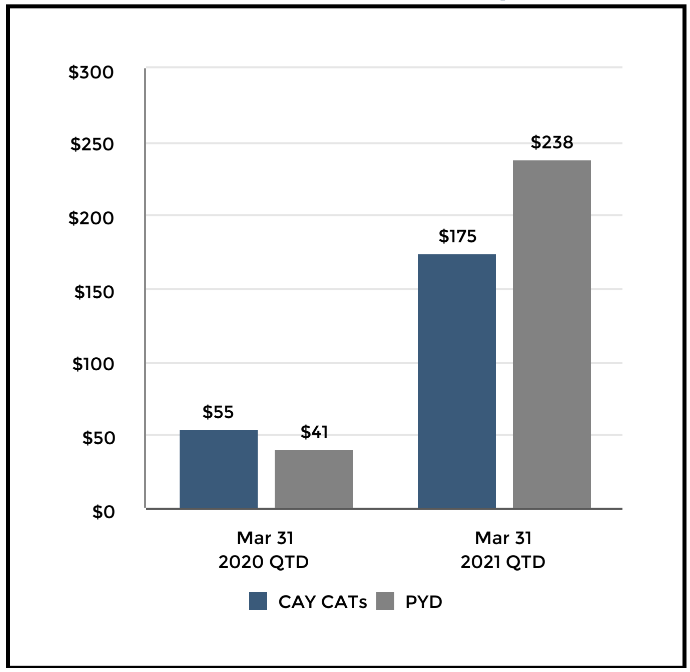


Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Current accident year loss and LAE ratio before catastrophes decreased in 2021 primarily due to lower loss ratios in global specialty and in middle market workers' compensation, excluding the impact of COVID-19 claims. The lower loss ratios in global specialty were largely the result of rate and underwriting actions to improve profitability in those lines and was driven by U.S. wholesale, global reinsurance and U.S. financial lines.

First quarter 2021 included COVID-19 incurred losses of $24 before tax, including losses of $20 in workers' compensation and $4 in financial and other lines.

Catastrophes and Unfavorable (Favorable) Prior Accident Year Development



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Current accident year catastrophe losses net of reinsurance for the three months ended March 31, 2021 included $154 of losses from February winter storms primarily in the South, with the remaining losses from wind and hail events, mostly concentrated in the South and along the Pacific coast. Current accident year catastrophe losses in 2020 were primarily from tornado, wind and hail events in the Midwest and Southeast.

Prior accident year development was a net unfavorable $238 in 2021 primarily due to an increase in general liability that included a reserve increase related to the settlement with Boy Scouts of America on sexual molestation and sexual abuse claims, partially offset by reserve decreases in workers' compensation, package business and commercial property. Net unfavorable reserve development in 2020 primarily included reserve increases for marine, general liability and workers' compensation pool participations, partially offset by reserve decreases for workers' compensation and catastrophes.

PERSONAL LINES

Results of Operations

Underwriting Summary

	Three Months Ended March 31,		
	2021	2020	Change
Written premiums	$ 715	$ 744	(4%)
Change in unearned premium reserve	(19)	(30)	37%
Earned premiums	734	774	(5%)
Fee income	8	9	(11%)
Losses and loss adjustment expenses			
Current accident year before catastrophes	414	463	(11%)
Current accident year catastrophes [1]	39	19	105%
Prior accident year development [1]	(42)	(18)	(133%)
Total losses and loss adjustment expenses	411	464	(11%)
Amortization of DAC	58	64	(9%)
Underwriting expenses	148	151	(2%)
Amortization of other intangible assets	1	1	—%
Underwriting gain	**124**	**103**	**20%**
Net servicing income [2]	4	2	100%
Net investment income [3]	35	41	(15%)
Net realized capital gains (losses) [3]	7	(23)	130%
Income before income taxes	**170**	**123**	**38%**
Income tax expense [4]	35	25	40%
Net income	**$ 135**	**$ 98**	**38%**

[1] For discussion of current accident year catastrophes and prior accident year development, see MD&A - Critical Accounting Estimates, Property & Casualty Insurance Product Reserves, Net of Reinsurance.
[2] Includes servicing revenues of $19 for the three months ended March 31, 2021 and 2020. Includes servicing expenses of $15 and $17 for the three months ended March 31, 2021 and 2020, respectively.
[3] For discussion of consolidated investment results, see MD&A - Investment Results.
[4] For discussion of income taxes, see Note 11 - Income Taxes of Notes to Condensed Consolidated Financial Statements.

Written and Earned Premiums

	Three Months Ended March 31,		
Written Premiums	2021	2020	Change
Product Line			
Automobile	$ 508	$ 534	(5%)
Homeowners	207	210	(1%)
Total	**$ 715**	**$ 744**	**(4%)**
Earned Premiums			
Product Line			
Automobile	$ 507	$ 536	(5%)
Homeowners	227	238	(5%)
Total	**$ 734**	**$ 774**	**(5%)**

Premium Measures

Premium Measures	Three Months Ended March 31, 2021	2020
Policies in-force end of period (in thousands)		
Automobile	1,357	1,410
Homeowners	815	868
Net new business premium		
Automobile	$ 53	$ 58
Homeowners	$ 13	$ 17
Policy count retention		
Automobile	85 %	86 %
Homeowners	85 %	86 %
Renewal written price increase		
Automobile	1.9 %	3.1 %
Homeowners	9.4 %	4.7 %
Renewal earned price increase		
Automobile	2.2 %	4.2 %
Homeowners	7.1 %	6.1 %

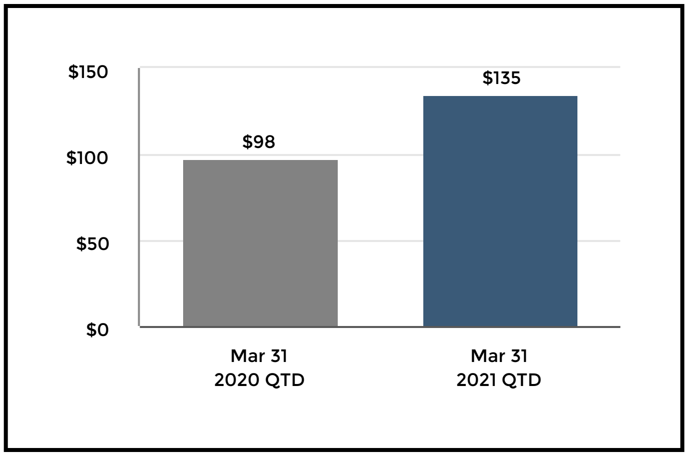
Underwriting Ratios

	Three Months Ended March 31,		
Underwriting Ratios	**2021**	**2020**	**Change**
Loss and loss adjustment expense ratio			
Current accident year before catastrophes	56.4	59.8	(3.4)
Current accident year catastrophes	5.3	2.5	2.8
Prior year development	(5.7)	(2.3)	(3.4)
Total loss and loss adjustment expense ratio	56.0	59.9	(3.9)
Expense ratio	27.1	26.7	0.4
Combined ratio	**83.1**	**86.7**	**(3.6)**
Impact of current accident year catastrophes and prior year development	0.4	(0.2)	0.6
Underlying combined ratio	**83.5**	**86.6**	**(3.1)**

Product Combined Ratios

	Three Months Ended March 31,		
	2021	**2020**	**Change**
Automobile			
Combined ratio	83.5	89.8	(6.3)
Underlying combined ratio	86.3	90.9	(4.6)
Homeowners			
Combined ratio	86.8	79.2	7.6
Underlying combined ratio	77.2	76.2	1.0

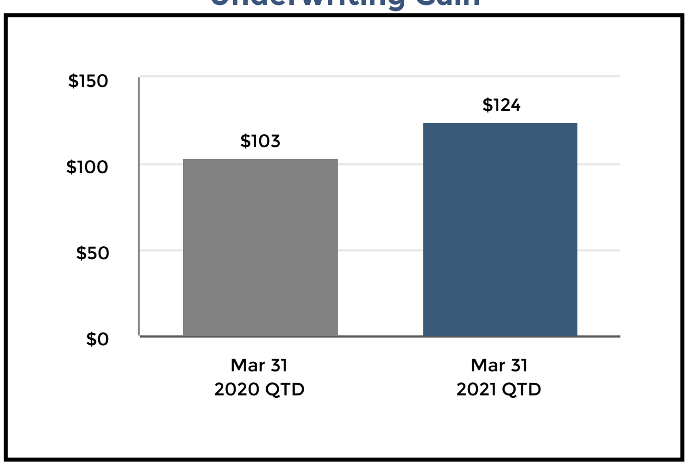
Net Income



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Net income increased $37 from first quarter 2020, largely driven by a change from net realized capital losses in first quarter 2020 to net realized gains in first quarter 2021 and an increase in underwriting gain, partially offset by a decrease in net investment income.

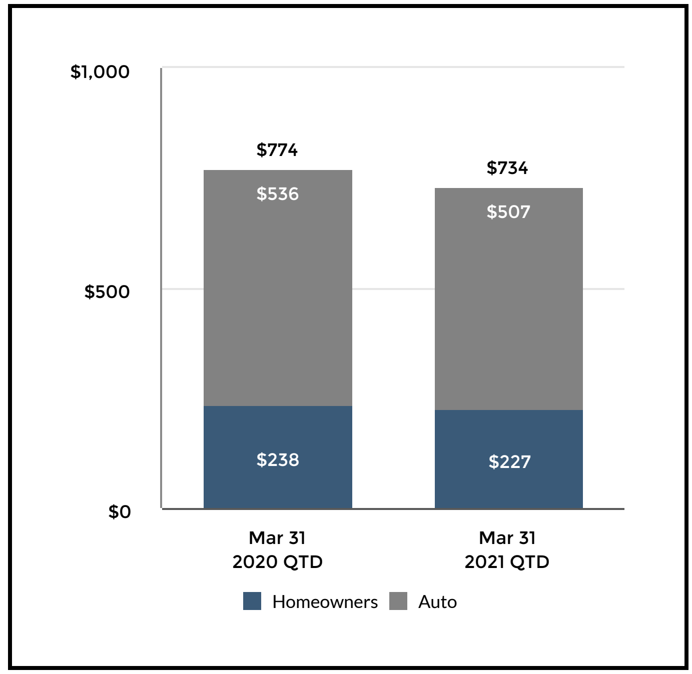
Underwriting Gain



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Underwriting gain in 2021 increased due to lower personal automobile claim frequency from fewer miles driven and higher net favorable prior accident year development, partially offset by higher current accident year catastrophe losses.

Earned Premiums



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Earned premiums decreased in the 2021 period reflecting a decline in written premium over the prior twelve months in both Agency channels and in AARP Direct.

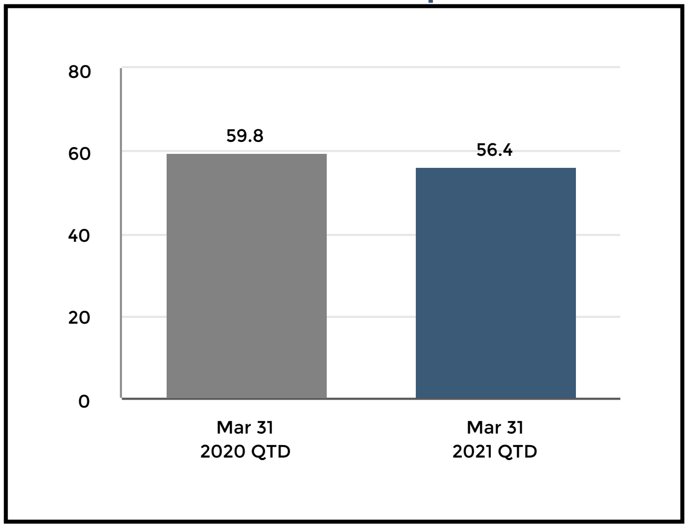
Written premiums decreased in the 2021 period in AARP Direct and both Agency channels due to non-renewed premium exceeding new business. Contributing to the decline in written premium were endorsements reducing premiums for fewer miles driven, decreases in surcharges for moving violations and lower new vehicle sales. Both new business and policy count retention declined in first quarter 2021 compared to the same period in 2020.

Renewal written pricing increases were lower in automobile compared to the first quarter of 2020 though have stabilized since fourth quarter 2020. Renewal written pricing increases for homeowners were higher in the 2021 period in response to recent loss cost trends.

Policy count retention decreased in both automobile and homeowners driven by both competition and the effect of renewal written price increases.

Policies in-force decreased in the 2021 period in both automobile and homeowners driven by not generating enough new business to offset the loss of non-renewed policies.

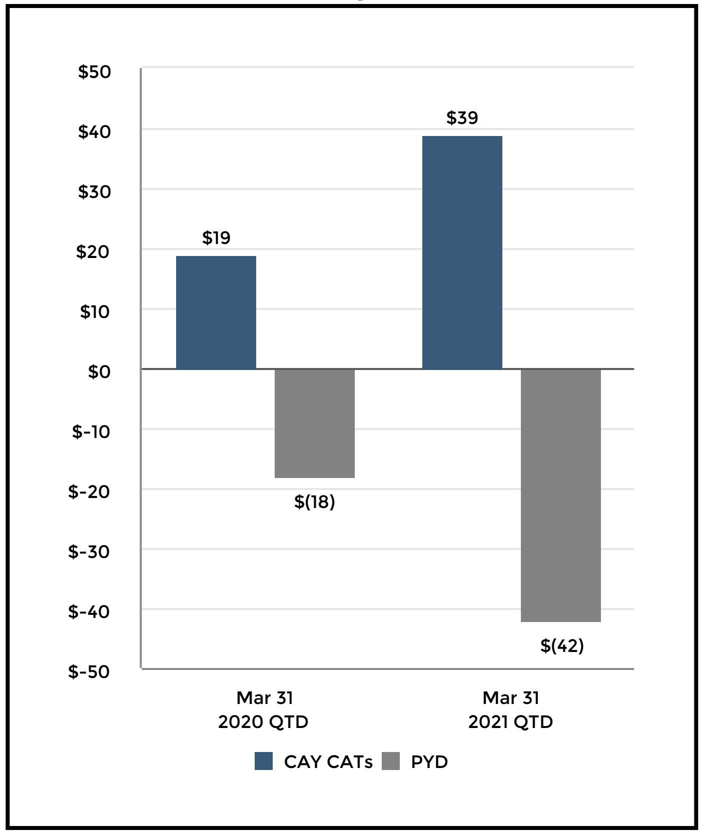
Current Accident Year Loss and LAE Ratio before Catastrophes



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Current accident year Loss and LAE ratio before catastrophes decreased in automobile and increased in homeowners. The decrease in automobile was principally due to lower claim frequency as a result of fewer miles driven. The increase in homeowners was due to an increase in both weather and non-weather non-catastrophe losses.

Current Accident Year Catastrophes and Unfavorable (Favorable) Prior Accident Year Development



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Current accident year catastrophe losses for first quarter 2021 included losses from February winter storms primarily in the South, as well as losses from wind and hail events in the South and Pacific Coast. Current accident year catastrophe losses for first quarter 2020 were primarily from tornado, wind and hail events in the Midwest and Southeast.

Prior accident year development was favorable in the 2021 period, driven mostly by a reserve reduction in automobile for the 2017 to 2019 accident years and a reduction in prior accident year catastrophes driven by an expected subrogation recovery related to a 2018 California wildfire. Prior accident year development was favorable in the 2020 period primarily due to a decrease in automobile liability reserves for the 2018 accident year and a decrease in catastrophe reserves, principally for the 2017 California wildfires.

