

The Hartford Insurance Group, Inc. NYSE:HIG

FQ3 2025 Earnings Call Transcripts

Tuesday, October 28, 2025 1:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2025-			-FQ4 2025-	-FY 2025-	-FY 2026-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	3.21	3.78	▲ 17.76	3.13	12.29	NA
Revenue (mm)	7213.06	7232.00	▲ 0.26	7317.37	28367.37	NA

Currency: USD

Consensus as of Oct-29-2025 1:35 AM GMT

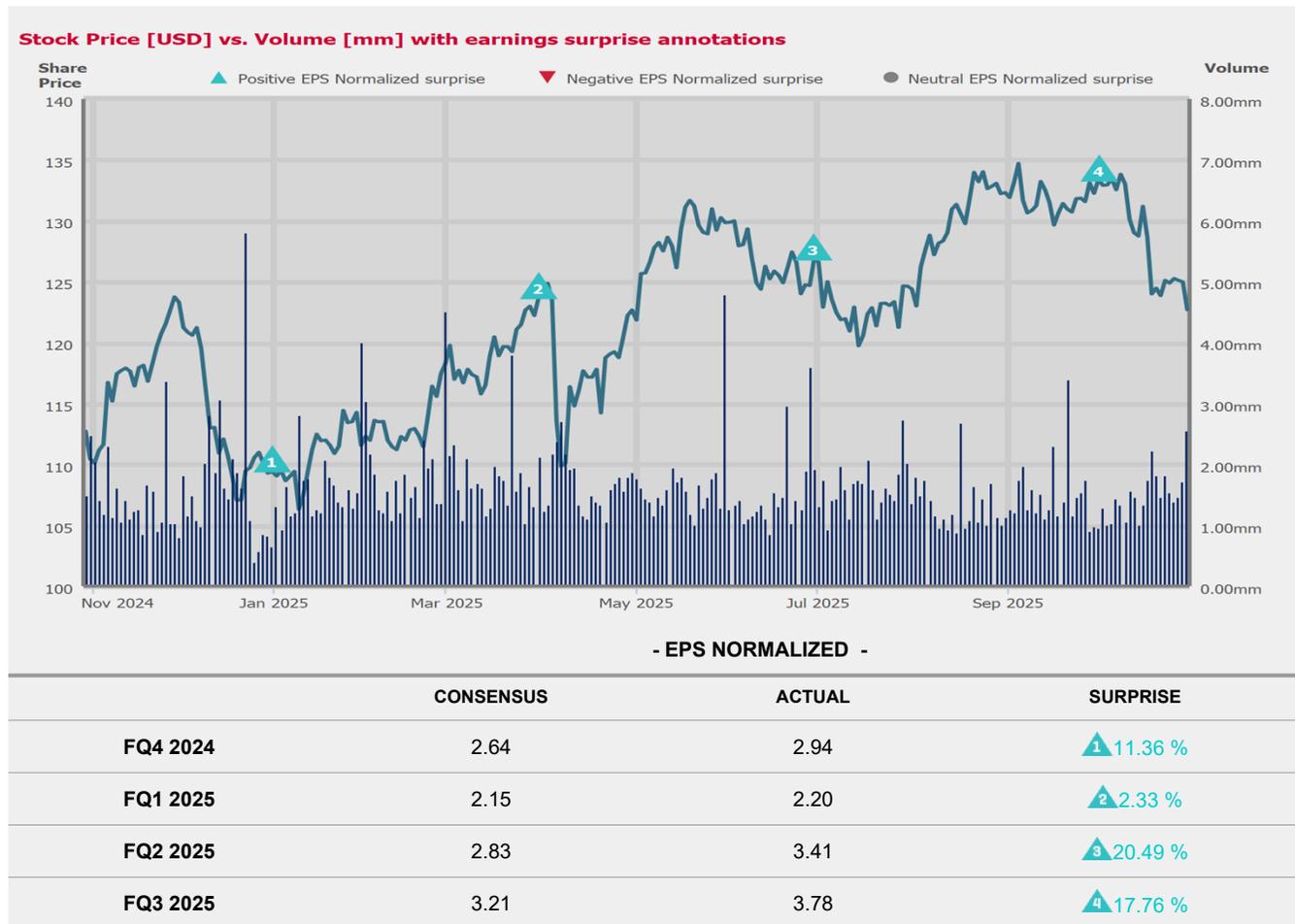


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Call Participants

EXECUTIVES

Adin Morris Tooker
President

Beth A. Costello
Chief Financial Officer

Christopher Jerome Swift
Chairman & CEO

Kate Jorens
SVP, Treasurer & Head of Investor Relations

Melinda Thompson
Head of Personal Lines

Michael Jeffrey Fish
Executive VP & Head of Employee Benefits

Ryan James Tunis
Cantor Fitzgerald & Co., Research Division

ANALYSTS

Andrew Scott Kligerman
TD Cowen, Research Division

Taylor Alexander Scott
Barclays Bank PLC, Research Division

Brian Robert Meredith
UBS Investment Bank, Research Division

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

Elyse Beth Greenspan
Wells Fargo Securities, LLC, Research Division

Michael David Zaremski
BMO Capital Markets Equity Research

Robert Cox
Goldman Sachs Group, Inc., Research Division

Presentation

Operator

Good morning, and welcome to The Hartford Insurance Group's Third Quarter 2025 Earnings Call and Webcast. [Operator Instructions] As a reminder, this conference call is being recorded.

