

# The Hartford Insurance Group, Inc. NYSE:HIG

## FQ4 2025 Earnings Call Transcripts

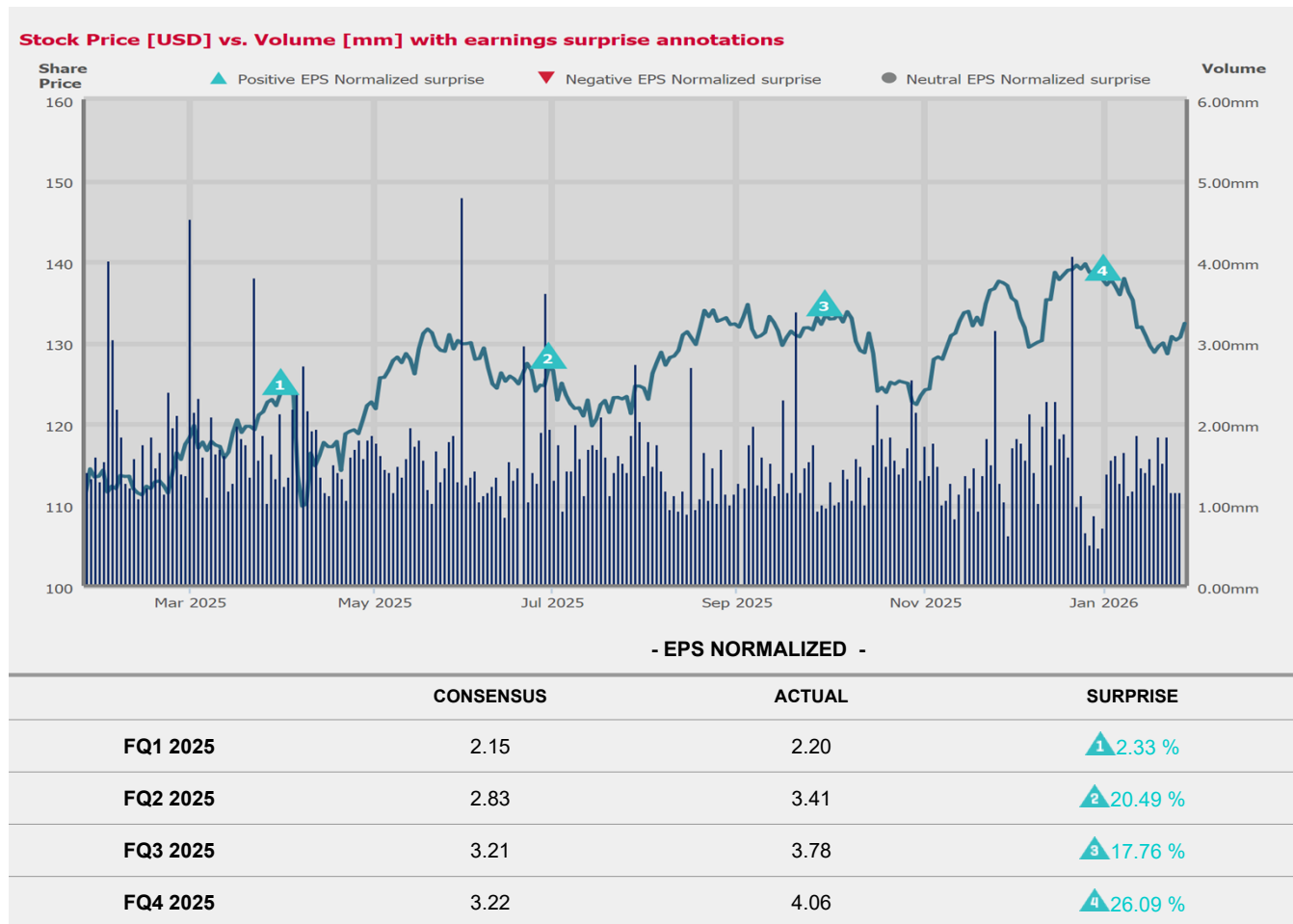
**Friday, January 30, 2026 2:00 PM GMT**