PROPERTY & CASUALTY OTHER OPERATIONS

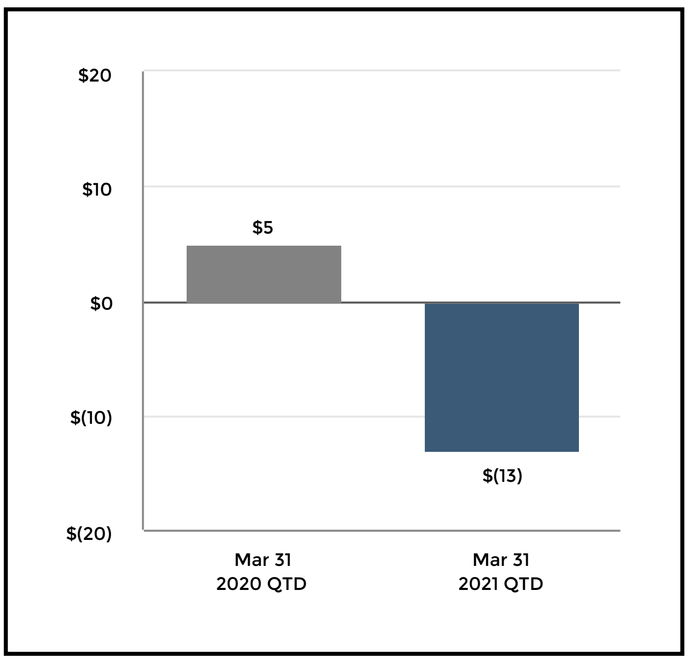
Results of Operations

Underwriting Summary

	Three Months Ended March 31,		
	2021	2020	Change
Losses and loss adjustment expenses			
Prior accident year development [1]	$ 33	$ —	NM
Total losses and loss adjustment expenses	33	—	NM
Underwriting expenses	2	3	(33%)
Underwriting loss	**(35)**	**(3)**	**NM**
Net investment income [2]	16	16	—%
Net realized capital gains (losses) [2]	2	(7)	129%
Income (loss) before income taxes	**(17)**	**6**	**NM**
Income tax expense (benefit) [3]	(4)	1	NM
Net income (loss)	**$ (13)**	**$ 5**	**NM**

[1]For discussion of prior accident year development, see MD&A - Critical Accounting Estimates, Property and Casualty Insurance Product Reserves, Net of Reinsurance.
[2]For discussion of consolidated investment results, see MD&A - Investment Results.
[3]For discussion of income taxes, see Note 11 - Income Taxes of Notes to Condensed Consolidated Financial Statements.

Net income (loss)



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Net income (loss) changed from net income in the 2020 period to a net loss in the 2021 period due to unfavorable prior accident year reserve development in first quarter 2021, partially offset by a change from net realized capital losses in first quarter 2020 to net realized capital gains in first quarter 2021.

Underwriting (loss) increased in the 2021 period due to unfavorable prior accident year development in first quarter 2021 driven by an increase in reserves for sexual molestation and sexual abuse claims, primarily on assumed reinsurance, partially offset by a reduction in the allowance for uncollectible reinsurance.

Asbestos and environmental reserve

comprehensive annual reviews will occur in the fourth quarter of 2021. For information on A&E reserves, see MD&A - Critical Accounting Estimates, Asbestos and Environmental Reserves included in the Company's 2020 Form 10-K Annual Report.

GROUP BENEFITS

Results of Operations

Operating Summary

	Three Months Ended March 31,		
	2021	2020	Change
Premiums and other considerations	$ 1,418	$ 1,391	2%
Net investment income [1]	127	115	10%
Net realized capital gains (losses) [1]	19	(8)	NM
Total revenues	**1,564**	**1,498**	**4%**
Benefits, losses and loss adjustment expenses	1,196	1,007	19%
Amortization of DAC	11	13	(15%)
Insurance operating costs and other expenses	339	339	—%
Amortization of other intangible assets	10	11	(9%)
Total benefits, losses and expenses	**1,556**	**1,370**	**14%**
Income before income taxes	**8**	**128**	**(94%)**
Income tax expense (benefit) [2]	(1)	24	(104%)
Net income	**$ 9**	**$ 104**	**(91%)**

[1]For discussion of consolidated investment results, see MD&A - Investment Results.
[2]For discussion of income taxes, see Note 11 - Income Taxes of Notes to the Condensed Consolidated Financial Statements.

Premiums and Other Considerations

	Three Months Ended March 31,		
	2021	2020	Change
Fully insured – ongoing premiums	$ 1,372	$ 1,323	4%
Buyout premiums	2	25	(92%)
Fee income	44	43	2%
Total premiums and other considerations	**$ 1,418**	**$ 1,391**	**2%**
Fully insured ongoing sales, excluding buyouts	**$ 512**	**$ 385**	**33%**

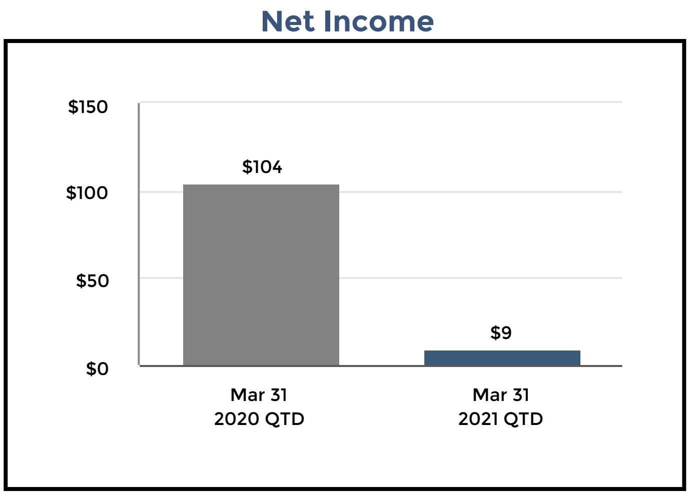
Ratios, Excluding Buyouts

	Three Months Ended March 31,		
	2021	2020	Change
Group disability loss ratio	68.4%	71.5%	(3.1)
Group life loss ratio	108.3%	74.6%	33.7
Total loss ratio	**84.3%**	**71.9%**	**12.4**
Expense ratio [1]	**25.3%**	**26.2%**	**(0.9)**

[1] Integration and transaction costs related to the acquisition of Aetna's U.S. group life and disability business are not included in the expense ratio.

Margin

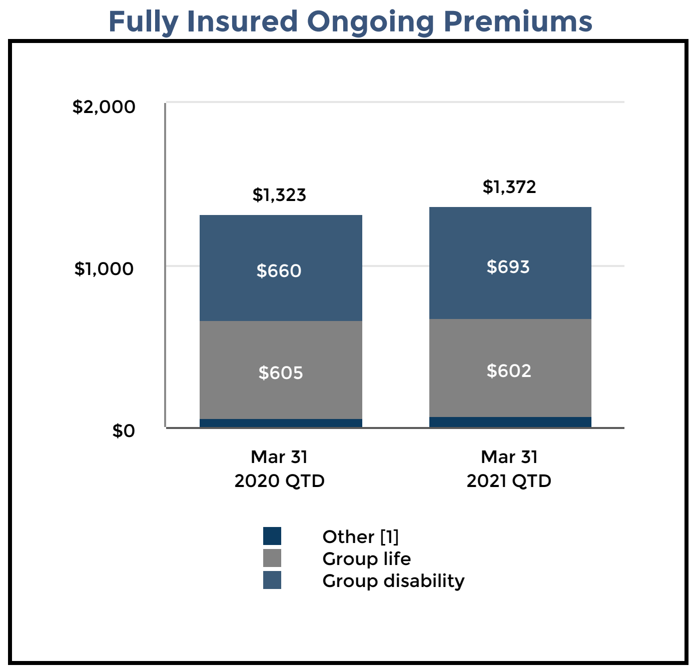
	Three Months Ended March 31,		
	2021	2020	Change
Net income margin	**0.6%**	**6.9%**	**(6.3)**
Adjustments to reconcile net income margin to core earnings margin:			
Net realized capital losses (gains) excluded from core earnings, before tax	(1.1%)	0.6%	(1.7)
Integration and transaction costs associated with acquired business, before tax	0.1%	0.3%	(0.2)
Income tax benefit	0.2%	(0.1%)	0.3
Impact of excluding buyouts from denominator of core earnings margin	—%	0.1%	(0.1)
Core earnings margin	**(0.2%)**	**7.8%**	**(8.0)**



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Net income decreased in first quarter 2021, largely driven by $185 of excess mortality in group life, primarily caused by direct and indirect impacts of COVID-19, partially offset by a change from net realized capital losses in first quarter 2020 to net realized capital gains in first quarter 2021.

Insurance operating costs and other expenses were flat year over year as a reduction in integration costs and lower staffing and other costs due to the Hartford Next operational transformation and cost reduction program was offset by an increase in commissions driven, in part, by growth in premiums and other considerations.

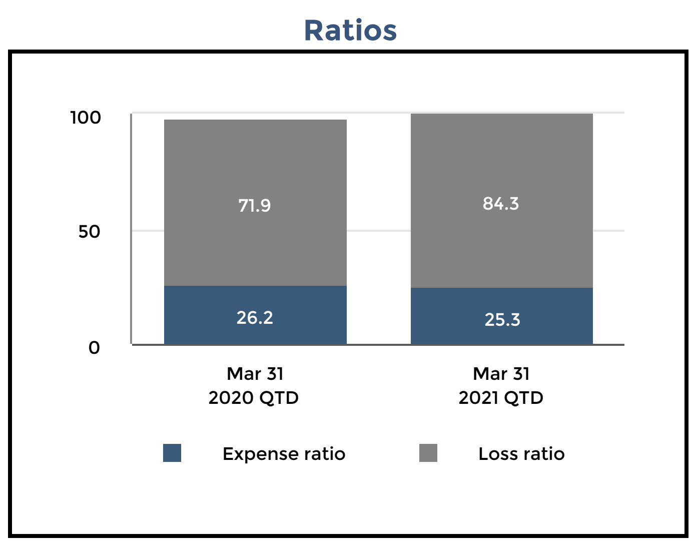


[1] Other of $58 and $77 is included in the three months ended March 31, 2020, and 2021, respectively and includes other group coverages such as retiree health insurance, critical illness, accident, hospital indemnity and participant accident coverages.

Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Fully insured ongoing premiums increased primarily due to higher in-force employer group disability premiums and higher supplemental health product premiums.

Fully insured ongoing sales, excluding buyouts increased in all product lines, though most significantly in group disability.



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Total loss ratio increased 12.4 points for the three month period reflecting a higher group life loss ratio, partially offset by a lower group disability loss ratio. The group life loss ratio increased 33.7 points primarily driven by higher mortality, including $185 of excess mortality claims in first quarter 2021 due to the direct and indirect effects of COVID-19. The group disability loss ratio decreased 3.1 points primarily due to more favorable prior incurral year development driven by higher claim recoveries and continued improving claim incidence. The three months period ending March 2021 included $13 of losses on short-term disability and New York Paid Family Leave claims related to COVID-19 as compared to $16 for the three months ended March 2020.

Expense ratio decreased 0.9 points due to lower staffing and other costs as a result of the Hartford Next operational transformation and cost reduction program and the effect of higher premiums.

HARTFORD FUNDS

Results of Operations

Operating Summary

	Three Months Ended March 31,		
	2021	2020	Change
Fee income and other revenue	$ 282	$ 247	14%
Net investment income	1	1	—%
Net realized capital gains (losses)	2	(11)	118%
Total revenues	**285**	**237**	**20%**
Amortization of DAC	3	4	(25%)
Operating costs and other expenses	224	189	19%
Total benefits, losses and expenses	**227**	**193**	**18%**
Income before income taxes	**58**	**44**	**32%**
Income tax expense [1]	11	8	38%
Net income	**$ 47**	**$ 36**	**31%**
Daily average Hartford Funds AUM	**$ 143,164**	**$ 119,632**	**20%**
ROA [2]	**13.1**	**12.0**	**9%**
Adjustment to reconcile ROA to ROA, core earnings:			
Effect of net realized capital losses excluded from core earnings, before tax	(0.5)	3.7	(114%)
Effect of income tax expense (benefit)	—	(1.0)	100%
ROA, core earnings [2]	**12.6**	**14.7**	**(14%)**

[1]For discussion of income taxes, see Note 11 - Income Taxes of Notes to Condensed Consolidated Financial Statements.
[2]Represents annualized earnings divided by a daily average of assets under management, as measured in basis points.

Hartford Funds Segment AUM

	Three Months Ended March 31,		
	2021	2020	Change
Mutual Fund and ETP AUM - beginning of period	**$ 124,627**	**$ 112,533**	**11%**
Sales - mutual fund	9,198	8,121	13%
Redemptions - mutual fund	(8,428)	(9,478)	11%
Net flows - ETP	4	(67)	106%
Net flows - mutual fund and ETP	774	(1,424)	154%
Change in market value and other	4,853	(20,494)	124%
Mutual fund and ETP AUM - end of period	**130,254**	**90,615**	**44%**
Talcott Resolution life and annuity separate account AUM [1]	**14,944**	**11,538**	**30%**
Hartford Funds AUM - end of period	**$ 145,198**	**$ 102,153**	**42%**

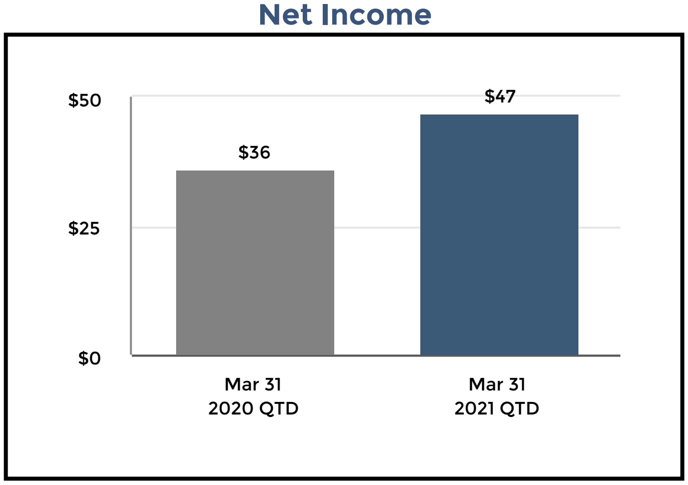
[1]Represents AUM of the life and annuity business sold in May 2018 that is still managed by the Company's Hartford Funds segment.

Mutual Fund and ETP AUM by Asset Class

	As of March 31,		
	2021	2020	Change
Equity	$ 87,456	$ 55,076	59 %
Fixed Income	17,705	14,558	22 %
Multi-Strategy Investments [1]	22,170	18,407	20 %
Exchange-traded Products	2,923	2,574	14 %
Mutual Fund and ETP AUM	**$ 130,254**	**$ 90,615**	**44 %**

[1]Includes balanced, allocation, and alternative investment products.

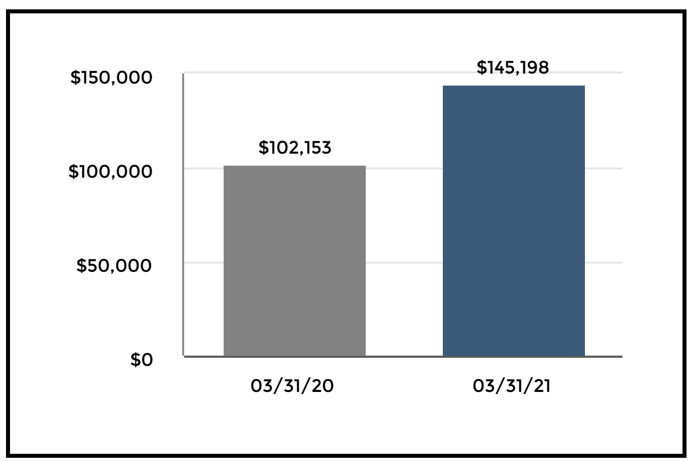
Net Income



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Net income increased primarily due to higher fee income as a result of an increase in daily average assets under management, partially offset by higher variable costs. The effect of a change to net realized capital gains in first quarter 2021 from net realized capital losses in first quarter 2020 was offset by the effect of a $12 reduction in contingent consideration payable associated with the acquisition of Lattice that was recognized in first quarter 2020. Realized gains (losses) consist of changes in the market value of Company assets invested in some of the funds which was driven by changes in equity markets.

Hartford Funds AUM



March 31, 2021 compared to March 31, 2020

Hartford Funds AUM increased primarily due to an increase in market values, partially offset by the effect of net outflows over the prior twelve months. The Company recognized net inflows of $774 for the first quarter of 2021 compared to net outflows of $1.4 billion in first quarter 2020.

