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 June 30, 2023

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
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	☑	Non-accelerated filer	☐
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 July 26, 2023, there were outstanding 305,816,560 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 JUNE 30, 2023
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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, the Risk Factors of The Hartford's 2022 Form 10-K Annual Report, and our other filings with the Securities and Exchange Commission.

- 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;
  - the effects of the continued COVID-19 pandemic, including exposure to COVID-19 business interruption property claims, the possibility of a resurgence of COVID-19 related losses in Group Benefits, and the potential for further legislative, regulatory or judicial actions pertaining to insurance underwriting and claims;
  - 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;
- 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 thunderstorms, tornadoes, 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 products and 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;
  - the uncertain effects of emerging claim and coverage issues;
  - political instability, politically motivated violence or civil unrest, which 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:
  - risks 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 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;
  - 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 June 30, 2023, the related condensed consolidated statements of operations, comprehensive income (loss), and changes in stockholders' equity for the three-month and six-month periods ended June 30, 2023 and 2022, and of cash flows for the six-month periods ended June 30, 2023 and 2022, 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, 2022, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows for the year then ended prior to retrospective adjustment for a change in the Company's method of accounting for the reserve for future policy benefits (not presented herein); and in our report dated February 24, 2023, we expressed an unqualified opinion on those consolidated financial statements. We also audited the adjustments described in Note 1 that were applied to retrospectively adjust the December 31, 2022 consolidated balance sheet of the Company (not presented herein). In our opinion, such adjustments are appropriate and have been properly applied to the previously issued consolidated balance sheet in deriving the accompanying retrospectively adjusted condensed consolidated balance sheet as of December 31, 2022.

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
July 27, 2023

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

Condensed Consolidated Statements of Operations

(in millions, except for per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
	(Unaudited)			
Revenues				
Earned premiums	$ 5,220	$ 4,810	$ 10,283	$ 9,461
Fee income	328	341	647	703
Net investment income	540	541	1,055	1,050
Net realized losses	(64)	(338)	(71)	(483)
Other revenues	25	19	45	35
Total revenues	**6,049**	**5,373**	**11,959**	**10,766**
Benefits, losses and expenses				
Benefits, losses and loss adjustment expenses	3,580	3,074	7,062	6,194
Amortization of deferred policy acquisition costs ("DAC")	502	450	993	887
Insurance operating costs and other expenses	1,225	1,225	2,441	2,435
Interest expense	50	51	100	113
Amortization of other intangible assets	17	17	35	35
Restructuring and other costs	3	2	3	7
Total benefits, losses and expenses	**5,377**	**4,819**	**10,634**	**9,671**
Income before income taxes	**672**	**554**	**1,325**	**1,095**
Income tax expense	125	110	243	208
Net income	**547**	**444**	**1,082**	**887**
Preferred stock dividends	5	5	10	10
Net income available to common stockholders	**$ 542**	**$ 439**	**$ 1,072**	**$ 877**
Net income available to common stockholders per common share				
Basic	**$ 1.75**	**$ 1.34**	**$ 3.44**	**$ 2.66**
Diluted	**$ 1.73**	**$ 1.32**	**$ 3.39**	**$ 2.62**

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Unaudited)			
Net income	**$ 547**	**$ 444**	**$ 1,082**	**$ 887**
Other comprehensive income (loss) ("OCI"):				
Change in net unrealized gain (loss) on fixed maturities, available for sale ("AFS")	(269)	(1,597)	317	(3,489)
Change in unrealized losses on fixed maturities for which an allowance for credit losses ("ACL") has been recorded	3	—	(3)	—
Change in net gain (loss) on cash flow hedging instruments	(17)	25	(9)	24
Change in foreign currency translation adjustments	3	(8)	5	(8)
Change in liability for future policy benefits adjustments	5	29	(3)	72
Change in pension and other postretirement plan adjustments	5	12	10	24
Other comprehensive income (loss), net of tax	**(270)**	**(1,539)**	**317**	**(3,377)**
Comprehensive income (loss)	**$ 277**	**$ (1,095)**	**$ 1,399**	**$ (2,490)**

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)	June 30, 2023	December 31, 2022
	(Unaudited)	
Assets		
Investments:		
Fixed maturities, AFS, at fair value (amortized cost of $40,411 and $39,533, and ACL of $18 and $12)	$ 37,497	$ 36,231
Fixed maturities, at fair value using the fair value option ("FVO")	320	333
Equity securities, at fair value	895	1,801
Mortgage loans (net of ACL of $41 and $36)	6,020	6,000
Limited partnerships and other alternative investments	4,527	4,177
Other investments	173	159
Short-term investments	3,236	3,859
Total investments	52,668	52,560
Cash	150	229
Restricted cash	72	115
Premiums receivable and agents' balances (net of ACL of $119 and $109)	5,578	4,949
Reinsurance recoverables (net of allowance for uncollectible reinsurance of $110 and $105)	6,912	6,964
Deferred policy acquisition costs	1,096	998
Deferred income taxes, net	1,342	1,437
Goodwill	1,911	1,911
Property and equipment, net	884	927
Other intangible assets, net	743	778
Other assets	2,539	2,140
Total assets	**$ 73,895**	**$ 73,008**
Liabilities		
Unpaid losses and loss adjustment expenses	$ 41,219	$ 41,243
Reserve for future policy benefits	489	502
Other policyholder funds and benefits payable	647	658
Unearned premiums	8,589	7,815
Long-term debt	4,360	4,357
Other liabilities	4,439	4,757
Total liabilities	**59,743**	**59,332**
Commitments and Contingencies (Note 14)		
Stockholders' Equity		
Preferred stock, $0.01 par value — 50,000,000 shares authorized, 13,800 shares issued at June 30, 2023 and December 31, 2022, aggregate liquidation preference of $345	334	334
Common stock, $0.01 par value —1,500,000,000 shares authorized, 344,960,228 shares issued at June 30, 2023 and December 31, 2022	3	3
Additional paid-in capital	1,864	1,895
Retained earnings	17,865	17,058
Treasury stock, at cost 37,889,534 and 29,848,980 shares	(2,390)	(1,773)
Accumulated other comprehensive income (loss) ("AOCI"), net of tax	(3,524)	(3,841)
Total stockholders' equity	**14,152**	**13,676**
Total liabilities and stockholders' equity	**$ 73,895**	**$ 73,008**

See Notes to Condensed Consolidated Financial Statements.

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Unaudited)			
Preferred Stock	$ 334	$ 334	$ 334	$ 334
Common Stock	3	4	3	4
Additional Paid-in Capital				
Additional Paid-in Capital, beginning of period	1,847	3,249	1,895	3,309
Issuance of shares under incentive and stock compensation plans and other	(5)	(7)	(119)	(122)
Stock-based compensation plans expense	22	22	88	77
Additional Paid-in Capital, end of period	1,864	3,264	1,864	3,264
Retained Earnings				
Retained Earnings, beginning of period	17,454	16,081	17,058	15,770
Net income	547	444	1,082	887
Dividends declared on preferred stock	(5)	(5)	(10)	(10)
Dividends declared on common stock	(131)	(126)	(265)	(253)
Retained Earnings, end of period	17,865	16,394	17,865	16,394
Treasury Stock, at cost				
Treasury Stock, at cost, beginning of period	(2,044)	(2,068)	(1,773)	(1,740)
Treasury stock acquired	(353)	(450)	(707)	(850)
Issuance of shares under incentive and stock compensation plans from treasury stock and other	7	18	139	142
Net shares acquired related to employee incentive and stock compensation plans	—	(2)	(49)	(54)
Treasury Stock, at cost, end of period	(2,390)	(2,502)	(2,390)	(2,502)
Accumulated Other Comprehensive Income (Loss), net of tax				
Accumulated Other Comprehensive Income, net of tax, beginning of period	(3,254)	(1,710)	(3,841)	128
Total other comprehensive income (loss)	(270)	(1,539)	317	(3,377)
Accumulated Other Comprehensive Income (Loss), net of tax, end of period	(3,524)	(3,249)	(3,524)	(3,249)
Total Stockholders' Equity	**$ 14,152**	**$ 14,245**	**$ 14,152**	**$ 14,245**
Preferred Shares Outstanding	13,800	13,800	13,800	13,800
Common Shares Outstanding (in thousands)				
Common Shares Outstanding, beginning of period	311,780	330,709	315,111	334,926
Treasury stock acquired	(5,008)	(6,355)	(9,727)	(12,037)
Issuance of shares under incentive and stock compensation plans and other	307	411	2,312	2,621
Return of shares under incentive and stock compensation plans to treasury stock	(8)	(20)	(625)	(765)
Common Shares Outstanding, at end of period	307,071	324,745	307,071	324,745
Cash dividends declared per common share	**$ 0.425**	**$ 0.385**	**$ 0.850**	**$ 0.770**
Cash dividends declared per preferred share	**$ 375.00**	**$ 375.00**	**$ 750.00**	**$ 750.00**

See Notes to Condensed Consolidated Financial Statements.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

Condensed Consolidated Statements of Cash Flows

(in millions)	Six Months Ended June 30, 2023	2022
Operating Activities	(Unaudited)	
Net income	$ 1,082	$ 887
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized losses	71	483
Amortization of deferred policy acquisition costs	993	887
Additions to deferred policy acquisition costs	(1,091)	(978)
Depreciation and amortization	258	338
Loss on extinguishment of debt	—	9
Other operating activities, net	147	29
Change in assets and liabilities:		
Decrease (increase) in reinsurance recoverables	42	(203)
Net change in accrued and deferred income taxes	(249)	(127)
Increase in insurance liabilities	731	1,006
Net change in premiums receivable and agents' balances	(660)	(580)
Net change in other assets and other liabilities	(502)	(348)
Net cash provided by operating activities	**822**	**1,403**
Investing Activities		
Proceeds from the sale/maturity/prepayment of:		
Fixed maturities, AFS	3,507	10,047
Fixed maturities, FVO	1	1
Equity securities, at fair value	1,856	350
Mortgage loans	562	700
Limited partnership and other alternative investments	147	140
Payments for the purchase of:		
Fixed maturities, AFS	(4,441)	(9,644)
Fixed maturities, FVO	—	(216)
Equity securities, at fair value	(916)	(472)
Mortgage loans	(587)	(1,176)
Limited partnership and other alternative investments	(545)	(541)
Net proceeds from (payments for) derivatives	(37)	52
Net additions of property and equipment	(99)	(77)
Net proceeds from short-term investments	614	1,207
Other investing activities, net	(9)	16
Net cash provided by investing activities	**53**	**387**
Financing Activities		
Deposits and other additions to investment and universal life-type contracts	48	46
Withdrawals and other deductions from investment and universal life-type contracts	(49)	(68)
Repayment of debt	—	(600)
Net return of shares under incentive and stock compensation plans	(25)	(34)
Treasury stock acquired	(700)	(850)
Dividends paid on preferred stock	(10)	(10)
Dividends paid on common stock	(268)	(257)
Net cash used for financing activities	**(1,004)**	**(1,773)**
Foreign exchange rate effect on cash	7	(6)
Net increase (decrease) in cash and restricted cash	(122)	11
Cash and restricted cash – beginning of period	344	337
Cash and restricted cash– end of period	**$ 222**	**$ 348**
Supplemental Disclosure of Cash Flow Information		
Income tax paid	$ 470	$ 279
Interest paid	$ 103	$ 116

See Notes to Condensed Consolidated Financial Statements.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

(Unaudited)

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 funds ("ETF") to individual and business customers in the United States as well as in the United Kingdom and other international locations (collectively, “The Hartford”, the “Company”, “we” or “our”).

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 2022 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 2022 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.

Reclassifications

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

Adoption of New Accounting Standards

Reserve for Future Policy Benefits

On January 1, 2023, the Company adopted the Financial Accounting Standard Board's ("FASB") updated guidance on accounting for long duration insurance contracts, which was applied on a modified retrospective basis as of January 1, 2021.

The new guidance requires the discount rate assumption to be updated, as of the transition date and quarterly going forward, to a current upper-medium grade fixed-income investment yield, which has been interpreted to represent a yield based on single-A credit rated fixed maturity instruments with similar duration to the liability. The new guidance also eliminated the requirement to adjust the reserve for future policy benefits for unrealized gains and losses on fixed maturity investments as if those unrealized gains and losses were realized (referred to as shadow reserves). The change in the reserve estimate resulting from updating the discount rate assumptions and eliminating shadow reserves was recognized as a net cumulative effect adjustment that increased the reserve for future policy benefits by $85 and decreased AOCI by $65, net of deferred tax effects as of January 1, 2021.

The new guidance also requires that underlying cash flow assumptions (i.e., mortality, lapse and expense) in the reserve for future policy benefits be based on best estimate assumptions. The adjustments to the reserve for future policy benefits at adoption resulted in establishing a deferred profit liability ("DPL") on limited pay contracts of $18 representing the estimated profits based on best estimate cash flow assumptions.

The effect of adopting this guidance on the Company’s reserve for future policy benefits was as follows:

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Impact of Adoption on Reserve for Future Policy Benefits

	Payout Annuities	Life Conversions	Paid-up Life	DPL	Other	Total
Reserve for Future Policy Benefits as of December 31, 2020	**$ 189**	**$ 94**	**$ 267**	**$ —**	**$ 88**	**$ 638**
Adjustments:						
Removal of shadow reserve [1]	(26)	—	—	—	—	(26)
Update cash flow assumptions and establish DPL	(16)	—	(2)	18	—	—
Effect of measurement at current single-A rate [1]	59	21	29	—	2	111
Total Adjustments	**17**	**21**	**27**	**18**	**2**	**85**
Reserve for Future Policy Benefits as of January 1, 2021	**206**	**115**	**294**	**18**	**90**	**723**
Change in reserves due to changes in the single-A rate	(11)	(7)	(15)	—	—	(33)
Other changes in reserves	(7)	(14)	(17)	2	(8)	(44)
Reserve for Future Policy Benefits as of December 31, 2021	**$ 188**	**$ 94**	**$ 262**	**$ 20**	**$ 82**	**$ 646**

[1] These changes were reflected as an adjustment to opening AOCI as of January 1, 2021, with a corresponding deferred tax benefit and increase in reinsurance recoverables of $18 and $2, respectively, resulting in a net decrease to AOCI of $65.

The effect of adopting this guidance on the Company's Condensed Consolidated Balance Sheets as of January 1, 2021 as well as December 31, 2022 and 2021, Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2022 was as follows:

Impact of Adoption on Condensed Consolidated Balance Sheets

	As of December 31, 2022			As of December 31, 2021			As of January 1, 2021		
	As previously reported	Effect of change	As currently reported	As previously reported	Effect of change	As currently reported	Balance prior to adoption	Effect of change	As currently reported
Reinsurance recoverables	$ 6,966	$ (2)	$ 6,964	$ 6,523	$ 1	$ 6,524	$ 6,011	$ 2	$ 6,013
Deferred income taxes, net	$ 1,449	$ (12)	$ 1,437	$ 270	$ 11	$ 281	$ 46	$ 18	$ 64
Reserve for future policy benefits	$ 561	$ (59)	$ 502	$ 596	$ 50	$ 646	$ 638	$ 85	$ 723
Retained earnings	$ 17,048	$ 10	$ 17,058	$ 15,764	$ 6	$ 15,770	$ 13,918	$ —	$ 13,918
AOCI	$ (3,876)	$ 35	$ (3,841)	$ 172	$ (44)	$ 128	$ 1,170	$ (65)	$ 1,105
Total stockholders' equity	$ 13,631	$ 45	$ 13,676	$ 17,843	$ (38)	$ 17,805	$ 18,556	$ (65)	$ 18,491

Impact of Adoption on Condensed Consolidated Statements of Operations

	Three Months Ended June 30, 2022			Six Months Ended June 30, 2022		
	As previously reported	Effect of change	As currently reported	As previously reported	Effect of change	As currently reported
Benefits, losses and loss adjustment expenses	$ 3,076	$ (2)	$ 3,074	$ 6,194	$ —	$ 6,194
Income before income taxes	$ 552	$ 2	$ 554	$ 1,095	$ —	$ 1,095
Income tax expense	$ 110	$ —	$ 110	$ 208	$ —	$ 208
Net income	$ 442	$ 2	$ 444	$ 887	$ —	$ 887
Net income available to common stockholders	$ 437	$ 2	$ 439	$ 877	$ —	$ 877
Net income available to common stockholders per common share						
Basic	$ 1.33	$ 0.01	$ 1.34	$ 2.66	$ —	$ 2.66
Diluted	$ 1.32	$ —	$ 1.32	$ 2.62	$ —	$ 2.62

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Impact of Adoption on Condensed Consolidated Statements of Comprehensive Income

	Three Months Ended June 30, 2022			Six Months Ended June 30, 2022		
	As previously reported	Effect of change	As currently reported	As previously reported	Effect of change	As currently reported
Change in net unrealized gain (loss) on fixed maturities, AFS	$ (1,592)	$ (5)	$ (1,597)	$ (3,474)	$ (15)	$ (3,489)
Change in liability for future policy benefits adjustments	$ —	$ 29	$ 29	$ —	$ 72	$ 72
Other comprehensive loss, net of tax	$ (1,563)	$ 24	$ (1,539)	$ (3,434)	$ 57	$ (3,377)
Comprehensive loss	$ (1,121)	$ 26	$ (1,095)	$ (2,547)	$ 57	$ (2,490)

SIGNIFICANT ACCOUNTING POLICIES

Reserve for Future Policy Benefits

The Company's 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 reported in the Corporate category.

Contracts are grouped into cohorts by contract type and issue year. The Company establishes reserves for future policy benefits using the net premium approach, which represents the present value of future policyholder benefits and related expenses less the present value of future net premiums. Net premiums are calculated by multiplying gross premiums for the contracts in a specific cohort by a net premium ratio. The net premium ratio is determined for the lifetime of a given cohort as the present value of net benefits divided by the present value of gross premiums. Related expenses include termination and settlement costs and exclude acquisition costs and non-claim related costs, such as costs relating to investments, general administration, policy maintenance, product development, market research and general overhead or any other costs, which are expensed as incurred.

The Company estimates premiums, benefits and related expense cash flows using methods that include assumptions, such as estimates of mortality, lapse, and claim-related expenses, and the possible impact of inflation on those expenses. Benefits include all guaranteed cash flows to be paid to the policyholder.

The reserve for future policy benefits is adjusted for differences between actual and expected experience. Each quarter, the Company updates its estimates of cash flows expected over the life of a group of contracts using actual historical experience. These updated cash flows are used to calculate the revised net premiums and net premium ratio, which are used to derive an updated reserve for future policy benefits. In subsequent periods, the revised net premiums are used to measure the reserve for future policy benefits, subject to future revisions. Future cash flow assumptions, including mortality, lapse and expense are reviewed and, if a change is indicated, updated at least annually in the third quarter.

The difference between the newly calculated reserve balance and the reserve balance before updating for actual experience and/or future cash flow assumptions is the remeasurement gain or loss, which is immaterial for the three and six months ended June 30, 2023 and 2022, and is presented in benefits losses and loss adjustments expense in the Condensed Consolidated Statements of Operations. Changes to the reserve due to updates to cash flow assumptions discounted at the discount rate used immediately prior to transition are recognized on a catch-up basis in the Condensed Consolidated Statement of Operations.

The discount rate assumption is an equivalent single rate that is based on a current market observable, upper-medium grade fixed maturity yield. This has been interpreted to represent a yield based on single-A credit rated fixed maturity instruments with similar duration to the liability. The Company uses the yield of a market observable index of single-A credit rated fixed maturities as the basis for setting the discount rate. The discount rate assumption is updated quarterly and the change in the reserve estimate resulting from updating the discount rate assumption is recognized in other comprehensive income.

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 June 30,		Six Months Ended June 30,	
(In millions, except for per share data)	2023	2022	2023	2022
Earnings				
Net income	$ 547	$ 444	$ 1,082	$ 887
Less: Preferred stock dividends	5	5	10	10
Net income available to common stockholders	$ 542	**$ 439**	**$ 1,072**	**$ 877**
Shares				
Weighted average common shares outstanding, basic	309.4	327.4	311.7	329.9
Dilutive effect of stock-based awards under compensation plans	3.9	4.4	4.3	4.7
Weighted average common shares outstanding and dilutive potential common shares	**313.3**	**331.8**	**316.0**	**334.6**
Net income available to common stockholders per common share				
Basic	**$ 1.75**	**$ 1.34**	**$ 3.44**	**$ 2.66**
Diluted	**$ 1.73**	**$ 1.32**	**$ 3.39**	**$ 2.62**

3. SEGMENT INFORMATION

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

Net Income (Loss)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Commercial Lines	$ 458	$ 389	$ 879	$ 772
Personal Lines	(60)	6	(61)	83
Property & Casualty Other Operations	9	(20)	15	(12)
Group Benefits	121	106	213	98
Hartford Funds	45	34	86	76
Corporate	(26)	(71)	(50)	(130)
Net income	**547**	**444**	**1,082**	**887**
Preferred stock dividends	5	5	10	10
Net income available to common stockholders	**$ 542**	**$ 439**	**$ 1,072**	**$ 877**

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Earned premiums and fee income:				
Commercial Lines				
Workers' compensation	$ 924	$ 869	$ 1,822	$ 1,704
Liability	502	453	988	877
Marine	66	54	125	115
Package business	514	449	998	884
Property	244	212	472	402
Professional liability	196	182	384	360
Bond	80	77	157	149
Assumed reinsurance	143	118	281	218
Automobile	227	211	445	411
Total Commercial Lines	2,896	2,625	5,672	5,120
Personal Lines				
Automobile	528	502	1,043	1,001
Homeowners	239	231	471	460
Total Personal Lines [1]	767	733	1,514	1,461
Group Benefits				
Group disability	878	828	1,744	1,634
Group life	650	599	1,293	1,196
Other	102	90	202	177
Total Group Benefits	1,630	1,517	3,239	3,007
Hartford Funds				
Mutual fund and ETF	226	243	449	508
Third-party life and annuity separate accounts	18	20	36	42
Total Hartford Funds	244	263	485	550
Corporate	11	13	20	26
Total earned premiums and fee income	5,548	5,151	10,930	10,164
Net investment income	540	541	1,055	1,050
Net realized losses	(64)	(338)	(71)	(483)
Other revenues	25	19	45	35
Total revenues	**$ 6,049**	**$ 5,373**	**$ 11,959**	**$ 10,766**

[1]For the three months ended June 30, 2023 and 2022, AARP members accounted for earned premiums of $710 and $675, respectively. For the six months ended June 30, 2023 and 2022, AARP members accounted for earned premiums of $1.40 billion and $1.34 billion, respectively.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Non-Insurance Revenue from Contracts with Customers

		Three Months Ended June 30,		Six Months Ended June 30,	
	Revenue Line Item	2023	2022	2023	2022
Commercial Lines					
Installment billing fees	Fee income	$ 10	$ 10	$ 20	$ 19
Personal Lines					
Installment billing fees	Fee income	7	7	15	15
Insurance servicing revenues	Other revenues	24	19	43	36
Group Benefits					
Administrative services	Fee income	56	48	107	93
Hartford Funds					
Advisory, servicing and distribution fees	Fee income	244	263	485	550
Corporate					
Investment management and other fees	Fee income	11	13	20	26
Other	Other revenues	—	1	—	1
Total non-insurance revenues with customers		**$ 352**	**$ 361**	**$ 690**	**$ 740**

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.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Assets and (Liabilities) Carried at Fair Value by Hierarchy Level as of June 30, 2023

	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")	$ 2,685	$ —	$ 2,685	$ —
Collateralized loan obligations ("CLO")	2,981	—	2,896	85
Commercial mortgage-backed securities ("CMBS")	3,227	—	2,989	238
Corporate	16,096	—	14,474	1,622
Foreign government/government agencies	539	—	539	—
Municipal	6,226	—	6,226	—
Residential mortgage-backed securities ("RMBS")	3,729	—	3,660	69
U.S. Treasuries	2,014	—	2,014	—
Total fixed maturities, AFS	37,497	—	35,483	2,014
Fixed maturities, FVO	320	—	157	163
Equity securities, at fair value	895	357	479	59
Derivative assets				
Foreign exchange derivatives	5	—	5	—
Interest rate derivatives	1	—	1	—
Total derivative assets [1]	6	—	6	—
Short-term investments	3,236	1,749	1,301	186
Total assets accounted for at fair value on a recurring basis	**$ 41,954**	**$ 2,106**	**$ 37,426**	**$ 2,422**
Liabilities accounted for at fair value on a recurring basis				
Derivative liabilities				
Credit derivatives	$ (71)	$ —	$ (71)	$ —
Foreign exchange derivatives	33	—	33	—
Interest rate derivatives	(3)	—	(3)	—
Total derivative liabilities [2]	(41)	—	(41)	—
Total liabilities accounted for at fair value on a recurring basis	**$ (41)**	**$ —**	**$ (41)**	**$ —**

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Assets and (Liabilities) Carried at Fair Value by Hierarchy Level as of December 31, 2022

	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	$ 1,941	$ —	$ 1,911	$ 30
CLO	2,941	—	2,826	115
CMBS	3,368	—	3,146	222
Corporate	15,233	—	13,644	1,589
Foreign government/government agencies	547	—	547	—
Municipal	6,296	—	6,296	—
RMBS	3,708	—	3,613	95
U.S. Treasuries	2,197	—	2,197	—
Total fixed maturities, AFS	36,231	—	34,180	2,051
Fixed maturities, FVO	333	—	155	178
Equity securities, at fair value	1,801	1,261	479	61
Derivative assets				
Credit derivatives	2	—	2	—
Foreign exchange derivatives	32	—	32	—
Total derivative assets [1]	34	—	34	—
Short-term investments	3,859	1,429	2,237	193
Total assets accounted for at fair value on a recurring basis	**$ 42,258**	**$ 2,690**	**$ 37,085**	**$ 2,483**
Liabilities accounted for at fair value on a recurring basis				
Derivative liabilities				
Credit derivatives	$ (2)	$ —	$ (2)	$ —
Foreign exchange derivatives	21	—	21	—
Interest rate derivatives	(6)	—	(6)	—
Total derivative liabilities [2]	13	—	13	—
Total liabilities accounted for at fair value on a recurring basis	**$ 13**	**$ —**	**$ 13**	**$ —**

[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.

The Company has overseas deposits included in other investments of $70 and $62 as of June 30, 2023 and December 31, 2022, 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.

- Internal matrix pricing 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 sector, 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 index prices, and daily OTC derivative market valuations to counterparty valuations. The Company has a dedicated pricing group that works with trading and investment professionals to challenge prices 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 derivative instruments.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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, CLO, 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, CLO, 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

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

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 June 30, 2023							
CLO	$ 85	Discounted cash flows	Spread	313 bps	313 bps	313 bps	Decrease
CMBS [3]	$ 235	Discounted cash flows	Spread (encompasses prepayment, default risk and loss severity)	349 bps	1,513 bps	491 bps	Decrease
Corporate [4]	$1,577	Discounted cash flows	Spread	63 bps	1,079 bps	360 bps	Decrease
RMBS	$ 69	Discounted cash flows	Spread [6]	54 bps	225 bps	133 bps	Decrease
			Constant prepayment rate [6]	2%	10%	6%	Decrease [5]
			Constant default rate [6]	1%	4%	2%	Decrease
			Loss severity [6]	10%	100%	41%	Decrease
Short-term investments [3]	$ 153	Discounted cash flows	Spread	245 bps	577 bps	251 bps	Decrease
As of December 31, 2022							
CLO	$ 115	Discounted cash flows	Spread	337 bps	337 bps	337 bps	Decrease
CMBS [3]	$ 219	Discounted cash flows	Spread (encompasses prepayment, default risk and loss severity)	419 bps	1,307 bps	527 bps	Decrease
Corporate [4]	$1,541	Discounted cash flows	Spread	77 bps	642 bps	360 bps	Decrease
RMBS [3]	$ 65	Discounted cash flows	Spread [6]	62 bps	249 bps	160 bps	Decrease
			Constant prepayment rate [6]	1%	10%	7%	Decrease [5]
			Constant default rate [6]	1%	4%	2%	Decrease
			Loss severity [6]	10%	100%	38%	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 June 30, 2023 and December 31, 2022, the fair values of the Company's level 3 derivatives were less than $1 for both periods.