I would now like to turn the call over to Kate Jorens, Senior Vice President, Treasurer and Head of Investor Relations. Thank you. Please go ahead.

Kate Jorens

SVP, Treasurer & Head of Investor Relations

Good morning and thank you for joining us today for our third quarter 2025 earnings call and webcast. Yesterday, we reported results and posted all earnings-related materials on our website.

Before we begin, please note that our presentation includes forward-looking statements, which are not guarantees of future performance and may differ materially from actual results. We do not assume any obligation to update these statements. Investors should consider the risks and uncertainties detailed in our recent SEC filings, news release and financial supplement, which are available on the Investor Relations section of thehartford.com.

Our commentary includes non-GAAP financial measures with explanations, GAAP reconciliations available in our recent SEC filings, news release and financial supplement. Now I'd like to introduce our speakers, Chris Swift, Chairman and Chief Executive Officer; and Beth Costello, Chief Financial Officer. After their remarks, we will take your questions assisted by several members of our management team.

And now I'll turn the call over to Chris.

Christopher Jerome Swift

Chairman & CEO

Good morning, and thank you for joining us today. The Hartford delivered outstanding third quarter results with core earnings of \$1.1 billion or \$3.78 per diluted share, both records for the company. These results reflect the strength of our franchise and disciplined execution of our strategy. We continue to grow top line while maintaining strong margins in a dynamic environment, supported by investments that advance our underwriting discipline while deepening relationships with customers and distribution partners.

Highlights in the quarter include written premium growth in Business Insurance of 9% with an underlying combined ratio of 89.4%. In Personal Insurance, an underlying combined ratio of 90%, a 3.7-point improvement over prior year. In Employee Benefits, an outstanding core earnings margin of 8.3% and continued solid performance in the investment portfolio. All these items contributed to an outstanding trailing 12-month core earnings ROE of 18.4%.

Let's take a closer look at third quarter performance. In Business Insurance, third quarter results reflect excellent growth with strong underlying margins, sustaining momentum from the first half of the year. Our small business franchise continues to set the standard for growth and profitability in the industry, delivering record-breaking new business premium with strong underlying combined ratios. Written premium growth of 11% was fueled by double-digit increases in our industry-leading package product and auto.

E&S binding also delivered exceptional results with written premium up 47%, reaching over \$100 million in the quarter. These results reflect the power of our underwriting expertise, AI-driven capabilities and strong digital platforms built on years of strategic investments. Written premium is expected to exceed \$6 billion in 2025, representing 10% growth over prior year.

Turning to Middle & Large business. Growth was outstanding with solid underlying margins. Written premium increased 10%, underscoring the strength of our diversified portfolio. This performance was fueled by robust new business generation, strong retention levels and solid pricing execution across the lines. Our underwriting approach continues to guide us towards opportunities that deliver attractive risk-adjusted returns while ensuring we remain selective and disciplined.

Shifting to Global Specialty. Results were excellent with another quarter of underlying margins in the mid-80s. This performance reflects targeted growth strategies alongside strong risk and pricing fundamentals. Net written premium grew by 5% driven by U.S. financial lines, bond and across international, partially offset by a 3% dip in wholesale, primarily due to a decline in new construction projects.

Within Global Specialty, we are taking advantage of innovative solutions that combine our specialized underwriting expertise with advanced technology and broad distribution of our small business franchise.

Through our One Hartford approach, agents and customers can seamlessly quote and bind comprehensive coverages in a single, unified experience. For example, this approach is resonating with small and mid-sized business customers who require professional and management liability coverage, not addressed by the standard package product. We remain focused on helping all business customers succeed by using digital capabilities, leveraging our broad distribution network and offering a comprehensive product suite that meets more of their needs.

Moving to pricing. Business Insurance renewal written pricing, excluding workers' compensation, was 7.3%, above overall loss trend. Pricing execution remains highly disciplined. General liability remained firm and above loss trend, supported by rate increases and proactive underwriting actions focused on segmentation, limits management and geographic optimization. Excess and umbrella lines delivered double-digit pricing increases and primary lines moderated slightly while still in the high single digits. Despite modest easing this quarter, auto pricing remained near 11%, while workers' compensation pricing was slightly up from the second quarter.

Across business insurance, property written premium grew 11% to \$800 million with expectations for full year premium to reach \$3.3 billion. Over the past 3 years through the team's thoughtful and disciplined strategy, including CAT management, the Business Insurance property book grew 50%.

In Small business, property pricing within the package product remained strong, achieving 12% renewal written price increases. In general industries, property pricing was relatively consistent with the second quarter and above loss trend. Other property lines, primarily E&S and Large representing approximately 20% of the property book, achieved renewal pricing increases of 1.2%, up nearly 2 points from the second quarter.

Turning to Personal Insurance. Results continued to improve over prior year. Homeowners had a strong quarter, highlighted by 10% written premium growth in mid-70s underlying combined ratio. Renewal written pricing remained flat to the second quarter at 12.6% driven by net rate and insured value increases. Auto underlying results improved by 3.6 points in the quarter with a year-to-date underlying combined ratio in the mid-90s. While Personal Insurance underlying margins are at targeted levels, total PIF growth continues to be impacted by a highly competitive market.

We are pleased with growth in agency, where policies in force grew 17% over prior year, including 4% in auto. In the third quarter, we introduced Prevail to retail distribution, bringing new product, technology and experiences to our agency partners. We are now live in 6 states, and we'll continue to roll out Prevail agency over time with 30 state launches planned by early 2027. Initial results are positive, with agents excited about our improved performance in competitive positioning with preferred market customers. Prevail represents a meaningful investment in our businesses, now benefiting both direct and retail channels.