CORPORATE

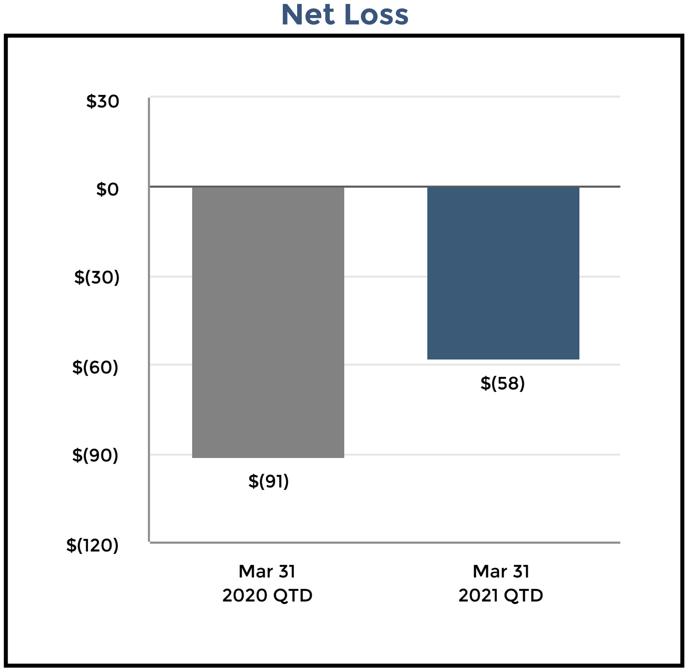
Results of Operations

Operating Summary

	Three Months Ended March 31,		
	2021	2020	Change
Fee income	$ 12	$ 13	(8%)
Other revenue (loss)	(8)	2	NM
Net investment income	3	9	(67%)
Net realized capital gains (losses)	6	(39)	115%
Total revenues	**13**	**(15)**	**187%**
Benefits, losses and loss adjustment expenses [1]	1	6	(83%)
Insurance operating costs and other expenses	13	21	(38%)
Interest expense [2]	57	64	(11%)
Restructuring and other costs	11	—	NM
Total benefits, losses and expenses	**82**	**91**	**(10%)**
Loss before income taxes	**(69)**	**(106)**	**35%**
Income tax benefit [3]	(11)	(15)	27%
Net loss	**(58)**	**(91)**	**36%**
Preferred stock dividends	5	5	—%
Net loss available to common stockholders	**$ (63)**	**$ (96)**	**34 %**

[1]Includes benefits expense on life and annuity business previously underwritten by the Company.
[2] For discussion of debt, see Note 14- Debt of Notes to Consolidated Financial Statements in The Hartford's 2020 Form 10-K Annual Report.
[3] For discussion of income taxes, see Note 11 - Income Taxes of Notes to the Condensed Consolidated Financial Statements.

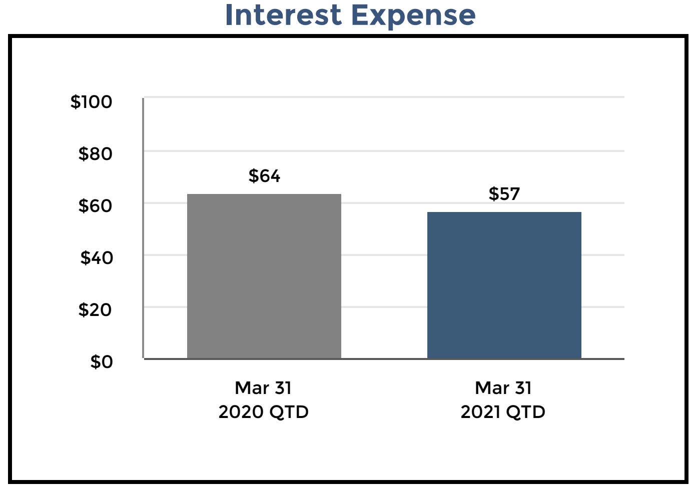
Net Loss



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Net loss decreased primarily due to a change from net realized capital losses in the first quarter 2020 to net realized capital gains in the first quarter 2021, a decrease in insurance operating costs and other expenses and a decrease in interest expense, partially offset by restructuring costs in the first quarter of 2021, a decrease in net investment income and a larger loss on the Company's retained equity interest in the former life and annuity operations. The loss on the retained equity interest, recognized within other revenues, was ($8) and ($4) for the three months ended March 31, 2021 and 2020 respectively.

Interest Expense



Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Interest expense decreased as a result of the Company repaying at maturity the $500 principal amount of its 5.5% senior notes in the first quarter of 2020.

ENTERPRISE RISK MANAGEMENT

The Company's Board of Directors has ultimate responsibility for risk oversight, as described more fully in our Proxy Statement, while management is tasked with the day-to-day management of the Company's risks.

The Company manages and monitors risk through risk policies, controls and limits. At the senior management level, an Enterprise Risk and Capital Committee ("ERCC") oversees the risk profile and risk management practices of the Company.

The Company's enterprise risk management ("ERM") function supports the ERCC and functional committees, and is tasked with, among other things:

- risk identification and assessment;
- the development of risk appetites, tolerances, and limits;
- risk monitoring; and
- internal and external risk reporting.

The Company categorizes its main risks as insurance risk, operational risk and financial risk. Insurance risk and financial risk are described in more detail below. Operational risk, including cybersecurity and business resiliency response to COVID-19, and specific risk tolerances for natural catastrophes and pandemic risk are described in the ERM section of the MD&A in The Hartford's 2020 Form 10-K Annual Report.

Insurance Risk

Insurance risk is the risk of losses of both a catastrophic and non-catastrophic nature on the P&C and Group Benefits products the Company has sold. Catastrophe insurance risk is the exposure arising from both natural (e.g., weather, earthquakes, wildfires, pandemics) and man-made catastrophes (e.g., terrorism, cyber-attacks) that create a concentration or aggregation of loss across the Company's insurance or asset portfolios.

Sources of Insurance Risk Non-catastrophe insurance risks exist within each of the Company's segments except Hartford Funds and include:

- **Property-** Risk of loss to personal or commercial property from automobile related accidents, weather, explosions, smoke, shaking, fire, theft, vandalism, inadequate installation, faulty equipment, collisions and falling objects, and/or machinery mechanical breakdown resulting in physical damage and other covered perils.
- **Liability-** Risk of loss from automobile related accidents, uninsured and underinsured drivers, lawsuits from accidents, defective products, breach of warranty, negligent acts by professional practitioners, environmental claims, latent exposures, fraud, coercion, forgery, failure to fulfill obligations per contract surety, liability from errors and omissions, losses from political and credit coverages, losses from derivative lawsuits, and other securities actions and covered perils.
- **Mortality-** Risk of loss from unexpected trends in insured deaths impacting timing of payouts from group life insurance, personal or commercial automobile related accidents, and death of employees or executives during the course of employment, while on disability, or while collecting workers compensation benefits.
- **Morbidity-** Risk of loss to an insured from illness incurred during the course of employment or illness from other covered perils.
- **Disability-** Risk of loss incurred from personal or commercial automobile related losses, accidents arising outside of the workplace, injuries or accidents incurred during the course of employment, or from equipment, with each loss resulting in short term or long-term disability payments.
- **Longevity-** Risk of loss from increased life expectancy trends among policyholders receiving long-term benefit payments.
- **Cyber Insurance**- Risk of loss to property, breach of data and business interruption from various types of cyber-attacks.

Catastrophe risk primarily arises in the property, automobile, workers' compensation, casualty, group life, and group disability lines of business.

Impact Non-catastrophe insurance risk can arise from unexpected loss experience, underpriced business and/or underestimation of loss reserves and can have significant effects on the Company's earnings. Catastrophe insurance risk can arise from various unpredictable events and can have significant effects on the Company's earnings and may result in losses that could constrain its liquidity.

Management The Company's policies and procedures for managing these risks include disciplined underwriting protocols, exposure controls, sophisticated risk-based pricing, risk modeling, risk transfer, and capital management strategies. The Company has established underwriting guidelines for both individual risks, including individual policy limits, and risks in the aggregate, including aggregate exposure limits by geographic zone and peril. The Company uses both internal and third-party models to estimate the potential loss resulting from various catastrophe events and the potential financial impact those events would have on the Company's financial position and results of operations across its businesses.

In addition, certain insurance products offered by The Hartford provide coverage for losses incurred due to cyber events and the

Company has assessed and modeled how those products would respond to different events in order to manage its aggregate exposure to losses incurred under the insurance policies we sell. The Company models numerous deterministic scenarios including losses caused by malware, data breach, distributed denial of service attacks, intrusions of cloud environments and attacks of power grids.

Among specific risk tolerances set by the Company, risk limits are set for natural catastrophes, terrorism risk and pandemic risk.

Reinsurance as a Risk Management Strategy

The Company uses reinsurance to transfer certain risks to reinsurance companies based on specific geographic or risk concentrations. A variety of traditional reinsurance products are used as part of the Company's risk management strategy, including excess of loss occurrence-based products that reinsure property and workers' compensation exposures, and individual risk (including facultative reinsurance) or quota share arrangements, that reinsure losses from specific classes or lines of business. The Company has no significant finite risk contracts in place and the statutory surplus benefit from all such prior year contracts is immaterial. The Hartford also participates in governmentally administered reinsurance facilities such as the Florida Hurricane Catastrophe Fund (“FHCF”), the Terrorism Risk Insurance Program (“TRIPRA”) and other reinsurance programs relating to particular risks or specific lines of business.

Reinsurance for Catastrophes- The Company utilizes various reinsurance programs to mitigate catastrophe losses including excess of loss occurrence-based treaties covering property and workers’ compensation, and an aggregate property catastrophe treaty as well as individual risk agreements (including facultative reinsurance) that reinsure losses from specific classes or lines of business. The aggregate property catastrophe treaty covers the aggregate of catastrophe events designated by the Property Claim Services office of Verisk and, for international business, net losses arising from two or more risks involved in the same loss occurrence totaling at least $500 thousand, in excess of a $700 retention. The occurrence-based property catastrophe treaties respond in excess of $100 per occurrence for all perils other than named storm and earthquake (subject to a $50 annual aggregate deductible). The Company has per risk and quota share reinsurance that would respond to certain COVID-19 related losses; however, communicable diseases are excluded from our per occurrence property catastrophe treaty, aggregate property treaty and workers' compensation catastrophe treaty that incepted on January 1, 2021.The Company has reinsurance in place to cover individual group life losses in excess of $1 per person.

Primary Catastrophe Treaty Reinsurance Coverages as of March 31, 2021 [1]

	Portion of losses reinsured	Portion of losses retained by The Hartford
Per Occurrence Property Catastrophe Treaty from 1/1/2021 to 12/31/2021 [1] [2]		
Losses of $0 to $100	None	100% retained
Losses of $100 to $350 for earthquakes and named hurricanes and tropical storms [6]	None	100% retained
Losses of $100 to $350 from one event other than earthquakes and named hurricanes and tropical storms (subject to a $50 Annual Aggregate Deductible ("AAD")) [6]	70% of $250 in excess of $100	30% co-participation
Losses of $350 to $500 from one event (all perils)	75% of $150 in excess of $350	25% co-participation
Losses of $500 to $1.1 billion from one event [3] (all perils)	90% of $600 in excess $500	10% co-participation
Aggregate Property Catastrophe Treaty for 1/1/2021 to 12/31/2021 [4]		
$0 to $700 of aggregate losses	None	100% retained
$700 to $900 of aggregate losses	100%	None
Workers' Compensation Catastrophe Treaty for 1/1/2021 to 12/31/2021		
Losses of $0 to $100 from one event	None	100% retained
Losses of $100 to $450 from one event [5]	80% of $350 in excess of $100	20% co-participation

[1] These treaties do not cover the assumed reinsurance business which purchases its own retrocessional coverage.

[2] In addition to the Per Occurrence Property Catastrophe Treaty, for Florida wind events, The Hartford has purchased the mandatory FHCF reinsurance for the annual period starting at June 1,2020. Retention and coverage varies by writing company. The writing company with the largest coverage under FHCF is Hartford Insurance Company of the Midwest, with coverage estimated at approximately $55 of per event losses in excess of a $24 retention (estimates are based on best available information at this time and are periodically updated as information is made available by Florida).

[3] Portions of this layer of coverage extend beyond a traditional one year term.

[4] The aggregate treaty is not limited to a single event; rather, it is designed to provide reinsurance protection for the aggregate of all catastrophe events (up to $350 per event), either designated by the Property Claim Services office of Verisk or, for international business, net losses arising from two or more risks involved in the same loss occurrence totaling at least $500 thousand. All catastrophe losses apply toward satisfying the $700 attachment point under the aggregate treaty.

[5] In addition to the limits shown, the workers' compensation reinsurance includes a non-catastrophe, industrial accident layer, providing coverage for 80% of $30 in per event losses in excess of a $20 retention.

[6] Named hurricanes and tropical storms are defined as any storm or storm system declared to be a hurricane or tropical storm by the US National Hurricane Center, US Weather Prediction Center, or their successor organizations (being divisions of the US National Weather Service).

In addition to the property catastrophe reinsurance coverage described in the above table, the Company has other reinsurance agreements that cover property catastrophe losses. The Per Occurrence Property Catastrophe Treaty, and Workers' Compensation Catastrophe Treaty include a provision to reinstate one limit in the event that a catastrophe loss exhausts limits on one or more layers under the treaties.

Reinsurance for Terrorism- For the risk of terrorism, private sector catastrophe reinsurance capacity is generally limited and largely unavailable for terrorism losses caused by nuclear, biological, chemical or radiological attacks. As such, the Company's principal reinsurance protection against large-scale terrorist attacks is the coverage currently provided through TRIPRA to the end of 2027.

TRIPRA provides a backstop for insurance-related losses resulting from any "act of terrorism", which is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General, for losses that exceed a threshold of industry losses of $200. Under the program, in any one calendar year, the federal government will pay a percentage of losses incurred from a certified act of terrorism after an insurer's losses exceed 20% of the Company's eligible direct commercial earned premiums of the prior calendar year up to a combined annual aggregate limit for the federal government and all insurers of $100 billion. The percentage of losses paid by the federal government is 80%. The Company's estimated deductible under the program is $1.6 billion for 2021. If an act of terrorism or acts of terrorism result in covered losses exceeding the $100 billion annual industry aggregate limit, Congress would be responsible for determining how additional losses in excess of $100 billion will be paid.

Reinsurance for A&E and Navigators Group Reserve Development - The Company has two adverse development cover ("ADC") reinsurance agreements in place, both of which are accounted for as retroactive reinsurance. One agreement covers substantially all A&E reserve development for 2016 and prior accident years (the "A&E ADC") and the other covers substantially all reserve development of Navigators Insurance Company and certain of its affiliates for 2018 and prior accident years ("Navigators ADC"). For more information on the A&E ADC and the Navigators ADC, see Note - 1, Basis of Presentation and Significant Accounting Policies of Notes to Consolidated Financial Statements, included in The Hartford's 2020 Form 10-K Annual Report and Note -9, Reserve for Unpaid Losses and Loss Adjustment Expenses of Notes to Condensed Consolidated Financial Statements.

Financial Risk

Financial risks include direct and indirect risks to the Company's financial objectives from events that impact financial market conditions and the value of financial assets. Some events may cause correlated movement in multiple risk factors. The primary sources of financial risks are the Company's invested assets.

Consistent with its risk appetite, the Company establishes financial risk limits to control potential loss on a U.S. GAAP, statutory, and economic basis. Exposures are actively monitored and managed, with risks mitigated where appropriate. The Company uses various risk management strategies, including limiting aggregation of risk, portfolio re-balancing and hedging with over-the-counter and exchange-traded derivatives with counterparties meeting the appropriate regulatory and due diligence requirements. Derivatives are utilized to achieve the following Company-approved objectives: hedging risk arising from interest rate, equity market, commodity market, credit spread and issuer default, price or currency exchange rate risk or volatility; managing liquidity; controlling transaction costs; and engaging in income generation covered call transactions and synthetic replication transactions. Derivative activities are monitored and evaluated by the Company's compliance and risk management teams and reviewed by senior management. The Company identifies different categories of financial risk, including liquidity, credit, interest rate, equity and foreign currency exchange.

Liquidity Risk

Liquidity risk is the risk to current or prospective earnings or capital arising from the Company's inability or perceived inability to meet its contractual funding obligations as they come due.

Sources of Liquidity Risk

Sources of liquidity risk include funding risk, company-specific liquidity risk and market liquidity risk resulting from differences in the amount and timing of sources and uses of cash as well as company-specific and general market conditions. Stressed market conditions may impact the ability to sell assets or otherwise transact business and may result in a significant loss in value.

Impact

Inadequate capital resources and liquidity could negatively affect the Company's overall financial strength and its ability to generate cash flows from its businesses, borrow funds at competitive rates, and raise new capital to meet operating and growth needs.

Management

The Company has defined ongoing monitoring and reporting requirements to assess liquidity across the enterprise under both current and stressed market conditions. The Company measures and manages liquidity risk exposures and funding needs within prescribed limits across legal entities, taking into account legal, regulatory and operational limitations to the transferability of liquid assets among legal entities. The Company also monitors internal and external conditions, and identifies material risk changes and emerging risks that may impact operating cash flows or liquid assets. The liquidity requirements of the Holding Company have been and will continue to be met by the Holding Company's fixed maturities, short-term investments and cash, and dividends from its subsidiaries, principally its insurance operations, as well as the issuance of common stock, debt or other capital securities and borrowings from its credit facilities as needed. The Company maintains multiple sources of contingent liquidity including a revolving credit facility, an intercompany liquidity agreement that allows for short-term advances of funds among the HFSG Holding Company and certain affiliates, and access to collateralized advances from the Federal Home Loan Bank of Boston ("FHLBB") for certain affiliates. The Company's CFO has primary responsibility for liquidity risk.