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 June 30, 2023, 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.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Fair Value Rollforwards for Financial Instruments Classified as Level 3 for the Three Months Ended June 30, 2023

	Fair value as of March 31, 2023	Total realized/ unrealized gains (losses) Included in net income [1]	Total realized/ unrealized gains (losses) Included in OCI [2]	Purchases	Settlements	Sales	Transfers into Level 3 [3]	Transfers out of Level 3 [3]	Fair value as of June 30, 2023
Assets									
Fixed maturities, AFS									
ABS	$ 36	$ —	$ —	$ —	$ —	$ —	$ —	$ (36)	$ —
CLO	151	—	—	—	(26)	—	—	(40)	85
CMBS	231	(2)	7	2	(1)	(5)	6	—	238
Corporate	1,643	(2)	(3)	51	(30)	(2)	4	(39)	1,622
RMBS	57	—	—	19	(7)	—	—	—	69
Total fixed maturities, AFS	2,118	(4)	4	72	(64)	(7)	10	(115)	2,014
Fixed maturities, FVO	172	(5)	—	—	(4)	—	—	—	163
Equity securities, at fair value	60	(1)	—	—	—	—	—	—	59
Short-term investments	187	—	—	3	(4)	—	—	—	186
Total Assets	**$ 2,537**	**$ (10)**	**$ 4**	**$ 75**	**$ (72)**	**$ (7)**	**$ 10**	**$ (115)**	**$ 2,422**

Fair Value Rollforwards for Financial Instruments Classified as Level 3 for the Six Months Ended June 30, 2023

	Fair value as of January 1, 2023	Total realized/ unrealized gains (losses) Included in net income [1]	Total realized/ unrealized gains (losses) Included in OCI [2]	Purchases	Settlements	Sales	Transfers into Level 3 [3]	Transfers out of Level 3 [3]	Fair value as of June 30, 2023
Assets									
Fixed Maturities, AFS									
ABS	$ 30	$ —	$ —	$ 36	$ —	$ —	$ —	$ (66)	$ —
CLO	115	—	—	40	(30)	—	—	(40)	85
CMBS	222	(2)	2	6	(1)	(5)	16	—	238
Corporate	1,589	(1)	28	117	(81)	(9)	31	(52)	1,622
RMBS	95	—	—	19	(15)	—	—	(30)	69
Total Fixed Maturities, AFS	2,051	(3)	30	218	(127)	(14)	47	(188)	2,014
Fixed maturities, FVO	178	(13)	—	—	(2)	—	—	—	163
Equity Securities, at fair value	61	(2)	—	1	(1)	—	—	—	59
Short-term investments	193	—	—	4	(11)	—	—	—	186
Total Assets	**$ 2,483**	**$ (18)**	**$ 30**	**$ 223**	**$ (141)**	**$ (14)**	**$ 47**	**$ (188)**	**$ 2,422**

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Fair Value Rollforwards for Financial Instruments Classified as Level 3 for the Three Months Ended June 30, 2022

	Fair value as of March 31, 2022	Total realized/ unrealized gains (losses) Included in net income [1]	Total realized/ unrealized gains (losses) Included in OCI [2]	Purchases	Settlements	Sales	Transfers into Level 3 [3]	Transfers out of Level 3 [3]	Fair value as of June 30, 2022
Assets									
Fixed Maturities, AFS									
ABS	$ 19	$ —	$ —	$ —	$ —	$ —	$ —	$ (19)	$ —
CLO	214	—	(1)	28	(23)	—	—	(54)	164
CMBS	236	—	(10)	—	(2)	—	—	—	224
Corporate	1,515	1	(99)	264	(62)	(14)	21	(17)	1,609
Foreign Govt./Govt. Agencies	4	(1)	(1)	—	—	—	3	—	5
RMBS	301	—	(4)	—	(30)	—	—	(137)	130
Total Fixed Maturities, AFS	2,289	—	(115)	292	(117)	(14)	24	(227)	2,132
Fixed maturities, FVO	174	(13)	—	35	(3)	—	—	—	193
Equity Securities, at fair value	57	2	—	2	(1)	—	—	—	60
Short-term investments	32	—	—	32	(4)	—	—	—	60
Total Assets	**$ 2,552**	**$ (11)**	**$ (115)**	**$ 361**	**$ (125)**	**$ (14)**	**$ 24**	**$ (227)**	**$ 2,445**

Fair Value Rollforwards for Financial Instruments Classified as Level 3 for the Six Months Ended June 30, 2022

	Fair value as of January 1, 2022	Total realized/ unrealized gains (losses) Included in net income [1]	Total realized/ unrealized gains (losses) Included in OCI [2]	Purchases	Settlements	Sales	Transfers into Level 3 [3]	Transfers out of Level 3 [3]	Fair value as of June 30, 2022
Assets									
Fixed Maturities, AFS									
ABS	$ —	$ —	$ —	$ 19	$ —	$ —	$ —	$ (19)	$ —
CLO	257	—	(2)	82	(40)	—	—	(133)	164
CMBS	196	—	(15)	46	(3)	—	—	—	224
Corporate	1,618	(1)	(158)	323	(132)	(21)	21	(41)	1,609
Foreign Govt./Govt. Agencies	5	(1)	(1)	—	—	(1)	3	—	5
RMBS	328	—	(10)	137	(64)	—	—	(261)	130
Total Fixed Maturities, AFS	2,404	(2)	(186)	607	(239)	(22)	24	(454)	2,132
Fixed maturities, FVO	160	(11)	—	55	(11)	—	—	—	193
Equity Securities, at fair value	64	9	—	2	(15)	—	—	—	60
Short-term investments	80	—	—	36	(6)	—	—	(50)	60
Total Assets	**$ 2,708**	**$ (4)**	**$ (186)**	**$ 700**	**$ (271)**	**$ (22)**	**$ 24**	**$ (504)**	**$ 2,445**

[1] Amounts in these columns are generally reported in net realized 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.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	2022	2023	2022	2023	2022	2023	2022
	Changes in Unrealized Gains (Losses) included in Net Income [1] [2]		Changes in Unrealized Gains (Losses) included in OCI [3]		Changes in Unrealized Gain/(Loss) included in Net Income [1] [2]		Changes in Unrealized Gain/(Loss) included in OCI [3]	
Assets								
Fixed Maturities, AFS								
CLO	$ —	$ —	$ —	$ (1)	$ —	$ —	$ —	$ (2)
CMBS	—	—	6	(10)	—	—	2	(15)
Corporate	(2)	1	(3)	(99)	(2)	(1)	28	(157)
Foreign Govt./Govt. Agencies	—	(1)	—	(1)	—	(1)	—	(1)
RMBS	—	—	—	(4)	—	—	—	(10)
Total Fixed Maturities, AFS	(2)	—	3	(115)	(2)	(2)	30	(185)
Fixed maturities, FVO	(5)	(13)	—	—	(13)	(11)	—	—
Equity Securities, at fair value	(1)	1	—	—	(1)	1	—	—
Total Assets	**$ (8)**	**$ (12)**	**$ 3**	**$ (115)**	**$ (16)**	**$ (12)**	**$ 30**	**$ (185)**

[1] All amounts in these rows are reported in net realized 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 gains (losses) on fixed maturities, AFS are reported in changes in net unrealized gain (loss) on fixed maturities in the Condensed Consolidated Statements of Comprehensive Income.

Fair Value Option

The Company has elected the fair value option for certain investments in residual interests of securitizations and other securities that contain embedded credit derivatives with underlying credit risk related to residential real estate in order to reflect changes in fair value in earnings. These instruments are included within fixed maturities, FVO on the Condensed Consolidated Balance Sheets and changes in the fair value of these investments are reported in net realized gains and losses.

As of June 30, 2023 and December 31, 2022, the fair value of assets using the fair value option was $320 and $333, respectively, of which $163 and $178, respectively, were residual interests of securitizations.

For the three and six months ended June 30, 2023, realized losses related to the change in fair value of assets using the fair value option were $3 and $11, respectively. For the three and six months ended June 30, 2022, realized losses related to the change in fair value of assets using the fair value option were $20 and $23, respectively.

Financial Instruments Not Carried at Fair Value

Financial Assets and Liabilities Not Carried at Fair Value

	June 30, 2023			December 31, 2022		
	Fair Value Hierarchy Level	Carrying Amount [1]	Fair Value	Fair Value Hierarchy Level	Carrying Amount [1]	Fair Value
Assets						
Mortgage loans	Level 3	$ 6,020	$ 5,415	Level 3	$ 6,000	$ 5,362
Liabilities						
Other policyholder funds and benefits payable	Level 3	$ 647	$ 647	Level 3	$ 658	$ 658
Senior notes [2]	Level 2	$ 3,861	$ 3,377	Level 2	$ 3,858	$ 3,339
Junior subordinated debentures [2]	Level 2	$ 499	$ 415	Level 2	$ 499	$ 419

[1] As of June 30, 2023 and December 31, 2022, the carrying amount of mortgage loans is net of ACL of $41 and $36, respectively.
[2] Included in long-term debt in the Condensed Consolidated Balance Sheets, except for any current maturities, which are included in short-term debt when applicable.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENTS

Net Realized Gains (Losses)

	Three Months Ended June 30,		Six Months Ended June 30,	
(Before tax)	2023	2022	2023	2022
Gross gains on sales of fixed maturities	$ 3	$ 15	$ 20	$ 38
Gross losses on sales of fixed maturities	(21)	(80)	(60)	(175)
Equity securities [1]				
Net realized gains (losses) on sales of equity securities	24	5	74	45
Change in net unrealized gains (losses) of equity securities	(14)	(267)	(29)	(414)
Net realized and unrealized gains (losses) on equity securities	10	(262)	45	(369)
Net credit losses on fixed maturities, AFS	(3)	—	(8)	(12)
Change in ACL on mortgage loans	(5)	(5)	(5)	(7)
Intent-to-sell impairments	—	—	—	(3)
Other, net [2]	(48)	(6)	(63)	45
Net realized gains (losses)	**$ (64)**	**$ (338)**	**$ (71)**	**$ (483)**

[1] The change in net unrealized gains (losses) on equity securities still held as of June 30, 2023 and included in net realized gains (losses) were $7 and $7 for the three and six months ended June 30, 2023, respectively. The change in net unrealized gains (losses) on equity securities still held as of June 30, 2022 and included in net realized gains (losses) were $(259) and $(366) for the three and six months ended June 30, 2022, respectively.

[2] For the three and six months ended June 30, 2023 includes gains (losses) from transactional foreign currency revaluation of $(9) and $(16), respectively, and gains (losses) on non-qualifying derivatives of $(39) and $(34), respectively. For the three and six months ended June 30, 2022 includes gains (losses) from transactional foreign currency revaluation of $15 and $21, respectively, and gains (losses) on non-qualifying derivatives of $14 and $61, respectively.

Proceeds from the sales of fixed maturities, AFS totaled $0.6 billion and $2.0 billion for the three and six months ended June 30, 2023, respectively, and $2.6 billion and $8.1 billion for the three and six months ended June 30, 2022, respectively.

Accrued Interest Receivable on Fixed Maturities, AFS and Mortgage Loans

As of June 30, 2023 and December 31, 2022, the Company reported accrued interest receivable related to fixed maturities, AFS of $346 and $338, respectively, and accrued interest receivable related to mortgage loans of $19 and $18, 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 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 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.

For fixed maturities where a credit loss has been identified and no intent-to-sell impairment has been recorded, the Company will record an ACL for the portion of the unrealized loss related to the 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 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.

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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 ("LTV") ratios, 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 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 June 30,							
	2023			2022				
(Before tax)	Corporate	CMBS	Total	Corporate	Foreign govt./ govt. agencies	CMBS	Total
Balance as of beginning of period	$ 6	$ 11	$ 17	$ 9	$ 3	$ 1	$ 13
Credit losses on fixed maturities where an allowance was not previously recorded	2	—	2	—	—	—	—
Reduction due to sales	(2)	—	(2)	—	—	—	—
Net increases (decreases) on fixed maturities where an allowance was previously recorded	—	1	1	(1)	1	—	—
Balance as of end of period	**$ 6**	**$ 12**	**$ 18**	**$ 8**	**$ 4**	**$ 1**	**$ 13**

ACL on Fixed Maturities, AFS by Type

	Six Months Ended June 30,							
	2023			2022				
(Before tax)	Corporate	CMBS	Total	Corporate	Foreign govt./ govt. agencies	CMBS	Total
Balance as of beginning of period	$ 2	$ 10	$ 12	$ 1	$ —	$ —	$ 1
Credit losses on fixed maturities where an allowance was not previously recorded	6	—	6	8	3	1	12
Reduction due to sales	(2)	—	(2)	—	—	—	—
Net increases (decreases) on fixed maturities where an allowance was previously recorded	—	2	2	(1)	1	—	—
Balance as of end of period	**$ 6**	**$ 12**	**$ 18**	**$ 8**	**$ 4**	**$ 1**	**$ 13**

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Fixed Maturities, AFS

Fixed Maturities, AFS, by Type

	June 30, 2023					December 31, 2022				
	Amortized Cost	ACL	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	ACL	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
ABS	$ 2,757	$ —	$ 1	$ (73)	$ 2,685	$ 2,016	$ —	$ —	$ (75)	$ 1,941
CLO	3,046	—	3	(68)	2,981	3,040	—	3	(102)	2,941
CMBS	3,607	(12)	19	(387)	3,227	3,715	(10)	21	(358)	3,368
Corporate	17,467	(6)	39	(1,404)	16,096	16,794	(2)	33	(1,592)	15,233
Foreign govt./govt. agencies	579	—	—	(40)	539	596	—	—	(49)	547
Municipal	6,523	—	96	(393)	6,226	6,718	—	93	(515)	6,296
RMBS	4,202	—	1	(474)	3,729	4,214	—	2	(508)	3,708
U.S. Treasuries	2,230	—	—	(216)	2,014	2,440	—	—	(243)	2,197
Total fixed maturities, AFS	**$ 40,411**	**$ (18)**	**$ 159**	**$ (3,055)**	**$ 37,497**	**$ 39,533**	**$ (12)**	**$ 152**	**$ (3,442)**	**$ 36,231**

Fixed Maturities, AFS, by Contractual Maturity Year

	June 30, 2023		December 31, 2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	$ 1,320	$ 1,298	$ 1,417	$ 1,396
Over one year through five years	9,416	8,962	8,340	7,930
Over five years through ten years	6,910	6,277	7,259	6,485
Over ten years	9,153	8,338	9,532	8,462
Subtotal	26,799	24,875	26,548	24,273
Mortgage-backed and asset-backed securities	13,612	12,622	12,985	11,958
Total fixed maturities, AFS	**$ 40,411**	**$ 37,497**	**$ 39,533**	**$ 36,231**

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 June 30, 2023 or December 31, 2022 other than U.S. government securities and certain U.S. government agencies.

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Unrealized Losses on Fixed Maturities, AFS

Unrealized Loss Aging for Fixed Maturities, AFS by Type and Length of Time as of June 30, 2023

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
ABS	$ 1,758	$ (24)	$ 767	$ (49)	$ 2,525	$ (73)
CLO	128	(2)	2,738	(66)	2,866	(68)
CMBS	458	(30)	2,656	(357)	3,114	(387)
Corporate	4,078	(111)	10,121	(1,293)	14,199	(1,404)
Foreign govt./govt. agencies	91	(3)	407	(37)	498	(40)
Municipal	1,353	(28)	2,864	(365)	4,217	(393)
RMBS	690	(31)	2,867	(443)	3,557	(474)
U.S. Treasuries	412	(29)	1,595	(187)	2,007	(216)
Total fixed maturities, AFS in an unrealized loss position	**$ 8,968**	**$ (258)**	**$ 24,015**	**$ (2,797)**	**$ 32,983**	**$ (3,055)**

Unrealized Loss Aging for Fixed Maturities, AFS by Type and Length of Time as of December 31, 2022

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
ABS	$ 1,577	$ (50)	$ 281	$ (25)	$ 1,858	$ (75)
CLO	1,490	(48)	1,378	(54)	2,868	(102)
CMBS	2,560	(270)	521	(88)	3,081	(358)
Corporate	11,157	(1,071)	2,575	(521)	13,732	(1,592)
Foreign govt./govt. agencies	308	(26)	224	(23)	532	(49)
Municipal	4,270	(461)	228	(54)	4,498	(515)
RMBS	2,311	(249)	1,250	(259)	3,561	(508)
U.S. Treasuries	1,554	(145)	633	(98)	2,187	(243)
Total fixed maturities, AFS in an unrealized loss position	**$ 25,227**	**$ (2,320)**	**$ 7,090**	**$ (1,122)**	**$ 32,317**	**$ (3,442)**

As of June 30, 2023, fixed maturities, AFS in an unrealized loss position consisted of 4,667 instruments, and were primarily depressed due to higher interest rates and/or wider credit spreads since the purchase date. As of June 30, 2023, 93% of these fixed maturities were depressed less than 20% of cost or amortized cost. The decrease in unrealized losses during the six months ended June 30, 2023, was primarily attributable to tighter credit spreads.

Most of the fixed maturities depressed for twelve months or more relate to the corporate sector, RMBS, municipal bonds, and CMBS which were primarily depressed because current rates are higher and/or market spreads are wider than at the respective purchase dates. 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.

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 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

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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 LTVs over the forecast period. The Company's process also considers qualitative factors. 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 June 30, 2023, 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 June 30, 2023 or December 31, 2022. For the three and six months ended June 30, 2023 and 2022, 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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
ACL as of beginning of period	**$ 36**	**$ 31**	**$ 36**	**$ 29**
Current period provision (release)	5	5	5	7
ACL as of June 30,	**$ 41**	**$ 36**	**$ 41**	**$ 36**

The increase in the allowance for the 2023 period is primarily attributable to the overall weaker projected real estate fundamentals, and to a lesser extent, net additions of new loans.

The weighted-average LTV ratio of the Company's mortgage loan portfolio was 52% as of June 30, 2023, while the weighted-average LTV ratio at origination of these loans was 59%. 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 June 30, 2023

	2023		2022		2021		2020		2019		2018 & 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**
Greater than 80%	$ —	—x	$ —	—x	$ —	—x	$ —	—x	$ —	—x	$ 10	1.93x	$ 10	1.93x
65% - 80%	—	—x	16	2.02x	58	1.75x	72	2.81x	99	2.01x	197	1.32x	442	1.80x
Less than 65%	196	1.86x	881	2.45x	1,530	2.83x	637	3.03x	678	2.93x	1,687	2.50x	5,609	2.67x
Total mortgage loans	**$ 196**	**1.86x**	**$ 897**	**2.44x**	**$ 1,588**	**2.79x**	**$ 709**	**3.01x**	**$ 777**	**2.81x**	**$ 1,894**	**2.37x**	**$ 6,061**	**2.61x**

[1] Amortized cost of mortgage loans excludes ACL of $41.

Mortgage Loans LTV & DSCR by Origination Year as of December 31, 2022

	2022		2021		2020		2019		2018		2017 & 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**
Greater than 80%	$ —	—x	$ —	—x	$ —	—x	$ —	—x	$ —	—x	$ 23	1.40x	$ 23	1.40x
65% - 80%	16	2.02x	59	2.61x	43	2.78x	100	1.95x	108	1.11x	117	1.91x	443	1.91x
Less than 65%	839	2.43x	1,475	2.79x	663	3.02x	680	2.77x	437	2.21x	1,476	2.54x	5,570	2.65x
Total mortgage loans	**$ 855**	**2.42x**	**$ 1,534**	**2.78x**	**$ 706**	**3.01x**	**$ 780**	**2.66x**	**$ 545**	**1.99x**	**$ 1,616**	**2.48x**	**$ 6,036**	**2.59x**

[1] Amortized cost of mortgage loans excludes ACL of $36.

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Mortgage Loans by Region

	June 30, 2023		December 31, 2022	
	Amortized Cost	Percent of Total	Amortized Cost	Percent of Total
East North Central	$ 358	5.9 %	$ 317	5.3 %
Middle Atlantic	253	4.2 %	316	5.2 %
Mountain	707	11.7 %	707	11.7 %
New England	353	5.8 %	395	6.5 %
Pacific	1,304	21.5 %	1,299	21.5 %
South Atlantic	1,776	29.3 %	1,670	27.7 %
West North Central	116	1.9 %	105	1.7 %
West South Central	448	7.4 %	421	7.0 %
Other [1]	746	12.3 %	806	13.4 %
Total mortgage loans	**6,061**	**100.0 %**	**6,036**	**100.0 %**
ACL	**(41)**		**(36)**	
Total mortgage loans, net of ACL	**$ 6,020**		**$ 6,000**	

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

Mortgage Loans by Property Type

	June 30, 2023		December 31, 2022	
	Amortized Cost	Percent of Total	Amortized Cost	Percent of Total
Commercial				
Industrial	$ 2,282	37.7 %	$ 2,217	36.7 %
Multifamily	2,243	37.0 %	2,247	37.2 %
Office	583	9.6 %	585	9.7 %
Retail [1]	953	15.7 %	947	15.7 %
Other	—	— %	40	0.7 %
Total mortgage loans	**6,061**	**100.0 %**	**6,036**	**100.0 %**
ACL	**(41)**		**(36)**	
Total mortgage loans, net of ACL	**$ 6,020**		**$ 6,000**	

[1]Primarily comprised of grocery-anchored retail centers, with no exposure to regional shopping malls.

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 June 30, 2023 and December 31, 2022, 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 June 30, 2023, under this program, the Company serviced mortgage loans with a total outstanding principal of $9.5 billion, of which $4.5 billion was serviced on behalf of third parties and $5.0 billion was retained and reported in total investments on the Company's Condensed Consolidated Balance Sheets. As of December 31, 2022, the Company serviced mortgage loans with a total outstanding principal balance of $9.3 billion, of which $4.4 billion was serviced on behalf of third parties and $4.9 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 June 30, 2023 and December 31, 2022, 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 or, at times, 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 June 30, 2023 and December 31, 2022, 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 June 30, 2023 and December 31, 2022 was limited to the total carrying value of $2.7 billion and $2.6 billion, respectively, which are a portion of the investments in limited partnerships and other alternative investments in the Company's Condensed Consolidated Balance Sheets that are primarily recorded using the equity method of accounting. As of June 30, 2023 and December 31, 2022, the Company has outstanding commitments totaling $1.8 billion for both periods, 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 5 - Investments of Notes to Consolidated Financial Statements included in the Company's 2022 Form 10-K Annual Report.

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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, CLO, CMBS, and RMBS and are reported in fixed maturities, AFS, and fixed maturities, FVO, on the Company's Condensed Consolidated Balance Sheets. 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 Company's inability to direct the activities that most significantly impact the economic performance of the VIEs, and, where applicable, the level of credit subordination which reduces the Company's obligation to absorb losses or right to receive benefits. The Company's maximum exposure to loss on these investments is limited to the amount of the Company's investment.

Reverse Repurchase Agreements, Other Collateral Transactions and Restricted Investments

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 June 30, 2023 and December 31, 2022, the Company reported $33 and $41, 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 June 30, 2023 and December 31, 2022, the Company pledged collateral of $7 and $7, respectively, of U.S. government securities or cash primarily related to certain bank loan participations committed through a limited partnership agreement.

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. In addition, the Company is required to hold fixed maturities and short-term investments in trust for the benefit of syndicate policyholders, hold fixed maturities in a Lloyd's of London ("Lloyd's") trust account to provide a portion of the required capital, and maintain other investments 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"). The following table presents the components of the Company's exposure to other restricted investments.

	June 30, 2023	December 31, 2022
	Fair Value	Fair Value
Securities on deposit with government agencies	$ 2,291	$ 2,189
Fixed maturities in trust for benefit of Lloyd's Syndicate policyholders	797	718
Short-term investments in trust for benefit of Lloyd's Syndicate policyholders	6	8
Fixed maturities in Lloyd's trust account	163	161
Other investments	70	62
Total Other Restricted Investments	**$ 3,327**	**$ 3,138**

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, commodity 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 2022 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.

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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 the $500 junior subordinated debentures due 2067 to fixed interest payments. For further information, see the Junior Subordinated Debentures section within Note 13 - Debt of Notes to Condensed Consolidated Financial Statements and Note 13 - Debt of Notes to the Consolidated Financial Statements, included in The Hartford's 2022 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.

Non-qualifying Strategies

Derivative relationships that do not qualify for hedge accounting (“non-qualifying strategies”) primarily include hedges of interest rate, foreign currency, equity, and commodity 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 and Futures

The Company uses interest rate swaps 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 June 30, 2023 and December 31, 2022, the notional amount of interest rate swaps in offsetting relationships was $13.1 billion and $6.6 billion, respectively. As of June 30, 2023 the notional amount of interest rate swaps in offsetting relationships included $6.5 billion of OTC-cleared swaps as part of the Chicago Mercantile Exchange ("CME") cleared swap conversion process related to reference rate reform. These swaps are expected to mature by September 30, 2023.

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

Commodity Options

The Company previously purchased call option contracts on oil futures in order to partially offset potential changes in value related to certain fixed maturity securities that could arise if oil prices increased substantially.

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 payments or receipts 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.

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Derivative Balance Sheet Presentation

Hedge Designation/ Derivative Type	Net Derivatives				Asset Derivatives		Liability Derivatives	
	Notional Amount		Fair Value		Fair Value		Fair Value	
	Jun 30, 2023	Dec. 31, 2022	Jun 30, 2023	Dec. 31, 2022	Jun 30, 2023	Dec. 31, 2022	Jun 30, 2023	Dec. 31, 2022
Cash flow hedges								
Interest rate swaps [1]	$ 3,650	$ 2,155	$ —	$ —	$ —	$ —	$ —	$ —
Foreign currency swaps	568	568	38	53	47	57	(9)	(4)
Total cash flow hedges	**4,218**	**2,723**	**38**	**53**	**47**	**57**	**(9)**	**(4)**
Non-qualifying strategies								
Interest rate contracts								
Interest rate swaps and futures [1]	14,045	7,245	(2)	(6)	3	2	(5)	(8)
Foreign exchange contracts								
Foreign currency swaps and forwards	568	569	—	—	—	—	—	—
Credit contracts								
Credit derivatives that purchase credit protection	4,411	11	(71)	—	—	—	(71)	—
Credit derivatives in offsetting positions	207	207	—	—	3	3	(3)	(3)
Total non-qualifying strategies	**19,231**	**8,032**	**(73)**	**(6)**	**6**	**5**	**(79)**	**(11)**
Total cash flow hedges and non-qualifying strategies	**$23,449**	**$10,755**	**$ (35)**	**$ 47**	**$ 53**	**$ 62**	**$ (88)**	**$ (15)**
Balance Sheet Location								
Fixed maturities, available-for-sale	$ 568	$ 569	$ —	$ —	$ —	$ —	$ —	$ —
Other investments	17,174	9,108	6	34	10	38	(4)	(4)
Other liabilities	5,707	1,078	(41)	13	43	24	(84)	(11)
Total derivatives	**$23,449**	**$10,755**	**$ (35)**	**$ 47**	**$ 53**	**$ 62**	**$ (88)**	**$ (15)**

[1]As of June 30, 2023, notional amount includes $700 of OTC-cleared cash flow hedge interest rate swaps and $6.5 billion of OTC-cleared non-qualifying interest rate swaps as part of the CME cleared swap conversion process due to reference rate reform. These swaps are expected to mature by September 30, 2023.

Offsetting of Derivative Assets/ Liabilities

The following tables present the gross fair value amounts, the offsetting amounts, and net position of derivative instruments eligible for offset in the Company's Condensed Consolidated Balance Sheets. Offsetting amounts 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.

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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 June 30, 2023						
Other investments	$ 53	$ 51	$ 6	$ (4)	$ —	$ 2
Other liabilities	$ (88)	$ (73)	$ (41)	$ 26	$ (12)	$ (3)
As of December 31, 2022						
Other investments	$ 62	$ 60	$ 34	$ (32)	$ —	$ 2
Other liabilities	$ (15)	$ (7)	$ 13	$ (21)	$ (7)	$ (1)

[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.

Gains (Losses) Recognized in OCI

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Interest rate swaps	$ (14)	$ (3)	$ (4)	$ (5)
Foreign currency swaps	(7)	41	(10)	50
Total	**$ (21)**	**$ 38**	**$ (14)**	**$ 45**

Gains (Losses) Reclassified from AOCI into Income

	Three months ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
	Net Investment Income	Interest Expense	Net Investment Income	Interest Expense	Net Investment Income	Interest Expense	Net Investment Income	Interest Expense
Interest rate swaps	$ (7)	$ 4	$ 5	$ (1)	$ (15)	$ 7	$ 14	$ (4)
Foreign currency swaps	3	—	2	—	5	—	4	—
Total	**$ (4)**	**$ 4**	**$ 7**	**$ (1)**	**$ (10)**	**$ 7**	**$ 18**	**$ (4)**
Total amounts presented on the Condensed Consolidated Statement of Operations	**$ 540**	**$ 50**	**$ 541**	**$ 51**	**$ 1,055**	**$ 100**	**$ 1,050**	**$ 113**

As of June 30, 2023, the before tax deferred net losses on derivative instruments recorded in AOCI that are expected to be reclassified to earnings during the next twelve months are $4. 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 or interest expense, as applicable, over the term of the hedged instrument cash flows.