S&P Global Market Intelligence Estimates

	-FQ4 2025-			-FQ1 2026-	-FY 2025-			-FY 2026-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS Normalized	3.22	4.06	▲26.09	3.36	12.60	13.42	▲6.51	13.31
Revenue (mm)	7317.06	7339.00	▲0.30	7438.02	28295.30	28368.00	▲0.26	30095.15

Currency: USD

Consensus as of Jan-30-2026 9:30 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**  
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*BMO Capital Markets Equity Research*

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*Goldman Sachs Group, Inc., Research Division*

## ANALYSTS

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**Brian Robert Meredith**  
*UBS Investment Bank, Research Division*

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

**David Kenneth Motemaden**  
*Evercore ISI Institutional Equities, Research Division*

**Elyse Beth Greenspan**  
*Wells Fargo Securities, LLC, Research Division*

**Katie Sakys**

# Presentation

## Operator

Thank you for standing by. My name is Tina, and I will be your conference operator today. At this time, I would like to welcome everyone to the Fourth Quarter 2025, The Hartford Insurance Group Financial Results Webcast. [Operator Instructions] It is now my pleasure to turn the call over to Kate Jorens, Senior Vice President, Treasurer and Head of Investor Relations. You may begin.

## Kate Jorens

*SVP, Treasurer & Head of Investor Relations*

Good morning, and thank you for joining us today for The Hartford's Fourth Quarter and Full Year 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 the hartford.com.

Our commentary includes non-GAAP financial measures with explanations and 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 reported outstanding fourth quarter and full year 2025 earnings. As we look back on results, the enterprise performed at a high level. The effectiveness of our strategy and investments in innovation are strengthening our competitive position and ability to generate superior returns for shareholders. Among the year's highlights, Business Insurance delivered robust top line growth of 8% with excellent underlying margins.

In Personal Insurance, 2025 was a pivotal year as auto achieved targeted profitability and Home continued to produce outstanding results. Employee Benefits reported an impressive core earnings margin of 8.2%, led by strong life and disability results. And the investment portfolio continues to generate solid performance. All these items contributed to outstanding core earnings of \$3.8 billion with core earnings ROE of 19.4% in 2025.

I want to thank our employees. Their commitment to excellence makes these achievements possible. We are united behind a customer-centric mindset and a commitment to working together to deliver exceptional results. We have a distinctive culture shaped by strong ethics and collaboration that drives decisions and turns innovation into impact. It is what makes -- the Hartford, The Hartford.

Before we review business results, I want to briefly highlight our continued progress on technology and innovation. Over the past decade, we have modernized core platforms, strengthened data and analytics and advanced digital tools across the enterprise. As we've discussed previously, this includes building out our data science capabilities, migrating application and data sets to the cloud and exiting data centers.

With the foundational work across platforms, data and cloud largely complete, we have moved to the next phase of our innovation agenda, reimagining our processes and workflows with an AI-first mindset. It is a multiyear journey, and we have allocated investment spend to accelerate our progress. The team is executing well, and we are already seeing early positive results in claims, where AI is accelerating medical record summarization, in underwriting, where it is providing more consistent, data-rich insights with greater precision and in operations, where the deployment of Amazon's call center technology is enhancing customer interactions with multimodal capabilities.

More recently, generative AI has expanded the way we think about value creation across our business, especially within claims, underwriting and operations. Our approach remains focused on practical, high-impact applications that augment human talent and drive improved experience for customers, employees and distribution partners. All this positions The Hartford to be well situated as the insurance industry continues to evolve.

Let's turn to 2025 results. In Business Insurance, written premium growth was strong across all three units, driven by strong new business, stable retention and pricing increases in most lines. The underlying margin of 88.5% for 2025 was excellent and reflected disciplined underwriting in a dynamic environment. The company's approach to operating as one unified team, known as One Hartford enables us to collaborate across business insurance to meet a wide range of customer needs.