Refer to the Capital Resources & Liquidity section of MD&A for the discussion of what the Company is doing to manage liquidity during the COVID-19 pandemic.

Credit Risk and Counterparty Risk

Credit risk is the risk to earnings or capital due to uncertainty of an obligor's or counterparty's ability or willingness to meet its obligations in accordance with contractually agreed upon terms. Credit risk is comprised of three major factors: the risk of change in credit quality, or credit migration risk; the risk of default; and the risk of a change in value due to changes in credit spreads.

Sources of Credit Risk The majority of the Company's credit risk is concentrated in its investment holdings and use of derivatives, but it is also present in the Company's ceded reinsurance activities and various insurance products.

Impact A decline in creditworthiness is typically reflected as an increase in an investment's credit spread and an associated decline in the investment's fair value, potentially resulting in recording an ACL and an increased probability of a realized loss upon sale. In certain instances, counterparties may default on their obligations and the Company may realize a loss on default. Premiums receivable, including premiums for retrospectively rated plans, reinsurance recoverable and deductible losses recoverable are also subject to credit risk based on the counterparty's unwillingness or inability to pay.

For a discussion of impacts resulting from the COVID-19 pandemic, refer to the Impact of COVID-19 on our financial condition, results of operations and liquidity section of this MD&A.

Management The objective of the Company's enterprise credit risk management strategy is to identify, quantify and manage credit risk in aggregate and to limit potential losses in accordance with the Company's credit risk management policy. The Company manages its credit risk by managing aggregations of risk, holding a diversified mix of issuers and counterparties across its investment, reinsurance and insurance portfolios and limiting exposure to any specific reinsurer or counterparty. Potential credit losses can be mitigated through diversification (e.g., geographic regions, asset types, industry sectors), hedging and the use of collateral to reduce net credit exposure.

The Company manages credit risk through the use of various surveillance, analyses and governance processes. The investment, derivatives and reinsurance areas have formal policies and procedures for counterparty approvals and authorizations, which establish criteria defining minimum levels of creditworthiness and financial stability for eligible counterparties. Potential investments are subject to underwriting reviews and private securities are subject to management approval. Mitigation strategies vary across the three sources of credit risk, but may include:

- Investing in a portfolio of high-quality and diverse securities;
- Selling investments subject to credit risk;
- Hedging through use of credit default swaps;
- Clearing derivative transactions through central clearing houses that require daily variation margin;
- Entering into derivative and reinsurance contracts only with strong creditworthy institutions;
- Requiring collateral; and
- Non-renewing policies/contracts or reinsurance treaties.

The Company has developed credit exposure thresholds which are based upon counterparty ratings. Aggregate counterparty credit quality and exposure are monitored on a daily basis utilizing an enterprise-wide credit exposure information system that contains data on issuers, ratings, exposures, and credit limits. Exposures are tracked on a current and potential basis and aggregated by ultimate parent of the counterparty across investments, reinsurance receivables, insurance products with credit risk, and derivatives.

As of March 31, 2021, the Company had no investment exposure to any credit concentration risk of a single issuer or counterparty greater than 10% of the Company's stockholders' equity, other than the U.S. government and certain U.S. government agencies. For further discussion of concentration of credit risk in the investment portfolio, see the Concentration of Credit Risk section in Note 5 - Investments of Notes to Condensed Consolidated Financial Statements.

Credit Risk of Derivatives

The Company uses various derivative counterparties in executing its derivative transactions. The use of counterparties creates credit risk that the counterparty may not perform in accordance with the terms of the derivative transaction.

Downgrades to the credit ratings of the Company's insurance operating companies may have adverse implications for its use of derivatives. In some cases, downgrades may give derivative counterparties for over-the-counter ("OTC") derivatives and clearing brokers for OTC-cleared derivatives the right to cancel and settle outstanding derivative trades or require additional collateral to be posted. In addition, downgrades may result in counterparties and clearing brokers becoming unwilling to engage in or clear additional derivatives or may require additional collateralization before entering into any new trades.

The Company also has derivative counterparty exposure policies which limit the Company's exposure to credit risk. Credit exposures are generally quantified based on the prior business day's net fair value, including income accruals, of all derivative positions transacted with a single counterparty for each separate legal entity. The Company enters into collateral arrangements in connection with its derivatives positions and collateral is pledged to or held by, or on behalf of, the Company to the extent the exposure is greater than zero, subject to minimum transfer thresholds. For the three months ended March 31, 2021, the Company incurred no losses on derivative instruments due to counterparty default. For further discussion, see the Derivative Commitments section of Note 12 - Commitments and Contingencies of Notes to Condensed Consolidated Financial Statements.

Use of Credit Derivatives

The Company may also use credit default swaps to manage credit exposure or to assume credit risk to enhance yield.

Credit Risk Reduced Through Credit Derivatives

The Company uses credit derivatives to purchase credit protection with respect to a single entity or referenced index. The Company purchases credit protection through credit default swaps to economically hedge and manage credit risk of certain fixed maturity investments across multiple sectors of the investment portfolio.

Credit Risk Assumed Through Credit Derivatives

The Company also enters into credit default swaps that assume credit risk as part of replication transactions. Replication transactions are used as an economical means to synthetically replicate the characteristics and performance of assets that are permissible investments under the Company's investment policies. These swaps primarily reference investment grade single corporate issuers and indexes.

For further information on credit derivatives, see Note 6 - Derivatives of Notes to Condensed Consolidated Financial Statements.

Credit Risk of Business Operations

The Company is subject to credit risk related to the company's commercial business that is written with large deductible policies or retrospectively-rated plans. The Company's results of operations could be adversely affected if a significant portion of such contract holders failed to reimburse the Company for the deductible amount or the retrospectively rated policyholders failed to pay additional premiums owed. While the Company attempts to manage the risks discussed above through underwriting, credit analysis, collateral requirements, provision for bad debt, and other oversight mechanisms, the Company's efforts may not be successful.

Interest Rate Risk

Interest rate risk is the risk of financial loss due to adverse changes in the value of assets and liabilities arising from movements in interest rates. Interest rate risk encompasses exposures with respect to changes in the level of interest rates, the shape of the term structure of rates and the volatility of interest rates. Interest rate risk does not include exposure to changes in credit spreads.

Sources of Interest Rate Risk The Company has exposure to interest rate risk arising from its fixed maturity investments, commercial mortgage loans we invest in as well as debt securities, preferred stock and similar securities issued by the Company and discount rate assumptions associated with the Company's claim reserves and pension and other post-retirement benefit obligations as well as from assets that support the Company's pension and other post-retirement benefit plans.

Impact Changes in interest rates from current levels can have both favorable and unfavorable effects for the Company.

For a discussion of impacts resulting from the COVID-19 pandemic, refer to the Impact of COVID-19 on our financial condition, results of operations and liquidity section of this MD&A.

Management The Company manages its exposure to interest rate risk by constructing investment portfolios that seek to protect the firm from the economic impact associated with changes in interest rates by setting portfolio duration targets that are aligned with the duration of the liabilities that they support. The Company analyzes interest rate risk using various models including parametric models and cash flow simulation under various market scenarios of the liabilities and their supporting investment portfolios. Key metrics that the Company uses to quantify its exposure to interest rate risk inherent in its invested assets and the associated liabilities include duration, convexity and key rate duration.

The Company utilizes a variety of derivative instruments to mitigate interest rate risk associated with its investment portfolio or to hedge liabilities. Interest rate caps, floors, swaps, swaptions, and futures may be used to manage portfolio duration.

Equity Risk

Equity risk is the risk of financial loss due to changes in the value of global equities or equity indices.

Sources of Equity Risk The Company has exposure to equity risk from invested assets, assets that support the Company's pension and other post-retirement benefit plans, and fee income derived from Hartford Funds assets under management. In addition, the Company has equity exposure through its 9.7% ownership interest in the limited partnership, Hopmeadow Holdings LP, that owns the life and annuity business sold in 2018.

Impact The investment portfolio is exposed to losses from market declines affecting equity securities and derivatives, which could negatively impact the Company's reported earnings. In addition, investments in limited partnerships and other alternative investments generally have a level of correlation to domestic equity market levels and can expose the Company to losses in earnings if valuations decline; however, earnings impacts are recognized on a lag as results from private equity investments and other funds are generally reported on a three-month delay. For assets supporting pension and other post-retirement benefit plans, the Company may be required to make additional plan contributions if equity investments in the plan portfolios decline in value. Hartford Funds earnings are also significantly influenced by the U.S. and other equity markets. Generally, declines in equity markets will reduce the value of average daily assets under management and the amount of fee income generated from those assets. Increases in equity markets will generally have the inverse impact.

For a discussion of impacts resulting from the COVID-19 pandemic, refer to the Impact of COVID-19 on our financial condition, results of operations and liquidity section of this MD&A.

Management The Company uses various approaches in managing its equity exposure, including limits on the proportion of assets invested in equities, diversification of the equity portfolio, and, at times, hedging of changes in equity indices. For assets supporting pension and other post-retirement benefit plans, the asset allocation mix is reviewed on a periodic basis. In order to minimize risk, the pension plans maintain a listing of permissible and prohibited investments and impose concentration limits and investment quality requirements on permissible investment options.

Foreign Currency Exchange Risk

Foreign currency exchange risk is the risk of financial loss due to changes in the relative value between currencies.

Sources of Currency Risk The Company has foreign currency exchange risk in non-U.S. dollar denominated cash, fixed maturities, equities, and derivative instruments. In addition, the Company has non-U.S. subsidiaries, some with functional currencies other than U.S. dollar, and which transact business in multiple currencies resulting in assets and liabilities denominated in foreign currencies.

Impact Changes in relative values between currencies can create variability in cash flows and realized or unrealized gains and losses on changes in the fair value of assets and liabilities.

Management The Company manages its foreign currency exchange risk primarily through asset-liability matching and through the use of derivative instruments. However, legal entity capital is invested in local currencies in order to satisfy regulatory requirements and to support local insurance operations. The foreign currency exposure of non-U.S. dollar denominated investments will most commonly be reduced through the sale of the assets or through hedges using foreign currency swaps and forwards.

Investment Portfolio Risk

The following table presents the Company's fixed maturities, AFS, by credit quality. The credit ratings referenced throughout this section are based on availability and are generally the midpoint of the available ratings among Moody's, S&P, and Fitch. If no rating is available from a rating agency, then an internally developed rating is used. Accrued interest receivable related to fixed maturities are recorded in other assets on the Condensed Consolidated Balance Sheets and are not included in the amortized cost or fair value of the fixed maturities. For further information refer to Note 5 - Investments of Notes to Condensed Consolidated Financial Statements.

Fixed Maturities, AFS by Credit Quality

	March 31, 2021			December 31, 2020		
	Amortized Cost	Fair Value	Percent of Total Fair Value	Amortized Cost	Fair Value	Percent of Total Fair Value
United States Government/Government agencies	$ 4,631	$ 4,837	11.1 %	$ 4,872	$ 5,214	11.6 %
AAA	6,499	6,759	15.5 %	6,482	6,848	15.2 %
AA	7,877	8,327	19.1 %	7,840	8,453	18.8 %
A	10,384	11,109	25.5 %	10,500	11,595	25.7 %
BBB	9,724	10,359	23.7 %	9,831	10,856	24.1 %
BB & below	2,202	2,216	5.1 %	2,036	2,069	4.6 %
Total fixed maturities, AFS	**$ 41,317**	**$ 43,607**	**100.0 %**	**$ 41,561**	**$ 45,035**	**100.0 %**

The fair value of fixed maturities, AFS decreased as compared to December 31, 2020, primarily due to a decrease in valuations due to higher interest rates, partially offset by tighter credit spreads.

Fixed Maturities, AFS by Type

	March 31, 2021						December 31, 2020					
	Amortized Cost	ACL	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Percent of Total Fair Value	Amortized Cost	ACL	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Percent of Total Fair Value
Asset-backed securities ("ABS")												
Consumer loans	$ 1,257	$ —	$ 27	$ —	$ 1,284	2.9 %	$ 1,396	$ —	$ 35	$ —	$ 1,431	3.2 %
Other	148	—	3	—	151	0.3 %	129	—	4	—	133	0.3 %
Collateralized loan obligations ("CLOs")	3,040	—	10	(1)	3,049	7.0 %	2,780	—	7	(7)	2,780	6.2 %
CMBS												
Agency [1]	1,577	—	78	(4)	1,651	3.8 %	1,779	—	117	(6)	1,890	4.2 %
Bonds	2,133	—	119	(10)	2,242	5.1 %	2,160	—	159	(13)	2,306	5.1 %
Interest only	269	—	9	(4)	274	0.6 %	280	—	10	(2)	288	0.6 %
Corporate												
Basic industry	762	—	47	(4)	805	1.8 %	727	—	69	(1)	795	1.8 %
Capital goods	1,538	—	95	(10)	1,623	3.7 %	1,488	—	148	(11)	1,625	3.6 %
Consumer cyclical	1,415	—	67	(8)	1,474	3.4 %	1,434	(1)	108	(1)	1,540	3.4 %
Consumer non-cyclical	2,755	—	181	(9)	2,927	6.7 %	2,878	—	314	(4)	3,188	7.1 %
Energy	1,495	(1)	108	(4)	1,598	3.7 %	1,474	(1)	147	(4)	1,616	3.6 %
Financial services	4,517	(16)	257	(19)	4,739	10.9 %	4,523	(21)	398	(4)	4,896	10.9 %
Tech./comm.	2,741	(2)	233	(20)	2,952	6.8 %	2,651	—	370	(3)	3,018	6.7 %
Transportation	743	—	49	(3)	789	1.8 %	747	—	85	(3)	829	1.8 %
Utilities	1,941	—	152	(9)	2,084	4.8 %	1,999	—	250	—	2,249	5.0 %
Other	478	—	27	(1)	504	1.2 %	480	—	37	—	517	1.1 %
Foreign govt./ govt. agencies	825	—	47	(4)	868	2.0 %	842	—	77	—	919	2.0 %
Municipal bonds												
Taxable	1,094	—	66	(5)	1,155	2.6 %	1,084	—	109	(1)	1,192	2.6 %
Tax-exempt	7,377	—	696	(14)	8,059	18.5 %	7,480	—	831	—	8,311	18.5 %
RMBS												
Agency	1,766	—	72	(6)	1,832	4.2 %	1,829	—	92	(2)	1,919	4.3 %
Non-agency	1,833	—	28	(3)	1,858	4.3 %	1,755	—	41	(1)	1,795	4.0 %
Alt-A	19	—	2	—	21	0.1 %	27	—	2	—	29	0.1 %
Sub-prime	306	—	8	—	314	0.7 %	355	—	9	—	364	0.8 %
U.S. Treasuries	1,288	—	69	(3)	1,354	3.1 %	1,264	—	141	—	1,405	3.1 %
Total fixed maturities, AFS	**$ 41,317**	**$(19)**	**$ 2,450**	**$ (141)**	**$43,607**	**100.0 %**	**$ 41,561**	**$(23)**	**$ 3,560**	**$ (63)**	**$45,035**	**100.0 %**

[1] Includes securities with pools of loans issued by the Small Business Administration which are backed by the full faith and credit of the U.S. government.

The fair value of fixed maturities, AFS decreased as compared with December 31, 2020, primarily due to a decrease in valuations due to higher interest rates, partially offset by tighter credit spreads. Furthermore, the Company decreased holdings in CMBS, ABS, and tax-exempt municipal bonds, while increasing holdings in CLOs.

Commercial & Residential Real Estate

The following table presents the Company’s exposure to CMBS and RMBS by current credit quality included in the preceding Fixed Maturities, AFS by Type table.