During the three and six months ended June 30, 2023 and 2022, 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.

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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 gains (losses).

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Foreign exchange contracts				
Foreign currency forwards	$ —	$ 4	$ —	$ 5
Interest rate contracts				
Interest rate swaps, swaptions, and futures	(3)	5	18	37
Credit contracts				
Credit derivatives that purchase credit protection	(36)	5	(52)	5
Commodity contracts				
Commodity options	—	—	—	14
Total [1]	**$ (39)**	**$ 14**	**$ (34)**	**$ 61**

[1]Excludes investments that contain an embedded credit derivative for which the Company has elected the fair value option. For further discussion, see the Fair Value Option section in Note 4 - Fair Value Measurements of Notes to Condensed Consolidated Financial Statements.

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 reference baskets of standard diversified portfolios of CMBS issuers.

Credit Risk Assumed Derivatives by Type

			Underlying Referenced Credit Obligation(s) [1]				
	Notional Amount [2]	Fair Value	Weighted Average Years to Maturity	Type	Average Credit Rating	Offsetting Notional Amount [3]	Offsetting Fair Value [3]
As of June 30, 2023							
Basket credit default swaps [4]							
Investment grade risk exposure	$ 100	$ (1)	5 years	CMBS Credit	AAA	$ 100	$ 1
Below investment grade risk exposure	3	(2)	Less than 1 year	CMBS Credit	CCC+	3	2
Total [5]	**$ 103**	**$ (3)**				**$ 103**	**$ 3**
As of December 31, 2022							
Basket credit default swaps [4]							
Investment grade risk exposure	$ 100	$ (1)	6 years	CMBS Credit	AAA	$ 100	$ 1
Below investment grade risk exposure	3	(2)	Less than 1 year	CMBS Credit	B-	3	2
Total [5]	**$ 103**	**$ (3)**				**$ 103**	**$ 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 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. For further discussion, see the Fair Value Option section in Note 4 - Fair Value Measurements of Notes to Condensed Consolidated Financial Statements.

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 June 30, 2023 and December 31, 2022, the Company has pledged cash collateral associated with derivative instruments of $65 and less than $1, respectively. 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 June 30, 2023 and December 31, 2022, the Company pledged securities collateral associated with derivative instruments with a fair value of $6 and $8, 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 June 30, 2023 and December 31, 2022, the Company has pledged initial margin of cash related to OTC-cleared and exchange traded derivatives with a fair value of $16 for both periods, which is recorded in other investments or other assets on the Company's Condensed Consolidated Balance Sheets. As of June 30, 2023 and December 31, 2022, the Company has pledged initial margin of securities related to OTC-cleared and exchange traded derivatives with a fair value of $196 and $57, respectively, which are included within fixed maturities on the Company's Condensed Consolidated Balance Sheets.

As of June 30, 2023 and December 31, 2022, the Company accepted cash collateral associated with derivative instruments of $45 and $56, 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 June 30, 2023 and December 31, 2022, with a fair value of $0 and $1, respectively, which the Company has the right to repledge or sell. As of June 30, 2023 and December 31, 2022, the Company had no repledged securities. In addition, as of June 30, 2023 and December 31, 2022, 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 June 30, 2023	As of December 31, 2022
Premiums receivable, excluding receivables for losses within a deductible and retrospectively-rated policy premiums ("loss sensitive business")	$ 5,328	$ 4,698
Receivables for loss sensitive business, by credit quality:		
AA	103	106
A	44	38
BBB	124	119
BB	58	56
Below BB	40	41
Total receivables for loss sensitive business	**369**	**360**
Total Premiums Receivable and Agents' Balances, Gross	**5,697**	**5,058**
ACL	(119)	(109)
Total Premiums Receivable and Agents' Balances, Net of ACL	**$ 5,578**	**$ 4,949**

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. Premiums receivable and agents' balances, excluding receivables for loss sensitive business, 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 (referred to as "loss sensitive business"). 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 sensitive business 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 sensitive business 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.

The increase in the ACL in the three and six months ended June 30, 2023 reflected the provision required on increased premiums written in the quarter and recoveries, partially offset by write-offs.

Rollforward of ACL on Premiums Receivable and Agents' Balances for the Three Months Ended

	June 30, 2023			June 30, 2022		
	Premiums Receivable and Agents' Balances, Excluding Receivables for Loss Sensitive Business	Receivables for Loss Sensitive Business	Total	Premiums Receivable and Agents' Balances, Excluding Receivables for Loss Sensitive Business	Receivables for Loss Sensitive Business	Total
Beginning ACL	**$ 86**	**$ 25**	**$ 111**	**$ 84**	**$ 22**	**$ 106**
Current period provision (release)	19	—	19	10	1	11
Current period write-offs	(13)	—	(13)	(13)	—	(13)
Current period recoveries	2	—	2	3	—	3
Ending ACL	**$ 94**	**$ 25**	**$ 119**	**$ 84**	**$ 23**	**$ 107**

Rollforward of ACL on Premiums Receivable and Agents' Balances for the Six Months Ended

	June 30, 2023			June 30, 2022		
	Premiums Receivable and Agents' Balances, Excluding Receivables for Loss Sensitive Business	Receivables for Loss Sensitive Business	Total	Premiums Receivable and Agents' Balances, Excluding Receivables for Loss Sensitive Business	Receivables for Loss Sensitive Business	Total
Beginning ACL	**$ 85**	**$ 24**	**$ 109**	**$ 83**	**$ 22**	**$ 105**
Current period provision (release)	31	1	32	23	1	24
Current period write-offs	(27)	—	(27)	(28)	—	(28)
Current period recoveries	5	—	5	6	—	6
Ending ACL	**$ 94**	**$ 25**	**$ 119**	**$ 84**	**$ 23**	**$ 107**

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.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Reinsurance Recoverables by Credit Quality Indicator

	As of June 30, 2023				As of December 31, 2022			
	P&C	Group Benefits	Corporate	Total	P&C	Group Benefits	Corporate	Total
A.M. Best Financial Strength Rating								
A++	$ 2,173	$ —	$ —	$ 2,173	$ 2,094	$ —	$ —	$ 2,094
A+	2,049	238	247	2,534	2,169	239	259	2,667
A	893	—	—	893	763	1	—	764
A-	70	6	—	76	79	6	—	85
B++	601	—	3	604	616	—	2	618
Below B++	20	—	—	20	20	—	—	20
Total Rated by A.M. Best	**5,806**	**244**	**250**	**6,300**	**5,741**	**246**	**261**	**6,248**
Mandatory (Assigned) and Voluntary Risk Pools	207	—	—	207	218	—	—	218
Captives	304	—	—	304	319	—	—	319
Other not rated companies	205	6	—	211	279	5	—	284
Gross Reinsurance Recoverables	**6,522**	**250**	**250**	**7,022**	**6,557**	**251**	**261**	**7,069**
Allowance for uncollectible reinsurance	(107)	(1)	(2)	(110)	(102)	(1)	(2)	(105)
Net Reinsurance Recoverables	**$ 6,415**	**$ 249**	**$ 248**	**$ 6,912**	**$ 6,455**	**$ 250**	**$ 259**	**$ 6,964**

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. 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 HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Allowance for Uncollectible Reinsurance for the Three and Six Months Ended

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
P&C beginning allowance for uncollectible reinsurance	**$ 102**	**$ 96**	**$ 102**	**$ 96**
Beginning allowance for disputed amounts	58	56	60	54
P&C beginning ACL	**44**	**40**	**42**	**42**
Current period provision (release)	1	1	3	(1)
P&C ending ACL	**45**	**41**	**45**	**41**
Ending allowance for disputed amounts	62	61	62	61
P&C ending allowance for uncollectible reinsurance	**$ 107**	**$ 102**	**$ 107**	**$ 102**
Group Benefits allowance for uncollectible reinsurance	**$ 1**	**$ 1**	**$ 1**	**$ 1**
Corporate allowance for uncollectible reinsurance	**$ 2**	**$ 2**	**$ 2**	**$ 2**
Total allowance for uncollectible reinsurance	**$ 110**	**$ 105**	**$ 110**	**$ 105**

9. RESERVE FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

PROPERTY & CASUALTY INSURANCE PRODUCT RESERVES, NET OF REINSURANCE

Rollforward of Liabilities for Unpaid Losses and Loss Adjustment Expenses

	For the six months ended June 30,	
	2023	2022
Beginning liabilities for unpaid losses and loss adjustment expenses, gross	**$ 33,083**	**$ 31,449**
Reinsurance and other recoverables	6,465	6,081
Beginning liabilities for unpaid losses and loss adjustment expenses, net	**26,618**	**25,368**
Provision for unpaid losses and loss adjustment expenses		
Current accident year	4,712	3,998
Prior accident year development	(39)	(94)
Total provision for unpaid losses and loss adjustment expenses	**4,673**	**3,904**
Payments		
Current accident year	(997)	(840)
Prior accident years	(3,731)	(2,680)
Total payments	**(4,728)**	**(3,520)**
Foreign currency adjustment	18	(29)
Ending liabilities for unpaid losses and loss adjustment expenses, net	**26,581**	**25,723**
Reinsurance and other recoverables	6,448	6,212
Ending liabilities for unpaid losses and loss adjustment expenses, gross	**$ 33,029**	**$ 31,935**

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unfavorable (Favorable) Prior Accident Year Development

	For the six months ended June 30,	
	2023	2022
Workers' compensation	$ (113)	$ (85)
Workers' compensation discount accretion	22	18
General liability	28	33
Marine	(1)	(3)
Package business	(8)	(24)
Commercial property	—	(21)
Professional liability	(3)	(9)
Bond	12	(4)
Assumed reinsurance	17	12
Automobile liability - Commercial Lines	6	12
Automobile liability - Personal Lines	—	(5)
Homeowners	1	—
Net asbestos and environmental ("A&E") reserves	—	—
Catastrophes	(44)	(30)
Uncollectible reinsurance	12	6
Other reserve re-estimates, net	32	6
Total prior accident year development	**$ (39)**	**$ (94)**

Re-estimates of prior accident year reserves for the six months ended June 30, 2023

Workers' compensation reserves were decreased within the 2014 to 2019 accident years primarily in small commercial, driven by lower than previously estimated claim severity. In addition, the 2020 accident year reflects a $20 reduction of COVID-19 related reserves.

General liability reserves were increased driven by higher frequency and estimated cost to settle large individual claims for the 2016 to 2019 accident years, partially offset by a decrease in reserves for the 2020 accident year due to favorable experience. In addition, reserves for sexual molestation and sexual abuse claims were increased for older accident years. Also included was a decrease in reserves for extra contractual liability claims and other miscellaneous run-off lines.

Package business reserves decreased primarily due to lower than previously estimated property severity for accident year 2021. Package liability is flat overall with improvement in accident year 2020 due to favorable claim count emergence offset by reserve increases in accident years 2019 and prior related to higher severity.

Commercial property reserves were flat primarily due to unfavorable development for accident year 2022 in middle & large commercial, offset by favorable development in global specialty.

Bond reserves were increased primarily due to unfavorable development for 2013 and prior accident years related to customs bonds.

Assumed reinsurance reserves were increased due to higher reserve estimates in the specialty casualty, Latin America casualty and surety business.

Automobile liability reserves - Commercial Lines increased primarily due to adverse loss development within accident years 2017 to 2019.

Automobile liability reserves - Personal Lines were flat as increases for accident year 2022 from higher estimated severity and increasing attorney representation rates were fully offset by decreases, primarily within accident years 2019 to 2021, due to lower estimated severity.

Catastrophes reserves were decreased primarily within Commercial Lines driven by a reduction in reserves in accident year 2022 for Hurricane Ian and accident year 2021 for Hurricane Ida.

Uncollectible reinsurance was increased primarily in Commercial Lines related to a captive reinsurer and, to a lesser extent, an increase in reserves for potential collection disputes and credit concerns.

Other reserve re-estimates, net, were increased primarily due to an increase in accident year 2022 Personal Lines automobile physical damage severity.

Re-estimates of prior accident year reserves for the six months ended June 30, 2022

Workers' compensation reserves were decreased for the 2014 through 2018 accident years, predominately within small commercial, driven by lower than previously estimated claim severity.

General liability reserves were increased, driven by an increase in the estimated cost to settle large individual claims in middle & large commercial for the 2016 to 2019 accident years, an increase in excess casualty for the 2019 accident year, and increases in primary construction on older accident years, partially offset by a decrease in reserves for other mass torts.

Package business reserves decreased due to lower estimated loss adjustment expenses for accident years 2015 to 2018 and a reduction in property reserves for the 2020 and 2021 accident years.

Commercial property reserves were decreased primarily due to favorable development for the 2020 accident year in middle & large commercial related to COVID-19 claims and a reduction in property reserves for the 2021 accident year.

Professional liability reserves were decreased primarily due to favorable development on directors' and officers' claims for the 2018 to 2020 accident years and on errors and omissions claims for the 2013 to 2017 accident years, partially offset by large losses related to 2018 and prior accident years for primary and excess directors' and officers' claims.

Assumed reinsurance reserves were increased primarily due to higher reserve estimates for syndicate property claims, including higher expected COVID-19 property losses in the 2020 accident year and increased reserves for international agriculture related to drought claims.

Automobile liability reserves were decreased in Personal Lines principally due to lower estimated severity on AARP Direct claims, primarily within accident years 2016 to 2020 and were increased in Commercial Lines principally due to a higher number of large claims in accident years 2017 to 2019.

Catastrophe reserves were decreased in both Commercial and Personal Lines with the largest reduction related to 2019 and 2020 wind and hail events.

Other reserve re-estimates, net, were increased primarily due to an increase in automobile physical damage severity and unfavorable development from participation in involuntary market pools.

Settlement Agreement with Boy Scouts of America

On February 14, 2022, the Company executed a final settlement agreement (the "Settlement") with the Boy Scouts of America ("BSA"), the Local Councils, and the attorneys representing a majority of the alleged victims, pursuant to which The Hartford agreed to pay $787 for sexual molestation and sexual abuse claims associated with liability policies issued by various Hartford Writing Companies in the 1970s and early 1980s. In exchange for its payment, the Company receives a complete release of its policies issued to BSA and the Local Councils, as well as an injunction against further abuse claims involving BSA. All conditions precedent to the Settlement have been satisfied, including approval by the bankruptcy court and the district court, and on April 20, 2023, The Hartford paid the Settlement amount of $787. Certain objecting parties have appealed the district court's ruling and that appeal is pending before the Third Circuit. If the court approvals for the BSA's plan of reorganization are not affirmed on appeal, it is possible that adverse outcomes, if any, could have a material adverse effect on the Company's operating results.

GROUP LIFE, DISABILITY AND ACCIDENT PRODUCTS

Rollforward of Liabilities for Unpaid Losses and Loss Adjustment Expenses

	For the six months ended June 30,	
	2023	2022
Beginning liabilities for unpaid losses and loss adjustment expenses, gross	**$ 8,160**	**$ 8,210**
Reinsurance recoverables	245	245
Beginning liabilities for unpaid losses and loss adjustment expenses, net	**7,915**	**7,965**
Provision for unpaid losses and loss adjustment expenses		
Current incurral year	2,622	2,497
Prior year's discount accretion	103	107
Prior incurral year development [1]	(265)	(242)
Total provision for unpaid losses and loss adjustment expenses [2]	**2,460**	**2,362**
Payments		
Current incurral year	(1,012)	(984)
Prior incurral years	(1,416)	(1,500)
Total payments	**(2,428)**	**(2,484)**
Ending liabilities for unpaid losses and loss adjustment expenses, net	**7,947**	**7,843**
Reinsurance recoverables	243	254
Ending liabilities for unpaid losses and loss adjustment expenses, gross	**$ 8,190**	**$ 8,097**

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

[2] Includes unallocated loss adjustment expenses ("ULAE") of $91 and $92 for the six months ended June 30, 2023 and 2022, 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 six months ended June 30, 2023

Group disability- Prior period reserve estimates decreased by approximately $236 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 $19 largely driven by continued low incidence in group life premium waiver.

Supplemental accident and health- Prior period reserve estimates decreased by approximately $10 driven by lower than previously expected claim incidence.

Re-estimates of prior incurral years reserves for the six months ended June 30, 2022

Group disability- Prior period reserve estimates decreased by approximately $195 largely driven by group long-term disability claim incidence lower than prior assumptions together with strong recoveries on prior incurral year claims.

Group life and accident (including group life premium waiver)- Prior period reserve estimates decreased by approximately $40 largely driven by continued low incidence in group life premium waiver as well as a reduction in estimated mortality group term life losses incurred in fourth quarter 2021.

Supplemental Accident & Health- Prior period reserve estimates decreased by approximately $10 driven by lower than previously expected claim incidence.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. RESERVE FOR FUTURE POLICY BENEFITS

Rollforward of Reserve for Future Policy Benefits

	For the six months ended June 30,					
	2023			2022		
	Payout Annuities	Life Conversions	Paid-up Life	Payout Annuities	Life Conversions	Paid-up Life
Present Value of Expected Net Premiums						
Balance, beginning of the period		$ 47			$ 58	
Balance, ending of the period		**$ 44**			**$ 49**	
Present Value of Expected Future Policy Benefits						
Beginning balance at single-A rate	**$ 140**	**$ 112**	**$ 192**	**$ 188**	**$ 152**	**$ 262**
Beginning adjustment for changes in single-A rate	4	(14)	(39)	47	19	14
Beginning balance at original discount rate	136	126	231	141	133	248
Effect of actual variances from expected experience	1	3	(1)	—	3	—
Adjusted beginning balance	137	129	230	141	136	248
Interest accrual	4	9	3	4	8	4
Benefit Payments	(6)	(14)	(9)	(6)	(15)	(13)
Ending balance at original discount rate	**135**	**124**	**224**	**139**	**129**	**239**
Ending adjustment for changes in single-A rate	4	(15)	(38)	13	(7)	(27)
Ending balance at single-A rate	**$ 139**	**$ 109**	**$ 186**	**$ 152**	**$ 122**	**$ 212**
Net reserve for future policy benefits	$ 139	$ 65	$ 186	$ 152	$ 73	$ 212
Weighted-average duration of the reserve for future policy benefits (years)	**9.1**	**12.2**	**6.3**	**9.2**	**13.0**	**6.9**

Net Reserve for Future Policy Benefits

	As of June 30,	
	2023	2022
Payout Annuities	$ 139	$ 152
Life Conversions	65	73
Paid-up Life	186	212
DPL	19	20
Other	80	93
Total	**$ 489**	**$ 550**

Undiscounted Expected Future Gross Premiums and Benefit Payments

	As of June 30,	
	2023	2022
Payout Annuities [1]		
Expected future benefit payments	$ 267	$ 277
Life Conversions		
Expected future gross premiums	$ 117	$ 126
Expected future benefit payments	$ 208	$ 218
Paid-up Life [1]		
Expected future benefit payments	$ 290	$ 312

[1]Payout Annuities and Paid-up Life have no expected future gross premiums.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Weighted-Average Interest Rates

	For the six months ended June 30,	
	2023	2022
Payout Annuities		
Interest accretion rate	5.6 %	5.6 %
Current discount rate	5.2 %	4.6 %
Life Conversions		
Interest accretion rate	4.2 %	4.1 %
Current discount rate	5.2 %	4.7 %
Paid-up Life		
Interest accretion rate	2.9 %	2.9 %
Current discount rate	5.3 %	4.3 %

Gross premiums and interest accretion recognized on long-duration insurance policies for the six months ended June 30, 2023 and 2022 were immaterial.

11. OTHER POLICYHOLDER FUNDS AND BENEFITS PAYABLE

Other policyholder funds and benefits payable of $647 and $664 as of June 30, 2023 and 2022 respectively, included universal life long-duration contacts of $228 and $242 as well as policyholder balances related to short-duration contracts of $419 and $422. The universal life long-duration contacts presented in the table below were economically ceded to Prudential as part of the sale of the Company's former individual life business, which closed in 2013.

Universal Life Long Duration Contracts Rollforward

	For the six months ended June 30,	
	2023	2022
Balance, beginning of the period	**$ 232**	**$ 253**
Premiums Received	6	7
Policy Charges	(10)	(12)
Surrenders and Withdrawals	(2)	(2)
Benefit Payments	(3)	(10)
Interest Credited	5	6
Balance, end of the period	**$ 228**	**$ 242**
Weighted-average crediting rate	4.2 %	4.2 %
Net Amount at Risk [1]	$ 950	$ 1,032
Cash Surrender Value	$ 226	$ 239

[1]Net amount at risk is defined as the current death benefit in excess of the current account value as of the balance sheet date.

As of June 30, 2023 and 2022, universal life contracts of $227 and $240, respectively, had crediting rates at their guaranteed minimums ranging from 4%-5%.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. INCOME TAXES

Income Tax Expense

Income Tax Rate Reconciliation

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Tax provision at U.S. federal statutory rate	$ 141	$ 116	$ 278	$ 230
Nontaxable investment income	(9)	(5)	(20)	(14)
Other	(7)	(1)	(15)	(8)
Provision for income taxes	**$ 125**	**$ 110**	**$ 243**	**$ 208**

Uncertain Tax Positions

Rollforward of Unrecognized Tax Benefits

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Balance, beginning of period	$ 23	$ 17	$ 22	$ 16
Gross increases - tax positions in current period	1	1	2	2
Lapse of statute of limitations	(1)	—	(1)	—
Balance, end of period	**$ 23**	**$ 18**	**$ 23**	**$ 18**

The entire amount of unrecognized tax benefits, if recognized, would affect the effective tax rate in the period of the release.

Other Tax Matters

As of June 30, 2023, the Company has a deferred tax asset for foreign net operating losses of $40 partially offset by a valuation allowance of $21. While the foreign net operating losses ("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. The acquired Navigators Group is currently under IRS audit for the pre-acquisition 2019 tax period. The statute of limitations is closed through the 2019 tax year with the exception of NOL carryforwards utilized in open tax years and the Navigators pre-acquisition 2019 tax period. 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.

13. DEBT

Junior Subordinated Debentures

The U.K. Financial Conduct Authority ("FCA") announced that publication of U.S. dollar London Inter Bank Offered Rate (“LIBOR”) on a representative basis will cease immediately after June 30, 2023. LIBOR is used as a benchmark or reference rate for certain investments and derivatives the Company owns, and floating rate debt the Company has issued. Uncertainties and risks relating to the transition from LIBOR have been reduced by the federal Adjustable Interest Rate (LIBOR) Act, which addresses replacement of LIBOR in certain contracts governed by U.S. law (including the law of any U.S. state), including 3-Month LIBOR, which was the original reference rate on the Company's $500 junior subordinated debentures due 2067. Prior to July 1, 2023, the Company's $500 junior subordinated debentures due 2067 paid interest at a rate of LIBOR plus 2.125%. Effective July 1, 2023, the interest rate on the $500 junior subordinated debentures due 2067 is determined based on a reference rate of 3-month CME term Secured Overnight Financing Rate (“SOFR”) plus a spread adjustment of 0.26161% plus 2.125%.

The Company's interest rate swap agreements that converted the LIBOR variable interest payments on the $500 junior subordinated debentures to fixed interest payments were terminated and new interest rate swap agreements were entered into that reference SOFR so that interest rate swaps continue to effectively convert the variable interest payments to fixed interest payments of approximately 4.39%.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. 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 - Reserve for Unpaid Losses and Loss Adjustment Expenses of this Form 10-Q and in Note 11 - Reserve for Unpaid Losses and Loss Adjustment Expenses, of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, and in the following discussion under the caption "COVID-19 Pandemic Business Income Insurance 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 and property. 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 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 300 such lawsuits have been filed, of which more than 60 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 35 states. Although the allegations vary, the plaintiffs generally seek a declaration of insurance coverage, damages for breach of contract in unspecified amounts, interest, and attorneys' 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. Some of the lawsuits also allege that the Hartford Writing Companies engaged in unfair business practices by collecting or retaining excess premium.

The Company and its subsidiaries deny the allegations and continue to vigorously defend these suits. 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 damage or loss 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 fully known, including how many additional claims or lawsuits could 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, some complaints may be amended, some have been dismissed voluntarily and may be refiled, while many have been dismissed through rulings in favor of the Hartford Writing Companies. Discovery is underway in certain single plaintiff cases. Moreover, dozens of policyholders have appealed dismissals in favor of the Hartford Writing Companies. The Hartford Writing Companies have received numerous favorable rulings on appeal, with only two adverse appellate rulings to date. The remainder of the Hartford Writing Companies' appeals are at various stages of the appellate process and have not yet been ruled upon. In addition,

business income calculations depend upon a wide range of factors that are particular to the circumstances of each individual policyholder and, here, almost 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 or liquidity.

Run-off Asbestos and Environmental Claims

The Company continues to receive asbestos and environmental ("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 accident years prior to 1986 that are reported in Property & Casualty Other Operations ("Run-off A&E"). 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, respectively.

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 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 and emerging legal doctrines with respect to the underlying claims and with respect to the Company's coverage obligations. 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, insolvencies of insureds 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 against insureds, emerging risks such as per-and polyfluoroalkyl substances ("PFAS"), the risks inherent in major litigation, inconsistent and emerging legal doctrines concerning the existence and scope of coverage for environmental claims, and the scope and level of complexity of the remediation required by regulators.

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 or liquidity.

For its Run-off A&E claims, as of June 30, 2023, the Company reported $327 of net asbestos and environmental reserves, including the benefit of losses ceded to an A&E adverse development cover ("ADC") with National Indemnity Company, a subsidiary of Berkshire Hathaway ("NICO") (collectively the "A&E ADC"). In addition, the Company has recorded a $594 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 or liquidity.

The Company's A&E ADC reinsurance agreement 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 June 30, 2023, the Company has incurred $1,244 in cumulative adverse development on A&E reserves that have been ceded under the A&E ADC treaty, leaving $256 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 or liquidity. For more information on the A&E ADC, refer to Note 11, Reserve for Unpaid Losses and Loss Adjustment Expenses of Notes to Consolidated Financial Statements included in the Company's 2022 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, in certain instances, 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 June 30, 2023 was $78 for which the legal entities have posted collateral of $69 in the normal course of business. Based on derivative contractual terms as of June 30, 2023, a downgrade of the current financial strength ratings by either Moody's or S&P would not require additional assets to be posted as collateral. This requirement could 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.

15. EQUITY

Equity Repurchase Program

During the six months ended June 30, 2023 and 2022, the Company repurchased $700 (9.7 million shares) and $850 (12.0 million shares), respectively, of common stock under Board authorized share repurchase programs covering the applicable periods. As of June 30, 2023, the Company has $2.0 billion remaining for equity repurchases under the current $3.0 billion share repurchase program, which is effective until December 31, 2024. During the period July 1, 2023 through July 26, 2023, the Company repurchased $101 (1.4 million shares) under this repurchase program.

The timing of any repurchases is 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.