Earlier this month, The Hartford senior leadership team attended the CIAB Insurance Leadership Forum, a premier property and casualty industry event. We met with more than 50 key distributors and reinforced our commitment to consistent execution and strategic alignment. Brokers and agents recognize our industry-leading digital capabilities, as clear differentiators. We left the forum with increased confidence in the strength of our independent distribution relationships, positioning us to capture additional market share over time.

Moving on to Employee Benefits. The core earnings margin of 8.3% was driven by excellent life and strong disability results. Persistency remained strong in the low 90s while fully insured premium and sales were flat year-over-year, reflecting a competitive market and lower large case sales in 2025. Quote activity and known sales for 2026 are trending very favorably as recent investments in technology and customer-facing tools gain traction in the marketplace.

In terms of capital management, yesterday, we announced a 15% increase in the common quarterly dividend, continuing a track record of annual dividend increases supported by earnings power and strong capital generation. In addition, we are pleased that both S&P and Moody's upgraded the debt and financial strength ratings of The Hartford.

Commentary from the agencies highlighted our effective risk selection and sophisticated pricing strategies, which have positively impacted underwriting performance across business cycles, with expectations for continued strength, supported by well-diversified revenues and earnings.

In closing, as we enter the final quarter of 2025, our financial strength, disciplined execution and strategic investments position the company to sustain strong results. By leveraging industry-leading tools, underwriting expertise and advanced data science, we are confident in our ability to continue to navigate a dynamic market cycle and deliver superior returns for our shareholders.

Now I'll turn the call over to Beth to provide more detailed commentary on the quarter.

Beth A. Costello
Chief Financial Officer

Thank you, Chris. Core earnings for the quarter were \$1.077 billion or \$3.78 per diluted share with a trailing 12-month core earnings ROE of 18.4%. In Business Insurance, core earnings were \$723 million with written premium growth of 9% and an underlying combined ratio of 89.4%. Small business continues to deliver excellent results with written premium growth of 11% and an underlying combined ratio of 89.8%. Middle & Large business had another strong quarter with written premium growth of 10% and an underlying combined ratio of 91.4%.

Global Specialty's third quarter was solid with written premium growth of 5% and an underlying combined ratio of 85.8%. The Business Insurance expense ratio of 31.1% was relatively flat from the 2024 period, however, increased sequentially as the impact of earned premium leverage was offset by higher incentive compensation and benefit costs.

In Personal Insurance, core earnings were \$143 million with an underlying combined ratio of 90%. Homeowners delivered an underlying combined ratio of 74.4%, a 1-point improvement over the prior year. Auto underlying results improved by 3.6 points in the quarter and remain in line with expectations, reflecting typical seasonality as the year progresses.

The Personal Insurance third quarter expense ratio of 25.8% was relatively flat from the 2024 period. Written premium in Personal Insurance increased 2% in the third quarter. We achieved written pricing increases of 11.3% in auto and 12.6% in homeowners.

With respect to catastrophes, P&C current accident year losses were \$70 million before tax for 1.6 combined ratio points, which included \$37 million of favorable prior quarter development. Through September 30, we have reached the \$750 million attachment point for our aggregate property catastrophe treaty, which means that CAT losses of up to \$200 million in the fourth quarter would be covered by the treaty.

As a reminder, the aggregate cover does not include losses from the global reinsurance business, which purchases its own retrocessional coverage. Total P&C net favorable prior accident year development within core earnings was \$95 million before tax, primarily due to reserve reductions in workers' compensation and personal auto liability and physical damage. We recorded \$8 million of deferred gain amortization related to the Navigators ADC, which has now been fully amortized.

As a reminder, the A&E ADC cover was exhausted in 2024, so any development from the fourth quarter A&E study will impact core earnings.

Moving to Employee Benefits. Core earnings of \$149 million and a core earnings margin of 8.3% reflect excellent group life and strong disability performance. The group life loss ratio of 74.2%, improved 3.3 points, reflecting lower mortality across both term and accidental life products. The group disability loss ratio of 70.6% increased 2.7 points from the prior year. Last year, included a benefit of 2.2 points related to the long-term disability recovery rate assumption update, while current year long-term disability trends were slightly higher as expected. This was partially offset by pricing increases earning into our paid family and medical leave products. The Employee Benefits expense ratio of 26.7% increased 1.4 points, primarily driven by higher staffing costs, including increased incentive compensation and benefits, increased investments in technology and a higher commission ratio due to premium mix.

Turning to investments. Our diversified portfolio continues to produce solid results. Net investment income of \$759 million increased \$100 million from third quarter 2024 due to income from limited partnerships and other alternative investments, a higher level of invested assets and reinvesting at higher interest rates, partially offset by a lower yield on variable rate securities. The total annualized portfolio yield, excluding limited partnerships, was 4.6% before tax, consistent with the second quarter. We continue to strategically manage the portfolio, balancing risk while pursuing accretive trading opportunities.

In the quarter, we reinvested at 50 basis points above the sales and maturity yield, reflecting increased call and paydown activity on higher-yielding corporate bonds and certain structured securities. We remain focused on our ability to reinvest above the current portfolio yield. As expected, our third quarter annualized LP returns of 6.7% before tax were higher than the first half of the year, reflecting increased returns from our private equity portfolio. While still early, we anticipate fourth quarter results to be in a similar range to third quarter.