Exposure to CMBS & RMBS Bonds as of March 31, 2021

	AAA		AA		A		BBB		BB and Below		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
CMBS												
Agency [1]	$ 1,573	$1,647	$ 4	$ 4	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,577	$1,651
Bonds	934	994	588	620	413	427	181	187	17	14	2,133	2,242
Interest Only	165	169	89	91	7	7	6	6	2	1	269	274
Total CMBS	**2,672**	**2,810**	**681**	**715**	**420**	**434**	**187**	**193**	**19**	**15**	**3,979**	**4,167**
RMBS												
Agency	1,744	1,808	22	24	—	—	—	—	—	—	1,766	1,832
Non-Agency	1,008	1,027	406	411	367	368	52	52	—	—	1,833	1,858
Alt-A	2	2	—	—	—	—	1	1	16	18	19	21
Sub-Prime	14	14	45	46	95	97	56	58	96	99	306	314
Total RMBS	**2,768**	**2,851**	**473**	**481**	**462**	**465**	**109**	**111**	**112**	**117**	**3,924**	**4,025**
Total CMBS & RMBS	**$ 5,440**	**$5,661**	**$ 1,154**	**$1,196**	**$ 882**	**$ 899**	**$ 296**	**$ 304**	**$ 131**	**$ 132**	**$ 7,903**	**$8,192**

Exposure to CMBS & RMBS Bonds as of December 31, 2020

	AAA		AA		A		BBB		BB and Below		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
CMBS												
Agency [1]	$ 1,771	$1,882	$ 8	$ 8	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,779	$1,890
Bonds	1,009	1,101	541	582	423	430	170	179	17	14	2,160	2,306
Interest Only	177	183	90	93	8	7	4	4	1	1	280	288
Total CMBS	**2,957**	**3,166**	**639**	**683**	**431**	**437**	**174**	**183**	**18**	**15**	**4,219**	**4,484**
RMBS												
Agency	1,807	1,894	22	25	—	—	—	—	—	—	1,829	1,919
Non-Agency	1,034	1,063	371	380	313	315	36	36	1	1	1,755	1,795
Alt-A	—	—	3	3	2	2	2	2	20	22	27	29
Sub-Prime	1	1	25	26	114	116	102	105	113	116	355	364
Total RMBS	**2,842**	**2,958**	**421**	**434**	**429**	**433**	**140**	**143**	**134**	**139**	**3,966**	**4,107**
Total CMBS & RMBS	**$ 5,799**	**$6,124**	**$ 1,060**	**$1,117**	**$ 860**	**$ 870**	**$ 314**	**$ 326**	**$ 152**	**$ 154**	**$ 8,185**	**$8,591**

[1]Includes securities with pools of loans issued by the Small Business Administration which are backed by the full faith and credit of the U.S. government.

The Company also has exposure to commercial mortgage loans. These loans are collateralized by real estate properties that are diversified both geographically throughout the United States and by property type. These commercial loans are originated by the Company as high quality whole loans, and the Company may sell participation interests in one or more loans to third parties. A loan participation interest represents a pro-rata share in interest and principal payments generated by the participated loan, and the relationship between the Company as loan originator, lead participant and servicer and the third party as a participant are governed by a participation agreement.

As of March 31, 2021, mortgage loans had an amortized cost of $4.6 billion and carrying value of $4.6 billion, with an ACL of $34. As of December 31, 2020, mortgage loans had an amortized cost of $4.5 billion and carrying value of $4.5 billion, with an ACL of $38 ACL. The decrease in the allowance is attributable to improved economic scenarios and higher property valuations as compared to the prior quarter.

The Company funded $161 of commercial mortgage loans with a weighted average loan-to-value ("LTV") ratio of 59% and a weighted average yield of 3.0% during the three months ended March 31, 2021. The Company continues to originate commercial mortgage loans in high growth markets across the country focusing primarily on institutional-quality industrial and multifamily properties with strong LTV ratios. There were no mortgage loans held for sale as of March 31, 2021 or December 31, 2020.

Municipal Bonds

The following table presents the Company's exposure to municipal bonds by type and weighted average credit quality included in the preceding Securities by Type table.

Available For Sale Investments in Municipal Bonds

	March 31, 2021			December 31, 2020		
	Amortized Cost	Fair Value	Weighted Average Credit Quality	Amortized Cost	Fair Value	Weighted Average Credit Quality
General Obligation	$ 1,077	$ 1,194	AA+	$ 1,082	$ 1,232	AA+
Pre-refunded [1]	835	880	AAA	889	940	AAA
Revenue						
Transportation	1,538	1,705	A	1,441	1,636	A+
Health Care	1,274	1,377	A+	1,273	1,407	A+
Leasing [2]	867	923	AA-	905	985	AA-
Education	734	801	AA	732	824	AA
Water & Sewer	619	658	AA	644	694	AA
Sales Tax	397	457	AA	394	464	AA
Power	363	401	A+	401	450	A+
Housing	101	106	AA+	102	109	AA+
Other	666	712	AA-	701	762	A+
Total Revenue	6,559	7,140	AA-	6,593	7,331	AA-
Total Municipal	**$ 8,471**	**$ 9,214**	**AA-**	**$ 8,564**	**$ 9,503**	**AA-**

[1] Pre-refunded bonds are bonds for which an irrevocable trust containing sufficient U.S. treasury, agency, or other securities has been established to fund the remaining payments of principal and interest.

[2] Leasing revenue bonds are generally the obligations of a financing authority established by the municipality that leases facilities back to a municipality. The notes are typically secured by lease payments made by the municipality that is leasing the facilities financed by the issue. Lease payments may be subject to annual appropriation by the municipality or the municipality may be obligated to appropriate general tax revenues to make lease payments.

As of both March 31, 2021 and December 31, 2020, the largest issuer concentrations were the New York Dormitory Authority, the New York City Municipal Water Finance Authority, and the Commonwealth of Massachusetts, which each comprised less than 3% of the municipal bond portfolio and were primarily comprised of general obligation and revenue bonds. In total, municipal bonds make up 17% of the fair value of the Company's investment portfolio. While COVID-19 has had an impact on many municipal issuers, the average credit quality of the Company’s holdings is AA-, and the Company believes the issuers in which it invests have multiple levers to maintain the strength of their credit profile.

Limited Partnerships and Other Alternative Investments

The following table presents the Company’s investments in limited partnerships and other alternative investments which include hedge funds, real estate funds, and private equity funds. Real estate funds consist of investments primarily in real estate joint ventures and, to a lesser extent, equity funds. Private equity funds primarily consist of investments in funds whose assets typically consist of a diversified pool of investments in small to mid-sized non-public businesses with high growth potential and strong owner sponsorship, as well as limited exposure to public markets.

Income or losses on investments in limited partnerships and alternative investments are recognized on a lag as results from private equity investments and other funds are generally reported on a three-month delay.

Limited Partnerships and Other Alternative Investments - Net Investment Income

	Three Months Ended March 31,			
	2021		2020	
	Amount	Yield	Amount	Yield
Hedge funds	$ 8	18.2%	1	6.4%
Real estate funds	1	0.9%	16	15.3%
Private equity funds	97	41.8%	34	16.0%
Other alternative investments [1]	6	5.7%	7	7.0%
Total	**$ 112**	**21.1 %**	**$ 58**	**13.2 %**

Investments in Limited Partnerships and Other Alternative Investments

	March 31, 2021		December 31, 2020	
	Amount	Percent	Amount	Percent
Hedge funds	$ 185	7.9%	$ 158	7.6%
Real estate funds	704	30.3%	563	27.0%
Private equity and other funds	1,014	43.6%	944	45.4%
Other alternative investments [1]	423	18.2%	417	20.0%
Total	**$ 2,326**	**100.0%**	**$ 2,082**	**100.0%**

[1]Consists of an insurer-owned life insurance policy which is primarily invested in fixed income, private equity, and hedge funds.

Fixed Maturities, AFS – Unrealized Loss Aging

The total gross unrealized losses were $141 as of March 31, 2021 and have increased $78, from December 31, 2020, primarily due to higher interest rates, partially offset by tighter credit spreads. As of March 31, 2021, $136 of the gross unrealized losses were associated with fixed maturities, AFS depressed less than 20% of amortized cost. The remaining $5 of gross unrealized losses were associated with fixed maturities, AFS depressed greater than 20%, primarily relate to commercial real estate securities that were purchased at tighter credit spreads.

As part of the Company's ongoing investment monitoring process, the Company has reviewed its fixed maturities, AFS in an unrealized loss position and concluded that these fixed maturities are temporarily depressed and are expected to recover in value as the investments approach maturity or as market spreads tighten. For these fixed maturities in an unrealized loss position where an ACL has not been recorded, the Company's best estimate of expected future cash flows are sufficient to recover the amortized cost basis of the investment. Furthermore, the Company neither has an intention to sell nor does it expect to be required to sell these Investments. For further information regarding the Company's ACL analysis, see the Credit Losses on Fixed Maturities, AFS and Intent-to-Sell Impairments section below.

Unrealized Loss Aging for Fixed Maturities, AFS Securities

	March 31, 2021					December 31, 2020				
Consecutive Months	**Items**	**Amortized Cost**	**ACL**	**Unrealized Loss**	**Fair Value**	**Items**	**Amortized Cost**	**ACL**	**Unrealized Loss**	**Fair Value**
Three months or less	682	$ 5,387	$ —	$ (98)	$ 5,289	102	$ 625	$ —	$ (3)	$ 622
Greater than three to six months	40	178	—	(6)	172	46	367	—	(5)	362
Greater than six to nine months	29	214	—	(10)	204	8	6	—	(1)	5
Greater than nine to eleven months	8	6	—	(1)	5	186	1,275	(1)	(27)	1,247
Twelve months or more	219	924	—	(26)	898	205	994	—	(27)	967
Total	**978**	**$ 6,709**	**$ —**	**$ (141)**	**$ 6,568**	**547**	**$ 3,267**	**$ (1)**	**$ (63)**	**$ 3,203**

Unrealized Loss Aging for Fixed Maturities, AFS Continuously Depressed Over 20%

	March 31, 2021				December 31, 2020			
Consecutive Months	Items	Amortized Cost	Unrealized Loss	Fair Value	Items	Amortized Cost	Unrealized Loss	Fair Value
Three months or less	5	$ 11	$ (2)	$ 9	2	$ 2	$ (1)	$ 1
Greater than three to six months	2	2	(1)	1	—	—	—	—
Greater than six to nine months	—	—	—	—	1	46	(10)	36
Greater than nine to eleven months	—	—	—	—	2	5	(1)	4
Twelve months or more	24	5	(2)	3	24	5	(2)	3
Total	**31**	**$ 18**	**$ (5)**	**$ 13**	**29**	**$ 58**	**$ (14)**	**$ 44**

Credit Losses on Fixed Maturities, AFS and Intent-to-Sell Impairments

Three months ended March 31, 2021

The Company recorded net reversals of credit losses on fixed maturities, AFS of $4, including reversals of $6 and additions of $2. The reversals were primarily attributable to increases in the fair value of corporate issuers that had an ACL in prior periods, primarily related to a large regional and commercial aircraft lessor. Additions relate to new expected credit losses on a media/entertainment company. Unrealized losses on securities with an ACL recognized in other comprehensive income were $0. For further information, refer to Note 5 - Investments of Notes to Condensed Consolidated Financial Statements.

There were no intent-to-sell impairments in the three months ended March 31, 2021.

The Company incorporates its best estimate of future performance using internal assumptions and judgments that are informed by economic and industry specific trends, as well as our expectations with respect to security specific developments.

Future intent-to-sell impairments or credit losses may develop as the result of changes in our intent to sell specific securities that are in an unrealized loss position or if modeling assumptions, such as macroeconomic factors or security specific developments, change unfavorably from our current modeling assumptions, resulting in lower cash flow expectations. For a discussion of impacts resulting from the COVID-19 pandemic, refer to the Impact of COVID-19 on our financial condition, results of operations and liquidity section of this MD&A.

Three months ended March 31, 2020

The Company recorded net credit losses on fixed maturities, AFS of $12. The losses were primarily attributable to corporate fixed maturities, primarily one cruise line issuer and, to a lesser extent, one private bank loan. Unrealized losses on securities with ACL recognized in other comprehensive income were $1.

Intent-to-sell impairments of $5 were primarily related to one corporate issuer in the energy sector and one issuer with exposure to India.

ACL on Mortgage Loans

Three months ended March 31, 2021

The Company reviews mortgage loans on a quarterly basis to estimate the ACL with changes in the ACL recorded in net realized capital gains and losses. Apart from an ACL recorded on individual mortgage loans where the borrower is experiencing financial difficulties, the Company records an ACL on the pool of mortgage loans based on lifetime expected credit losses. For further information, refer to Note 5 - Investments of Notes to Condensed Consolidated Financial Statements.

The Company recorded a decrease in the ACL on mortgage loans of $4. The decrease in the allowance was the result of improved economic scenarios and higher property valuations as compared to the prior quarter. The Company did not record an ACL on any individual mortgage loans.

Three months ended March 31, 2020

The Company recorded an increase in the ACL on mortgage loans of $2. The increase was primarily due to volatility surrounding the COVID-19 pandemic and, to a lesser extent, newly originated mortgage loans. The Company did not record an ACL on any individual mortgage loans.

CAPITAL RESOURCES AND LIQUIDITY

The following section discusses the overall financial strength of The Hartford and its insurance operations including their ability to generate cash flows from each of their business segments, borrow funds at competitive rates and raise new capital to meet operating and growth needs over the next twelve months.

SUMMARY OF CAPITAL RESOURCES AND LIQUIDITY

Capital available to the holding company as of March 31, 2021:

- $1.9 billion in fixed maturities, short-term investments, investment sales receivable and cash at The HFSG Holding Company.
- A senior unsecured five-year revolving credit facility that provides for borrowing capacity up to $750 of unsecured credit through March 29, 2023. As of March 31, 2021, there were no borrowings outstanding.
- An intercompany liquidity agreement that allows for short-term advances of funds among the HFSG Holding Company and certain affiliates of up to $2.0 billion for liquidity and other general corporate purposes. As of March 31, 2021, there were no borrowings outstanding.

2021 expected dividends and other sources of capital:

The future payment of dividends from our subsidiaries is dependent on several factors including the extent to which COVID-19 impacts our business, results of operations, financial condition and liquidity.

- **P&C -** The Company's U.S. property and casualty insurance subsidiaries have dividend capacity of $1.7 billion for 2021, with $900 to $1.1 billion of net dividends expected in 2021, including $230 paid to HFSG Holding Company through March 31, 2021.
- **Group Benefits -** HLA has dividend capacity of $295 in 2021 with $250 to $295 of dividends expected in 2021, including $70 paid to HFSG Holding Company through March 31, 2021.
- **Hartford Funds** - HFSG Holding Company expects to receive $150 to $180 in dividends from Hartford Funds in 2021, including $41 received through March 31,2021.

Expected liquidity requirements for the next twelve months as of March 31, 2021:

- $215 of interest on debt.
- $21 dividends on preferred stock, subject to the discretion of the Board of Directors.
- $505 of common stockholders' dividends, subject to the discretion of the Board of Directors and before share repurchases.

Equity repurchase program:

During the three months ended March 31, 2021, the Company repurchased 2.4 million common shares for $123 under the share repurchase program authorized in December 2020, which is effective through December 31, 2022. The share repurchase program was initially authorized at $1.5 billion and, in April 2021, the Company announced an increase in the share repurchase authorization to $2.5 billion, which remains effective until December 31, 2022. The Company expects to utilize $1.5 billion of this share repurchase authorization during 2021, subject to market conditions. During the period April 1, 2021 through April 26, 2021, the Company repurchased approximately 0.4 million common shares for $27.

The timing of any future repurchases will be dependent upon several factors, including the market price of the Company's securities, the Company's capital position, consideration of the effect of any repurchases on the Company's financial strength or credit ratings, the Company's blackout periods, and other considerations.

Liquidity Requirements and Sources of Capital

The Hartford Financial Services Group, Inc. ("HFSG Holding Company")

The liquidity requirements of the holding company of The Hartford Financial Services Group, Inc. will primarily be met by HFSG Holding Company's fixed maturities; short-term investments and cash; and dividends, principally from its subsidiaries.

The Company maintains sufficient liquidity and has a variety of contingent liquidity resources to manage liquidity across a range of economic scenarios. We continue to expect to successfully manage our liquidity throughout the pandemic.

The HFSG Holding Company expects to continue to receive dividends from its operating subsidiaries in the future and manages the capital and surplus in each of its operating subsidiaries to be sufficient under significant economic stress scenarios. Dividends from subsidiaries and other sources of funds at the holding company may be used to repurchase shares under the authorized share repurchase program at the discretion of management.

Under significant economic stress scenarios that could arise due to the COVID-19 pandemic, the Company has the ability to meet short-term cash requirements, if needed, by borrowing under its revolving credit facility or by having its insurance subsidiaries take collateralized advances under a facility with the Federal Home Loan Bank of Boston ("FHLBB"). The Company could also choose to have its insurance subsidiaries sell certain highly liquid, high quality fixed maturities or the Company could issue debt in the public markets under its shelf registration. No borrowings or advances have occurred since the start of the COVID-19 pandemic.

During the second quarter, the Company expects to make a contribution of approximately €15 million to Navigators Holdings (Europe) N.V., a Belgium holding company.

Dividends

The Hartford's Board of Directors declared the following quarterly dividends since January 1, 2021:

Common Stock Dividends

Declared	Record	Payable	Amount per share
February 4, 2021	March 1, 2021	April 2, 2021	$ 0.350

Preferred Stock Dividends

Declared	Record	Payable	Amount per share
February 18, 2021	May 1, 2021	May 17, 2021	$ 375.00

There are no current restrictions on the HFSG Holding Company's ability to pay dividends to its stockholders.