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

Changes in AOCI, Net of Tax for the Three Months Ended June 30, 2023

	Changes in						
	Net Unrealized Gain (Loss) on Fixed Maturities, AFS	Unrealized Loss on Fixed Maturities with ACL	Net Gain on Cash Flow Hedging Instruments	Foreign Currency Translation Adjustments	Liability for Future Policy Benefits Adjustments	Pension and Other Postretirement Plan Adjustments	AOCI, net of tax
Beginning balance	**$ (2,008)**	**$ (13)**	**$ 48**	**$ 33**	**$ 27**	**$ (1,341)**	**$ (3,254)**
OCI before reclassifications	(362)	2	(21)	4	6	(1)	(372)
Amounts reclassified from AOCI	21	2	—	—	—	7	30
OCI, before tax	(341)	4	(21)	4	6	6	(342)
Income tax benefit (expense)	72	(1)	4	(1)	(1)	(1)	72
OCI, net of tax	(269)	3	(17)	3	5	5	(270)
Ending balance	**$ (2,277)**	**$ (10)**	**$ 31**	**$ 36**	**$ 32**	**$ (1,336)**	**$ (3,524)**

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Changes in AOCI, Net of Tax for the Six Months Ended June 30, 2023

	Changes in						
	Net Unrealized Gain (Loss) on Fixed Maturities, AFS	Unrealized Losses on Fixed Maturities with ACL	Net Gain (Loss) on Cash Flow Hedging Instruments	Foreign Currency Translation Adjustments	Liability for Future Policy Benefits Adjustments	Pension and Other Postretirement Plan Adjustments	AOCI, net of tax
Beginning balance	**$ (2,594)**	**$ (7)**	**$ 40**	**$ 31**	**$ 35**	**$ (1,346)**	**$ (3,841)**
OCI before reclassifications	353	(6)	(14)	6	(4)	—	335
Amounts reclassified from AOCI	48	2	3	—	—	13	66
OCI, before tax	401	(4)	(11)	6	(4)	13	401
Income tax benefit (expense)	(84)	1	2	(1)	1	(3)	(84)
OCI, net of tax	317	(3)	(9)	5	(3)	10	317
Ending balance	**$ (2,277)**	**$ (10)**	**$ 31**	**$ 36**	**$ 32**	**$ (1,336)**	**$ (3,524)**

Reclassifications from AOCI

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023	Affected Line Item in the Condensed Consolidated Statement of Operations
Net Unrealized Gain (Loss) on Fixed Maturities, AFS			
Available-for-sale fixed maturities	$ (21)	$ (48)	Net realized gains (losses)
	(21)	**(48)**	**Total before tax**
	(4)	(10)	Income tax expense
	$ (17)	**$ (38)**	**Net income**
Unrealized Losses on Fixed Maturities with ACL			
Available-for-sale fixed maturities	$ (2)	$ (2)	Net realized gains (losses)
	(2)	**(2)**	**Total before tax**
	(1)	(1)	Income tax expense
	$ (1)	**$ (1)**	**Net income**
Net Gain (Loss) on Cash Flow Hedging Instruments			
Interest rate swaps	$ (7)	$ (15)	Net investment income
Interest rate swaps	4	7	Interest expense
Foreign currency swaps	3	5	Net investment income
	—	**(3)**	**Total before tax**
	—	(1)	Income tax expense
	$ —	**$ (2)**	**Net income**
Pension and Other Postretirement Plan Adjustments			
Amortization of prior service credit	$ 1	$ 3	Insurance operating costs and other expenses
Amortization of actuarial loss	(8)	(16)	Insurance operating costs and other expenses
	(7)	**(13)**	**Total before tax**
	(1)	(3)	Income tax expense
	$ (6)	**$ (10)**	**Net income**
Total amounts reclassified from AOCI	**$ (24)**	**$ (51)**	**Net income**

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Changes in AOCI, Net of Tax for the Three Months Ended June 30, 2022

	Changes in						
	Net Unrealized Gain (Loss) on Fixed Maturities, AFS	Unrealized Losses on Fixed Maturities with ACL	Net Gain (Loss) on Cash Flow Hedging Instruments	Foreign Currency Translation Adjustments	Liability for Future Policy Benefits Adjustments	Pension and Other Postretirement Plan Adjustments	AOCI, net of tax
Beginning balance	**$ (261)**	**$ (2)**	**$ 5**	**$ 41**	**$ (16)**	**$ (1,477)**	**$ (1,710)**
OCI before reclassifications	(2,087)	—	38	(10)	37	(1)	(2,023)
Amounts reclassified from AOCI	65	—	(6)	—	—	16	75
OCI, before tax	(2,022)	—	32	(10)	37	15	(1,948)
Income tax benefit (expense)	425	—	(7)	2	(8)	(3)	409
OCI, net of tax	(1,597)	—	25	(8)	29	12	(1,539)
Ending balance	**$ (1,858)**	**$ (2)**	**$ 30**	**$ 33**	**$ 13**	**$ (1,465)**	**$ (3,249)**

Changes in AOCI, Net of Tax for the Six Months Ended June 30, 2022

	Changes in						
	Net Unrealized Gain (Loss) on Fixed Maturities, AFS	Unrealized Losses on Fixed Maturities with ACL	Net Gain (Loss) on Cash Flow Hedging Instruments	Foreign Currency Translation Adjustments	Liability for Future Policy Benefits Adjustments	Pension and Other Postretirement Plan Adjustments	AOCI, net of tax
Beginning balance	**$ 1,631**	**$ (2)**	**$ 6**	**$ 41**	**$ (59)**	**$ (1,489)**	**$ 128**
OCI before reclassifications	(4,568)	—	45	(10)	91	(1)	(4,443)
Amounts reclassified from AOCI	152	—	(14)	—	—	31	169
OCI, before tax	(4,416)	—	31	(10)	91	30	(4,274)
Income tax benefit (expense)	927	—	(7)	2	(19)	(6)	897
OCI, net of tax	(3,489)	—	24	(8)	72	24	(3,377)
Ending balance	**$ (1,858)**	**$ (2)**	**$ 30**	**$ 33**	**$ 13**	**$ (1,465)**	**$ (3,249)**

Reclassifications from AOCI

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022	Affected Line Item in the Condensed Consolidated Statement of Operations
Net Unrealized Gain (Loss) on Fixed Maturities, AFS			
Available-for-sale fixed maturities	$ (65)	$ (152)	Net realized gains (losses)
	(65)	**(152)**	**Total before tax**
	(14)	(32)	Income tax expense
	$ (51)	**$ (120)**	**Net income**
Net Gain (Loss) on Cash Flow Hedging Instruments			
Interest rate swaps	$ 5	$ 14	Net investment income
Interest rate swaps	(1)	(4)	Interest expense
Foreign currency swaps	2	4	Net investment income
	6	**14**	**Total before tax**
	1	3	Income tax expense
	$ 5	**$ 11**	**Net income**
Pension and Other Postretirement Plan Adjustments			
Amortization of prior service credit	$ 1	$ 3	Insurance operating costs and other expenses
Amortization of actuarial loss	(17)	(34)	Insurance operating costs and other expenses
	(16)	**(31)**	**Total before tax**
	(3)	(7)	Income tax expense
	$ (13)	**$ (24)**	**Net income**
Total amounts reclassified from AOCI	**$ (59)**	**$ (133)**	**Net income**

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. EMPLOYEE BENEFIT PLANS

The Company's employee benefit plans are described in Note 18 - Employee Benefit Plans of Notes to Consolidated Financial Statements included in The Hartford's 2022 Form 10-K Annual Report. Net periodic cost (benefit) is recognized in insurance operating costs and other expenses in the Condensed Consolidated Statement of Operations.

Based on the funded status of the U.S. qualified defined benefit pension plan, the Company does not anticipate contributing to the plan in 2023.

Net Periodic Cost (Benefit)

	Pension Benefits				Other Postretirement Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Service cost	$ 1	$ 1	$ 2	$ 2	$ —	$ —	$ —	$ —
Interest cost	45	28	90	56	2	1	4	2
Expected return on plan assets	(59)	(50)	(118)	(101)	(1)	(1)	(1)	(1)
Amortization of prior service credit	—	—	—	—	(1)	(1)	(3)	(3)
Amortization of actuarial loss	7	16	14	31	1	1	2	3
Net periodic cost (benefit)	**$ (6)**	**$ (5)**	**$ (12)**	**$ (12)**	**$ 1**	**$ —**	**$ 2**	**$ 1**

18. 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 2023.

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 June 30, 2023 and December 31, 2022 Condensed Consolidated Balance Sheets.

Subsequent to June 30, 2023, 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 and other expenses. Total restructuring and other costs are expected to be approximately $127, before tax, and will be recognized in Corporate for segment reporting. The estimated restructuring and other costs for future periods do not include all costs associated with the real estate consolidation plan as those plans are still being finalized.

Restructuring and Other Costs, Before Tax

	Incurred in the Three Months Ended June 30,		Incurred in the Six Months Ended June 30,		Cumulative Incurred Through June 30, 2023	Total Amount Expected to be Incurred
	2023	2022	2023	2022		
Severance benefits	$ —	$ (5)	$ (3)	$ (7)	$ 38	$ 38
IT costs	1	3	2	5	21	24
Professional fees and other expenses	2	4	4	9	62	65
Total restructuring and other costs, before tax	**$ 3**	**$ 2**	**$ 3**	**$ 7**	**$ 121**	**$ 127**

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Accrued Restructuring and Other Costs

	Six Months Ended June 30, 2023			
	Severance Benefits and Related Costs	IT Costs	Professional Fees and Other	Total Restructuring and Other Costs Liability
Balance, beginning of period	**$ 7**	**$ —**	**$ —**	**$ 7**
Incurred	(3)	2	4	3
Payments	(1)	(2)	(4)	(7)
Balance, end of period	**$ 3**	**$ —**	**$ —**	**$ 3**

Accrued Restructuring and Other Costs

	Six Months Ended June 30, 2022			
	Severance Benefits and Related Costs	IT Costs	Professional Fees and Other	Total Restructuring and Other Costs Liability
Balance, beginning of period	**$ 18**	**$ —**	**$ —**	**$ 18**
Incurred	(7)	5	9	7
Payments	(2)	(5)	(9)	(16)
Balance, end of period	**$ 9**	**$ —**	**$ —**	**$ 9**

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 2022 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 January 1, 2023, the Company adopted the Financial Accounting Standards Board's ("FASB") updated guidance on accounting for long duration insurance contracts, which was applied on a modified retrospective basis as of January 1, 2021. For additional information refer to Note 1 - Basis of Presentation and Significant Accounting Policies 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 fund ("ETF") assets. AUM is a measure used by the Company's Hartford Funds segment because a significant portion of the segment's revenues and expenses are based upon asset values. These revenues and expenses 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 gains and losses - Generally realized 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 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 other non-recurring M&A costs - These costs, including transaction costs incurred in connection with an acquired business, are incurred over a short period of time and do not represent an ongoing operating expense 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 excluding the deferred gain on retroactive reinsurance and related amortization of the deferred gain from core earnings provides greater insight into the economics of the business.
- Change in valuation allowance on deferred taxes related to non-core components of before tax income - These changes in valuation allowances are excluded from core earnings because they relate to non-core components of before 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, 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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	**$ 547**	**$ 444**	**$ 1,082**	**$ 887**
Preferred stock dividends	5	5	10	10
Net income available to common stockholders	**542**	**439**	**1,072**	**877**
Adjustments to reconcile net income available to common stockholders to core earnings:				
Net realized losses excluded from core earnings, before tax	53	336	60	482
Restructuring and other costs, before tax	3	2	3	7
Loss on extinguishment of debt, before tax	—	9	—	9
Integration and other non-recurring M&A costs, before tax	2	6	4	11
Income tax benefit [1]	(12)	(76)	(15)	(111)
Core earnings	**$ 588**	**$ 716**	**$ 1,124**	**$ 1,275**

[1]Primarily represents the federal income tax expense (benefit) related to before tax items not included in core earnings.

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 Services office of Verisk. For international events, the Company's approach is similar, informed, in part, by how Lloyd's of London defines major losses. 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 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 other expenses, including certain centralized services costs and bad debt expense. DAC includes 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, this fee income increases or decreases with the rise or fall in AUM whether caused by changes in the market or through net flows.

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.

Current Accident Year Loss and Loss Adjustment Expense Ratio Before Catastrophes- 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 Fund Assets- Are owned by the shareowners 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.

Mutual fund and ETF assets are a measure used by the Company primarily because a significant portion of the Company's Hartford Funds segment revenues and expenses are based upon asset values. These revenues and expenses 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.

Policy Count Retention- Represents the ratio of the number of renewal policies issued during the current year period divided by the number of policies issued in the previous calendar period before considering policies cancelled subsequent to renewal. 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.

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) and is affected by both new business growth and policy count retention.

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

Premium Retention- For middle & large commercial, represents the ratio of prior period premiums that were successfully renewed divided by premiums associated with policies available for renewal in the current period. Premium retention excludes premium amounts from annual audits, renewal written price increases and changes in exposure, including amount of insurance. Premium retention statistics are subject to change from period to period based on a number of factors, including the effect of subsequent cancellations and non-renewals.

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 ("P&C") 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 and individual risk pricing decisions per unit of exposure on policies that renewed and includes amount of insurance. 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 impacting renewal policies as previously filed with and approved by state regulators during the period. 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 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 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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Commercial Lines				
Net income	**$ 458**	**$ 389**	**$ 879**	**$ 772**
Adjustments to reconcile net income to underwriting gain:				
Net investment income	(364)	(356)	(702)	(689)
Net realized losses	51	198	70	289
Other expense	—	1	—	7
Income tax expense	109	101	209	196
Underwriting gain	**$ 254**	**$ 333**	**$ 456**	**$ 575**
Personal Lines				
Net income (loss)	**$ (60)**	**$ 6**	**$ (61)**	**$ 83**
Adjustments to reconcile net income (loss) to underwriting gain (loss):				
Net investment income	(34)	(35)	(72)	(68)
Net realized losses	5	18	6	27
Net servicing and other expense (income)	(7)	(3)	(13)	(7)
Income tax expense (benefit)	(17)	1	(18)	21
Underwriting gain (loss)	**$ (113)**	**$ (13)**	**$ (158)**	**$ 56**
P&C Other Operations				
Net income (loss)	**$ 9**	**$ (20)**	**$ 15**	**$ (12)**
Adjustments to reconcile net income (loss) to underwriting loss:				
Net investment income	(17)	(16)	(33)	(32)
Net realized gains	1	9	4	13
Income tax expense (benefit)	3	(5)	4	(4)
Underwriting loss	**$ (4)**	**$ (32)**	**$ (10)**	**$ (35)**

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, certain M&A costs, 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.

The Company derives its revenues principally from: (a) premiums earned for insurance coverage provided to insureds; (b) management fees on mutual fund and ETF assets; (c) net investment income; (d) fees earned for services provided to third parties; and (e) net realized 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, making reliable estimates of actual mortality and morbidity, 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's 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, which is effective through December 31, 2032. This agreement provides an important competitive advantage given the size of the 50 plus population and the strength of the AARP brand.

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 an average of 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 ("LTD"), 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 ETF businesses depend largely on the amount of assets under management and the level of fees charged based, in part, on asset share class and fund 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 ETF shareowners. Financial results are highly correlated to the growth in assets under management since these funds 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 ("AFS") 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 ("CLO"). The Company also invests in commercial mortgage loans as well as limited partnerships and alternative investments, which are private investments that are less liquid, but have the potential to generate higher returns. 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.

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, Information Technology ("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 $625 in 2023.

To achieve those expected savings, we expect to incur approximately $388 over the course of the program, with $308 expensed cumulatively through June 30, 2023, and expected expenses of $17 over the last six months of 2023 and $63 after 2023, with the expenses after 2023 consisting mostly of amortization of internal use software and capitalized real estate costs. Included in the estimated costs of $388, we expect to incur restructuring costs of approximately $127, including $38 of employee severance, $24 to retire certain IT applications, and $65 for consulting and lease termination expenses. 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 relative to 2019 realized in the six months ended June 30, 2023 and expected annual costs and expense savings relative to 2019 for the full year in 2023.

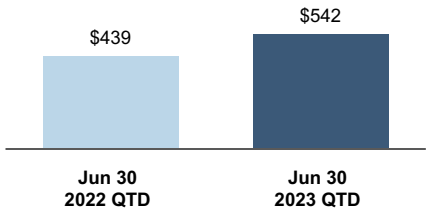
Hartford Next Costs and Expense Savings

	Six Months Ended June 30, 2023	Estimate for 2023
Employee severance	$ (3)	$ (3)
IT costs to retire applications	2	5
Professional fees and other expenses	4	5
Estimated restructuring costs	**3**	**7**
Non-capitalized IT costs	10	16
Other costs	3	5
Amortization of capitalized IT development costs [1]	3	7
Amortization of capitalized real estate [2]	1	2
Estimated costs within core earnings	**17**	**30**
Total Hartford Next program costs	**20**	**37**
Cumulative savings for the period relative to 2019	**(314)**	**(625)**
Net expense (savings) before tax	**$ (294)**	**$ (588)**
Net expense (savings) before tax:		
Accounted for within core earnings	$ (297)	$ (595)
Restructuring costs recognized outside of core earnings	3	7
Net expense (savings) before tax	**$ (294)**	**$ (588)**

[1]Does not include approximately $45 of IT asset amortization after 2023.
[2]Does not include approximately $13 of real estate amortization after 2023.

SECOND QUARTER FINANCIAL HIGHLIGHTS

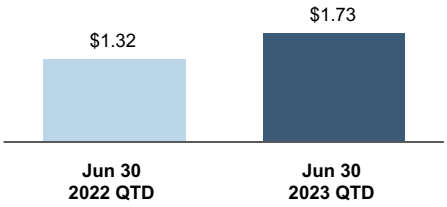
Net Income Available to Common Stockholders



Increased $103 or 23%

+ Lower net realized losses
+ The effect of higher premiums in P&C and Group Benefits
- Higher P&C current accident year catastrophe losses
- A higher current accident year loss ratio before catastrophes in Personal Lines
- A higher group life loss ratio
- Less favorable P&C prior accident year reserve development

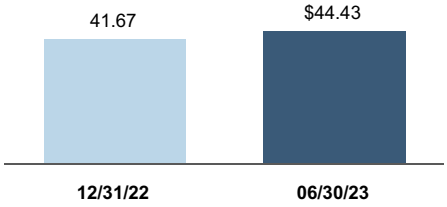
Net Income Available to Common Stockholders per Diluted Share



Increased $0.41 or 31%

+ Increase in net income available to common stockholders
+ Reduction in outstanding shares due to share repurchases

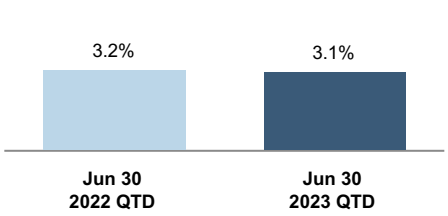
Book Value per Diluted Share



Increased $2.76 or 7%

+ Net income in excess of common stockholder dividends
+ An increase in AOCI, primarily driven by lower net unrealized losses on available for sale securities
- Dilutive effect of share repurchases

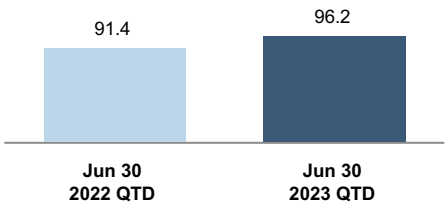
Investment Yield, After Tax



Decreased 10 bps

- Lower returns on limited partnerships and other alternative investments
+ A higher yield on fixed maturity securities due to an increased yield on variable-rate securities and reinvesting at higher rates

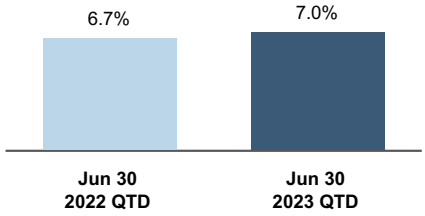
Property & Casualty Combined Ratio



Increased 4.8 points

+ Higher current accident year catastrophe losses
+ Higher personal automobile loss costs, driven by severity
+ A lower level of favorable prior accident year reserve development
- A lower expense ratio primarily driven by higher earned premium and lower marketing spend in Personal Lines

Group Benefits Net Income Margin



Increased 0.3 points

+ Lower net realized losses
+ Higher fully insured ongoing premiums
- Higher group life loss ratio
- Lower net investment income driven by lower income from limited partnerships
- A slightly higher group disability loss ratio primarily due to higher paid family leave and short-term disability 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 June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Earned premiums	$ 5,220	$ 4,810	9%	$ 10,283	$ 9,461	9%
Fee income	328	341	(4%)	647	703	(8%)
Net investment income	540	541	—%	1,055	1,050	—%
Net realized losses	(64)	(338)	81%	(71)	(483)	85%
Other revenues	25	19	32%	45	35	29%
Total revenues	**6,049**	**5,373**	13%	**11,959**	**10,766**	11%
Benefits, losses and loss adjustment expenses	3,580	3,074	16%	7,062	6,194	14%
Amortization of deferred policy acquisition costs	502	450	12%	993	887	12%
Insurance operating costs and other expenses	1,225	1,225	—%	2,441	2,435	—%
Interest expense	50	51	(2%)	100	113	(12%)
Amortization of other intangible assets	17	17	—%	35	35	—%
Restructuring and other costs	3	2	50%	3	7	(57%)
Total benefits, losses and expenses	**5,377**	**4,819**	**12%**	**10,634**	**9,671**	**10%**
Income, before tax	**672**	**554**	**21%**	**1,325**	**1,095**	**21%**
Income tax expense	125	110	14%	243	208	17%
Net income	**547**	**444**	**23%**	**1,082**	**887**	**22%**
Preferred stock dividends	5	5	—%	10	10	—%
Net income available to common stockholders	**$ 542**	**$ 439**	**23%**	**$ 1,072**	**$ 877**	**22%**

Three months ended June 30, 2023 compared to the three months ended June 30, 2022

Net income available to common stockholders increased by $103, primarily driven by:

- Lower net realized losses of $274, before tax, driven by a decline in value of equity securities in the 2022 period;
- In Group Benefits, the effect of higher fully insured ongoing premiums, including a lower expense ratio, partially offset by a higher group life loss ratio and lower net investment income; and
- A loss on extinguishment of debt in the 2022 period.

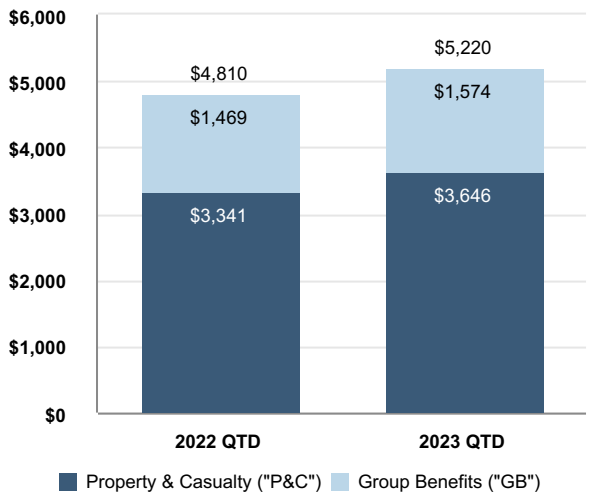
These increases were partially offset by:

- A decrease in P&C underwriting gain of $151, before tax, driven by higher current accident year catastrophe losses, a higher current accident year loss and loss adjustment expense ("LAE") ratio before catastrophes in Personal Lines, and a lower level of favorable prior accident year reserve development, partially offset by the effect of earned premium growth, including a decrease in the expense ratio.

For a discussion of the Company's operating results by segment, see MD&A - Segment Operating Summaries.

REVENUE

Earned Premiums

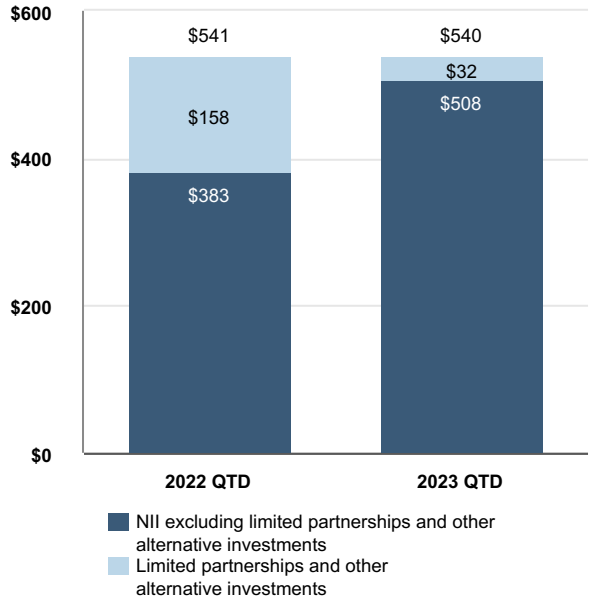


Earned premiums increased by $410, or 9%, primarily due to:

- An increase in P&C reflecting a 10% increase in Commercial Lines and a 5% increase in Personal Lines.
  - Contributing to the increase in Commercial Lines was an increase in new business across all lines of business, the effect of earned pricing increases, and the effect of higher insured exposures, principally in workers' compensation as well as property lines.
  - For Personal Lines, earned premium was up due to the effect of earned pricing increases, partially offset by non-renewals.
- An increase in Group Benefits earned premium of 7% due to increases in group life, group disability, and supplemental health product premiums, primarily driven by strong persistency and new business sales as well as an increase in exposure on existing accounts.

Fee income decreased, driven by lower daily average assets within Hartford Funds due to net outflows over the preceding twelve months, partially offset by an increase in equity market levels since the prior year period.

Net Investment Income



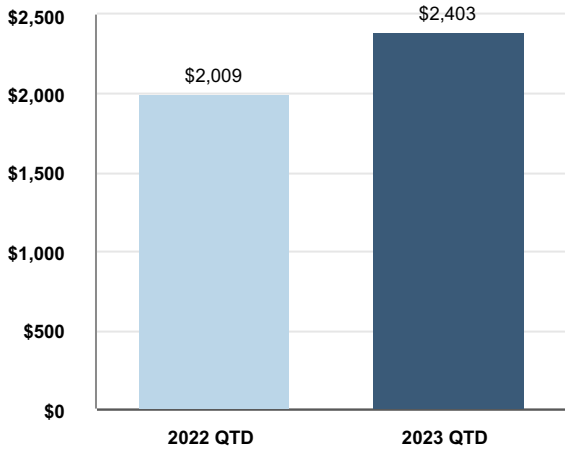
Net investment income remained relatively flat primarily due to lower income from limited partnerships and other alternative investments, offset by the impact of a higher yield on variable-rate securities and reinvesting at higher rates. The lower limited partnership and other alternative investment income was driven by income from sales of underlying real estate properties in the 2022 period and lower real estate fund valuations in the current year as compared to the prior year.

Net realized losses decreased primarily due to a decline in value of equity securities in the 2022 period driven by lower equity market levels. Also included were fewer net losses on sales of fixed maturities in the 2023 period compared to the 2022 period, largely offset by losses on credit derivatives in the 2023 period due to credit spread tightening.

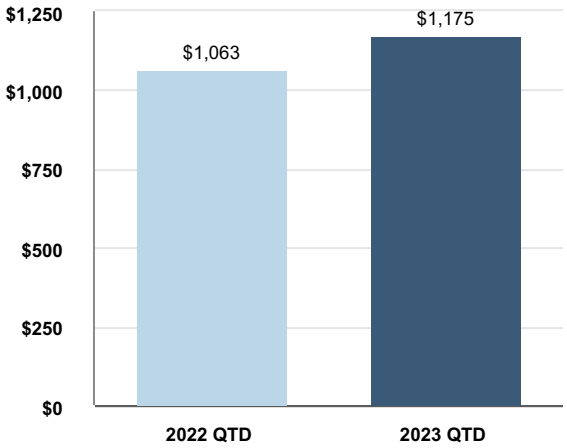
For further discussion of investment results, see MD&A - Investment Results, Net Realized Gains and MD&A - Investment Results, Net Investment Income.

BENEFITS, LOSSES AND EXPENSES

Losses and LAE Incurred for P&C



Losses and LAE Incurred for Group Benefits



Benefits, losses and loss adjustment expenses increased $506 due to:

- An increase in Property & Casualty of $394, which was attributable to:
  - An increase in P&C current accident year ("CAY") loss and loss adjustment expenses before catastrophes of $272, before tax, primarily due to the effect of higher earned premiums in Commercial Lines and higher personal automobile claim severity.
  - An increase in current accident year catastrophe losses of $103, before tax. Catastrophe losses in the 2023 period included losses from tornado, wind and hail events across several regions of the United States, mainly in the South, Midwest and Mountain West. Catastrophe losses in the 2022 period included losses from wind and hail events mostly concentrated in the South, Midwest, and Central Plains.
  - A decline in P&C net favorable prior accident year reserve development of $19, before tax. Prior accident year reserve development in the 2023 period was a net favorable $39, before tax, primarily driven by decreases in reserves related to catastrophes and workers' compensation, partly offset by increases in reserves for general liability, assumed reinsurance, and bond. Prior accident year reserve development in the 2022 period was a net favorable $58, before tax, primarily driven by reserve decreases in workers' compensation, catastrophes and package business, partially offset by reserve increases in general liability and commercial automobile liability. For further discussion, see Note 9 - Reserve for Unpaid Losses and Loss Adjustment Expenses of Notes to Condensed Consolidated Financial Statements.
  - An increase in Group Benefits of $112, before tax, primarily driven by the effect of an increase in earned premiums, as well as the impact of a higher group life loss ratio and a slightly higher group disability loss ratio. The higher group life loss ratio was driven primarily by favorable prior quarter reserve development benefiting the 2022 period, as well as higher group life severity in the 2023 period. The slight increase in the group disability loss ratio was driven by higher paid family leave and short-term disability claim incidence as compared to the prior year period, partially offset by favorable long-term disability claim incidence and recoveries.