Turning to capital management. As Chris mentioned, we increased our common quarterly dividend by 15% to \$0.60 per share, payable on January 5, 2026. Over the past decade, we have delivered dividend increases averaging approximately 11% per year. The step-up in our dividend demonstrates our confidence in the sustained earnings power and capital generation of the organization.

Holding company resources totaled \$1.3 billion at quarter end. During the quarter, we repurchased 3.1 million shares under our share repurchase program for \$400 million, and we expect to remain at that level of repurchases in the fourth quarter. As of September 30, we had \$1.95 billion remaining on our share repurchase authorization through December 31, 2026.

In summary, we are pleased with our outstanding performance for the third quarter and first 9 months of the year. We believe we are well-positioned to continue to deliver industry-leading returns and enhance value for all stakeholders.

I will now turn the call back to Kate.

Kate Jorens

SVP, Treasurer & Head of Investor Relations

Thank you, Beth. We will now take your questions. Operator, please repeat the instructions for asking a question.

Question and Answer

Operator

[Operator Instructions] Our first question will come from Brian Meredith from UBS.

Brian Robert Meredith

UBS Investment Bank, Research Division

Chris, I wonder if you could talk a little bit about workers' comp. It looks like we're starting to see some price increases there, which is great. Do you expect that trend to continue here? And do you think there'll be at a point here in the next, call it, 12 to 18 months where maybe rate there is in line with trend. And where are we right now rate versus trend?

Christopher Jerome Swift

Chairman & CEO

Yes. Thanks for the question and joining us. I would say the workers' comp market remains consistent. When we talked about pricing this quarter, it was really up 4x from a slight negative to a slight positive. So that's really not a meaningful move. And if you look at sort of state filings and regulatory activity across all the states, I don't see much rate increases set up for 2026 at this point in time, primarily because as you know, Brian, I mean, it's a highly profitable line is still behaving pretty well. Loss trends are stable and predictable, and it doesn't set itself up for meaningful rate increases. I think you're aware of one state had a fairly meaningful rate increase in California because their loss trends were a little outsized compared to others.

So I would say it's steady as she goes. And we feel good about the profitability -- the overall profitability of the book, whether it be on an accident year basis or calendar year, particularly when you look at our reserve releases, over the last 3 years have been pretty steady and predictable.

Brian Robert Meredith

UBS Investment Bank, Research Division

Makes sense. And then I wonder if we could just dig in a little bit more into the underlying loss ratio in Business Insurance and commercial insurance. So I understand that most of the year-over-year deterioration is due to the workers' comp. But if I think about the other lines of business, you talk about rate has been in excess of trend and pricing has been excess of trend for a long time. Are you holding those picks kind of constant right now, given where we are with port inflation and maybe potential impacts of tariffs, or are we actually seeing improvement there, and they're just being more than offset by comp?

Christopher Jerome Swift

Chairman & CEO

Yes. I think what I'd like to do, and I know you've studied our data, but let's look at the 9-month year-over-year underlying combined ratio. Currently, it's running 88.6% versus 88.1%. And I would say within those numbers, comp is performing as we expected. So there is no change in sort of anything that we've done with comp in this accident year. And obviously, prior accident years continued to develop favorably.

I think what -- if I really attribute the difference in run rates through 9 months is really incentive compensation, so an expense component, not a loss component is higher than we planned, just given overall strong ROEs that we're generating and overall profitability. So if you sort of back that out, we're within a few tenths of what we think would be sort of a consistent -- generally consistent expectation at that 88.1%.

And then I would even add further attribution, if we really look at the book. We mixed in property at a good level. You saw the 10% growth. But we did mix in more national account business, which tends to have a higher underlying combined ratio, both for comp and GL, that obviously impacted another few tenths. And then if I really want to quibble and look at it even more on a refined basis, we probably had a slightly more favorable non-CAT property experience last year compared to this year. So you put that all together, and you're dealing with sort of 0.5 point. And I would even share with you, as I think about the fourth quarter and the full year, I think we'll come in slightly below 88.6%, and call it a very productive, high-quality year and feel very good.

Operator

Our next question comes from Andrew Kligerman from TD Cowen.

Andrew Scott Kligerman
TD Cowen, Research Division

So I'd like to start out with the terrific new business growth of 11% and 20% in Small and then Mid & Large, respectively. I mean, those are phenomenal numbers in this environment. I know you touched on property a little bit, but maybe you could talk to the lines that were most strong in each of those 2 segments. And why you're able to see that kind of growth in a somewhat softening market?

Christopher Jerome Swift
Chairman & CEO

Thank you, Andrew, for the question. I'll give some highlights, but I'd let Mo to cover his point of views too. But besides the major segments, you can see those growth numbers. If you pull back, our Spectrum product in Small Commercial, it was up 13% in the quarter. Global Re was up 14%. Business Insurance, auto, was up 10%. I referenced national accounts before, which was up 17% in the quarter, really pleased with how that book is performing and more importantly, our reputation in the marketplace in that national account area.

So I would say it was broad-based. I would even say our excess liability line was up 20%. And workers' comp, I think, grew 3% year-over-year. So I would say it was just broad-based strong performance by the team. And Andrew, you've heard us, myself and Mo talk, I mean, we've asked the team to focus on margins and maintain those margins as we head into -- as we executed here in 2025. And I really feel like the team is executing flawlessly. They know how to draw lines in the sand and say no, and move on, but also our capabilities, our digital capabilities, all the investments that we've made across all our business segments, Mo, I think, are performing well.