For a discussion of restrictions on dividends to the HFSG Holding Company from its insurance subsidiaries, see the following "Dividends from Subsidiaries" discussion. For a discussion of potential restrictions on the HFSG Holding Company's ability to pay dividends, see the risk factor "Our ability to declare and pay dividends is subject to limitations" in Item 1A of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Dividends from Subsidiaries

Dividends to HFSG Holding Company from its insurance subsidiaries are restricted by insurance regulation. Upon the acquisition of Navigators Group, the Company's principal insurance subsidiaries are domiciled in the United States, the United Kingdom, and Belgium.

The payment of dividends by Connecticut-domiciled insurers is limited under the insurance holding company laws of Connecticut. These laws require notice to and approval by the state insurance commissioner for the declaration or payment of any dividend, which, together with other dividends or distributions made within the preceding twelve months, exceeds the greater of (i) 10% of the insurer's statutory policyholder surplus as of December 31 of the preceding year or (ii) net income (or net gain from operations, if such company is a life insurance company) for the twelve-month period ending on the thirty-first day of December last preceding, in each case determined under statutory insurance accounting principles. In addition, if any dividend of a Connecticut-domiciled insurer exceeds the insurer's earned surplus, it requires the prior approval of the Connecticut Insurance Commissioner.

Property casualty insurers domiciled in New York, including Navigators Insurance Company ("NIC") and Navigators Specialty Insurance Company ("NSIC"), generally may not, without notice to and approval by the state insurance commissioner, pay dividends out of earned surplus in any twelve-month period that exceeds the lesser of (i) 10% of the insurer's statutory policyholders' surplus as of the most recent financial statement on file, or (ii) 100% of its adjusted net investment income, as defined, for the same twelve month period. As part of the New York state insurance commissioner's approval of the Navigators Group acquisition, and as is common practice, any dividend from NIC and NSIC before May 2021 will require prior approval from the state insurance commissioner.

The insurance holding company laws of the other jurisdictions in which The Hartford's insurance subsidiaries are incorporated (or deemed commercially domiciled) generally contain similar (although in certain instances more restrictive) limitations on the payment of dividends. In addition to statutory limitations on paying dividends, the Company also takes other items into consideration when determining dividends from subsidiaries. These considerations include, but are not limited to, expected earnings and capitalization of the subsidiaries, regulatory capital requirements and liquidity requirements of the individual operating company.

Corporate members of Lloyd's syndicates may pay dividends to its parent to the extent of available profits that have been distributed from the syndicate in excess of the Funds at Lloyd's ("FAL") capital requirement. The FAL is determined based on the syndicate's solvency capital requirement ("SCR") under the E.U.'s Solvency II capital adequacy model, the current regulatory framework governing UK domiciled insurers, plus a Lloyd's specific economic capital assessment.

Insurers domiciled in the United Kingdom may pay dividends to their parent out of their statutory profits subject to restrictions imposed under U.K. Company law and Solvency II. Belgium domiciled insurers may only pay dividends if, at the end of their previous fiscal year, the total amount of their assets, as reduced by its provisions and debts, are in excess of certain minimum capital thresholds calculated under Belgian law.

Through the first three months of 2021, HFSG Holding Company received $341 of net dividends from its subsidiaries, including $70 from HLA, $41 from Hartford Funds and $230 from its U.S. P&C subsidiaries, excluding $50 of P&C dividends that were subsequently contributed to a P&C subsidiary and $12 of P&C dividends related to interest payments on an intercompany note owed by Hartford Holdings, Inc. ("HHI") to Hartford Fire Insurance Company.

Over the remainder of 2021, the Company anticipates receiving approximately $670 to $870 of net dividends from its U.S. P&C subsidiaries, $180 to $225 of dividends from HLA and $110 to $140 of dividends from Hartford Funds.

Other Sources of Capital for the HFSG Holding Company

The Hartford endeavors to maintain a capital structure that provides financial and operational flexibility to its insurance subsidiaries, ratings that support its competitive position in the financial services marketplace (see the "Ratings" section below for further discussion), and stockholder returns. As a result, the Company may from time to time raise capital from the issuance of debt, common equity, preferred stock, equity-related debt or other capital securities and is continuously evaluating strategic opportunities. The issuance of debt, common equity, equity-related debt or other capital securities could result in the dilution of stockholder interests or reduced net income due to additional interest expense.

Shelf Registrations

The Hartford filed an automatic shelf registration statement with the Securities and Exchange Commission ("the SEC") on May 17, 2019 that permits it to offer and sell debt and equity securities during the three-year life of the registration statement.

For further information regarding Shelf Registrations, see Note 14 - Debt of Notes to Consolidated Financial Statement in The Hartford's 2020 Form 10-K Annual Report.

Revolving Credit Facilities

The Company has a senior unsecured five-year revolving credit facility (the "Credit Facility") that provides up to $750 of unsecured credit through March 29, 2023. As of March 31, 2021, no borrowings were outstanding and no letters of credit were issued under the Credit Facility and the Company was in compliance with all financial covenants.

Intercompany Liquidity Agreements

The Company has $2.0 billion available under an intercompany liquidity agreement that allows for short-term advances of funds among the HFSG Holding Company and certain affiliates of up to $2.0 billion for liquidity and other general corporate purposes. The Connecticut Department of Insurance ("CTDOI") granted approval for certain affiliated insurance companies that are parties to the agreement to treat receivables from a parent, including the HFSG Holding Company, as admitted assets for statutory accounting purposes.

As of March 31, 2021 there were no amounts outstanding at the HFSG Holding Company.

Collateralized Advances with Federal Home Loan Bank of Boston

The Company's subsidiaries, Hartford Fire Insurance Company ("Hartford Fire") and Hartford Life and Accident Insurance Company ("HLA"), are members of the Federal Home Loan Bank of Boston ("FHLBB"). Membership allows these subsidiaries access to collateralized advances, which may be short- or long-term with fixed or variable rates. Advances may be used to support general corporate purposes, which would be presented as short- or long-term debt, or to earn incremental investment income, which would be presented in other liabilities consistent with other collateralized financing transactions. As of March 31, 2021 there were no advances outstanding.

For further information regarding collateralized advances with Federal Home Loan Bank of Boston, see Note 14 - Debt of Notes to Consolidated Financial Statements included in the Company's 2020 Form 10-K Annual Report.

Lloyd's Letter of Credit Facilities

The Hartford has entered into a committed credit facility agreement with a syndicate of lenders (the "Club Facility") as well as a non-committed $25 credit facility with a lender (the "Bilateral Facility"). The Club Facility has two tranches with one tranche extending a $104 commitment and the other tranche extending a £85 million ($117 as of March 31, 2021) commitment. As of March 31, 2021, letters of credit with an aggregate face amount of $104 and £85 million, or $117, were outstanding under the Club Facility and no letters of credit were outstanding under the Bilateral Facility.

Among other covenants, the Club Facility and Bilateral Facility contain financial covenants regarding The Hartford's consolidated net worth and financial leverage and that limit the amount of letters of credit that can support Funds and Lloyd's, consistent with Lloyd's requirements. As of March 31, 2021, The Hartford was in compliance with all financial covenants of both facilities.

For further information regarding Revolving Credit Facilities, see Note 14 - Debt of Notes to Consolidated Financial Statements included in the Company's 2020 Form 10-K Annual Report.

Pension Plans and Other Postretirement Benefits

The Company does not have a 2021 required minimum funding contribution for the U.S. qualified defined benefit pension plan and the funding requirements for all pension plans are expected to be immaterial. The Company has not determined whether, and to what extent, contributions may be made to the U.S. qualified defined benefit pension plan in 2021. The Company will monitor the funded status of the U.S. qualified defined benefit pension plan during 2021 to make this determination.

Derivative Commitments

Certain of the Company's derivative agreements contain provisions that are tied to the financial strength ratings, as set by nationally recognized statistical rating agencies, of the individual legal entity that entered into the derivative agreement. If the legal entity's financial strength were to fall below certain ratings, the counterparties to the derivative agreements could demand either immediate and ongoing full collateralization or immediate termination and settlement of the outstanding net derivative positions transacted under each agreement. For further information, refer to Note 12 - Commitments and Contingencies of Notes to Condensed Consolidated Financial Statements.
As of March 31, 2021, no derivative positions would be subject to immediate termination in the event of a downgrade of one level below the current financial strength ratings. This could change as a result of changes in our hedging activities or to the extent changes in contractual terms are negotiated.

Insurance Operations

While subject to variability period to period, underwriting and investment cash flows continue to provide sufficient liquidity to meet anticipated demands over the next twelve months. For information about the impact of COVID-19 on the Company's cash flows see the Risk Factors disclosed in Item 1A of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2020. For a discussion and tabular presentation of the Company's contractual obligations by period, refer to Off-Balance Sheet Arrangements and Aggregate Contractual Obligations within the Capital Resources and Liquidity section of the MD&A included in The Hartford's 2020 Form 10-K Annual Report.

The principal sources of operating funds are premiums, fees earned from assets under management and investment income, while investing cash flows primarily originate from maturities and sales of invested assets. The primary uses of funds are to pay claims, claim adjustment expenses, commissions and other underwriting and insurance operating costs, to pay taxes, to purchase new investments and to make dividend payments to the HFSG Holding Company.

The Company's insurance operations consist of property and casualty insurance products (collectively referred to as "Property & Casualty Operations") and Group Benefits. The Company's insurance operations hold fixed maturity securities including a significant short-term investment position (securities with maturities of one year or less at the time of purchase) to meet liquidity needs. Liquidity requirements that are unable to be funded by the Company's insurance operations' short-term investments would be satisfied with current operating funds, including premiums or investing cash flows, which includes proceeds received through the sale of invested assets. A sale of invested assets could result in significant realized capital losses.

The following tables represent the fixed maturity holdings, including the aforementioned cash and short-term investments available to meet liquidity needs, for each of the Company's insurance operations.

Property & Casualty

		As of March 31, 2021
Fixed maturities	$	33,288
Short-term investments		1,155
Cash		149
Less: Derivative collateral		54
Total	**$**	**34,538**

Group Benefits Operations

		As of March 31, 2021
Fixed maturities	$	9,927
Short-term investments		207
Cash		12
Less: Derivative collateral		29
Total	**$**	**10,117**

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

There have been no material changes to the Company's off-balance sheet arrangements and aggregate contractual obligations since the filing of the Company's 2020 Form 10-K Annual Report.

Capitalization

Capital Structure

	March 31, 2021	December 31, 2020	Change
Long-term debt	4,353	4,352	—%
Total debt	**4,353**	**4,352**	**—%**
Common stockholders' equity excluding AOCI, net of tax	17,104	17,052	—%
Preferred stock	334	334	—%
AOCI, net of tax	264	1,170	(77%)
Total stockholders' equity	**17,702**	**18,556**	**(5%)**
Total capitalization	**$ 22,055**	**$ 22,908**	**(4%)**
Debt to stockholders' equity	25%	23%	
Debt to capitalization	20%	19%	

Total capitalization decreased $853, or 4%, as of March 31, 2021 compared to December 31, 2020 primarily due to an decrease in AOCI.

For additional information on AOCI, net of tax, including unrealized capital gains from securities, see Note 14 - Changes In and Reclassifications From Accumulated Other Comprehensive Income (Loss) and Note 5 - Investments of Notes to Condensed Consolidated Financial Statements. For additional information on debt, see Note 14 - Debt of Notes to Consolidated Financial Statement in The Hartford's 2020 Form 10-K Annual Report.

Cash Flow[1]

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Net cash provided by operating activities	$ 759	$ 298
Net cash provided by (used for) investing activities	$ (450)	$ 777
Net cash used for financing activities	$ (266)	$ (1,027)
Cash and restricted cash– end of period	$ 280	$ 301

[1] Cash activities in 2021 include cash flows related to Continental Europe Operations classified as held for sale beginning in the third quarter of 2020. See Note 16 - Business Disposition of Notes to Condensed Consolidated Financial Statements for discussion of this transaction.

Cash provided by operating activities increased in 2021 as compared to the prior year period primarily driven by a decline in P&C losses and expenses paid, and lower operating expenses paid including lower payroll and employee related expenditures. Positive cash flow impacts were partially offset by an increase in Group Benefits claims paid due, in large part, to the impact of excess mortality in group life primarily caused by the direct and indirect impacts of COVID-19.

Cash provided by (used for) investing activities decreased from net inflows in 2020 to net outflows in 2021 as a result of a decrease from net proceeds to net payments for equity securities, a change from net proceeds to net payments for short-term investments, an increase in net purchases of partnerships, and a decrease in net proceeds from derivatives, partially offset by an increase in net proceeds from fixed maturities.

Cash used for financing activities decreased primarily due to debt repayments in the 2020 period, and a decrease in securities lending transactions and share repurchases, partially offset by higher cash dividends paid in 2021.

Operating cash flow for the three months ended March 31, 2021 have been adequate to meet liquidity requirements.

Equity Markets

For a discussion of the potential impact of the equity markets on capital and liquidity, see the Financial Risk section in this MD&A and the Financial Risk on Statutory Capital section of the MD&A in the Company's 2020 Form 10-K Annual Report.

Ratings

Ratings are an important factor in establishing a competitive position in the insurance marketplace and impact the Company's ability to access financing and its cost of borrowing. There can be no assurance that the Company’s ratings will continue for any given period of time, or that they will not be changed. In the event the Company’s ratings are downgraded, the Company’s competitive position, ability to access financing, and its cost of borrowing, may be adversely impacted.

Insurance Financial Strength Ratings as of April 26, 2021

	A.M. Best	Standard & Poor’s	Moody’s
Hartford Fire Insurance Company	A+	A+	A1
Hartford Life and Accident Insurance Company	A+	A+	A2
Navigators Insurance Company	A+	A	Not Rated
Other Ratings:			
The Hartford Financial Services Group, Inc.:			
Senior debt	a-	BBB+	Baa1

These ratings are not a recommendation to buy, sell or hold any of The Hartford's securities and they may be revised or revoked at any time at the sole discretion of the rating organization. Each agency's rating should be evaluated independently of any other agency's rating. The system and number of rating categories can vary across rating agencies.

Among other factors, rating agencies consider the level of statutory capital and surplus of our U.S. insurance subsidiaries as well as the level of a measure of GAAP capital held by the Company in determining the Company's financial strength and credit ratings. Rating agencies may implement changes to their capital formulas that have the effect of increasing the amount of capital we must hold in order to maintain our current ratings. See Risk Factors disclosed in Item 1A of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Statutory Capital

U.S. Statutory Capital Rollforward for the Company's Insurance Subsidiaries

	Property and Casualty Insurance Subsidiaries [1] [2]	Group Benefits Insurance Subsidiary	Total
U.S statutory capital at January 1, 2021	**$ 10,795**	**$ 2,601**	**$ 13,396**
Statutory income	109	(40)	69
Contributions from (dividends to) parent	(230)	(70)	(300)
Other items	165	13	178
Net change to U.S. statutory capital	44	(97)	(53)
U.S statutory capital at March 31, 2021	**$ 10,839**	**$ 2,504**	**$ 13,343**

[1] The statutory capital for property and casualty insurance subsidiaries in this table does not include the value of an intercompany note owed by Hartford Holdings, Inc. ("HHI") to Hartford Fire Insurance Company.
[2] Excludes insurance operations in the U.K. and Continental Europe.

Contingencies

Legal Proceedings

For a discussion regarding The Hartford's legal proceedings, see the information contained in Note 12 -Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements.

Legislative and Regulatory Developments

COVID-19 Global Pandemic

State and federal retroactive business interruption coverage and other insurance regulatory relief initiatives-

State and federal lawmakers are continuing to consider legislation and regulation in response to COVID-19. There have been proposals to impose retroactive coverage of COVID-19 claims under existing business interruption coverage provisions. If such proposals were enacted, they could represent a material exposure for the Company. Further, some states have adopted, or are considering incorporating, a presumption that if certain workers become infected with COVID-19, such infection would constitute an occupational disease triggering workers' compensation coverage. In addition, state insurance regulators, including California, New Jersey and New York, have encouraged (and in some cases required) insurers to offer immediate relief to policyholders including refunding and offering discounts for drivers, incorporating flexible payment solutions for families, individuals, and businesses, providing additional time to make payments, waiving insurance premium late fees, pausing cancellation of coverage for personal and commercial policies due to non-payment and policy expiration, and suspending personal automobile exclusions for restaurant employees who are transitioning to meal delivery services using their personal automobile policy as coverage. The Hartford offered consumer financial relief including a 15 percent refund on policyholders' April and May 2020 personal automobile insurance premiums, waived late payments fees for a period of time for business and personal insurance customers and temporarily suspended policy cancellations for policyholders of our Commercial Lines, Personal Lines and Group Benefits segments. As the COVID-19 global pandemic continues, regulators may require us to or we may elect to provide additional consumer and/or business financial relief. The duration and scope of such regulatory/Company actions are uncertain, and the impacts of such actions could adversely affect the Company's insurance business.