Amortization of deferred policy acquisition costs increased from the prior year period driven by Commercial Lines, reflecting an increase in earned premiums across all commercial lines of business.

Insurance operating costs and other expenses were flat due to increases related to:

- Technology investments made to improve customer and broker experience and data analytics to enhance underwriting and pricing capabilities; and
- Increased expense from higher staffing costs and commissions in Commercial Lines and Group Benefits, partly in response to increased business volume, mostly offset by lower incentive compensation.

These increases were offset by:

- Lower variable expenses in Hartford Funds;
- Incremental savings from the Company's Hartford Next operational transformation and cost reduction plan;
- Lower direct marketing costs in Personal Lines; and
- A loss on extinguishment of debt in the 2022 period.

Income tax expense increased primarily due to an increase in income before tax. For further discussion of income taxes, see Note 12 - Income Taxes of Notes to Condensed Consolidated Financial Statements.

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

Net income available to common stockholders increased by $195 primarily driven by:

- Lower net realized losses of $412, before tax, driven by a decline in value of equity securities in the 2022 period;
- In Group Benefits, an improved group life loss ratio driven by a lower level of mortality, the effect of higher fully insured ongoing premiums, including a lower expense ratio, and an improved group disability loss ratio, partially offset by lower net investment income; and
- A lower level of interest expense on corporate debt in the 2023 period compared to the 2022 period and a loss on extinguishment of debt in the 2022 period.

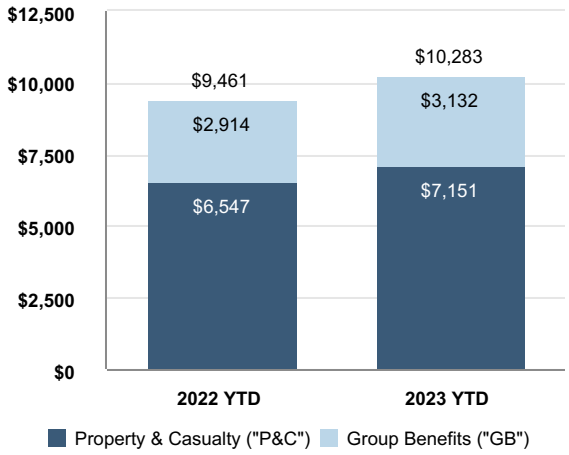
These increases were partially offset by:

- A decrease in P&C underwriting gain of $308, before tax, driven by higher current accident year catastrophe losses, a higher current accident year loss and LAE ratio before catastrophes in Personal Lines, and a lower level of favorable prior accident year reserve development, partially offset by the effect of earned premium growth, including a lower expense ratio; and
- In Hartford Funds, lower fee income net of variable expenses.

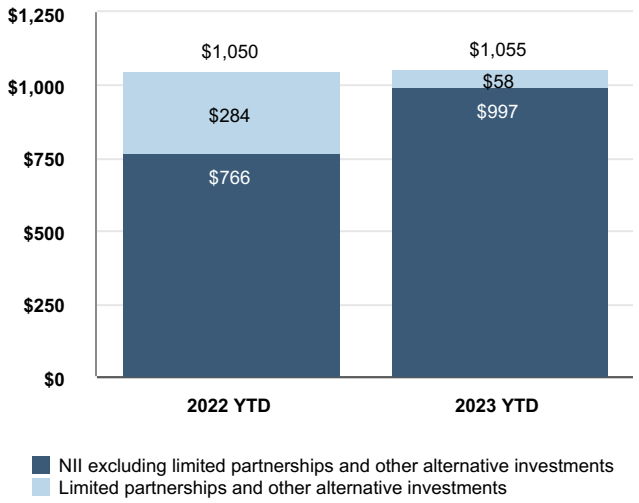
For a discussion of the Company's operating results by segment, see MD&A - Segment Operating Summaries.

REVENUE

Earned Premiums



Net Investment Income



Earned premiums increased by $822, or 9%, primarily due to:

- An increase in P&C reflecting an 11% increase in Commercial Lines and a 4% increase in Personal Lines.
  - Contributing to the increase in Commercial Lines was the effect of an increase in new business across lines of business, earned pricing increases, and higher insured exposures, principally in workers' compensation.
  - For Personal Lines, earned premium was up due to the effect of earned pricing increases, partially offset by non-renewals.
- An increase in Group Benefits earned premium of 7% due to increases in group life, group disability, and supplemental health product premiums, primarily driven by strong persistency and new business sales as well as an increase in exposure on existing accounts.

Fee income decreased, driven by lower daily average assets within Hartford Funds due to net outflows over the preceding twelve months partly offset by an increase in equity market levels since the prior year period.

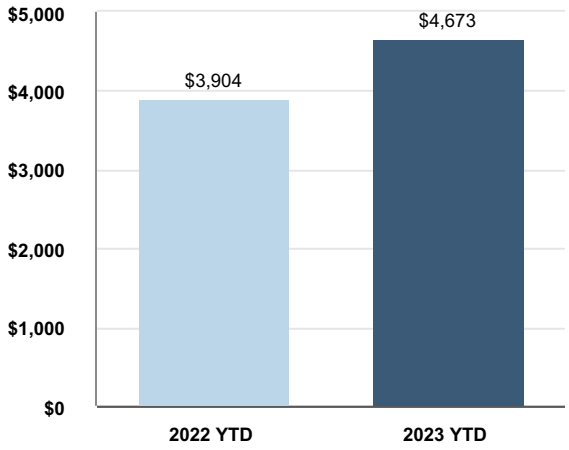
Net investment income increased slightly primarily due to the impact of a higher yield on variable-rate securities and reinvesting at higher rates. This increase was largely offset by lower limited partnership and other alternative investment income driven by income from sales of underlying real estate properties in the 2022 period, lower real estate fund valuations in the current year as compared to the prior year, and an increase in private equity fund valuations in the 2022 period.

Net realized losses decreased primarily due to a decline in value of equity securities in the 2022 period driven by lower equity market levels. Also included were fewer net losses on sales of fixed maturities in the 2023 period compared to the 2022 period, partially offset by losses on credit derivatives in the 2023 period due to credit spread tightening.

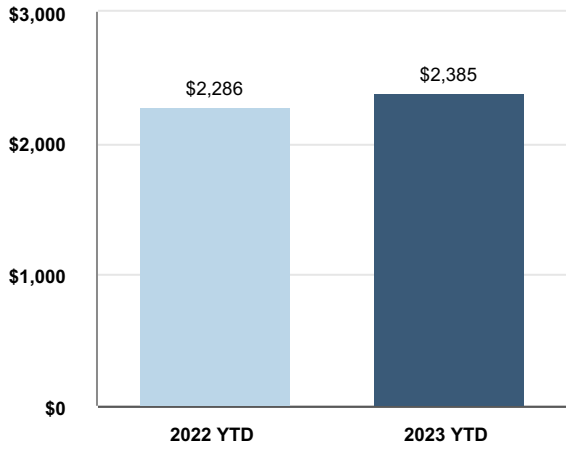
For further discussion of investment results, see MD&A - Investment Results, Net Realized Gains and MD&A - Investment Results, Net Investment Income.

BENEFITS, LOSSES AND EXPENSES

Losses and LAE Incurred for P&C



Losses and LAE Incurred for Group Benefits



Benefits, losses and loss adjustment expenses increased $868, comprised of:

- An increase in Property & Casualty of $769, which was attributable to:
  - An increase in P&C CAY loss and loss adjustment expenses before catastrophes of $524, before tax, primarily due to the effect of higher earned premiums in Commercial Lines and higher personal automobile claim severity.
  - An increase in current accident year catastrophe losses of $190, before tax. Catastrophe losses in the 2023 period included losses from tornado, wind and hail events across several regions of the United States, and losses from winter storms along the East and West Coasts. Catastrophe losses in the 2022 period included losses from tornado, wind and hail events in the South, Midwest and Central Plains, winter storms along the East Coast, and $27 of losses, net of reinsurance, related to the Ukraine conflict.
  - A decline in P&C net favorable prior accident year reserve development of $55, before tax. Prior accident year reserve development in the 2023 period was a net favorable $39, before tax, primarily driven by decreases in reserves related to workers' compensation and catastrophes, offset by increases in reserves for general liability, Personal Lines automobile physical damage, assumed reinsurance, bond, and uncollectible reinsurance. Prior accident year reserve development in the 2022 period was a net favorable $94, before tax, primarily driven by reserve decreases in workers' compensation, catastrophes, package business, and commercial property, partially offset by reserve increases in general liability, assumed reinsurance, and commercial automobile liability. For further discussion, see Note 9 - Reserve for Unpaid Losses and Loss Adjustment Expenses of Notes to Condensed Consolidated Financial Statements.
- An increase in Group Benefits of $99, before tax, primarily driven by the effect of an increase in earned premiums and higher incidence on paid family leave products, partially offset by the impact of lower mortality levels and lower incidence and favorable recoveries in long-term disability.

Amortization of deferred policy acquisition costs increased from the prior year period driven by Commercial Lines, reflecting an increase in earned premiums across all commercial lines of business.

Insurance operating costs and other expenses increased slightly due to:

- Technology investments made to improve customer and broker experience and data analytics to enhance underwriting and pricing capabilities; and
- Increased expense from higher staffing costs and commissions in Commercial Lines and Group Benefits partly in response to increased business volume, mostly offset by lower incentive compensation.

These increases were offset by:

- Lower variable expenses in Hartford Funds;
- Incremental savings from the Company's Hartford Next operational transformation and cost reduction plan;
- Lower direct marketing costs in Personal Lines; and
- Loss on extinguishment of debt in the 2022 period.

Interest Expense decreased primarily due to the Company redeeming $600 aggregate principal amount of junior subordinated debentures on April 15, 2022.

Income tax expense increased primarily due to an increase in income before tax. For further discussion of income taxes, see Note 12 - Income Taxes of Notes to Condensed Consolidated Financial Statements.

INVESTMENT RESULTS

Composition of Invested Assets

	June 30, 2023		December 31, 2022	
	Amount	Percent	Amount	Percent
Fixed maturities, AFS, at fair value	$ 37,497	71.2 %	$ 36,231	68.9 %
Fixed maturities, at fair value using the fair value option ("FVO")	320	0.6 %	333	0.6 %
Equity securities, at fair value	895	1.7 %	1,801	3.4 %
Mortgage loans (net of allowance for credit losses ("ACL") of $41 and $36)	6,020	11.4 %	6,000	11.4 %
Limited partnerships and other alternative investments	4,527	8.6 %	4,177	8.0 %
Other investments [1]	173	0.3 %	159	0.3 %
Short-term investments	3,236	6.2 %	3,859	7.4 %
Total investments	**$ 52,668**	**100.0 %**	**$ 52,560**	**100.0 %**

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

June 30, 2023 compared to December 31, 2022

Total investments increased slightly primarily due to an increase in fixed maturities, AFS, at fair value and limited partnerships and other alternative investments, partially offset by a decrease in equity securities, at fair value and short-term investments.

Fixed maturities, AFS, at fair value increased primarily due to net additions of asset backed securities ("ABS") and corporate bonds and an increase in valuations as a result of tighter credit spreads.

Limited partnerships and other alternative investments increased primarily driven by additional investments.

Equity securities, at fair value decreased primarily due to sales of common stocks. The remaining equity securities, at fair value is comprised of approximately 50% of preferred stock.

Short-term investments decreased primarily due to the Boy Scouts of America settlement paid on April 20, 2023.

Net Investment Income

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
(Before tax)	Amount	Yield [1]	Amount	Yield [1]	Amount	Yield [1]	Amount	Yield [1]
Fixed maturities [2]	$ 460	4.2 %	$ 346	3.2 %	$ 905	4.1 %	$ 677	3.2 %
Equity securities	9	3.3 %	13	2.7 %	22	3.1 %	25	2.6 %
Mortgage loans	58	3.8 %	53	3.6 %	115	3.8 %	103	3.6 %
Limited partnerships and other alternative investments	32	2.9 %	158	17.3 %	58	2.7 %	284	16.3 %
Other [3]	4		(7)		2		2	
Investment expense	(23)		(22)		(47)		(41)	
Total net investment income	**$ 540**	**3.9 %**	**$ 541**	**3.9 %**	**$ 1,055**	**3.8 %**	**$ 1,050**	**3.8 %**
Total net investment income excluding limited partnerships and other alternative investments	**$ 508**	**4.0 %**	**$ 383**	**3.0 %**	**$ 997**	**3.9 %**	**$ 766**	**3.0 %**

[1] Yields calculated using annualized net investment income divided by the monthly average invested assets at amortized cost, as applicable, excluding 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 and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Total net investment income largely flat due to:

- Higher yield on variable-rate securities and the impact of reinvesting at higher rates; and
- Largely offset by lower income from limited partnerships and other alternative investments driven by income from sales of underlying real estate properties in the 2022 period and lower real estate fund valuations. In addition, the six month period of 2022 included valuation increases on private equity funds.

Annualized net investment income yield, excluding limited partnerships and other alternative investments, was up primarily due to a higher yield on variable-rate securities and higher reinvestment rates.

Average reinvestment rates, on fixed maturities and mortgage loans, excluding certain U.S. Treasury securities, for the three and six months ended June 30, 2023 were 5.3% and 5.6%, respectively, which were above the average yield of sales and maturities of 4.1% and 4.1%, respectively. Average reinvestment rates for the three and six months ended June 30, 2022, were 4.5% and 3.8%, respectively, which were above the average yield of sales and maturities of 3.6% and 3.3%, respectively.

For the 2023 calendar year, we expect the annualized net investment income yield, excluding limited partnerships and other alternative investments, to be above the portfolio yield earned in 2022 due to the higher rate environment. The estimated impact on annualized net investment income yield is subject to variability due to evolving market conditions, active portfolio management, and the level of non-routine income items, such as make-whole payments, prepayment penalties on mortgage loans and yield adjustments on prepayable securities.

Net Realized Gains (Losses)

	Three Months Ended June 30,		Six Months Ended June 30,	
(Before tax)	2023	2022	2023	2022
Gross gains on sales of fixed maturities	$ 3	$ 15	$ 20	$ 38
Gross losses on sales of fixed maturities	(21)	(80)	(60)	(175)
Equity securities [1]	10	(262)	45	(369)
Net credit losses on fixed maturities, AFS [2]	(3)	—	(8)	(12)
Change in ACL on mortgage loans [3]	(5)	(5)	(5)	(7)
Intent-to-sell impairments [2]	—	—	—	(3)
Other, net [4]	(48)	(6)	(63)	45
Net realized losses	**$ (64)**	**$ (338)**	**$ (71)**	**$ (483)**

[1] The change in net unrealized gains (losses) on equity securities still held as of June 30, 2023 and included in net realized gains (losses) were $7 and $7 for the three and six months ended June 30, 2023, respectively. The change in net unrealized gains (losses) on equity securities still held as of June 30, 2022 and included in net realized gains (losses) were $(259) and $(366) for the three and six months ended June 30, 2022, respectively.

[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 and six months ended June 30, 2023, includes gains (losses) from transactional foreign currency revaluation of $(9) and $(16), respectively, and gains (losses) on non-qualifying derivatives of $(39) and $(34), respectively. For the three and six months ended June 30, 2022, includes gains (losses) from transactional foreign currency revaluation of $15 and $21, respectively, and gains (losses) on non-qualifying derivatives of $14 and $61, respectively.

Three and six months ended June 30, 2023

Gross gains and losses on sales were primarily due to sales of corporate securities and tax-exempt municipals, in addition to sales of U.S. treasuries for duration and/or liquidity management.

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

Other, net losses for the three and six month periods ended June 30, 2023 primarily included losses of $36 and $52, respectively, on credit derivatives primarily due to changes in valuation, and, losses of $9 and $16, respectively, on transactional foreign currency revaluation. Also included for the six month period ended June 30, 2023 were losses of $11 on FVO securities due to changes in credit spreads and gains of $18 on interest rate derivatives driven by an increase in interest rates.

Three and six months ended June 30, 2022

Gross gains and losses on sales were primarily due to sales of U.S. treasuries for duration management and to fund purchases of spread product, mortgage loans, and alternative investments. Also included were sales of corporate securities and tax-exempt municipals and tender activity.

Equity securities net losses were primarily driven by a decline in value due to lower equity market levels.

Other, net gains and losses for the three and six month periods ended June 30, 2022 included gains of $15 and $21, respectively, on transactional foreign currency revaluation, and, losses of $20 and $23, respectively, on FVO securities due to credit spread widening. Also included for the six month period ended June 30, 2022 were gains of $37 on interest rate derivatives driven by an increase in interest rates and $14 on the termination of commodity derivatives driven by an increase in the price of crude oil.

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 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.

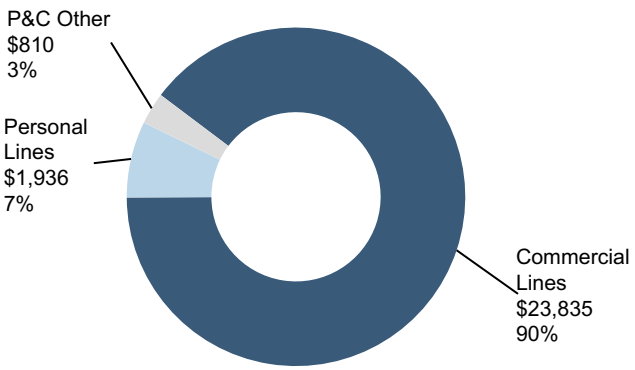
In developing these estimates, management makes subjective and complex judgments that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate based upon the facts available upon compilation of the financial statements. 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.

The Company's critical accounting estimates are discussed in Part II, Item 7 MD&A in the Company's 2022 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 2022 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 June 30, 2023.

PROPERTY & CASUALTY INSURANCE PRODUCT RESERVES, NET OF REINSURANCE

P&C Loss and Loss Adjustment Expense Reserves, Net of Reinsurance, by Segment as of June 30, 2023



Based on the results of the quarterly reserve review process, the Company determines the appropriate reserve adjustments, if any, to record. Recorded reserve estimates represent the Company's best estimate of the ultimate settlement amount of unpaid losses and loss adjustment expenses. The Company does not use statistical loss distributions or confidence levels in the process of determining its reserve estimate and, as a result, does not disclose reserve ranges. Assumptions used in arriving at the selected actuarial indications consider a number of factors, including the immaturity of emerged claims in recent accident years, emerging trends in the recent past, and the level of volatility within each 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 Six Months Ended June 30, 2023

	Commercial Lines	Personal Lines	Property & Casualty Other Operations	Total Property & Casualty
Beginning liabilities for unpaid losses and loss adjustment expenses, gross	**$ 28,453**	**$ 1,857**	**$ 2,773**	**$ 33,083**
Reinsurance and other recoverables	4,574	28	1,863	6,465
Beginning liabilities for unpaid losses and loss adjustment expenses, net	**23,879**	**1,829**	**910**	**26,618**
Provision for unpaid losses and loss adjustment expenses				
Current accident year before catastrophes	3,202	1,099	—	4,301
Current accident year catastrophes	261	150	—	411
Prior accident year development ("PYD")	(61)	17	5	(39)
Total provision for unpaid losses and loss adjustment expenses	**3,402**	**1,266**	**5**	**4,673**
Payments	(3,464)	(1,159)	(105)	(4,728)
Foreign currency adjustment	18	—	—	18
Ending liabilities for unpaid losses and loss adjustment expenses, net	**23,835**	**1,936**	**810**	**26,581**
Reinsurance and other recoverables	4,583	31	1,834	6,448
Ending liabilities for unpaid losses and loss adjustment expenses, gross	**$ 28,418**	**$ 1,967**	**$ 2,644**	**$ 33,029**
Earned premiums and fee income	$ 5,672	$ 1,514		
Loss and loss expense paid ratio [1]	61.1	76.6		
Loss and loss expense incurred ratio	60.2	84.5		
Prior accident year development (pts) [2]	(1.1)	1.1		

[1] The "loss and loss expense paid ratio" represents the ratio of paid losses and loss adjustment expenses to earned premiums and fee income.
[2] "Prior accident year development (pts)" represents the ratio of prior accident year development to earned premiums.

Current Accident Year Catastrophe Losses, Net of Reinsurance

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	Commercial Lines	Personal Lines	Total [1]	Commercial Lines	Personal Lines	Total
Wind and hail	$ 110	$ 102	$ 212	$ 153	$ 135	$ 288
Winter storms	(4)	1	(3)	76	15	91
Catastrophes before assumed reinsurance	**106**	**103**	**209**	**229**	**150**	**379**
Global assumed reinsurance business [1]	17	—	17	32	—	32
Total catastrophe losses	**$ 123**	**$ 103**	**$ 226**	**$ 261**	**$ 150**	**$ 411**

[1] Catastrophe losses incurred on global assumed reinsurance business are not covered under the Company's aggregate property catastrophe treaty. 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 June 30, 2023

	Commercial Lines	Personal Lines	Property & Casualty Other Operations	Total Property & Casualty Insurance
Workers' compensation	$ (52)	$ —	$ —	$ (52)
Workers' compensation discount accretion	11	—	—	11
General liability	16	—	—	16
Marine	(2)	—	—	(2)
Package business	(3)	—	—	(3)
Commercial property	(5)	—	—	(5)
Professional liability	(3)	—	—	(3)
Bond	12	—	—	12
Assumed reinsurance	15	—	—	15
Automobile liability	6	—	—	6
Homeowners	—	2	—	2
Net asbestos and environmental ("A&E") reserves	—	—	—	—
Catastrophes	(40)	(4)	—	(44)
Uncollectible reinsurance	4	—	—	4
Other reserve re-estimates, net	3	(1)	2	4
Total prior accident year development	**$ (38)**	**$ (3)**	**$ 2**	**$ (39)**

Unfavorable (Favorable) Prior Accident Year Development for the Six Months Ended June 30, 2023

	Commercial Lines	Personal Lines	Property & Casualty Other Operations	Total Property & Casualty Insurance
Workers' compensation	$ (113)	$ —	$ —	$ (113)
Workers' compensation discount accretion	22	—	—	22
General liability	28	—	—	28
Marine	(1)	—	—	(1)
Package business	(8)	—	—	(8)
Commercial property	—	—	—	—
Professional liability	(3)	—	—	(3)
Bond	12	—	—	12
Assumed reinsurance	17	—	—	17
Automobile liability	6	—	—	6
Homeowners	—	1	—	1
Net A&E reserves	—	—	—	—
Catastrophes	(40)	(4)	—	(44)
Uncollectible reinsurance	9	—	3	12
Other reserve re-estimates, net [1]	10	20	2	32
Total prior accident year development	**$ (61)**	**$ 17**	**$ 5**	**$ (39)**

[1] Other reserve re-estimates for the six months ended June 30, 2023 includes a $22 increase in personal automobile physical damage reserves.

Rollforward of Property and Casualty Insurance Product Liabilities for Unpaid Losses and LAE for the Six Months Ended June 30, 2022

	Commercial Lines	Personal Lines	Property & Casualty Other Operations	Total Property & Casualty Insurance
Beginning liabilities for unpaid losses and loss adjustment expenses, gross	**$ 26,906**	**$ 1,844**	**$ 2,699**	**$ 31,449**
Reinsurance and other recoverables	4,480	37	1,564	6,081
Beginning liabilities for unpaid losses and loss adjustment expenses, net	**22,426**	**1,807**	**1,135**	**25,368**
Provision for unpaid losses and loss adjustment expenses				
Current accident year before catastrophes	2,862	915	—	3,777
Current accident year catastrophes	148	73	—	221
Prior accident year development	(121)	(3)	30	(94)
Total provision for unpaid losses and loss adjustment expenses	**2,889**	**985**	**30**	**3,904**
Payments	(2,334)	(1,028)	(158)	(3,520)
Foreign currency adjustment	(29)	—	—	(29)
Ending liabilities for unpaid losses and loss adjustment expenses, net	**22,952**	**1,764**	**1,007**	**25,723**
Reinsurance and other recoverables	4,586	36	1,590	6,212
Ending liabilities for unpaid losses and loss adjustment expenses, gross	**$ 27,538**	**$ 1,800**	**$ 2,597**	**$ 31,935**
Earned premiums and fee income	$ 5,120	$ 1,461		
Loss and loss expense paid ratio [1]	45.6	70.4		
Loss and loss expense incurred ratio	56.6	68.1		
Prior accident year development (pts) [2]	(2.4)	(0.2)		

[1] The "loss and loss expense paid ratio" represents the ratio of paid losses and loss adjustment expenses to earned premiums and fee income.
[2] "Prior accident year development (pts)" represents the ratio of prior accident year development to earned premiums.

Current Accident Year Catastrophe Losses, Net of Reinsurance

	Three Months Ended June 30, 2022			Six Months Ended June 30, 2022		
	Commercial Lines	Personal Lines	Total	Commercial Lines	Personal Lines	Total
Wind and hail	$ 54	$ 53	$ 107	$ 71	$ 65	$ 136
Winter storms	(4)	—	(4)	19	5	24
Wildfires	—	3	3	—	3	3
Ukraine conflict [1]	—	—	—	23	—	23
Tropical Storms	2	—	2	2	—	2
Catastrophes before assumed reinsurance	**52**	**56**	**108**	**115**	**73**	**188**
Global assumed reinsurance business [1] [2]	15	—	15	33	—	33
Total catastrophe losses	**$ 67**	**$ 56**	**$ 123**	**$ 148**	**$ 73**	**$ 221**

[1] Total catastrophe losses resulting from the Ukraine conflict were $27, net of reinsurance, including $4 within global assumed reinsurance for the six months ended June 30, 2022, all in the first quarter.
[2] Catastrophe losses incurred on global assumed reinsurance business are not covered under the Company's aggregate property catastrophe treaty. 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 June 30, 2022

	Commercial Lines	Personal Lines	Property & Casualty Other Operations	Total Property & Casualty Insurance
Workers' compensation	$ (40)	$ —	$ —	$ (40)
Workers' compensation discount accretion	9	—	—	9
General liability	(10)	—	31	21
Marine	(3)	—	—	(3)
Package business	(13)	—	—	(13)
Commercial property	(6)	—	—	(6)
Professional liability	(9)	—	—	(9)
Bond	(4)	—	—	(4)
Assumed Reinsurance	—	—	—	—
Automobile liability	12	—	—	12
Homeowners	—	—	—	—
Net A&E reserves	—	—	—	—
Catastrophes	(26)	(1)	—	(27)
Uncollectible reinsurance	—	—	6	6
Other reserve re-estimates, net	2	1	(7)	(4)
Total prior accident year development	**$ (88)**	**$ —**	**$ 30**	**$ (58)**

Unfavorable (Favorable) Prior Accident Year Development for the Six Months Ended June 30, 2022

	Commercial Lines	Personal Lines	Property & Casualty Other Operations	Total Property & Casualty Insurance
Workers' compensation	$ (85)	$ —	$ —	$ (85)
Workers' compensation discount accretion	18	—	—	18
General liability	2	—	31	33
Marine	(3)	—	—	(3)
Package business	(24)	—	—	(24)
Commercial property	(21)	—	—	(21)
Professional liability	(9)	—	—	(9)
Bond	(4)	—	—	(4)
Assumed reinsurance	12	—	—	12
Automobile liability	12	(5)	—	7
Homeowners	—	—	—	—
Net A&E reserves	—	—	—	—
Catastrophes	(29)	(1)	—	(30)
Uncollectible reinsurance	—	—	6	6
Other reserve re-estimates, net	10	3	(7)	6
Total prior accident year development	**$ (121)**	**$ (3)**	**$ 30**	**$ (94)**

For discussion of the factors contributing to unfavorable (favorable) prior accident year reserve development for both the 2023 and 2022 periods, 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 June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Written premiums	$ 3,177	$ 2,836	12%	$ 6,286	$ 5,645	11%
Change in unearned premium reserve	291	221	32%	634	544	17%
Earned premiums	2,886	2,615	10%	5,652	5,101	11%
Fee income	10	10	—%	20	19	5%
Losses and loss adjustment expenses						
Current accident year before catastrophes	1,638	1,467	12%	3,202	2,862	12%
Current accident year catastrophes [1]	123	67	84%	261	148	76%
Prior accident year development [1]	(38)	(88)	57%	(61)	(121)	50%
Total losses and loss adjustment expenses	1,723	1,446	19%	3,402	2,889	18%
Amortization of deferred policy acquisition costs	436	385	13%	860	756	14%
Underwriting expenses	469	447	5%	925	872	6%
Amortization of other intangible assets	7	7	—%	14	14	—%
Dividends to policyholders	7	7	—%	15	14	7%
Underwriting gain	**254**	**333**	**(24%)**	**456**	**575**	**(21%)**
Net investment income [2]	364	356	2%	702	689	2%
Net realized losses [2]	(51)	(198)	74%	(70)	(289)	76%
Other income (expense)	—	(1)	100%	—	(7)	100%
Income before income taxes	**567**	**490**	**16%**	**1,088**	**968**	**12%**
Income tax expense [3]	109	101	8%	209	196	7%
Net income	**$ 458**	**$ 389**	**18%**	**$ 879**	**$ 772**	**14%**

[1]For additional information on 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 12 - Income Taxes of Notes to Condensed Consolidated Financial Statements.