Adin Morris Tooker
President

Maybe I'll just add a couple of pieces, Chris. Yes, I think flow, Andrew, remains really good in both businesses, both in Small and Middle. In Small, that's admitted and non-admitted, so the flow we're seeing -- you saw that Chris quoted a plus 47% growth in the E&S lines binding in Small business. The flow in admitted and non-admitted channels remain really strong in Small. And I think that's just a sign of how well the technology we're creating efficiency for our agents, and we see further opportunity for consolidation in the Small business space.

And then in the Middle space, I think Chris referenced it. But again, we've got real specialization we've built. The technology we have in Small is -- we're taking it into Middle to make that process more efficient for agents. However, I think the Middle results will be more lumpy. We showed a plus 5% in Q2. We're showing, as you saw, plus 10% in Q3. I think we're really making decisions there that we just add them up at the end of the quarter and sometimes it's going to be a great number, sometimes it's going to be an okay number. So we feel really confident about the Small and the consistency of the growth there. I just feel like the Middle may be a little bit more choppy and more dependent on market conditions.

Andrew Scott Kligerman
TD Cowen, Research Division

That was super helpful. Shifting over to Personal lines. The auto line came in at a 97.9%, and I know there's a lot of seasonality there. But maybe you could talk about where you'd like that to kind of center? Like what would be the kind of range where you'd be very comfortable, and now that you've got the Prevail chassis kind of rolling out, do you see the policy count starting to pick up in the near future?

Christopher Jerome Swift
Chairman & CEO

Andrew, what I would say is, as I said in my prepared remarks, we're at target margins today and feel good with what Melinda and the team have done to sort of restore our margins. As you know, we have a 12-month policy. So there's a little bit of a lag that we have to manage. So -- and I would say -- and I think we've talked about it in the past, if -- for an auto book, if we can run an underlying combined at 95% with 2 points of CAT, I feel good, and we're then in go mode to grow, which we are now. We are pivoting to growth, particularly in '26.

The real opportunity, I think, for growth will be our new agency offering, which is, as I said, we're in 6 states now and 30 by early '27, which will add to incremental growth, particularly in addition to our AARP response. But a lot of our good competition is also pivoting to growth. So it's not going to be a layup. We're going to have to break a sweat and differentiate ourselves. But when we think about growing, we think about bundling, auto and home. And we still need to maintain sort of the loss cost environment that

-- where we see loss costs going. So all I would say is I think it's balanced. I'm pleased where we're at. Melinda, I don't know if you would add any additional color.

Melinda Thompson
Head of Personal Lines

Chris, I think that's all accurate. And I would just add that in addition to the new business efforts and the competitive environment we're experiencing there, retention certainly is another dynamic influencing growth, and we still have double-digit renewal price change being felt by our customers. So as that drops into single digits in the fourth quarter and continues to moderate in '26, that will help alleviate pressure on the retention and top line dynamics.

Beth A. Costello
Chief Financial Officer

And then Andrew, it's Beth. The only other thing that I would just add is, when we talk about being at an underlying combined ratio in auto of 95%, that would be for the full year. And I just want to remind you, again, that we see seasonality in our auto results under normal conditions where it increases roughly 2 to 3 points over the course of the year. So it's not as if every quarter would be at 95%, we'd expect the first half of the year to be lower and the second half of the year to be higher when we think about that in total.

Operator

Our next question comes from Gregory Peters from Raymond James.

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

So the first question on pricing, you mentioned in your press release and your comments, the 7.3% benefit in the quarter. And I guess there's been a lot of growing chatter around increasing price competition. Maybe it's not as relevant in the small market, but maybe you can talk about some pressure points you're seeing on price, maybe from your distribution partners as it relates to the Middle & Large business or maybe it's even sitting inside the Global Specialty.

Christopher Jerome Swift
Chairman & CEO

Yes, Greg, thanks for joining us. You're right. The 7.3% we called out this quarter is ex workers' comp in our, I'll call it, standard insurance businesses. If you're interested, I would say, in Small business, ex comp, it's 9.3%. Middle & Large ex comp, 7.3%, and roughly, that's down 1 point or so from prior quarters sequentially. And some of that is to be expected, just given the overall performance of certain lines, particularly led by property.

But I would say, and I'm going to ask Mo to add his color, is that the real discipline that we have, and it is still needed, is anything liability related. You could think in commercial auto. You could think of primary GL, excess, umbrella. And I think I gave you some of those rates. But overall, from a GL basis, we're in high single digits. Excess and umbrella is low double digits, a little bit of a sequential drop, but still double digits, and commercial auto is holding up in that 10% range. So I think those are the highlights that I would just point out to you and ask Mo to add his color.

Adin Morris Tooker
President

Greg, I'd just say that we still feel like the market is pretty fairly priced really and especially in the smaller end of our -- of each of our books, and that will be small, middle and the global books. And I think it's also really important to make sure that you understand our starting point. We have not been fixing anything here for 2 or 3 years. And we know that -- again, when we look at some of our peers, there's some higher rate action coming through, but I think that's relative to their starting point over the past couple of years.

And so I just -- I feel confident in our ability to grow. We've given tools to the underwriters that I think are market leading, the data science, the actuarial tools. So -- and I think the underwriters are really executing well in each of the BI segments. And we've given leaders, I think, booked management tools that, again, I think are second to none in the industry. So I think all in all, we're executing really well. Just to your point on where we've seen competition. I think we've talked to you before about the public D&O market. I think we've proven that when the margins aren't there, we'll pull back.