Federal pandemic risk insurance- Congress is considering possible action for future pandemic risk insurance coverage through a risk sharing mechanism between insurers and the federal government. Timing for any Congressional action with respect to these efforts is uncertain at this time. If such a program were to be enacted, it could represent a significant obligation for the company in terms of deductible and co-share obligations.

American Rescue Plan Act of 2021- On March 11, 2021, President Biden signed the $1.9 trillion American Rescue Plan. The comprehensive bill includes provisions on taxes, healthcare, extends unemployment benefits, direct payments, state and local funding and other issues. The American Rescue Plan also directed billions of dollars towards the Paycheck Protection Program ("PPP") and Targeted Economic Injury Disaster Loan Advance payments to support small businesses across the nation. Additionally, the new law directed $28.6 billion for the Restaurant Revitalization Fund for industry-focused grants. On March 30, 2021, President Biden signed the PPP Extension Act of 2021 which sets a new application deadline of May 31, allowing the Small Business Administration (SBA) to continue processing applications for up to 30 days past the May 31 deadline.

Federal emergency leave legislation- On March 18, 2020, the Families First Coronavirus Response Act ("FFCRA") was signed into law by the President, and was effective from April 1, 2020 to December 31, 2020. This legislation included a number of funding provisions and worker protections including mandated emergency paid sick leave and paid family and medical leave programs. For private employers with fewer than 500 employees, and most public employers, new programs were put in place to guarantee individuals 10 days of paid sick leave, and up to 10 weeks of paid family and medical leave to deal directly with COVID-19. Eligible employers have access to a tax credit to reimburse for costs related to the emergency leave programs. On December 27, 2020, the Consolidated Appropriations Act of 2021 was signed into law and included a bipartisan COVID-19 relief bill. Although the mandatory paid leave provisions from the FFCRA expired on December 31, 2020, the new law extended FFCRA tax credits through March 31, 2021, for covered employers that voluntarily continue to offer paid leave under the

FFCRA framework. As part of the American Rescue Plan, Congress has once again extended certain FFCRA refundable tax credits between April 1 and September 30, 2021, for covered employers who voluntarily offer emergency paid leave for reasons described under FFCRA. The American Rescue Plan also expands the allowable leaves for purposes of qualifying for the tax credit. The Hartford is providing support for the administration of the family and medical leave component of these voluntary company FFCRA-type leaves for our Group Benefits customers. Congress also approved a $2 trillion Coronavirus Aid, Relief and Economic Security ("CARES") Act. The bill, signed into law on March 27, 2020, focused on providing financial support for small businesses, individuals, emergency workers, airlines and other industries of national security. The CARES Act included several technical corrections to the emergency leave programs and created advance refunding credits, which allow the U.S. Treasury to develop regulations or guidance to permit advancement of the tax credit for both the emergency paid sick leave and paid family and medical leave. We are closely monitoring further Congressional action on paid leave legislation, the timing of which is unclear at this time.

Federal tax legislation- In response to the COVID-19 Global Pandemic, Congress, various states and other global jurisdictions have passed numerous pieces of legislation which contain a number of changes to the tax laws in order to aid impacted businesses and individuals, as well as provide economic stimulus. The Company deferred the employer's portion of the Social Security tax on wages from March 27, 2020 to year-end 2020. Such deferred amounts would be due and payable over a two-year period, 50% by December 31, 2021 and 50% by December 31, 2022. Refer to Note 11 - Income Taxes of Notes to Condensed Consolidated Financial Statements for information about the impact of these new tax laws on the Company. The U.S. Treasury and IRS continue to develop guidance implementing these new tax law provisions, and Congress may consider additional technical corrections to these laws. Tax proposals and regulatory initiatives which have been or are being considered by Congress and/or the U.S. Treasury Department could have a material effect on the Company and its insurance businesses. The nature and timing of any Congressional or regulatory action with respect to any such efforts is unclear.

American Jobs Plan

On March 31, 2021, President Biden unveiled a key initiative of his Administration, the American Jobs Plan, a broad $2.2 trillion, 8-year infrastructure plan. The President's plan outlines funding for several traditional infrastructure verticals such as roads, bridges, and highways, but also seeks to prioritize and incentivize clean energy and pursue policy options that promote equity and connect disadvantaged communities. This plan will largely be viewed as an opening bid as Congress starts the formal process of developing infrastructure spending legislation. To offset some of the plan's costs, the Biden Administration proposed a series of tax changes including raising the corporate tax rate to 28%, eliminating subsidies and foreign tax credits for fossil fuel companies, championing a new 21% global minimum tax for multinational corporations, enacting a minimum tax on large corporations book income, and other tax changes to prevent U.S. corporations from inverting or claiming tax havens as their residence. The Biden Administration is set to release a second proposal in the coming weeks to address "social infrastructure," which could include expanding health insurance, climate change initiatives, education, and paid family and medical leave. The prospects for these proposals remain unclear, even when considering procedural devices that could be used to move the legislation through Congress. While changes to corporate taxation, including a higher corporate income tax rate, would adversely affect the Company, the impact of other provisions on the Company's operations and ability to attract new business and retain existing customers is unclear.

Patient Protection and Affordable Care Act of 2010 (the "Affordable Care Act")

It is unclear whether the Administration, Congress or the courts will seek to reverse, amend or alter the ongoing operation of the Affordable Care Act ("ACA"). If such actions were to occur, they may have an impact on various aspects of our business, including our insurance businesses. It is unclear what an amended ACA would entail, and to what extent there may be a transition period for the phase out of the ACA. The impact to The Hartford as an employer would be consistent with other large employers. The Hartford's core business does not involve the issuance of health insurance, and we have not observed any material impacts on the Company's workers' compensation business or group benefits business from the enactment of the ACA. We will continue to monitor the impact of the ACA and any reforms on consumer, broker and medical provider behavior for leading indicators of changes in medical costs or loss payments primarily on the Company's workers' compensation and disability liabilities.

Tax Reform

At the end of 2017, the Tax Cuts and Jobs Act of 2017 ("TCJA") was enacted. The TCJA made significant reforms to the U.S. tax code. The major areas of interest to the Company included the reduction of the corporate tax rate from 35% to 21% and the repeal of the corporate alternative minimum tax (AMT) and the refunding of AMT credits. The U.S. Treasury and IRS continue to develop guidance implementing TCJA, and Congress may consider additional technical corrections to the law. In addition, President Biden has proposed to increase the corporate tax rate to 28% and revisit other aspects of TCJA. Tax proposals and regulatory initiatives which have been or are being considered by Congress and/or the U.S. Treasury Department could have a material effect on the Company and its insurance businesses. The nature and timing of any Congressional or regulatory action with respect to any such efforts is unclear. For additional information on risks to the Company related to TCJA, see the risk factor entitled "Changes in federal or state tax laws could adversely affect our business, financial condition, results of operations and liquidity" under "Risk Factors" in Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

IMPACT OF NEW ACCOUNTING STANDARDS

For a discussion of accounting standards, see Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Consolidated Financial Statements included in The Hartford's 2020 Form 10-K Annual Report.

ACRONYMS

A&E Asbestos and Environmental
ABS Asset Backed Securities
ACL Allowance for Credit Losses
ADC Adverse Development Cover
AFS Available-For-Sale
ALAE Allocated Loss Adjustment Expenses
AMT Alternative Minimum Tax
AOCI Accumulated Other Comprehensive Income
AUM Assets Under Management
CAY Current Accident Year
CLO Collateralized Loan Obligation
CMBS Commercial Mortgage-Backed Securities
DAC Deferred Policy Acquisition Costs
DSCR Debt Service Coverage Ratio
ERCC Enterprise Risk and Capital Committee
ETF Exchange-Traded Funds
ETP Exchange-Traded Products
FAL Funds at Lloyd's
FASB Financial Accounting Standards Board
FHLBB Federal Home Loan Bank of Boston
GAAP Generally Accepted Accounting Principles
GB Group Benefits
HFSG Hartford Financial Services Group, Inc.
HHI Hartford Holdings, Inc.
HIMCO Hartford Investment Management Company
IBNR Incurred But Not Reported
IT Information Technology
LCL Liability for Credit Losses
LIBOR London Inter-Bank Offered Rate
LTD Long-Term Disability
LTV Loan-to-Value
MD&A Management's Discussion and Analysis
NAIC National Association of Insurance Commissioners
NIC Navigators Insurance Company
NICO National Indemnity Company, a subsidiary of Berkshire Hathaway Inc. (“Berkshire”)
NM Not Meaningful
NOLs Net Operating Loss Carryforwards or Carrybacks
NSIC Navigators Specialty Insurance Company
OCI Other Comprehensive Income
OTC Over-the-Counter
P&C Property and Casualty
PYD Prior Year Development
RBC Risk-Based Capital
RMBS Residential Mortgage-Backed Securities
ROA Return on Assets
ROE Return on Equity
SCR Solvency Capital Requirement
ULAE Unallocated Loss Adjustment Expenses

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company’s principal executive officer and its principal financial officer, based on their evaluation of the Company’s disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) have concluded that the Company’s disclosure controls and procedures are effective for the purposes set forth in the definition thereof in Exchange Act Rule 13a-15(e) as of March 31, 2021.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the Company's current fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that most employees of the Company and of our vendors have had to work from home during the COVID-19 pandemic though we will continue to assess the impact on the design and operating effectiveness of our internal controls.

Item 1. LEGAL PROCEEDINGS

For a discussion regarding The Hartford's legal proceedings, see the information contained in Note 12 -Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements.

Item 1A. RISK FACTORS

Investing in The Hartford involves risk. In deciding whether to invest in The Hartford, you should carefully consider the risk factors disclosed in Item 1A of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2020, (collectively the "Company's Risk Factors" or individually, the "Company's Risk Factor"), which is incorporated herein by reference, any of which could have a significant or material adverse effect on the business, financial condition, operating results or liquidity of The Hartford. This information should be considered carefully together with the other information contained in this report and the other reports and materials filed by The Hartford with the SEC.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by the Issuer

In December 2020, the Company announced a $1.5 billion share repurchase authorization by the Board of Directors which is effective from January 1, 2021 through December 31, 2022. In April 2021, the Company announced an increase in the share repurchase authorization to $2.5 billion that remains effective until December 31, 2022. During the period from April 1, 2021 to April 26, 2021, the Company repurchased 0.4 million shares for $27. The timing of any repurchase of shares under the remaining equity repurchase authorization is dependent upon several factors, including the market price of the Company's securities, the Company's capital position, consideration of the effect of any repurchases on the Company's financial strength or credit ratings, the Company's blackout periods, and other considerations.

Repurchases of Common Stock by the Issuer for the Three Months Ended March 31, 2021

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [1]
				(in millions)
January 1, 2021 - January 31, 2021	—	$ —	—	$ 1,500
February 1, 2021 - February 28, 2021	1,568,182	$ 50.32	1,568,182	$ 1,421
March 1, 2021 - March 31, 2021	818,001	$ 54.25	818,001	$ 1,377
Total	**2,386,183**	**$ 51.67**	**2,386,183**	

[1]This column reflects the $1.5 billion share repurchase authorization approved by the Company's Board of Directors in December 2020. In April 2021, the Board increased this authorization to $2.5 billion. As a result of the increase, the Company had approximately $2.35 billion remaining under its share repurchase authorization as of April 26, 2021.

Item 6. EXHIBITS

See Exhibits Index on page 105.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
FOR THE QUARTER ENDED MARCH 31, 2021
FORM 10-Q
EXHIBITS INDEX

Exhibit No.	Description	Form	File No.	Exhibit No	Filing Date
3.01	Restated Certificate of Incorporation of The Hartford, as filed with the Delaware Secretary of State on October 20, 2014.	8-K	001-13958	3.01	10/20/2014
3.02	Amended and Restated By-Laws of The Hartford, amended effective December 17, 2020.	8-K	001-13958	3.1	7/21/2016
10.01*	The Hartford 2020 Stock Incentive Plan Form of Non-Employee Directors Award Agreement.**				
15.01	Deloitte & Touche LLP Letter of Awareness.**				
31.01	Certification of Christopher J. Swift pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**				
31.02	Certification of Beth A. Costello pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**				
32.01	Certification of Christopher J. Swift pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**				
32.02	Certification of Beth A. Costello pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**				
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	Inline XBRL Taxonomy Extension Schema.**				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase.**				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase.**				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase.**				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase.**				
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, formatted in Inline XBRL.				
*	Management contract, compensatory plan or arrangement.				
**	Filed with the Securities and Exchange Commission as an exhibit to this report.				

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	The Hartford Financial Services Group, Inc.
	(Registrant)
Date: April 27, 2021	/s/ Scott R. Lewis
	Scott R. Lewis
	Senior Vice President and Controller
	(Chief accounting officer and duly authorized signatory)

THE HARTFORD
FORM OF NON-QUALIFIED STOCK OPTION, PERFORMANCE AWARD, AND RESTRICTED STOCK UNIT AWARD AGREEMENT

[DATE]
[Key Employee]
[Address]
[City, State, Zip]

Effective [DATE] (the "Grant Date"), you have been granted an award under The Hartford 2020 Stock Incentive Plan (the "Plan") of stock option, performance award, restricted stock units.

[Option Award

You have been granted a non-qualified option to purchase all or any portion of **x,xxx** shares of common stock of The Hartford Financial Services Group, Inc. ("The Hartford") under the terms of the Plan at an exercise price of $[XXX] per share, the New York Stock Exchange closing price of The Hartford's common stock on the Grant Date. This option will vest and become exercisable, assuming continued employment, in three consecutive annual installments, each equal to one-third of the shares subject to the option, as follows: one-third will vest and become exercisable one year after the Grant Date, an additional one-third will vest and become exercisable two years after the Grant Date, and the remaining one-third of the option will vest and become exercisable three years after the Grant Date. However, any unexercised portion of your option expires in full ten years following the Grant Date (the "Expiration Date") and, in the event of your earlier termination of employment, will likely expire at an earlier date in accordance with the applicable terms and conditions of the Plan, as described in the Appendix.]

[Performance Award

You have [also] been granted **x,xxx** restricted stock units under the terms of the Plan. Each restricted stock unit award represents a right to receive, pursuant to the terms of the Plan and achievement of the performance objectives set forth below, one share of common stock of The Hartford. This is a contingent award, and the extent to which you may ultimately receive all or any of these restricted stock units depends upon continued employment through the end of the three year performance period (except as otherwise provided in the Appendix) and whether and to what extent, as determined by the Compensation and Management Development Committee (the "Committee") of the Board of Directors or its delegate, the following performance objectives are achieved [over][as of the end of] the three-year performance period [DATE — DATE]: [performance objectives] relative to targets established by the Committee or its delegate. Payment of the vested portion of the award will be made in shares, net of taxes, following satisfaction of the applicable performance objectives and certification of the payout factor. Each vested restricted stock unit will be paid as soon as practical following certification of performance, but in no event shall payment be made later than March 15, xxxx. Your restricted stock unit account will be credited with dividend equivalents, which are subject to the same terms and conditions as the restricted stock units to which they relate (based on target performance). These dividend equivalents will be deemed reinvested in a number of restricted stock units determined based on the fair market value of The Hartford common stock on the date the corresponding common stock dividend is payable to stockholders. Such dividend equivalents will be paid only if, and to the extent that, the underlying restricted stock units vest and are paid (based on actual performance).]

[Restricted Stock Unit Award

You have [also] been granted **x,xxx** restricted stock units of The Hartford. Each restricted stock unit award represents a right to receive, pursuant to the terms of the Plan one share of common stock of The

Hartford per restricted stock unit [at the end of the [three]-year period from [DATE — DATE] (the “vesting period”)][. This award will vest, assuming continued employment, in two consecutive annual installments, each equal to 50% of the award, as follows: 50% will vest on [DATE] and the remaining 50% will vest on [DATE] (each a “vesting period”).] [. This award will vest, assuming continued employment, with respect to (i) thirty-three and one-third percent (33 1/3%) of the award as of the first anniversary of the grant date, (ii) thirty-three and one-third percent (33 1/3%) of the award as of the second anniversary of the grant date, and (iii) thirty-three and one-third percent (33 1/3%) of the award as of the third anniversary of the grant date.] This is a contingent award, and remains subject to forfeiture pending [completion of the vesting period] [continued employment through each vesting date]. Each vested restricted stock unit will be paid as soon as practical following the vesting period, but in no event shall payment be made later than March 15th of the year following the year in which the vesting period ends. Your restricted stock unit account will be credited with dividend equivalents, which are subject to the same terms and conditions as the restricted stock units to which they relate. These dividend equivalents will be deemed reinvested in a number of restricted stock units determined based on the fair market value of The Hartford common stock on the date the corresponding common stock dividend is payable to stockholders.]