Premium Measures

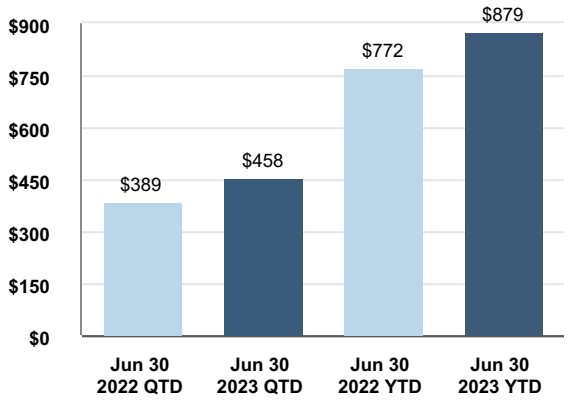
	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Small Commercial:				
Net new business premium	$ 237	$ 201	$ 479	$ 387
Policy count retention	85 %	85 %	85 %	86 %
Renewal written price increases	4.2 %	3.4 %	4.0 %	3.3 %
Renewal earned price increases	4.0 %	3.3 %	3.9 %	3.3 %
Policies in-force as of end of period (in thousands)	1,461	1,395		
Middle Market [1]:				
Net new business premium	$ 164	$ 130	$ 312	$ 250
Premium retention	83 %	82 %	83 %	82 %
Renewal written price increases	7.6 %	5.1 %	7.1 %	5.1 %
Renewal earned price increases	6.5 %	5.7 %	6.3 %	5.8 %
Global Specialty:				
Global specialty gross new business premium [2]	$ 246	$ 226	$ 437	$ 432
Renewal written price increases [3]	4.6 %	6.7 %	4.1 %	7.9 %
Renewal earned price increases [3]	5.1 %	9.7 %	5.6 %	10.8 %

[1] Except for net new business premium, metrics for middle market exclude loss sensitive and programs businesses.
[2] Excludes Global Re and is before ceded reinsurance.
[3] Excludes Global Re, offshore energy policies, credit and political risk insurance 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.

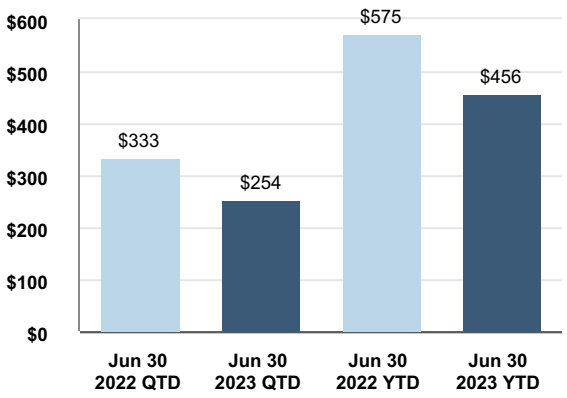
Underwriting Ratios

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Loss and loss adjustment expense ratio						
Current accident year before catastrophes	56.8	56.1	0.7	56.7	56.1	0.6
Current accident year catastrophes	4.3	2.6	1.7	4.6	2.9	1.7
Prior accident year development	(1.3)	(3.4)	2.1	(1.1)	(2.4)	1.3
Total loss and loss adjustment expense ratio	59.7	55.3	4.4	60.2	56.6	3.6
Expense ratio	31.3	31.7	(0.4)	31.5	31.8	(0.3)
Policyholder dividend ratio	0.2	0.3	(0.1)	0.3	0.3	—
Combined ratio	**91.2**	**87.3**	**3.9**	**91.9**	**88.7**	**3.2**
Impact of current accident year catastrophes and prior year development	(3.0)	0.8	(3.8)	(3.5)	(0.5)	(3.0)
Underlying combined ratio	**88.3**	**88.1**	**0.2**	**88.4**	**88.2**	**0.2**

Net Income



Underwriting Gain



Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Net income for the three and six months ended June 30, 2023 increased primarily due to lower net realized losses, partially offset by a lower underwriting gain.

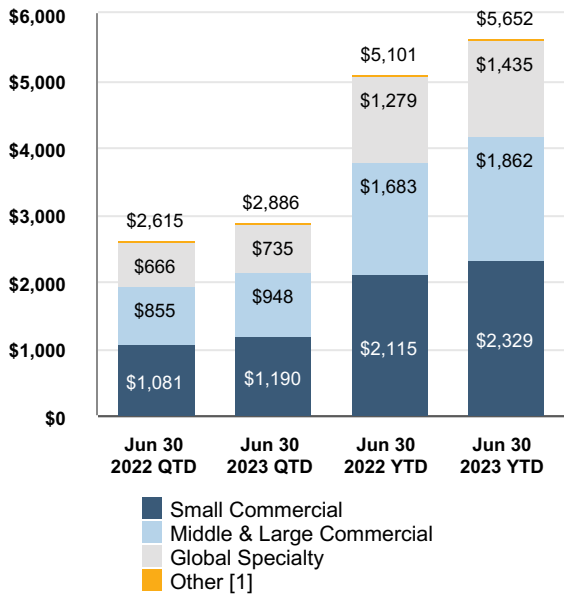
For further discussion of investment results, see MD&A - Investment Results.

Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Underwriting gain for the three and six months ended June 30, 2023 decreased driven by higher current accident year catastrophes, lower favorable prior accident year development, and a higher current accident year loss and LAE ratio before catastrophes, partially offset by the effect of earned premium growth, including a lower expense ratio.

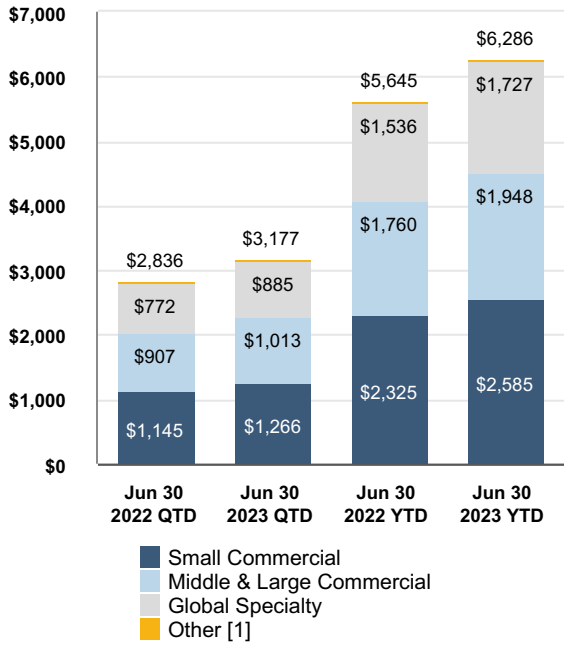
Expense ratio decreased in both periods driven by the impact of higher earned premium, lower incentive compensation and incremental savings from the Hartford Next program, partially offset by investments in technology and higher underwriter staffing costs.

Earned Premiums



[1]Other earned premiums of $13 and $13, for the three months ended June 30, 2022, and 2023, respectively, and $24 and $26 for the six months ended June 30, 2022 and 2023, respectively is included in the total.

Written Premiums



[1]Other written premiums of $12 and $13 for the three months ended June 30, 2022, and 2023, respectively, and $24 and $26 for the six months ended June 30, 2022 and 2023 is included in the total.

Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Earned premiums for the three and six month periods increased due to written premium increases over the prior 12 months, including the effect of higher insured exposures.

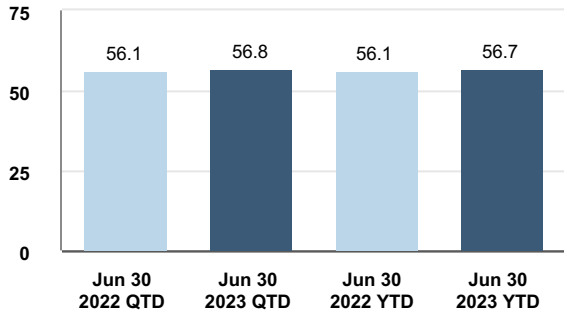
Written premiums for the three and six month periods increased driven by double-digit growth across small commercial, middle & large commercial and global specialty.

- Small commercial written premium increased in both periods driven by double-digit new business growth, renewal written price increases in all lines and higher insured exposures. Written premium grew in all lines of business, with the most significant growth in package business, workers' compensation and excess and surplus lines.
- Middle & large commercial written premium increased in both periods driven by double-digit new business growth, renewal written price increases in all lines, and higher insured exposures. Written premium grew in nearly all lines across general industries, industry verticals and specialty markets.
- Global specialty written premium increased in both periods driven by written price increases across almost all lines as well as an increase in gross new business. Written premiums grew across most U.S. and international lines, with the most significant growth in global reinsurance.

Renewal written price increases were recognized in nearly all lines in both the three and six month periods, with accelerating price increases across most lines other than workers' compensation and director's and officer's.

- In small commercial excluding workers' compensation, renewal written price increases were higher in 2023, with high-single digit price increases in package business and automobile and double-digit increases in excess and surplus lines. Workers' compensation pricing moderated from 2022 but was slightly positive due to the effect of wage inflation largely offset by lower net rates.
- In middle market, the Company recognized high single-digit to low double-digit price increases in most lines other than workers' compensation, which was slightly positive due to the effect of wage inflation largely offset by lower net rates.
- In global specialty, price increases continued to moderate from prior year levels and we achieved low single-digit renewal written price increases overall, with the highest increases in property, marine and casualty lines.

Current Accident Year Loss and LAE Ratio before Catastrophes

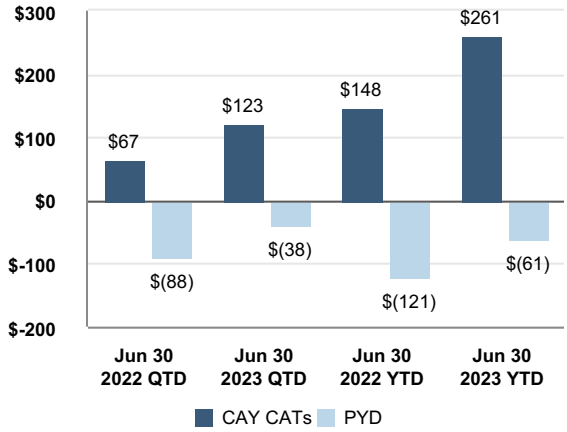


Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Current accident year loss and LAE ratio before catastrophes increased in the three month period due to a higher loss ratio in workers' compensation, and to a lesser extent, slightly elevated losses in a run-off line within the international book.

Current accident year loss and LAE ratio before catastrophes increased in the six month period principally driven by a higher loss ratio in workers' compensation, partially offset by a lower loss ratio in international. The lower loss ratio in global specialty international was mostly driven by the effect on the prior year ratio of $11 before tax in reinstatement premium owed to reinsurers related to ceding Ukraine conflict losses and a large ocean marine loss from an oil spill off the coast of Peru, both of which occurred in the three months ended March 31, 2022.

Catastrophes and Unfavorable (Favorable) Prior Accident Year Development



Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Current accident year catastrophe losses for the three and six months ended June 30, 2023 included losses from tornado, wind and hail events across several regions of the United States and, for the six month period, winter storms primarily on the East and West coasts.

Current accident year catastrophe losses for the three and six months ended June 30, 2022 included losses from tornado, wind and hail events primarily in the South, Midwest and Central Plains, and, for the six month period, winter storms along the East coast and $27 of losses, net of reinsurance, related to the Ukraine conflict.

Prior accident year development was net favorable for the three and six months ended June 30, 2023 and included reserve decreases for workers' compensation and catastrophes, partially offset by reserve increases for general liability, assumed reinsurance and bond.

Prior accident year development was net favorable for the three and six months ended June 30, 2022. Reserve development in the 2022 periods included reserve decreases for workers' compensation, catastrophes, package business and commercial property, partially offset by reserve increases for automobile liability and, for the six month period, assumed reinsurance. In the three and six month periods, an increase in reserves for general liability related to excess casualty and primary construction was largely offset by a reallocation of a portion of reserves for sexual molestation and sexual abuse claims from Commercial Lines to P&C Other Operations. The reallocated reserves relate to excess liability policies written by a legal entity in P&C Other Operations for amounts owed to claimants under the agreement in principle reached with the Boy Scouts of America ("BSA") on sexual molestation and sexual abuse claims in third quarter 2021. In total for the Company, there was no change in the liability for settlement amounts owed on BSA claims. The six months ended June 30, 2022 also included reserve decreases for professional liability.

PERSONAL LINES - RESULTS OF OPERATIONS

Underwriting Summary

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Written premiums	$ 802	$ 756	6%	$ 1,549	$ 1,463	6%
Change in unearned premium reserve	42	30	40%	50	17	194%
Earned premiums	760	726	5%	1,499	1,446	4%
Fee income	7	7	—%	15	15	—%
Losses and loss adjustment expenses						
Current accident year before catastrophes	578	477	21%	1,099	915	20%
Current accident year catastrophes [1]	103	56	84%	150	73	105%
Prior accident year development [1]	(3)	—	NM	17	(3)	NM
Total losses and loss adjustment expenses	678	533	27%	1,266	985	29%
Amortization of DAC	57	56	2%	115	113	2%
Underwriting expenses	145	157	(8%)	290	306	(5%)
Amortization of other intangible assets	—	—	—%	1	1	—%
Underwriting gain (loss)	**(113)**	**(13)**	**NM**	**(158)**	**56**	**NM**
Net investment income [2]	34	35	(3%)	72	68	6%
Net realized losses [2]	(5)	(18)	72%	(6)	(27)	78%
Net servicing and other income (expense) [3]	7	3	133%	13	7	86%
Income (loss) before income taxes	**(77)**	**7**	**NM**	**(79)**	**104**	**(176%)**
Income tax expense (benefit) [4]	(17)	1	NM	(18)	21	(186%)
Net income (loss)	**$ (60)**	**$ 6**	**NM**	**$ (61)**	**$ 83**	**(173)%**

[1] For additional information on current accident year catastrophes and prior accident year development, see MD&A - Critical Accounting Estimates, Property & Casualty Insurance Product Reserves, 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] Includes servicing revenues of $24 and $19 for the three months ended June 30, 2023 and 2022, respectively, and $43 and $36 for the six months ended June 30, 2023 and 2022, respectively. Includes servicing expenses of $16 and $15 for the three months ended June 30, 2023 and 2022, respectively, and $30 and $28 for the six months ended June 30, 2023 and 2022, respectively.

[4] For discussion of income taxes, see Note 12 - Income Taxes of Notes to Condensed Consolidated Financial Statements.

Written and Earned Premiums

	Three Months Ended June 30,			Six Months Ended June 30,		
Written Premiums	2023	2022	Change	2023	2022	Change
Product Line						
Automobile	$ 543	$ 509	7%	$ 1,072	$ 1,006	7%
Homeowners	259	247	5%	477	457	4%
Total	**$ 802**	**$ 756**	**6%**	**$ 1,549**	**$ 1,463**	6%
Earned Premiums						
Product Line						
Automobile	$ 523	$ 497	5%	$ 1,032	$ 990	4%
Homeowners	237	229	3%	467	456	2%
Total	**$ 760**	**$ 726**	**5%**	**$ 1,499**	**$ 1,446**	4%

Premium Measures

Premium Measures	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Policies in-force end of period (in thousands)				
Automobile	1,287	1,315		
Homeowners	723	756		
Net new business premium				
Automobile	$ 52	$ 57	$ 98	$ 115
Homeowners	$ 22	$ 19	$ 43	$ 34
Policy count retention				
Automobile	86 %	84 %	85 %	84 %
Homeowners	84 %	84 %	84 %	84 %
Renewal written price increase				
Automobile	13.8 %	4.0 %	11.9 %	3.5 %
Homeowners	14.4 %	9.0 %	14.2 %	8.9 %
Renewal earned price increase				
Automobile	8.5 %	2.7 %	7.3 %	2.5 %
Homeowners	12.7 %	8.4 %	12.0 %	8.4 %

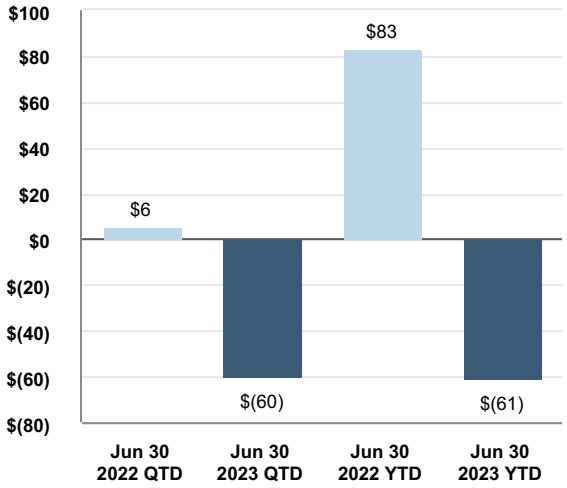
Underwriting Ratios

Underwriting Ratios	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Three Months Ended June 30, Change	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Six Months Ended June 30, Change
Loss and loss adjustment expense ratio						
Current accident year before catastrophes	76.1	65.7	10.4	73.3	63.3	10.0
Current accident year catastrophes	13.6	7.7	5.9	10.0	5.0	5.0
Prior year development	(0.4)	—	(0.4)	1.1	(0.2)	1.3
Total loss and loss adjustment expense ratio	89.2	73.4	15.8	84.5	68.1	16.4
Expense ratio	25.7	28.4	(2.7)	26.1	28.0	(1.9)
Combined ratio	**114.9**	**101.8**	**13.1**	**110.5**	**96.1**	**14.4**
Impact of current accident year catastrophes and prior year development	(13.2)	(7.7)	(5.5)	(11.1)	(4.8)	(6.3)
Underlying combined ratio	**101.7**	**94.1**	**7.6**	**99.4**	**91.3**	**8.1**

Product Combined Ratios

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Three Months Ended June 30, Change	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Six Months Ended June 30, Change
Automobile						
Combined ratio	116.4	101.2	15.2	113.3	97.0	16.3
Underlying combined ratio	111.8	100.0	11.8	108.5	96.7	11.8
Homeowners						
Combined ratio	115.1	103.1	12.0	106.1	94.2	11.9
Underlying combined ratio	79.6	82.0	(2.4)	79.2	79.7	(0.5)

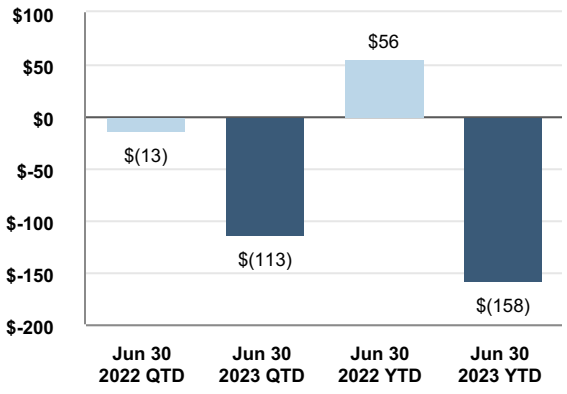
Net Income (Loss)



Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Net income changed to a net loss for both the three and six months ended June 30, 2022. For the three month period, the change was largely driven by an increase in the underwriting loss, partially offset by a decrease in net realized losses. For the six month period, the change was largely driven by a change from an underwriting gain to an underwriting loss, partially offset by a decrease in net realized losses and an increase in net investment income.

Underwriting Gain (Loss)

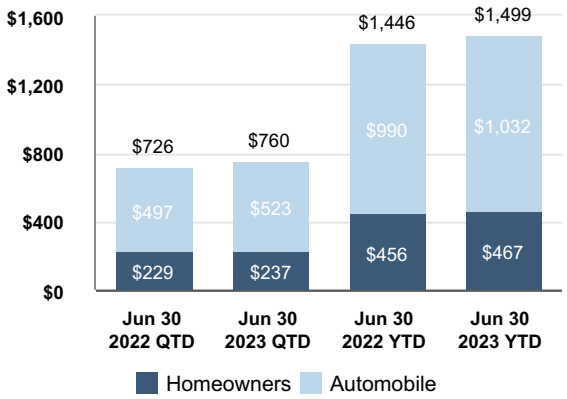


Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

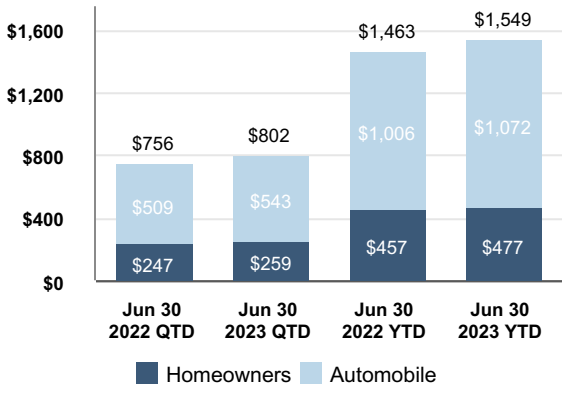
Underwriting gain (loss) Underwriting loss increased in the three month period, and changed from a gain to a loss in the six month period, primarily due to higher current accident year losses before catastrophes in automobile and an increase in current accident year catastrophe losses, partially offset by a decrease in direct marketing costs and an increase in earned premium due to renewal pricing increases. In the six month period, a change to net unfavorable prior accident year reserve development also contributed.

Expense ratio decreased in 2023 primarily due to lower direct marketing costs, and to a lesser extent, the impact of higher earned premium and Hartford Next savings.

Earned Premiums



Written Premiums



Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Earned premiums increased in both the three and six month periods due to an increase in written premium over the prior twelve months in both automobile and in homeowners.

Written premiums increased in automobile in both the three and six month periods due to the effect of written pricing increases. Written premiums increased in homeowners in both the three and six month periods primarily due to an increase in new business and the effect of written pricing increases.

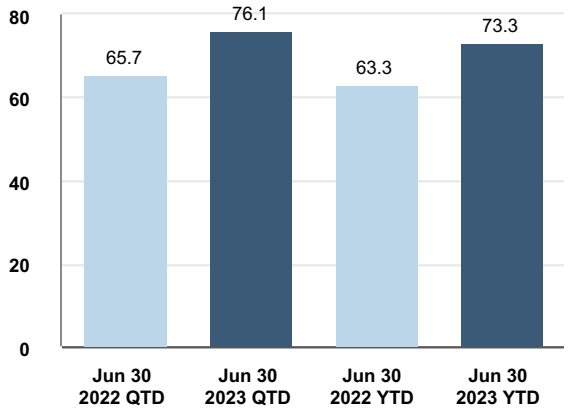
Renewal written pricing increases were higher for both automobile and homeowners in the three and six month periods

ended June 30, 2023 primarily in response to recent higher loss cost trends as well as higher insured values in homeowners.

Policy count retention for automobile was higher while, for homeowners, policy count retention was flat partly due to policyholder response to pricing increases.

Policies in-force decreased in 2023 for both automobile and for homeowners compared to the end of second quarter 2022, reflecting the level of new business in relation to non-renewed policies.

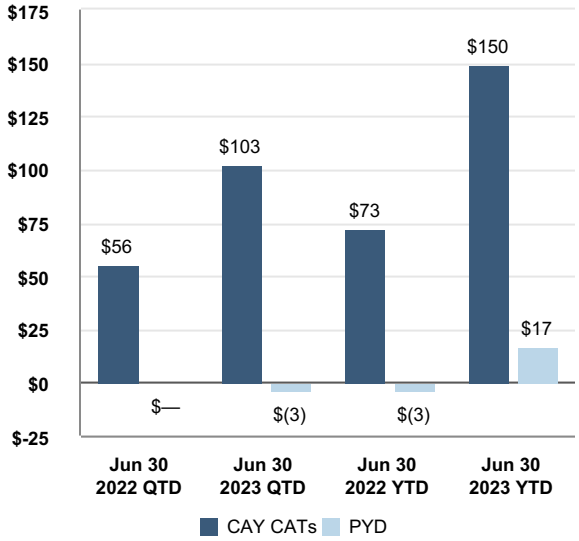
Current Accident Year Loss and LAE Ratio before Catastrophes



Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Current accident year Loss and LAE ratio before catastrophes increased in both automobile and homeowners in both the three and six month periods. The increase in automobile was primarily due to an increase in automobile liability and physical damage claim severity. The automobile severity increases include the inflationary effects on bodily injury claims and automobile parts and repairs. Also impacting the change for automobile between years is a higher level of frequency in the current period due to driving continuing to return to more normalized levels, largely offset by the impact of earned pricing increases. For homeowners, the increase in the current accident year loss and LAE ratio before catastrophes was due to an increase in severity and frequency for both weather and non-weather claims and an increase in claims settlement costs, partially offset by earned pricing increases. Contributing to the increase in homeowners severity was the effect of higher rebuilding costs due to inflation.

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



Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Current accident year catastrophe losses increased in both the three and six month periods. Current accident year catastrophe losses for 2023 included tornado, wind and hail events across several regions of the United States, and for the six month period, included losses from winter storms primarily on the East and West coasts. Current accident year catastrophe losses for the three and six months ended June 30, 2022 included tornado, wind and hail events primarily in the South, Midwest and Central Plains and for the six month period, winter storms along the East Coast.

Prior accident year development was favorable in the three months ended June 30, 2023 period and unfavorable in the six month period. Net favorable prior accident year development in the three month period was primarily driven by a reduction in prior accident year catastrophes. Net unfavorable prior accident year development in the six month period was primarily driven by automobile physical damage. Net favorable prior accident year development in the six months ended June 30, 2022 period was primarily driven by automobile liability.

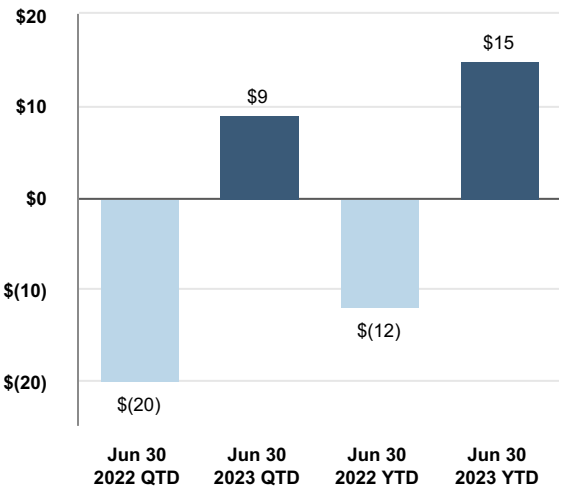
PROPERTY & CASUALTY OTHER OPERATIONS - RESULTS OF OPERATIONS

Underwriting Summary

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Losses and loss adjustment expenses						
Prior accident year development [1]	$ 2	$ 30	(93%)	$ 5	$ 30	(83%)
Total losses and loss adjustment expenses	2	30	(93%)	5	30	(83%)
Underwriting expenses	2	2	—%	5	5	—%
Underwriting loss	**(4)**	**(32)**	**88%**	**(10)**	**(35)**	**71%**
Net investment income [2]	17	16	6%	33	32	3%
Net realized losses [2]	(1)	(9)	89%	(4)	(13)	69%
Income (loss) before income taxes	**12**	**(25)**	**148%**	**19**	**(16)**	**NM**
Income tax expense (benefit) [3]	3	(5)	160%	4	(4)	NM
Net income (loss)	**$ 9**	**$ (20)**	**145%**	**$ 15**	**$ (12)**	**NM**

[1]For additional information on prior accident year development, see 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 12 - Income Taxes of Notes to Condensed Consolidated Financial Statements.

Net income (loss)



Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Net income (loss) changed to net income in the three and six months ended June 30, 2023 compared to net losses in the comparable 2022 periods primarily due to decreases in underwriting losses and net realized losses.