I think we've been patient on workers' comp just trying to pick our spots there, knowing that market has been competitive, but the returns are good. And the most recent example, Greg, that I'll point to is our large property book in Middle & Large, that segment.

We've been pulling back just especially on some of the larger accounts in that segment, we've seen the market really get hungry for the large premium in that segment. And then the only other thing I'll call out for you is we are watching the London market closely. The rate movement in the quarter was something that we kept our eye on. And I think we'll pick our spots internationally as well.

Charles Gregory Peters

Raymond James & Associates, Inc., Research Division

Thanks for that additional color, Mo. I'm going to pivot to my favorite topic that I'd like to ask you guys about from time to time, which is technology. During the third quarter, a couple of your peers came out with statements about the potential benefits of technology whether it's in production or in cost savings through headcount reduction. And it's certainly consuming a lot of oxygen in the industry. So I'd like to go back and maybe -- can you give us a sense of how your tech budget looks for the upcoming year? And maybe how you're allocating it to sustaining legacy systems versus new initiatives to sort of give us a state of the union on your tech outlook?

Christopher Jerome Swift

Chairman & CEO

Yes. Happy to provide that, Greg. I would say to your first point on sort of the impacts here. I think we're early on in this baseball game. I don't know if it will be an 18-inning baseball game for those of you that watched it last night. But it's early. And I think for us, our guiding principles on any technology, whether you want to call it a data science or artificial intelligence or general intelligence is really to sort of augment our human talent, not necessarily to replace it. And ultimately, what the objective is, is to create a more frictionless experience for our customers, for our agents and brokers where we can be fast, accurate and really differentiate ourselves on a just the ease of business.

I think when that happens, I think we'll -- retention will go up. I think we'll attract more business, capture more market share as we've been saying. So that's the first premise. And the premise of where we ought to go from a process side is generally 3 major areas: claims, underwriting and operations. And so that's what we're focused on. It's -- we're trying to go as fast as we can. We've allocated substantial resources to looking at our processes and fundamentally improving them, redesigning them with sort of a tech AI focus from the get-go.

So that's what I would say from an outlook side, what we're trying to do, just to give you numbers, we run basically \$1.3 billion all-in IT run in an invest budget. And I would say a little over \$500 million is sort of the invest side of that. And its various projects, some that you might be interested in. We're still taking all our data and applications to the cloud, which we're in our fourth year of a 6-year journey to get that done. We are rolling out some pretty cool stuff, particularly in the call center activity. We're rolling out AWS Connect, which everyone in the organization, all product lines, all service centers will use. We expect that to be completed in the first half of '26. And the list can go on.

But I do want to try to refrain from giving too much detail because some of this is proprietary. It's competitive. We're trying to get a first-mover advantage. And I know you'll respect that philosophy that I have. But Beth, what would you add from...

Beth A. Costello

Chief Financial Officer

Yes. The only thing I would add, and maybe just to point out the language that you used, Greg, when you said, how much do you spend on legacy business -- legacy systems versus invest. And Chris gave you the breakout between run and invest. But I wouldn't have you think that, that run is all about legacy systems. We've been on a path for several years now of modernizing our core platforms. So those run costs are related to more modern systems, which really sets us up very well to be able to spend the dollars that we're talking about from the invest side to make the strides that Chris talked about. So I just wanted to just clarify that a little bit when you think about our platforms and what we've been doing over the last 10 years.

Charles Gregory Peters

Raymond James & Associates, Inc., Research Division

You gave us some new information. So appreciate it.

Operator

Our next question comes from Alex Scott from Barclays.

Taylor Alexander Scott

Barclays Bank PLC, Research Division

I wanted to go back to Personal lines and just some of the comments you made about retention. And as you're kind of getting into 4Q and you're starting to lap some of the bigger rate increases, are you seeing shopping rates come down at all for the policies where you're not taking as much price? I'm just trying to get a sense of how much is that being driven by the rate you're taking versus maybe the environment also still kind of just getting competitive with price decreases in some pockets and particularly direct-to-consumer and so forth.

Christopher Jerome Swift
Chairman & CEO

Yes, Alex, I'll let Melinda add her color, but I would say shopping is still elevated across -- just across the business, whether it be auto or home. I think people have been somewhat conditioned to shop, and obviously, digital makes it a lot easier. You saw our price increases in auto this quarter. I would say, as we -- you get into the fourth quarter and early '26, I think by the fourth quarter, those loss -- or those pricing numbers will probably drop into the high single -- single digits, and will continue then to moderate in early '26 and throughout '26, which gives us, again, the opportunity to be competitive and try to grow our PIF count. But Melinda, what would you add?

Melinda Thompson
Head of Personal Lines

Thank you, Chris. No, I don't think that shopping behavior in our book is any different than the broader industry. And I would say switching behavior has been higher driven by the multiple cycles of rate that, again, the industry has put in not anything specific to The Hartford.

But I would point out, our retention is stable, and we're certainly reflective of the environment. And we implemented a number of initiatives to really focus on policyholder education and experiences, things to help them think about coverage counseling adjustments that they can make, billing reminders and other assistance. So we do a lot to try to create seamless experiences and a lot of connection with our customer as we navigate this period of time with more accelerated switching behavior.