Termination Rules

[The impact on your award of your termination of employment is described in the Appendix. Except as described in the Appendix, i][**I**]f your employment ends prior to the latest vesting date specified for the applicable portion of your award [(including as a result of Retirement, death, Total Disability, or because you receive severance following position elimination)], [the unvested portion of the corresponding][your] award will be forfeited upon your termination of employment.

Award Value

The estimated value of your long-term award ([options, performance awards, restricted stock units]) as of the date of grant was **$[XXX]**, based on the closing price of The Hartford common stock on the Grant Date. [Ultimately, the value of the award will depend on the stock price [at the time of option exercise] [at the time of payment in the case of [restricted stock units]], [whether and the extent to which performance objectives are satisfied and the closing price of The Hartford’s common stock on the Committee certification date. Shares, net of taxes, are distributed soon after certification by the Committee.]

This award is conditioned on your acceptance of the award [and on your agreement to the [Restriction on Solicitation of Employees] [and agreement to Restriction on Competition Following Retirement][set forth below,][and to The Hartford’s Arbitration Policy,] on or before [DATE]. If not accepted and agreed to by that date, the award will be cancelled.

Acceptance/Acknowledgements:

By accepting this award, you acknowledge:

• that you have access to the Plan prospectus and the opportunity to read the terms of the Plan prior to your acceptance of this award, and you represent that you understand the terms of this award and accept this award subject to all the terms and conditions of the Plan, of the rules, procedures and interpretations thereunder, and of this award.

• that you may consult a tax advisor regarding the tax aspects of this award and that you are not relying on The Hartford for any opinion or advice as to personal tax implications of this award.

• that the award is subject to tax and that shares you actually receive will be net of shares withheld for taxes.

• that this award does not constitute a contract of employment, nor is it a guarantee or promise of employment for any specific period of time. Employment at The Hartford and its subsidiaries (the “Company”) is terminable at will, which means that both you and The Company are free to terminate the employment relationship at any time for any lawful reason.

[Agreement to Restriction on Solicitation of Employees

By accepting this award, you agree (or reaffirm your prior agreement):

• that while employed by the Company and for a [one-year] period following termination of your employment with the Company for any reason, (1) you will not directly or indirectly solicit, encourage or induce any employee of the Company (a “Hartford Employee”) to terminate his or her employment with the Company, and (2) you will not, directly or indirectly, as an individual, as an owner or employee of a business or in any other capacity, solicit for employment, offer employment to, or employ any Hartford Employee.

• that during the term of this restriction, any subsequent employer’s hiring of a Hartford Employee into a position that reports directly or indirectly to you, or to any of your direct or indirect reports, will create a “rebuttable presumption” that you have violated this restriction. That means that if a Hartford Employee is hired by your new employer and reports directly or indirectly to you or anyone who reports to you, it will be assumed that you were involved in that hiring unless you can prove otherwise.

This restriction includes but is not limited to: (i) interviewing a Hartford Employee, (ii) communicating in any fashion with a Hartford Employee in connection with an employment opportunity at another employer, or (iii) otherwise assisting or participating in the soliciting of a Hartford Employee in connection with an employment opportunity at another employer. This restriction applies for the duration of your employment and for the [one-year] period following your termination of employment, regardless of whether you become vested in, and receive the benefits made available under, the award, including if you terminate employment before the award vests.

This restriction does not affect, alter or supersede any other non-solicitation or non-competition restrictions that you might have with the Company. This restriction may only be waived or altered by The Hartford’s Executive Vice President & Chief Human Resources Officer. Any such waiver or alteration must be in writing.]

[Agreement to Restriction on Competition Following Retirement

By accepting this award, you agree that if your employment ends during the [performance period] [vesting period] and you are retirement-eligible, you will:

- not become associated during the [performance period] [vesting period] with any entity, whether as a principal, partner, employee, agent, consultant, or director, that is actively engaged in selling or providing, either directly or indirectly, in any geographical area [within the U.S.] where the Company’s products are sold or its services are provided, any products or services that are the same as or similar to products or services that as of the date of your retirement are being sold or provided, either directly or indirectly, by the Company, and

- provide certification and (if required) evidence satisfactory to the Executive Vice President & Chief Human Resources Officer that you have complied with this restriction (the “Restriction on Competition”).

The Hartford shall, in its sole discretion, have the right to enforce or waive the terms of this provision.]

[Agreement to Arbitration Policy

By accepting this award, you agree (or reaffirm your prior agreement) to resolve covered disputes in accordance with The Hartford's Arbitration Policy, as the same may be in effect from time to time. The current version of this Policy can be accessed at [insert link**]**.

You further understand that final and binding arbitration is the exclusive forum for the resolution of disputes covered by The Hartford's Arbitration Policy and that you may only submit a dispute to arbitration on an individual basis; that is, you may not combine a dispute that is submitted to arbitration with any other dispute between any other employees or may not otherwise initiate or join a "class" or "collective" arbitration action.]

Termination of Award

The Committee may in its sole discretion terminate in whole or in part such portion of your award as has not, at the time of such termination, become vested or with respect to which any applicable Performance Period or Restriction Period has not lapsed, if the Committee determines that you are not performing satisfactorily the duties assigned to you as of the date on which the award was made.

Tax Withholding

[Federal, state and local income or other taxes to be withheld with respect to your award will be satisfied when your award is paid by retaining stock you would otherwise receive under this award in an amount sufficient to satisfy the withholding obligations applicable to this award, unless other arrangements satisfactory to the Executive Vice President & Chief Human Resources Officer are made for withholding.] [You agree to pay the Company an amount sufficient to satisfy the tax withholding obligations applicable to the exercise of your options.]

Beneficiary Designation

One or more beneficiaries may be designated on the Beneficiary Designation Form, [available at www.xxx.com]. Unless revoked, your Beneficiary Designation will apply to outstanding and future awards to you under the Plan, The Hartford 2014 Incentive Stock Plan and similar plans. Should you wish to make a beneficiary designation, the Beneficiary Designation Form must be returned to Executive Compensation. If the form is not returned to Executive Compensation, any distribution under the Plan will be made to your spouse in the event of your death (or, if no spouse, to your estate), unless you previously filed a Beneficiary Designation Form for your awards. Please note that once your award vests and shares are transferred to your individual brokerage account, the beneficiary designation for your individual brokerage account, and not the Beneficiary Designation Form, applies.

Additional Documents

Your long-term incentive award, along with additional information regarding your award, is available at [www.xxx.com]. The information and documents available include the following: The Hartford 2020 Stock Incentive Plan Prospectus (which includes a brief summary of the Federal tax consequences of your award), Beneficiary Designation Forms, and award treatment upon termination of employment. You are strongly urged to review all of the above documents, as well as the other information provided, at your earliest convenience.

If you cannot access the information, please contact Executive Compensation, The Hartford, T-1-173-1R, One Hartford Plaza, Hartford, CT 06155, (860) 547-5000, for paper copies.

Award Agreement; Plan Terms and Conditions

Please note that this document, along with the Plan, constitutes your [option, performance award, restricted stock unit] agreement with The Hartford. Your [option, performance award, restricted stock unit] grant is subject to all of the terms and conditions of the Plan, as it may be amended from time to time, including, but not limited to, the recoupment provisions thereof, and all of the rules, procedures and interpretations of the Plan that the Committee may adopt from time to time. Pursuant to the Plan, the Committee has full discretion and authority to interpret, construe and administer the Plan and any part thereof. In the event of any conflict between this document and the provisions of the Plan, the Plan shall prevail. Capitalized terms used herein shall have the meanings specified herein or assigned by the Plan.

Committee Authority to Amend Agreement

To the extent not prohibited by applicable law, any or all terms and conditions outlined in this document may be amended, changed, or suspended by the Committee at any time without prior notice to you.

Sincerely,
[insert name]

Termination Rules **Appendix**

[STOCK OPTIONS

[*Death and Total Disability*. If your active employment ceases during the vesting period as a result of your death or Total Disability, your stock option will become fully exercisable. You (or your beneficiary) will have [five years after the date of your death or termination due to Total Disability (or, if earlier, until the Expiration Date)] [until the Expiration date] to exercise your vested stock options.]

[*Retirement*. If your active employment terminates due to Retirement during the vesting period [and, at least [one year] after the Grant Date], your stock option will become fully exercisable. You will have [five years after the date of your Retirement (or, if earlier, until the Expiration Date)] [until the Expiration Date] to exercise your vested stock options.]

[*Involuntary Termination and Receiving Severance*. If you terminate employment and receive severance pay [as a result of the elimination of your position] pursuant to the severance pay plan applicable to you and you have been employed for at least [one year] from the Grant Date, a prorated portion of your option award will become exercisable, based on the portion of the vesting period that you were actively employed. The portion of the stock options that will be become exercisable at your termination will be determined taking into account any options that have previously become exercisable. You will have [four months] after the date of your termination (or, if earlier, until the Expiration Date) to exercise your vested stock options.]

[*Involuntary Termination for Cause*. If your active employment ceases as a result of your involuntary termination for Cause, all of your stock options (including any portion that had previously become vested) shall be forfeited.]

[*All Other Cases (Including Voluntary Termination)*. If your active employment ceases for any other reason (including as a result of your voluntary resignation), during the vesting period, any unvested portion of your stock options shall be forfeited. You will have [four months] after the date of your termination (or, if earlier, until the Expiration Date) to exercise any otherwise vested stock options.]

[PERFORMANCE AWARDS

[*Death, Total Disability [and Retirement]*. If your active employment ceases during the applicable performance period [or vesting period, if later] as a result of your death, Total Disability [or Retirement][you will be eligible to receive, as soon as practicable following the end of the applicable performance period [or vesting period, if later], a prorated award for the portion of the applicable period you were actively employed] [your award will be fully vested at target and paid within 60 days following your separation from service.] [However, receipt of this award will remain subject to the achievement of the applicable performance criteria.]]

[Retirement. If your active employment ceases during the performance period as a result of your Retirement, you will [receive a prorated award for the portion of the applicable period you were actively employed][continue to vest in your award during the remainder of the performance period] [provided that you continue to satisfy the Restriction on Competition]. Your award then will be paid as soon as practicable following the end of the performance period and certification by the Committee. Receipt of this award will remain subject to the achievement of the applicable performance criteria. [If you fail to satisfy the Restriction on Competition during the [performance][vesting] period, then all of your restricted stock units will be forfeited]].

[*Involuntary Termination and Receiving Severance*. If you terminate employment [at least one year] after the start of the applicable performance period, and you receive severance pay [as a result of the elimination of your position] pursuant to the severance pay plan applicable to you, you will be eligible to receive, as soon as practicable following the end of the applicable performance period [or vesting period, if later] and certification by the Committee, a prorated award for the portion of the applicable period you were actively employed.] However, receipt of this award will remain subject to the achievement of the applicable performance criteria.]

[*Involuntary Termination for Cause*. If your active employment ceases as a result of your involuntary termination for Cause, all of your restricted stock units shall be forfeited.]

[*All Other Cases (Including Voluntary Termination)*. If your active employment ceases for any other reason (including as a result of your voluntary resignation), during the [performance period] [vesting period], all of your restricted stock units shall be forfeited.]]

[RESTRICTED STOCK UNITS

[*Death, Total Disability and Retirement*. If your active employment ceases during the applicable vesting period as a result of your death, Total Disability, or Retirement, you (or your beneficiary, in the event of death) will receive, within 90 days following your termination of employment (or, in the case of death or Total Disability, by March 15 of the year following your termination, if earlier), [a prorated award for the portion of the applicable period you were actively employed][a fully vested award], provided, however, if you are a "specified employee", in the event of payment as a result of Retirement (or in the event of payment as a result of Total Disability if you would have otherwise been Retirement eligible at any time during the vesting period), payment will be made six months after you separate from service. [The portion of the restricted stock units that will become vested at your termination will be determined taking into account any restricted stock units that have previously vested.]]

[*Involuntary Termination and Receiving Severance*. If you terminate employment [at least [one year] after the Grant Date] and you receive severance pay [as a result of the elimination of your position] pursuant to the severance pay plan applicable to you, you will receive, within 90 days following your termination of employment (or, if earlier, by March 15 of the year following your termination), a prorated award for the portion of the vesting period you were actively employed, provided, however, that if such 90-day period spans two calendar years, payment will be made in the second calendar year. If, however, you are a "specified employee" who would be Retirement eligible at any time during the vesting period, payment will be made six months after you separate from service. [The portion of the restricted stock units that will become vested at your termination will be determined taking into account any restricted stock units that have previously vested.]]

[*Involuntary Termination for Cause*. If your active employment ceases as a result of your involuntary termination for Cause, all of your restricted stock units shall be forfeited.]

[*All Other Cases (Including Voluntary Termination)*. If your active employment ceases for any other reason (including as a result of your voluntary resignation), during the vesting period, all of your restricted stock units shall be forfeited.]]

[*Definitions*

[TOTAL DISABILITY

You will be deemed to have terminated employment by reason of "Total Disability" for purposes of the Plan if you become entitled to receive long term disability benefits under the Hartford Fire Insurance Company Employee Income Protection Plan.]

[RETIREMENT

You will be deemed to have terminated by reason of Retirement if you terminate your employment after [(i) attaining at least age 55 with at least five years of service, where the sum of your age plus your service (credited in years) through the date of your separation equals or exceeds 65 or (ii) you had an outstanding equity award as of [December 31, 2015] and had attained at least age 50 and completed at least 10 years of service, so long as the sum of your age plus your service (credited in years) equaled or exceeded 70 as of [March 1, 2016]; provided in either event that if you are an executive in Tiers 1 through 3 (or equivalent positions), you provide at least three months advance written notice of Retirement or such lesser notice period as the Company shall permit (the “Notice Period”) and during the Notice Period you satisfactorily perform your job responsibilities, as determined by The Hartford’s Executive Vice President & Chief Human Resources Officer.]
[attaining at least age 55 with at least five years of service, where the sum of your age plus your service (credited in years) through the date of your separation equals or exceeds 65, provided that, if you are a Tier 1 through 3 executive (or equivalent position), you provide at least three months advance written notice of Retirement or such lesser notice period as the Company shall permit (the “Notice Period”) and during the Notice Period you satisfactorily perform your job responsibilities, as determined by The Hartford’s Executive Vice President & Chief Human Resources Officer.]

[CAUSE

Other than in the event of a Change of Control (in which case Cause shall be defined as set forth in the severance pay plan applicable to you), you will be deemed to have terminated employment by reason of Cause if the Company determines, in its sole discretion, that you have engaged in any of the following: (i) the willful failure to perform substantially your employment-related duties; (ii) your willful or serious misconduct that has caused or could reasonably be expected to result in material injury to the business or reputation of the Company; (iii) your conviction of, or entering a plea of guilty or *nolo contendere* to, a crime constituting a felony; or (iv) your breach of any written covenant or agreement with the Company or any material written policy of the Company. Any determination of Cause by the Company will be considered conclusive and binding on you.]

Exhibit 15.01

April 27, 2021

The Board of Directors and Stockholders of The Hartford Financial Services Group, Inc.
One Hartford Plaza
Hartford, Connecticut 06155

We are aware that our report dated April 27, 2021, on our review of the interim financial information of The Hartford Financial Services Group, Inc. and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, is incorporated by reference in the following registration statements:

Form S-3 Registration No.	Form S-8 Registration Nos.
333-231592	333-105707
	333-49170
	333-105706
	333-34092
	033-80665
	333-12563
	333-125489
	333-157372
	333-160173
	333-168537
	333-197671
	333-240245

/s/ DELOITTE & TOUCHE LLP

Hartford, Connecticut

Exhibit 31.01

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ENACTED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher J. Swift, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Hartford Financial Services Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 27, 2021

/s/ Christopher J. Swift

Christopher J. Swift
Chief Executive Officer

Exhibit 31.02

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ENACTED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Beth A. Costello, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Hartford Financial Services Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2021

/s/ Beth A. Costello
Beth A. Costello
Executive Vice President and Chief Financial Officer

Exhibit 32.01

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the period ended March 31, 2021 of The Hartford Financial Services Group, Inc. (the “Company”), filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies, pursuant to 18 U.S.C. section 1350 as enacted by section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 27, 2021

/s/ Christopher J. Swift
Christopher J. Swift
Chief Executive Officer

Exhibit 32.02

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended March 31, 2021 of The Hartford Financial Services Group, Inc. (the "Company"), filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. section 1350 as enacted by section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 27, 2021

/s/ Beth A. Costello

Beth A. Costello
Executive Vice President and Chief Financial Officer