Underwriting loss decreased in the three and six month periods due to lower unfavorable prior accident year reserve development in the 2023 periods. Unfavorable prior accident reserve development in the 2022 periods was primarily due to reallocating a portion of general liability reserves from Commercial Lines to P&C Other Operations related to sexual molestation and sexual abuse claims. The reallocated reserves in 2022 related to excess liability policies written by a legal entity in P&C Other Operations for amounts owed to claimants under the agreement in principle reached with BSA on sexual molestation and sexual abuse claims in third quarter 2021. In total for the Company, there was no change in the liability for settlement amounts owed on BSA claims.

Asbestos and environmental reserve comprehensive annual reviews will occur in the fourth quarter of 2023. For information on asbestos and environmental ("A&E") reserves, see MD&A - Critical Accounting Estimates, Asbestos and Environmental Reserves included in the Company's 2022 Form 10-K Annual Report.

GROUP BENEFITS - RESULTS OF OPERATIONS

Operating Summary

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Premiums and other considerations	$ 1,630	$ 1,517	7%	$ 3,239	$ 3,007	8%
Net investment income [1]	113	130	(13%)	223	253	(12%)
Net realized losses [1]	(19)	(70)	73%	(14)	(86)	84%
Total revenues	**1,724**	**1,577**	**9%**	**3,448**	**3,174**	**9%**
Benefits, losses and loss adjustment expenses	1,175	1,063	11%	2,385	2,286	4%
Amortization of DAC	9	9	—%	18	18	—%
Insurance operating costs and other expenses	381	365	4%	761	732	4%
Amortization of other intangible assets	10	10	—%	20	20	—%
Total benefits, losses and expenses	**1,575**	**1,447**	**9%**	**3,184**	**3,056**	**4%**
Income before income taxes	**149**	**130**	**15%**	**264**	**118**	**124%**
Income tax expense [2]	28	24	17%	51	20	155%
Net income	**$ 121**	**$ 106**	**14%**	**$ 213**	**$ 98**	**117%**

[1]For discussion of consolidated investment results, see MD&A - Investment Results.
[2]For discussion of income taxes, see Note 12 - Income Taxes of Notes to Condensed Consolidated Financial Statements.

Premiums and Other Considerations

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Fully insured – ongoing premiums	$ 1,574	$ 1,469	7%	$ 3,131	$ 2,907	8%
Buyout premiums	—	—	—%	1	7	(86%)
Fee income	56	48	17%	107	93	15%
Total premiums and other considerations	**$ 1,630**	**$ 1,517**	**7%**	**$ 3,239**	**$ 3,007**	**8%**
Fully insured ongoing sales	**$ 151**	**$ 204**	**(26%)**	**$ 625**	**$ 593**	**5%**

Ratios, Excluding Buyouts

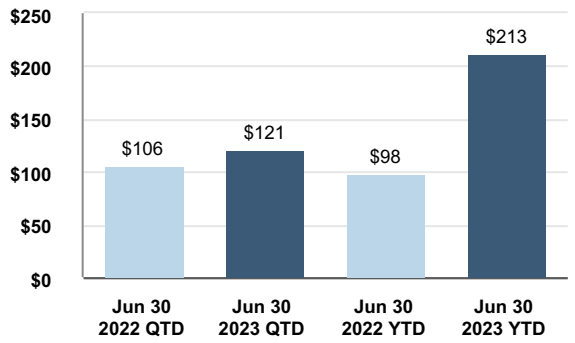
	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Group disability loss ratio	67.0%	66.3%	0.7	68.7%	69.7%	(1.0)
Group life loss ratio	84.1%	78.6%	5.5	85.4%	88.6%	(3.2)
Total loss ratio	**72.1%**	**70.1%**	**2.0**	**73.6%**	**76.0%**	**(2.4)**
Expense ratio [1]	**24.5%**	**25.2%**	**(0.7)**	**24.6%**	**25.5%**	**(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 June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Net income margin	**7.0%**	**6.7%**	**0.3**	**6.2%**	**3.1%**	**3.1**
Adjustments to reconcile net income margin to core earnings margin:						
Net realized losses, before tax	0.8%	4.1%	(3.3)	0.2%	2.6%	(2.4)
Integration and other non-recurring M&A costs, before tax	—%	0.1%	(0.1)	0.1%	0.1%	—
Income tax benefit	(0.2%)	(1.0%)	0.8	(0.1%)	(0.6%)	0.5
Core earnings margin	**7.6%**	**9.9%**	**(2.3)**	**6.4%**	**5.2%**	**1.2**

Net Income

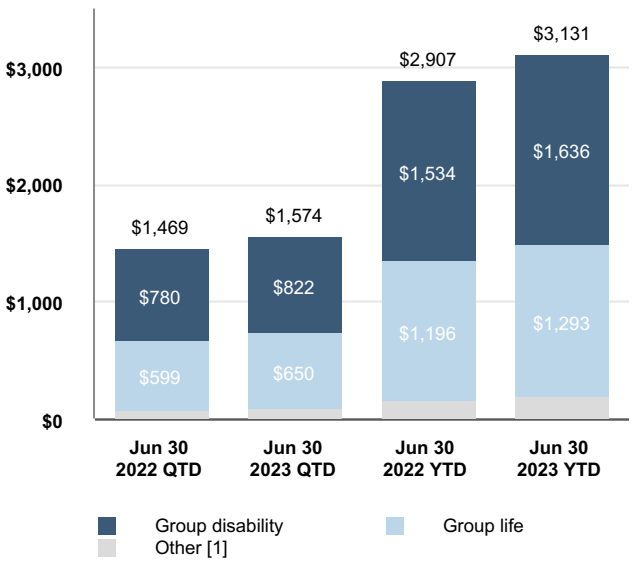


Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Net income increased in both the three and six months ended June 30, 2023 due to lower net realized losses in the 2023 period and the effect of higher fully insured ongoing premium, including a lower expense ratio, partially offset by a decrease in net investment income. In addition, the three month period was impacted by a higher loss ratio in the 2023 period while the six month period benefitted from a lower loss ratio in the 2023 period.

Insurance operating costs and other expenses were higher for both the three and six month periods primarily due to the effect of premium growth, including higher commissions and staffing costs, and investments in technology, partially offset by incremental expense savings from Hartford Next and lower incentive compensation.

Fully Insured Ongoing Premiums



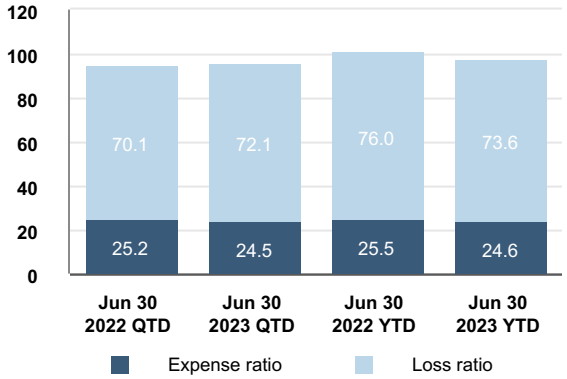
[1]Other of $90 and $102 for the three months ended June 30, 2022 and 2023 respectively, and $177 and $202 for the six months ended June 30, 2022 and 2023 respectively which includes other group coverages such as retiree health insurance, critical illness, accident and hospital indemnity coverages.

Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Fully insured ongoing premiums increased in both the three and six month periods in group disability, life and other driven by strong persistency and new business sales as well as an increase in exposure on existing accounts.

Fully insured ongoing sales decreased for the three-month period due to lower large account sales. For the six-month period, sales increased over prior year driven by group life sales.

Ratios



Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Total loss ratio increased 2.0 points in the three months ended June 30, 2023 compared to the prior year period reflecting higher group life and group disability loss ratios. The group life loss ratio increased 5.5 points as the second quarter of 2022 benefitted from favorable development of $24, or 4.0 points, related to the prior quarter. Additionally, the life loss ratio was adversely affected by higher severity in the current year as compared to the prior year. The disability loss ratio increased 0.7 points largely due to higher incidence in paid family leave and short-term disability products, partially offset by favorable long-term disability claim incidence and recoveries.

Total loss ratio decreased 2.4 points in the six months ended June 30, 2023 compared to the prior year period reflecting a lower group life and group disability loss ratio. The group life loss ratio decreased 3.2 points driven by a lower level of mortality compared to the prior year period. The group disability loss ratio decreased 1.0 points due to favorable long-term disability claim incidence and recoveries, partially offset by higher incidence in paid family leave and short-term disability products.

Expense ratio decreased in both the three and six month periods driven by the effect of higher earned premiums and incremental expense savings from Hartford Next, partially offset by higher staffing costs and investments in technology.

HARTFORD FUNDS - RESULTS OF OPERATIONS

Operating Summary

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Fee income and other revenue	$ 244	$ 263	(7%)	$ 485	$ 550	(12%)
Net investment income	4	1	NM	7	2	NM
Net realized gains (losses)	1	(13)	108%	6	(22)	127%
Total revenues	**249**	**251**	**(1%)**	**498**	**530**	**(6%)**
Operating costs and other expenses	192	207	(7%)	390	436	(11%)
Total benefits, losses and expenses	**192**	**207**	**(7%)**	**390**	**436**	**(11%)**
Income before income taxes	**57**	**44**	**30%**	**108**	**94**	**15%**
Income tax expense [1]	12	10	20%	22	18	22%
Net income	**$ 45**	**$ 34**	**32%**	**$ 86**	**$ 76**	**13%**
Daily average Hartford Funds AUM	**$ 127,540**	**$ 136,841**	**(7%)**	**$ 127,313**	**$ 143,449**	**(11%)**
ROA [2]	**14.1**	**9.9**	**42%**	**13.5**	**10.6**	**27%**
Adjustment to reconcile ROA to ROA, core earnings:						
Effect of net realized losses (gains) excluded from core earnings, before tax	(0.3)	3.9	(108%)	(1.0)	3.1	(132%)
Effect of income tax expense (benefit)	—	(0.9)	100%	0.2	(0.6)	133%
ROA, core earnings [2]	**13.8**	**12.9**	**7%**	**12.7**	**13.1**	**(3%)**

[1]For discussion of income taxes, see Note 12 - 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

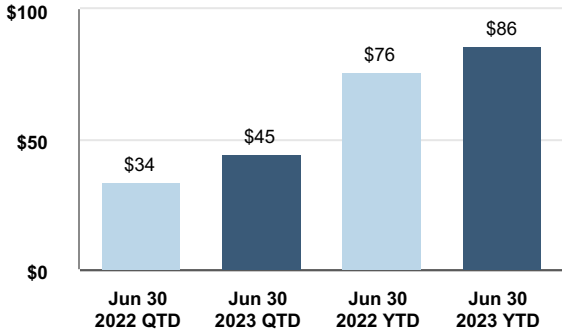
	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Mutual Fund and ETF AUM - beginning of period	**$ 115,508**	**$ 133,985**	**(14%)**	**$ 112,472**	**$ 142,632**	**(21%)**
Sales - Mutual Fund	5,065	7,965	(36%)	11,304	17,443	(35%)
Redemptions - Mutual Fund	(6,531)	(9,942)	34%	(14,016)	(19,987)	30%
Net flows - ETF	210	(34)	NM	277	109	154%
Net flows - Mutual Fund and ETF	(1,256)	(2,011)	38%	(2,435)	(2,435)	—%
Change in market value and other	3,855	(16,568)	123%	8,070	(24,791)	133%
Mutual Fund and ETF AUM - end of period	**118,107**	**115,406**	**2%**	**118,107**	**115,406**	**2%**
Third-party life and annuity separate account AUM	**11,799**	**11,992**	**(2%)**	**11,799**	**11,992**	**(2%)**
Hartford Funds AUM - end of period	**$ 129,906**	**$ 127,398**	**2%**	**$ 129,906**	**$ 127,398**	**2%**

Mutual Fund and ETF AUM by Asset Class

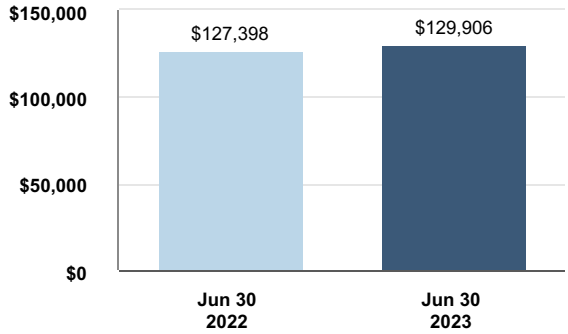
	As of June 30,		
	2023	2022	Change
Equity - Mutual Funds	$ 78,951	$ 74,891	5 %
Fixed Income - Mutual Funds	16,149	17,388	(7)%
Multi-Strategy Investments - Mutual Funds [1]	19,764	20,362	(3)%
Equity - ETF	1,931	1,756	10 %
Fixed Income - ETF	1,312	1,009	30 %
Mutual Fund and ETF AUM	**$ 118,107**	**$ 115,406**	**2 %**

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

Net Income



Hartford Funds AUM



Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Net income increased for the three and six month periods primarily driven by net realized gains in 2023 compared to net realized losses in 2022, partially offset by lower fee income net of variable expenses driven by a decrease in daily average assets under management.

June 30, 2023 compared to June 30, 2022

Hartford Funds AUM increased primarily due to an increase in market values over the previous twelve months, partly offset by net outflows. Net outflows were $1.3 billion and $2.4 billion in the three and six months ended June 30, 2023, respectively, compared to net outflows of $2.0 billion and $2.4 billion for the three and six months ended June 30, 2022.

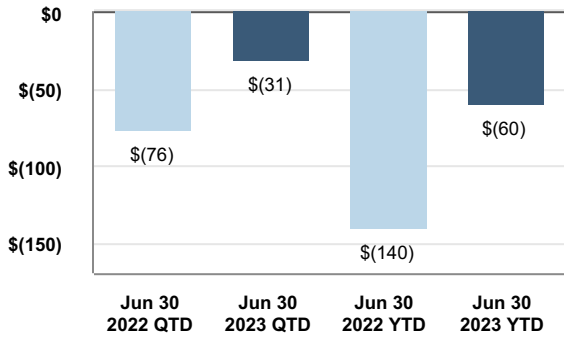
CORPORATE - RESULTS OF OPERATIONS

Operating Summary

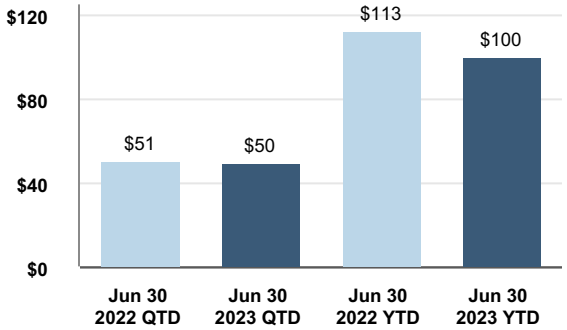
	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Fee income [1]	$ 11	$ 13	(15%)	$ 20	$ 26	(23%)
Other revenue	—	—	—%	1	1	—%
Net investment income	8	3	167%	18	6	NM
Net realized gains (losses)	11	(30)	137%	17	(46)	137%
Total revenues (losses)	**30**	**(14)**	**NM**	**56**	**(13)**	**NM**
Benefits, losses and loss adjustment expenses [2]	2	2	—%	4	4	—%
Insurance operating costs and other expenses [1]	11	23	(52%)	24	36	(33%)
Interest expense [3]	50	51	(2%)	100	113	(12%)
Restructuring and other costs	3	2	50%	3	7	(57%)
Total benefits, losses and expenses	**66**	**78**	**(15%)**	**131**	**160**	**(18%)**
Loss before income taxes	**(36)**	**(92)**	**61%**	**(75)**	**(173)**	**57%**
Income tax benefit [4]	(10)	(21)	52%	(25)	(43)	42%
Net loss	**(26)**	**(71)**	**63%**	**(50)**	**(130)**	**62%**
Preferred stock dividends	5	5	**—%**	10	10	**—%**
Net loss available to common stockholders	**$ (31)**	**$ (76)**	**59 %**	**$ (60)**	**$ (140)**	**57 %**

[1]Includes investment management fees and expenses related to managing third-party business.
[2]Includes benefits expense on life and annuity business previously underwritten by the Company.
[3]For discussion of debt, see Note 13 - Debt of Notes to Condensed Consolidated Financial Statements and Note 13 - Debt of Notes to Consolidated Financial Statements in The Hartford's 2022 Form 10-K Annual Report.
[4]For discussion of income taxes, see Note 12 - Income Taxes of Notes to Condensed Consolidated Financial Statements.

Net loss available to common stockholders



Interest expense



Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Net loss available to common stockholders for the three and six months ended June 30, 2023 decreased primarily due to a change from net realized losses in the 2022 periods to net realized gains in the 2023 periods, higher net investment income, a loss on extinguishment of debt in the 2022 periods and lower interest expense, partially offset by lower fee income.

Three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Interest expense slightly decreased for the three and six months ended June 30, 2023, largely due to the redemption of $600 in 7.875% junior subordinated debentures in April, 2022.

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 specific risk tolerances for natural catastrophes, terrorism and pandemic risk are described in the ERM section of the MD&A in The Hartford's 2022 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 catastrophes (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, losses from political violence and terrorism ("PV&T") 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 on credit and political risk insurance ("CPRI") 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 but could also arise from other coverages such as losses under PV&T and CPRI policies. Not all insurance losses arising from catastrophe risk are categorized as catastrophe losses within the segment operating results. For example, losses arising from the COVID-19 pandemic were not categorized as catastrophe losses within either the P&C or Group Benefits segments as the pandemic was not identified as a catastrophe event by the Property Claim Service in the U.S. See the term Current Accident Year Catastrophe Ratio within the Key Performance Measures section of MD&A for an explanation of how the Company defines catastrophe losses in its financial reporting.

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.

The Hartford closely monitors scientific literature on climate change to help identify climate change risks impacting our business. We use data from the scientific community and other outside experts including partnerships with third-party catastrophe modeling firms to inform our risk management activities and stay abreast of potential implications of climate-related impacts that we incorporate into our risk assessment. We regularly study these climate change implications and incorporate these risks into our catastrophe risk assessment and management strategy through product pricing, underwriting and management of aggregate risk to manage implications of severe weather and climate change in our insurance portfolio.

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, an aggregate property catastrophe treaty, and individual risk agreements (including facultative reinsurance) that reinsure losses from specific classes or lines of business. The occurrence property catastrophe treaty and workers’ compensation catastrophe treaties beginning with the January 1, 2021 renewal do not cover pandemic losses, as most industry reinsurance programs exclude communicable disease. 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 June 30, 2023 [1]

	Portion of losses reinsured	Portion of losses retained by The Hartford
Per Occurrence Property Catastrophe Treaty from 1/1/2023 to 12/31/2023 [1] [2]		
Losses of $0 to $150	None	100% retained
Losses of $150 to $350 for earthquakes and named hurricanes and tropical storms [3]	None	100% retained
Losses of $150 to $350 from one event other than earthquakes and named hurricanes and tropical storms [3]	60% of $200 in excess of $150	40% 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 [4] (all perils)	90% of $600 in excess of $500	10% co-participation
Aggregate Property Catastrophe Treaty for 1/1/2023 to 12/31/2023 [5]		
$0 to $750 of aggregate losses	None	100% retained
$750 to $950 of aggregate losses	100%	None
Workers' Compensation Catastrophe Treaty for 1/1/2023 to 12/31/2023		
Losses of $0 to $100 from one event	None	100% retained
Losses of $100 to $450 from one event [6]	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 homeowners wind events, The Hartford has purchased the mandatory FHCF reinsurance for the annual period starting June 1, 2023. 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 of $38 in per event losses in excess of a $20 retention (estimates are based on best available information at this time and are periodically updated as information is made available by Florida).

[3] 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).

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

[5] 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, except assumed reinsurance business losses, apply toward satisfying the $750 attachment point under the aggregate treaty.

[6] In addition to the limits shown, the workers' compensation reinsurance includes a non-catastrophe, industrial accident layer, providing coverage for 80% of $25 in per event losses in excess of a $25 retention.

In addition to the property catastrophe reinsurance coverage described in the above table, the Company has other reinsurance agreements that cover property catastrophe losses, some of which provide for reinstatement of limits in the event of a loss with reinstatement provisions varying depending on the layer of coverage. 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 $1.9 billion for 2023. 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 covers ("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”) up to an aggregate limit of $1.5 billion and the other covered substantially all reserve development of Navigators Insurance Company and certain of its affiliates for 2018 and prior accident years (the “Navigators ADC”) up to an aggregate limit of $300. For more information on the A&E ADC and the Navigators ADC, see Note 1, Basis of Presentation and Significant Accounting Policies and Note 11, Reserve for Unpaid Losses and Loss Adjustment Expenses of Notes to Consolidated Financial Statements, included in The Hartford's 2022 Form 10-K Annual Report.

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 ("OTC") and exchange-traded derivatives with counterparties meeting the appropriate regulatory and due diligence requirements. Derivatives are utilized to achieve the following Company-approved objectives: (1) hedging risk arising from interest rate, equity market, commodity market, credit spread and issuer default, price or currency exchange rate risk or volatility; (2) managing liquidity; (3) controlling transaction costs; and (4) 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 of the investment portfolio.

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 Hartford Financial Services Group, Inc. ("HFSG Holding Company") have been and will continue to be met by the HFSG Holding Company's fixed maturities, short-term investments and cash, and dividends from its subsidiaries, principally from 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.

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 inability to pay.

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 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 heightened 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 June 30, 2023, 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 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 notional amount of derivative contracts represents the basis upon which pay or receive amounts are calculated and are not necessarily reflective of credit risk. 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. In accordance with industry standards and the contractual requirements, collateral is typically settled on the same business day. For the six months ended June 30, 2023, the Company incurred no losses on derivative instruments due to counterparty default. For further discussion, see the Derivative Commitments section of Note 14 - 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 may also enter 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 Lines business that is written with large deductible policies or retrospectively-rated plans (referred to as "loss sensitive business"). 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 investments in fixed maturities and commercial mortgage loans, issuances by the Company of debt securities, preferred stock and similar securities, discount rate assumptions associated with the Company's claim reserves and pension and other postretirement benefit obligations, and assets that support the Company's pension and other postretirement benefit plans.

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

Management The Company manages its exposure to interest rate risk by constructing investment portfolios that seek to protect the Company 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 primarily utilizes interest rate swaps and, to a lesser extent, futures to mitigate interest rate risk associated with its investment portfolio or liabilities and 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 postretirement benefit plans, and fee income derived from Hartford Funds assets under management.

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 postretirement 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.

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 postretirement 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

	June 30, 2023			December 31, 2022		
	Amortized Cost	Fair Value	Percent of Total Fair Value	Amortized Cost	Fair Value	Percent of Total Fair Value
United States Government/Government agencies	$ 5,322	$ 4,790	12.8 %	$ 5,573	$ 5,025	13.9 %
AAA	7,093	6,752	18.0 %	6,171	5,824	16.1 %
AA	7,175	6,782	18.1 %	7,136	6,650	18.4 %
A	9,972	9,295	24.8 %	9,758	8,968	24.7 %
BBB	8,969	8,143	21.7 %	8,918	7,973	22.0 %
BB & below	1,880	1,735	4.6 %	1,977	1,791	4.9 %
Total fixed maturities, AFS	**$ 40,411**	**$ 37,497**	**100.0 %**	**$ 39,533**	**$ 36,231**	**100.0 %**

The fair value of fixed maturities, AFS increased as compared to December 31, 2022, primarily due to net additions of ABS and corporate bonds and an increase in valuations as a result of tighter credit spreads. Fixed maturities, FVO are not included in the preceding table. For further discussion on FVO securities, see Note 4 - Fair Value Measurements of Notes to Condensed Consolidated Financial Statements.

Fixed Maturities, AFS by Type

	June 30, 2023						December 31, 2022					
	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
ABS												
Consumer loans	$ 2,063	$ —	$ —	$ (39)	$ 2,024	5.4 %	$ 1,538	$ —	$ —	$ (41)	$ 1,497	4.1 %
Other	694	—	1	(34)	661	1.8 %	478	—	—	(34)	444	1.3 %
CLO	3,046	—	3	(68)	2,981	8.0 %	3,040	—	3	(102)	2,941	8.1 %
Commercial Mortgage-Backed Securities ("CMBS")												
Agency [1]	1,236	(12)	14	(132)	1,106	3.0 %	1,268	(10)	14	(115)	1,157	3.2 %
Bonds	2,208	—	—	(243)	1,965	5.2 %	2,263	—	2	(228)	2,037	5.6 %
Interest only	163	—	5	(12)	156	0.4 %	184	—	5	(15)	174	0.5 %
Corporate												
Basic industry	982	—	3	(59)	926	2.5 %	797	—	1	(64)	734	2.0 %
Capital goods	1,385	—	2	(95)	1,292	3.4 %	1,380	—	2	(117)	1,265	3.5 %
Consumer cyclical	1,125	(2)	2	(80)	1,045	2.8 %	1,100	—	—	(97)	1,003	2.8 %
Consumer non-cyclical	2,223	—	8	(167)	2,064	5.5 %	2,102	—	6	(188)	1,920	5.3 %
Energy	1,139	—	3	(85)	1,057	2.8 %	1,076	—	3	(92)	987	2.7 %
Financial services	5,196	—	7	(401)	4,802	12.8 %	4,923	—	8	(441)	4,490	12.4 %
Tech./comm.	2,214	(4)	9	(196)	2,023	5.4 %	2,312	(2)	9	(249)	2,070	5.7 %
Transportation	758	—	1	(72)	687	1.8 %	731	—	1	(81)	651	1.8 %
Utilities	2,021	—	4	(200)	1,825	4.9 %	1,871	—	3	(212)	1,662	4.6 %
Other	424	—	—	(49)	375	1.0 %	502	—	—	(51)	451	1.2 %
Foreign govt./ govt. agencies	579	—	—	(40)	539	1.4 %	596	—	—	(49)	547	1.5 %
Municipal bonds												
Taxable	1,059	—	1	(127)	933	2.5 %	1,062	—	2	(148)	916	2.5 %
Tax-exempt	5,464	—	95	(266)	5,293	14.1 %	5,656	—	91	(367)	5,380	14.9 %
Residential Mortgage-Backed Securities ("RMBS")												
Agency	1,856	—	1	(187)	1,670	4.5 %	1,865	—	2	(196)	1,671	4.6 %
Non-agency	2,291	—	—	(287)	2,004	5.3 %	2,277	—	—	(312)	1,965	5.4 %
Sub-prime	55	—	—	—	55	0.1 %	72	—	—	—	72	0.2 %
U.S. Treasuries	2,230	—	—	(216)	2,014	5.4 %	2,440	—	—	(243)	2,197	6.1 %
Total fixed maturities, AFS	**$ 40,411**	**$(18)**	**$ 159**	**$ (3,055)**	**$37,497**	**100.0 %**	**$ 39,533**	**$(12)**	**$ 152**	**$ (3,442)**	**$36,231**	**100.0 %**
Fixed maturities, FVO					**$ 320**						**$ 333**	

[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 increased as compared with December 31, 2022, primarily due to net additions of ABS and corporate bonds and an increase in valuations as a result of tighter credit spreads. The Company primarily increased holdings of consumer loans and financial services and basic industry corporate bonds, while primarily decreasing holdings of U.S. treasuries and tax-exempt municipal bonds.

Commercial & Residential Real Estate

The following tables present the Company's exposure to CMBS and RMBS by credit quality included in the preceding Fixed Maturities, AFS by Type table.