Taylor Alexander Scott
Barclays Bank PLC, Research Division

Helpful. Next thing I wanted to touch on was the capital position of the company. And I was just interested in the bigger increase in the common dividend in particular. And I wanted to get your thinking around what gives you the confidence on that. What are you seeing in the business? Is it the growth environment is slowing? Or do you feel like kind of the capital position is strong enough that you can sort of do both in terms of increasing your capital distributions while still continuing to get kind of growth to get this quarter?

Beth A. Costello
Chief Financial Officer

Yes, Alex, I'll take that. And it really is about the fundamentals we see in our businesses and the earnings power that we have. We've been very focused through the years and looking to maintain a competitive dividend. And when we look at where our earnings growth has been, we felt very comfortable increasing it by the 15%. And I -- again, I think it just speaks to the strength of our underlying businesses. It still provides us plenty of opportunity to continue to invest for growth. So I wouldn't look at the change as any sort of signal and change in focus, and how we think about the prospects for our underlying businesses.

Operator

Our next question comes from Elyse Greenspan from Wells Fargo.

Elyse Beth Greenspan
Wells Fargo Securities, LLC, Research Division

My first question, I want to start on Personal, auto again. I just was curious if you guys saw any impact of tariffs on results in the quarter. And then is there any expectation that you'll see an impact going forward, right, when you point -- is that embedded within your expectation that you guys are now back at target margins?

Christopher Jerome Swift
Chairman & CEO

I would say very negligible this quarter and really for the whole year, I think as we discussed in prior calls, Elyse. And then as we turn the clock into 2026, we'll make the appropriate trend picks for our loss costs, giving due credence to any tariff pressure, particularly in

property or physical damage coverages. But at this point, I don't think they'll be significant. And I think we will know how to make the appropriate estimates and judgments. So I don't think there's anything unusual here. Just another factor that we'll have to consider in our loss trends.

Elyse Beth Greenspan

Wells Fargo Securities, LLC, Research Division

And then my follow-up was also on capital, but I guess on the different side. Buyback, right, has been kind of within this \$400 million quarterly level, right, for more than a year. As you know, earnings growth are strong and the capital levels are strong at the company, what would you need to see, I guess, to increase from that \$400 million baseline? And would that be -- I guess, when do you think through that? Is that with the capital plan when you'll update us next quarter for next year potentially just coming off the \$400 million?

Christopher Jerome Swift

Chairman & CEO

Yes. Elyse, I'll let Beth add her perspective. And you've heard us talk before, we like to be steady, predictable, and yes, any changes, we would have to contemplate. But I feel good about really what we're doing with our excess capital that we're generating. Our companies are well-capitalized, obviously, recognized by Moody's and S&P. We're funding meaningful growth, which we want to continue to do.

Again, with the right margins, with the right mindset on profitable growth and then you see our healthy dividend that Beth commented upon. And you put it all together, it's still a good use of excess capital. And if we change the numbers or amounts, we'll let you know when we make those decisions. But we haven't made any of those decisions.

Operator

Our next question comes from Ryan Tunis from Cantor Fitzgerald.

Ryan James Tunis

Cantor Fitzgerald & Co., Research Division

I guess just taking a look at the supplement, at face value, it sort of looks like any type of underlying combined ratio pressure we had in Business Insurance this quarter was in middle markets. Not sure if I'm thinking about that right, but just some commentary, I guess, on the underlying combined ratio deterioration there.

Christopher Jerome Swift

Chairman & CEO

Ryan, if you're looking at sort of sequential, I would just call out, we had a strong national accounts quarter that put some pressure on the booking ratio there tends to be a little higher just given it's a long duration. And I don't know if it was any favorable or is there any property impact. Mo, I'm looking at you. But yes, I would just call out the national account mix that we had a strong quarter in national accounts.

Adin Morris Tooker

President

Yes, there's some slight favorability in property, but it was pretty minor overall, non-CAT property.

Ryan James Tunis

Cantor Fitzgerald & Co., Research Division

Okay. And then I guess just in group disability, sound like there's some paid family leave comp stuff. But I'm just curious if any new trends worth pointing out there?

Christopher Jerome Swift

Chairman & CEO

Well, the trends in sort of just the lead product in totality, paid family or medical, I think, are encouraging. People want these products. I think it's a fairly straightforward product to sort of price and understand. We've -- after we've seen people use them just a little bit more, and that's why we're making some of the profit actions and pricing actions that we're taking there. But it's a fast-cycling business, generally 1- or 2-year rate guarantee. So we think we could be reactive. And that book is a little over \$500 million for us

today, Mike Fish. And so I don't know if you would call anything out on leave, but I think the main difference was we talked about in the quarter for LTD was the basis study that we did last year that didn't reoccur.

And generally, LTD is behaving. Maybe we saw a little tick up in severity this quarter. So the people that went out on LTD tend to be a little more higher salaried folks. But that can bounce around from quarter-to-quarter, so -- but Mike, what would you add?

Michael Jeffrey Fish
Executive VP & Head of Employee Benefits

Yes, Chris, I think I'd just maybe add a couple of points. I think on the leave side, as you noted, we're seeing some increase in utilization of those benefits. So we're pricing that in both when cases come up for renewal as well as our new business price pick. So again, we'll continue to do that. And we do expect utilization to level out probably in the next couple of years.

But again, as employees see the value of those benefits, we're making sure we're including that increased utilization in our premium rates. And then, Chris, as you noted on the overall long-term disability book of business, we're very pleased with the performance there. So again, even though loss ratio up a bit quarter-over-quarter. I'd say, in total, we're still performing well within pricing expectations.

Just we saw some very -- and we've talked about this in past quarters, some very favorable incidence trends back last year and prior in '23. So I'd almost characterize it as a bit more of a normalization as we expected to see in the loss ratio this year.

Operator

Our next question comes from Mike Zaremski from BMO Capital Markets.

Michael David Zaremski
BMO Capital Markets Equity Research

Focusing on the smaller commercial end. Mo made some comments about further opportunity for consolidation in that space. If you could elaborate, that would be great. And just related, I'm curious is there -- if you look at the last 3-, 4-, 5-year trend, I think it's fair to assume that some players, maybe just you all, you can correct me, have taken a lot of market share there. Is there a level of market share in Small Commercial where you start to see some kind of friction where you just have a good issue just too much market share with some of your agency partners?

Adin Morris Tooker
President

Yes, our market share today, Mike, is less than 5% in the Small business space. So I don't think we felt that in any way so far. But to give you a little bit more context on what we're feeling, I think coming out of CIAB, that Chris referenced in October, earlier this month, there was some really terrific feedback just about, again, the continued themes of how good our technology is. How much time it saves relative to our competitors. Also, once a small business placement is with us, our appetite has been consistent for years. So we're not pushing it back into the market. As there's been some disruption in that space, so there's a consistency of appetite that again keeps an agent from having to touch that policy again.

I think we get feedback on the service capabilities that we built. We actually take time out of the agency's office, and we do that servicing for them so that we're saving them a couple of dollars on every policy. So I can keep going here. But I think broadly, our digital, our service, our placement capabilities in Small and the feedback that we get, just -- it's a better experience all around. So we expect to be able to continue to grow at a reasonable pace in that Small business space and to take market share.

Michael David Zaremski
BMO Capital Markets Equity Research

Got it. And my follow-up is more high level on the pricing power levels in Small to Mid Commercial. I guess the increasing questions we get, I'm sure you get to is, where will pricing go? It seems to be a consensus that pricing will continue to decelerate. Would you say folks in our seat might be focusing a bit too much on the ROE of the industry being healthy, whereas loss cost trend appears to be much more elevated than it has historically? Any kind of insights you'd want to add into how we should think about kind of the forward trajectory, what's impacting pricing?

Christopher Jerome Swift
Chairman & CEO

Yes. I would say, Mike, again, honestly, selfishly, I mean I think the industry ROEs are good, are healthy. But if you look at other financial services companies, I mean, they generate really, really high ROEs compared to us. You look at banks or others that participate in that side of the business. I mean, our business is one of taking risk. We're taking long-term risk. We have a lot of variability in our loss cost trends. So there's margins and prudence that we try to price into our products.

So you put it all together, I think we're earning a fair return and as you've heard us, Mo and I talk along with Beth, I mean, we're trying to maintain these margins and keep up with loss cost trends. And that sounds simple. I know it's hard to do in a competitive environment. But if we could do that and compound that over a longer period of time, that's a win for our shareholders. So do I feel like you're focused on the wrong things? No, I think you're focused on the right question on trend and growth and sort of that balancing equation.

But as Mo just said, it all depends where you start, right? And if you have lines like workers' comp, where -- are producing good returns and results just because you're getting a lower price increase there. That's not necessarily a bad thing because that's a product that everyone needs. It's a lead product that we use then to account round and sell other products. So it's all part of the equation of pricing your products individually, but also keeping an eye on accounts, and what you're trying to do for agents, brokers and customers.

Operator

Our next question comes from Rob Cox from Goldman Sachs.

Robert Cox

Goldman Sachs Group, Inc., Research Division

Yes, I was just hoping you guys could remind us where you're trending some of the bigger lines of business to the extent you could share. And I appreciate the comments on the national accounts, but also just curious if you touched up any of the loss trend assumptions across Business Insurance this quarter.

Christopher Jerome Swift

Chairman & CEO

I think -- I mean, I think the trends that we talked about, Rob, that are worth repeating is the liability trends are still elevated, you could judge by what we're doing from a pricing there. I think the overall point though, I'll just emphasize it again, particularly ex comp. We feel like we're on top of loss cost trends as we sit here today, and we'll try to maintain that on top position going forward.

There's nothing really new in comp. Particularly on severity trends are behaving at least compared to our assumptions. So I don't think there's a new piece of data that we could share with you that we haven't already talked about. But Mo or Beth, would you add anything?

Adin Morris Tooker

President

No, I would just say the trends are relatively stable. And I think what we're -- especially on the liability line, so think anything GL, anything auto, the teams are keeping rates above loss cost, and I think that's going to be continued for some time. We are really pushing hard to make sure that we don't fall behind on those lines, knowing how the trend has been elevated over the past couple of years, and we intend to stay ahead of that.

Robert Cox

Goldman Sachs Group, Inc., Research Division

Okay. Perfect. And just as a follow-up, I was just curious on the component of your 5.2% all-in pricing or 7.3% ex comp, the exposure-related portion of that. How has that been trending versus the pure renewal rate? Are you guys still getting a solid contribution there from the exposure component?

Christopher Jerome Swift

Chairman & CEO

Yes. The quarter, I would call it at 1.8%, and it's been sort of consistent of 75% rate and 25% exposure as we break that down. So just to be clear, that's at the 7.3% ex comp rate that I quoted before.

Operator

We are out of time for questions today. I would like to turn the call back over to Kate Jorens for closing remarks.

Kate Jorens

SVP, Treasurer & Head of Investor Relations

Thank you for joining us today. Please reach out with any additional questions and have a great day.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.

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