Exposure to CMBS & RMBS Bonds as of June 30, 2023

	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]	$ 1,232	$1,103	$ 4	$ 3	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,236	$1,106
Bonds	872	799	550	483	413	352	132	108	241	223	2,208	1,965
Interest Only	91	87	64	62	—	—	8	7	—	—	163	156
Total CMBS	**2,195**	**1,989**	**618**	**548**	**413**	**352**	**140**	**115**	**241**	**223**	**3,607**	**3,227**
RMBS												
Agency	1,836	1,652	20	18	—	—	—	—	—	—	1,856	1,670
Non-Agency	1,270	1,124	440	390	349	292	217	187	15	11	2,291	2,004
Sub-Prime	2	2	15	15	7	7	9	9	22	22	55	55
Total RMBS	**3,108**	**2,778**	**475**	**423**	**356**	**299**	**226**	**196**	**37**	**33**	**4,202**	**3,729**
Total CMBS & RMBS	**$ 5,303**	**$4,767**	**$ 1,093**	**$ 971**	**$ 769**	**$ 651**	**$ 366**	**$ 311**	**$ 278**	**$ 256**	**$ 7,809**	**$6,956**

Exposure to CMBS & RMBS Bonds as of December 31, 2022

	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]	$ 1,264	$1,154	$ 4	$ 3	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,268	$1,157
Bonds	908	840	568	504	424	370	138	116	225	207	2,263	2,037
Interest Only	101	96	74	70	—	—	8	7	1	1	184	174
Total CMBS	**2,273**	**2,090**	**646**	**577**	**424**	**370**	**146**	**123**	**226**	**208**	**3,715**	**3,368**
RMBS												
Agency	1,845	1,652	20	19	—	—	—	—	—	—	1,865	1,671
Non-Agency	1,166	1,036	501	428	353	288	236	198	21	15	2,277	1,965
Sub-Prime	3	3	21	21	10	10	9	9	29	29	72	72
Total RMBS	**3,014**	**2,691**	**542**	**468**	**363**	**298**	**245**	**207**	**50**	**44**	**4,214**	**3,708**
Total CMBS & RMBS	**$ 5,287**	**$4,781**	**$ 1,188**	**$1,045**	**$ 787**	**$ 668**	**$ 391**	**$ 330**	**$ 276**	**$ 252**	**$ 7,929**	**$7,076**

[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 June 30, 2023, mortgage loans had an amortized cost of $6.1 billion and carrying value of $6.0 billion, with an ACL of $41. As of December 31, 2022, mortgage loans had an amortized cost of $6.0 billion and carrying value of $6.0 billion, with an ACL of $36. The increase in the allowance is primarily attributable to overall weaker projected real estate fundamentals, and to a lesser extent, net additions of new loans.

The Company funded $304 of commercial mortgage loans with a weighted average loan-to-value (“LTV”) ratio of 58% and a weighted average yield of 6.8% during the six months ended June 30, 2023. The Company continues to originate commercial mortgage loans in high growth markets across the country focusing primarily on institutional-quality industrial, multi-family, and retail properties with strong LTV ratios. There were no mortgage loans held for sale as of June 30, 2023, or December 31, 2022.

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

	June 30, 2023			December 31, 2022		
	Amortized Cost	Fair Value	Weighted Average Credit Quality	Amortized Cost	Fair Value	Weighted Average Credit Quality
General Obligation	$ 898	$ 886	AA	$ 863	$ 838	AA
Pre-refunded [1]	187	191	AAA	235	242	AAA
Revenue						
Transportation	1,387	1,331	A+	1,435	1,342	A+
Health Care	1,018	921	A+	1,132	1,012	A+
Leasing [2]	691	647	AA	714	659	AA-
Education	560	541	AA	601	572	AA
Water & Sewer	388	368	AA	411	384	AA
Power	306	297	A	280	268	A
Sales Tax	247	246	AA	304	295	AA
Housing	147	136	AA	73	62	AA-
Other	694	662	A+	670	622	A+
Total Revenue	5,438	5,149	AA-	5,620	5,216	AA-
Total Municipal	**$ 6,523**	**$ 6,226**	**AA-**	**$ 6,718**	**$ 6,296**	**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 June 30, 2023, the largest issuer concentrations were the Grand Parkway Transportation Corporation of Texas, the New York City Transitional Finance Authority, and the Metropolitan Transportation Authority, which each comprised less than 3% of the municipal bond portfolio and were primarily comprised of general obligation and revenue bonds. As of December 31, 2022, the largest issuer concentrations were the Grand Parkway Transportation Corporation of Texas, the New York City Transitional Finance Authority, and the New York City Municipal Water Finance Authority, 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 12% of the fair value of the Company's investment portfolio.

Limited Partnerships and Other Alternative Investments

The following table presents the Company's investments in limited partnerships and other alternative investments which include real estate joint ventures, real estate funds, private equity funds, other funds, and other alternative investments. 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 other 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 June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
	Amount	Yield [1]	Amount	Yield [1]	Amount	Yield [1]	Amount	Yield [1]
Real estate joint ventures and funds	$ (11)	(2.5%)	$ 88	23.6%	$ (27)	(3.0%)	$ 139	19.7%
Private equity funds	24	5.8%	63	18.7%	60	7.5%	131	20.5%
Other funds	15	13.7%	5	6.8%	15	6.9%	13	9.0%
Other alternative investments [2]	4	3.6%	2	1.4%	10	4.3%	1	0.4%
Total	**$ 32**	**2.9 %**	**$ 158**	**17.3 %**	**$ 58**	**2.7 %**	**$ 284**	**16.3 %**

[1]Yields calculated using annualized net investment income divided by the monthly average invested assets.

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

Investments in Limited Partnerships and Other Alternative Investments

	June 30, 2023		December 31, 2022	
	Amount	Percent	Amount	Percent
Real estate joint ventures and funds	$ 1,862	41.1%	$ 1,713	41.0%
Private equity funds	1,696	37.5%	1,565	37.5%
Other funds	473	10.4%	413	9.9%
Other alternative investments [1]	496	11.0%	486	11.6%
Total	**$ 4,527**	**100.0%**	**$ 4,177**	**100.0%**

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

Fixed Maturities, AFS — Unrealized Loss Aging

The total gross unrealized losses were $3.1 billion as of June 30, 2023, and have decreased $387 million from December 31, 2022, primarily due to an increase in valuations as a result of tighter credit spreads. As of June 30, 2023, $2.4 billion of the gross unrealized losses were associated with fixed maturities, AFS depressed less than 20% of amortized cost. The remaining $624 million of gross unrealized losses were associated with fixed maturities, AFS depressed greater than 20%. The fixed maturities, AFS depressed more than 20% primarily related to corporate fixed maturities, RMBS, CMBS, and municipal bonds that are mainly depressed because current interest rates are higher and/or market spreads are wider than at the respective purchase dates.

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

	June 30, 2023					December 31, 2022				
Consecutive Months	Items	Amortized Cost	ACL	Unrealized Loss	Fair Value	Items	Amortized Cost	ACL	Unrealized Loss	Fair Value
Three months or less	521	$ 3,861	$ —	$ (46)	$ 3,815	200	$ 786	$ —	$ (15)	$ 771
Greater than three to six months	173	1,222	—	(41)	1,181	809	6,175	—	(234)	5,941
Greater than six to nine months	45	109	—	(6)	103	1,024	7,598	—	(561)	7,037
Greater than nine to eleven months	549	4,034	—	(165)	3,869	1,859	12,994	(6)	(1,510)	11,478
Twelve months or more	3,379	26,828	(16)	(2,797)	24,015	1,044	8,218	(6)	(1,122)	7,090
Total	**4,667**	**$ 36,054**	**$(16)**	**$ (3,055)**	**$32,983**	**4,936**	**$ 35,771**	**$(12)**	**$ (3,442)**	**$32,317**

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

	June 30, 2023					December 31, 2022				
Consecutive Months	Items	Amortized Cost	ACL	Unrealized Loss	Fair Value	Items	Amortized Cost	ACL	Unrealized Loss	Fair Value
Three months or less	93	$ 648	$ (3)	$ (135)	$ 510	98	$ 543	$ —	$ (116)	$ 427
Greater than three to six months	38	298	—	(70)	228	215	2,021	—	(490)	1,531
Greater than six to nine months	10	48	—	(12)	36	89	791	—	(253)	538
Greater than nine to eleven months	81	733	—	(192)	541	7	34	(2)	(14)	18
Twelve months or more	96	723	(1)	(215)	507	17	5	(1)	(2)	2
Total	**318**	**$ 2,450**	**$ (4)**	**$ (624)**	**$ 1,822**	**426**	**$ 3,394**	**$ (3)**	**$ (875)**	**$ 2,516**

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

Three and six months ended June 30, 2023

For the three and six months ended June 30, 2023, the Company recorded net credit losses of $3 and $8, respectively. The net credit losses were primarily attributable to new expected credit losses of $2 and $6, respectively, related to two below investment grade corporate issuers. For the three and six months ended June 30, 2023, unrealized losses on securities with an ACL recognized in other comprehensive income were $0 and $4, respectively. 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 and six months ended June 30, 2023.

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.

Three and six months ended June 30, 2022

Changes to the ACL for the three months ended June 30, 2022, were less than $1. For the six months ended June 30, 2022, the Company recorded a net increase in the ACL of $12. The increase was primarily attributable to new expected credit losses on four issuers with Russian exposure. Unrealized losses on securities with an ACL recognized in other comprehensive income were less than $1 for both the three and six months ended June 30, 2022.

Intent-to-sell impairments were $0 and $3 for the three and six months ended June 30, 2022, respectively, with impairments in the six month period related to one corporate issuer in the financial services sector.

ACL on Mortgage Loans

Three and six months ended June 30, 2023

The Company reviews mortgage loans on a quarterly basis to estimate the ACL with changes in the ACL recorded in net realized 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.

For both the three and six months ended June 30, 2023, the Company recorded an increase in the ACL on mortgage loans of $5. The increase in the allowance is primarily attributable to overall weaker projected real estate fundamentals, and to a lesser extent, net additions of new loans. The Company did not record an ACL on any individual mortgage loans.

Three and six months ended June 30, 2022

For the three and six months ended June 30, 2022, the Company recorded an increase in the ACL on mortgage loans of $5 and $7, respectively. The increase in the allowance is primarily attributable to the potential impact of current economic conditions on real estate property valuations and net additions of new 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.

SUMMARY OF CAPITAL RESOURCES AND LIQUIDITY

Capital available to the holding company as of June 30, 2023:

- Approximately $900 in fixed maturities, short-term investments, investment sales receivable and cash at the HFSG Holding Company;
- A senior unsecured revolving credit facility that provides for borrowing capacity up to $750 of unsecured credit through October 27, 2026. As of June 30, 2023, there were no borrowings outstanding; and
- 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 June 30, 2023, $1.9 billion was available, $100 was outstanding between certain affiliates and there were no amounts outstanding at the HFSG holding company.

Dividends and other sources of capital for the six months ended June 30, 2023:

The future payment of dividends from our subsidiaries is dependent on several factors including the business results, capital position and liquidity of our subsidiaries.

- **P&C -** HFSG Holding Company received $609 of net dividends from the Company's U.S. property and casualty insurance subsidiaries through June 30, 2023;
- **Group Benefits -** HFSG Holding Company received $258 in dividends from Hartford Life and Accident Insurance Company ("HLA") through June 30, 2023; and
- **Hartford Funds** - HFSG Holding Company received $60 in dividends from Hartford Funds through June 30, 2023.

Expected liquidity requirements for the next twelve months as of June 30, 2023:

- $194 of interest on debt. See Note 13 - Debt of Notes to Condensed Consolidated Financial Statements and Note 13 - Debt of Notes to Consolidated Financial Statements in The Hartford's 2022 Form 10-K Annual Report.
- $21 dividends on preferred stock, subject to the discretion of the Board of Directors; and
- $525 of common stockholders' dividends, subject to the discretion of the Board of Directors and before share repurchases.

Expected liquidity requirements for beyond the next twelve months as of June 30, 2023:

- Interest on and repayments of debt. See Note 13 - Debt of Notes to Condensed Consolidated Financial Statements and Note 13 - Debt of Notes to Consolidated Financial Statements in The Hartford's 2022 Form 10-K Annual Report; and
- Preferred stock and common stock dividends, subject to the discretion of the Board of Directors.

Equity repurchase program:

During the six months ended June 30, 2023, the Company repurchased 9.7 million common shares for $700 under the $3.0 billion share repurchase program authorized by the Board of Directors, effective through December 31, 2024. As of June 30, 2023, the Company has $2.0 billion remaining for equity repurchases under the share repurchase program. During the period July 1, 2023 through July 26, 2023, the Company repurchased approximately 1.4 million common shares for $101.

The timing of any repurchases is 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.

LIQUIDITY REQUIREMENTS AND SOURCES OF CAPITAL

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

The liquidity requirements of HFSG Holding Company will primarily be met by HFSG Holding Company's fixed maturities, short-term investments and cash, and dividends from its subsidiaries, principally its insurance operations. The Company maintains sufficient liquidity and has a variety of contingent liquidity resources to manage liquidity across a range of economic scenarios.

The HFSG Holding Company expects to continue to receive dividends from its operating subsidiaries in the future and manages capital in 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, 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 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.

DIVIDENDS

The Hartford's Board of Directors declared the following quarterly dividends since April 1, 2023:

Common Stock Dividends

Declared	Record	Payable	Amount per share
May 17, 2023	June 1, 2023	July 5, 2023	$ 0.425
July 19, 2023	September 1, 2023	October 3, 2023	$ 0.425

Preferred Stock Dividends

Declared	Record	Payable	Amount per share
May 17, 2023	August 1, 2023	August 15, 2023	$ 375.00
July 19, 2023	November 1, 2023	November 15, 2023	$ 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, 2022.

DIVIDENDS FROM SUBSIDIARIES

Dividends to HFSG Holding Company from its insurance subsidiaries are restricted by insurance regulation. For a discussion of restrictions on dividends to HFSG Holding Company from its insurance subsidiaries see Part II, Item 7, MD&A – Capital Resources and Liquidity - Dividends from Subsidiaries in The Hartford's 2022 Form 10-K Annual Report.

Through the first six months of 2023, HFSG Holding Company received $927 of net dividends from its subsidiaries, including $258 from HLA, $60 from Hartford Funds and $609 from its U.S. P&C subsidiaries, excluding $50 of P&C dividends that were subsequently contributed to P&C subsidiaries and $25 of P&C dividends related to interest payments on an intercompany note owed by Hartford Holdings, Inc. ("HHI") to Hartford Fire Insurance Company.

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 to common stockholders due to additional interest expense or preferred stock dividends.

Shelf Registrations

The Hartford filed an automatic shelf registration statement with the Securities and Exchange Commission ("the SEC") on February 22, 2022 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, Note 13 - Debt of Notes to Consolidated Financial Statements included in the Company's 2022 Form 10-K Annual Report.

Revolving Credit Facility

The Hartford has a senior unsecured revolving credit facility (the "Credit Facility") that provides up to $750 of unsecured credit through October 27, 2026. As of June 30, 2023, no borrowings were outstanding and no letters of credit were issued under the Credit Facility and The Hartford was in compliance with all financial covenants. For further information regarding the Credit Facility, see Note 13 - Debt of Notes to Consolidated Financial Statements included in the Company's 2022 Form 10-K Annual Report.

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 June 30, 2023, $1.9 billion was available, $100 was outstanding between certain affiliates, and 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 HLA, are members of the 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 June 30, 2023, there were no advances outstanding.

For further information regarding collateralized advances with FHLBB, see Note 13 - Debt of Notes to Consolidated Financial Statements included in the Company's 2022 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"). The Club Facility has two tranches with one tranche extending a $74 commitment and the other tranche extending a £79 million ($100 as of June 30, 2023) commitment. As of June 30, 2023, letters of credit with aggregate face amounts of $74 and £79 million ($100), respectively, were outstanding under the Club Facility.

Among other covenants, the Club Facility contains 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 at Lloyd's, consistent with Lloyd's requirements. As of June 30, 2023, The Hartford was in compliance with all financial covenants of the facility.

For further information regarding the Club Facility, see Note 13 - Debt of Notes to Consolidated Financial Statements included in the Company's 2022 Form 10-K Annual Report.

PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS

The Company does not have a 2023 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. Based on the funded status of the U.S. qualified defined benefit pension plan, the Company does not anticipate contributing to the plan in 2023. For further discussion of pension and other postretirement benefit obligations, see Note 17 - Employee Benefit Plans of Notes to Condensed Consolidated Financial Statements.

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 terminate agreements and demand immediate settlement of the outstanding net derivative positions transacted under each agreement. For further information, refer to Note 14 - Commitments and Contingencies of Notes to Condensed Consolidated Financial Statements.

As of June 30, 2023, 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.

The principal sources of operating funds are premiums, fees earned from insurance and administrative service agreements and investment income, while investing cash flows primarily originate from maturities and sales of invested assets.

The Company's insurance operations consist of property and casualty insurance products (collectively referred to as "Property & Casualty Operations") and Group Benefits products. 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 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 Operations

		As of June 30, 2023
Fixed maturities	$	29,861
Short-term investments		1,694
Cash		128
Less: Derivative collateral		40
Total	**$**	**31,643**

Property & Casualty operations invested assets also include $483 in equity securities, $4.4 billion in mortgage loans and $3.6 billion in limited partnerships and other alternative investments.

Group Benefits

		As of June 30, 2023
Fixed maturities	$	7,764
Short-term investments		415
Cash		13
Less: Derivative collateral		11
Total	**$**	**8,181**

Group Benefits invested assets also include $97 in equity securities, $1.6 billion in mortgage loans and $955 in limited partnerships and other alternative investments.

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.

Property & Casualty reserves for unpaid losses and loss adjustment expenses as of June 30, 2023 were $33.0 billion and net of reinsurance were $26.6 billion. Reserves for Property & Casualty unpaid losses and loss adjustment expenses include

case reserves and incurred but not reported ("IBNR") reserves. The ultimate amount to be paid to settle both case and IBNR reserves is an estimate, subject to significant uncertainty. The actual amount to be paid is not finally determined until the Company reaches a settlement with the claimant. Final claim settlements may vary significantly from the present estimates, particularly since many claims will not be settled until well into the future. For a discussion of The Hartford's judgment in estimating reserves for Property & Casualty see Part II, Item 7, MD&A - Critical Accounting Estimates, Property & Casualty Insurance Product Reserves, Net of Reinsurance in the Company's 2022 Form 10-K Annual Report, and for historical payments by reserve line net of reinsurance, see Note 11, Reserve for Unpaid Losses and Loss Adjustment Expenses of Notes to Consolidated Financial Statements included in the Company's 2022 Form 10-K Annual Report. The timing of future payments for the next twelve months and for beyond twelve months could vary materially from historical payment patterns due to, among other things, changes in claim reporting and payment patterns and large unanticipated settlements. In particular, there is significant uncertainty over the claim payment patterns of asbestos and environmental claims.

Group Benefits reserves as of June 30, 2023 were $8.9 billion and net of reinsurance were $8.7 billion. Group life and disability obligations are estimated using assumptions based on the Company's historical experience, modified for recent observed trends. For a discussion of The Hartford's judgment in estimating reserves for Group Benefits see Part II, Item 7, MD&A - Critical Accounting Estimates, Group Benefit Reserves, Net of Reinsurance, in the Company's 2022 Form 10-K Annual Report. For additional information about future policy benefits and other policyholder funds and benefits payable, see Note 10 Reserve for Future Policy Benefits and Note 11, Other Policyholder Funds and Benefits Payable of Notes to Condensed Consolidated Financial Statements. For historical payments by reserve line, net of reinsurance, see Note 11, Reserve for Unpaid Losses and Loss Adjustment Expenses of Notes to Consolidated Financial Statements included in the Company's 2022 Form 10-K Annual Report. Due to the significance of the assumptions used, payments for the next twelve months and beyond twelve months could materially differ from historical patterns.

Corporate includes reserves of $409 as of June 30, 2023 related to retained run-off liabilities of its former life and annuity business. For additional information about future policy benefits and other policyholder funds and benefits payable, see Note 10, Reserve for Future Policy Benefits and Note 11, Other Policyholder Funds and Benefits Payable of Notes to Condensed Consolidated Financial Statements.

Hartford Funds

Hartford Funds' principal sources of operating funds are fees earned from basis points on assets under management with uses primarily for payments to subadvisors and other general operating expenses. As of June 30, 2023, Hartford Funds cash and short-term investments were $239.

PURCHASE AND OTHER OBLIGATIONS

The Hartford's unfunded commitments to purchase investments in limited partnerships and other alternative investments, private placements, and mortgage loans are disclosed in Note 14 - Commitments and Contingencies of Notes to Consolidated Financial Statements in The Hartford's 2022 Form 10-K Annual Report. It is anticipated that these unfunded commitments will be funded through the Company's normal operating and investing activities.

In the normal course of business, the Company enters into contractual commitments to purchase various goods and services such as maintenance, human resources, and information technology. The Company's operating lease commitments are disclosed in Note 20 - Leases of Notes to Consolidated Financial Statements in The Hartford's 2022 Form 10-K Annual Report. It is anticipated that these purchase commitments and operating lease obligations will be funded through the Company's normal operating and investing activities.

CAPITALIZATION

Capital Structure

	June 30, 2023	December 31, 2022	Change
Long-term debt	$ 4,360	$ 4,357	—%
Total debt	**4,360**	**4,357**	**—%**
Common stockholders' equity excluding AOCI, net of tax	17,342	17,183	1%
Preferred stock	334	334	—%
AOCI, net of tax	(3,524)	(3,841)	8%
Total stockholders' equity	**14,152**	**13,676**	**3%**
Total capitalization	**$ 18,512**	**$ 18,033**	**3%**
Debt to stockholders' equity	31%	32%	
Debt to capitalization	24%	24%	

Total capitalization increased $479 as of June 30, 2023 compared to December 31, 2022 primarily due to net income in excess of common stockholder dividends in the period and a decrease in net unrealized losses on fixed maturities, AFS, partially offset by share repurchases.

For additional information on AOCI, net of tax, including net unrealized gain (losses) from securities, see Note 16 - 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 13 - Debt of Notes to Condensed Consolidated Financial Statements and Note 13 - Debt of Notes to Consolidated Financial Statement in The Hartford's 2022 Form 10-K Annual Report.

CASH FLOW

	Six Months Ended June 30,	
	2023	2022
Net cash provided by operating activities	$ 822	$ 1,403
Net cash provided by investing activities	$ 53	$ 387
Net cash used for financing activities	$ (1,004)	$ (1,773)
Cash and restricted cash– end of period	$ 222	$ 348

Cash provided by operating activities decreased in 2023 as compared to the prior year period primarily driven by an increase in P&C loss and loss adjustment expenses paid, including the $787 million payment to the BSA on April 20, 2023, higher taxes paid, and higher operating expenses, including increased commissions and staffing costs, partially offset by an increase in P&C and Group Benefits premiums received and lower Group Benefits loss and loss adjustment expenses paid.

Cash provided by investing activities decreased in 2023 as a result of a change from net proceeds from to net payments for fixed maturities, a decrease in proceeds from short term investments, and a change from net proceeds from to net payments for derivatives, partially offset by a change from net payments for to net proceeds from equity securities, and a decrease in net payments for mortgage loans.

Cash used for financing activities decreased primarily due to the redemption of $600 of 7.875% junior subordinated debentures in the second quarter of 2022, and a decrease in share repurchases in 2023.

Operating cash flows for the six months ended June 30, 2023 has 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 2022 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 July 26, 2023

	A.M. Best	Standard & Poor's	Moody's
Hartford Fire Insurance Company	A+	A+	A1
Hartford Life and Accident Insurance Company	A+	A+	A1
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 withdrawn at any time at the discretion of the rating organization. Each agency's rating should be evaluated independently of any other agency's rating. The system and the 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 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 2022 Form 10-K Annual Report.

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, 2023	**$ 12,111**	**$ 2,571**	**$ 14,682**
Statutory income	785	286	1,071
Dividends to parent	(609)	(258)	(867)
Other items	(27)	(40)	(67)
Net change to U.S. statutory capital	149	(12)	137
U.S statutory capital at June 30, 2023	**$ 12,260**	**$ 2,559**	**$ 14,819**

[1] The statutory capital for property and casualty insurance subsidiaries in this table does not include the value of an intercompany note owed by HHI to Hartford Fire Insurance Company.

[2] Excludes insurance operations in the U.K.

CONTINGENCIES

Legal Proceedings

For a discussion regarding The Hartford's legal proceedings, see the information contained in Note 14 - Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements.

Legislative and Regulatory Developments

For a discussion regarding legislative and regulatory developments, see Part II, Item 7, MD&A - Capital Resources and Liquidity, Contingencies in the Company's 2022 Form 10-K Annual Report.

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 2022 Form 10-K Annual Report and Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Condensed Consolidated Financial Statements of this Form 10-Q.

ACRONYMS

A&E	Asbestos and Environmental	HHI	Hartford Holdings, Inc.
ABS	Asset Backed Securities	HIMCO	Hartford Investment Management Company
ACL	Allowance for Credit Losses	HLA	Hartford Life and Accident Insurance Company
ADC	Adverse Development Cover	IBNR	Incurred But Not Reported
AFS	Available-For-Sale	LAE	Loss Adjustment Expense
ALAE	Allocated Loss Adjustment Expenses	LCL	Liability for Credit Losses
AOCI	Accumulated Other Comprehensive Income	LIBOR	London Inter-Bank Offered Rate
AUM	Assets Under Management	LTD	Long-Term Disability
BSA	Boy Scouts of America	LTV	Loan-to-Value
CAY	Current Accident Year	MD&A	Management's Discussion and Analysis of Financial Conditions and Results of Operations
CLO	Collateralized Loan Obligations	NAIC	National Association of Insurance Commissioners
CMBS	Commercial Mortgage-Backed Securities	NICO	National Indemnity Company, a subsidiary of Berkshire Hathaway Inc. (“Berkshire”)
CME	Chicago Mercantile Exchange	NM	Not Meaningful
CPRI	Credit and Political Risk Insurance	NOLs	Net Operating Loss Carryforwards or Carrybacks
DAC	Deferred Policy Acquisition Costs	OCI	Other Comprehensive Income
DEI	Diversity, Equity and Inclusion	OTC	Over-the-Counter
DLR	Disabled Life Reserve	P&C	Property and Casualty
DSCR	Debt Service Coverage Ratio	PV&T	Political Violence and Terrorism
ERCC	Enterprise Risk and Capital Committee	PYD	Prior Accident Year Development
ESPP	The Hartford Employee Stock Purchase Plan	RBC	Risk-Based Capital
ETF	Exchange-Traded Funds	RMBS	Residential Mortgage-Backed Securities
FASB	Financial Accounting Standards Board	ROA	Return on Assets
FHLBB	Federal Home Loan Bank of Boston	ROE	Return on Equity
FVO	Fair Value Option	SEC	Securities and Exchange Commission
GAAP	Generally Accepted Accounting Principles	SOFR	Secured Overnight Financing Rate
HFSG	Hartford Financial Services Group, Inc.	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 June 30, 2023.

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.

Item 1.

LEGAL PROCEEDINGS

For a discussion regarding The Hartford's legal proceedings, see the information contained in Note 14 - 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, 2022, (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

Repurchases of common stock by the Company during the quarter ended June 30, 2023 are set forth below. During the period from July 1, 2023 to July 26, 2023, the Company repurchased 1.4 million shares for $101.

Repurchases of Common Stock by the Issuer for the Three Months Ended June 30, 2023

Period	Total Number of Shares Purchased [1]	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 [2]
				(in millions)
April 1, 2023 - April 30, 2023	1,753,034	$ 70.39	1,749,966	$ 2,276
May 1, 2023 - May 31, 2023	2,210,422	$ 70.32	2,206,495	$ 2,122
June 1, 2023 - June 30, 2023	1,052,766	$ 71.49	1,051,930	$ 2,048
Total	**5,016,222**	**$ 70.59**	**5,008,391**	

[1]Includes 7,831 shares in net settlement of employee tax withholding obligations related to equity awards under the Company's incentive stock plans, which were not part of publicly announced share repurchase authorizations. The Company paid an average price per share of $70.45 in employee tax withholding obligations related to net share settlements in the three months ended June 30, 2023.

[2]In July, 2022, the Board of Directors approved a share repurchase authorization for up to $3.0 billion effective from August 1, 2022 to December 31, 2024. The timing of any repurchases is 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.

Item 5.

OTHER INFORMATION

During the three months ended June 30, 2023, none of the officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) or directors of the Company adopted, terminated or modified any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as such term is defined in Item 408(a) of Regulation S-K.

Item 6.
EXHIBITS

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
FOR THE QUARTER ENDED JUNE 30, 2023
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 Financial Services Group, Inc. effective December 14, 2022.	8-K	001-13958	3.1	12/14/2022
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 June 30, 2023, formatted in Inline XBRL.				

** 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: July 27, 2023

/s/ Allison G. Niderno

Allison G. Niderno

Senior Vice President and Controller

(Chief accounting officer and duly authorized signatory)

Exhibit 15.01

July 27, 2023

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 July 27, 2023, 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 June 30, 2023, is incorporated by reference in the following registration statements:

Form S-3 Registration No.	Form S-8 Registration Nos.
333-262879	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: July 27, 2023

/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: July 27, 2023

/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 June 30, 2023 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: July 27, 2023

/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 June 30, 2023 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: July 27, 2023

/s/ Beth A. Costello

Beth A. Costello

Executive Vice President and Chief Financial Officer