This strategic alignment, combined with consistent execution continues to resonate with agents and brokers. We are advancing underwriting capabilities to drive faster, better and more consistent underwriting decisions while delivering superior agent, broker and customer experiences. Moving into each business insurance unit. Small business continues to be the industry leader with written premium of \$6 billion and an underlying combined ratio of 88.9% in 2025.

I am pleased to share that for the seventh consecutive year, Keynova Group has ranked The Hartford as the #1 carrier for small business digital capabilities. Keynova reported that The Hartford holds a double-digit lead in all categories. This recognition reflects exceptional functionality, ease of use and support for agents and customers. Building on another year of outstanding results and advancement of AI-driven capabilities, I am highly confident that we will capture additional market share while maintaining strong profitability in small business.

Turning to Middle & Large. Growth was excellent with solid underlying margins. The team remains focused on disciplined underwriting and selecting opportunities that deliver attractive risk-adjusted returns. Investments in middle and large are replicating our industry-leading small business capabilities. Whether you describe that as AI, automation, speed, accuracy or leveraging rich data assets, these investments are enabling a more efficient underwriting process while delivering seamless agent, broker and customer experiences.

Global Specialty had an excellent year, maintaining underlying margins in the low to mid-80s. Our competitive position and breadth of products drove excellent growth, including in wholesale, international and Global Re. We remain excited about the unique ability to combine Global Specialty's deep product expertise with the advanced technology and broad distribution of the small business platform.

This allows agents and customers to quote and bind comprehensive products in a single unified experience, a key differentiator in the market. Moving to pricing. Business Insurance renewal written pricing, excluding workers' compensation, was 6.1% for the quarter. While property pricing continued to moderate this quarter, the line remains highly profitable and an attractive area for growth for the organization. Casualty, including commercial auto and 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 pricing increased further into the double digits. Commercial auto remained stable in the low double digits and general liability primary lines remained in the high single-digit range. As we enter 2026, our priority is to sustain industry-leading ROEs through disciplined underwriting and risk selection. That approach, supported by the focus on the SME segment enables us to execute through the next phase of the cycle.

Turning to Personal Insurance. 2025 was a pivotal year with premium growth and strong underwriting profit. In addition to restoring targeted margins in auto, homeowners delivered strong underlying margins and policy count growth. Personal Insurance continues to benefit from advanced underwriting capabilities in the modern platform of Prevail. Beginning in the third quarter, these next-generation capabilities were extended to the retail channel.

Prevail Agency is now live in 10 states with approximately 30 state launches planned by early 2027. We are excited by the momentum in the agency channel as we leverage the exceptional retail distribution relationships held across The Hartford. Our position as a bundled provider resonates and is supporting account growth.

In 2026, we expect to grow policy count for both auto and home in the agency channel. Within the direct channel, given market competitiveness, policy count growth will remain challenged. The long-term objective is to expand market share while sustaining targeted profitability. Shifting to Employee Benefits. The outstanding core earnings margin in 2025 reflected focused execution, a resilient economy, favorable group life mortality trends and continued strong disability performance.

Our employee benefit strategy is supported by continued investments in technology and digital solutions to simplify the administration process and enhance the benefits experience for our customers. At the same time, expanding presence in the under 500 live segments remains a key strategic priority. This includes expanding product offerings such as dental and vision to small and mid-sized employers.

So far in 2026, quote activity and known sales are trending meaningfully above prior year. We are confident that investments in technology and customer-facing tools position the business to extend its market leadership. In closing, across the enterprise, innovation and execution drove another year of profitable growth, and leave us well prepared for the opportunities ahead. In Business

Insurance, our diversified portfolio with a significant concentration in the SME market, along with excellent underlying margins and long-term distribution relationships will enable us to differentiate and capture additional market share.

In Personal Insurance, having achieved profitability levels, we are now targeting expansion across the direct and agency channels. Employee Benefits continues to be a highly attractive and accretive business, delivering strong core earnings margins, and we expect to sustain our industry-leading position. Investment income remains strong, supported by a diversified and durable portfolio.

And our businesses continue to generate excess capital, which will be deployed to drive long-term shareholder value. Taken together, these advantages reinforce our competitive standing and ability to generate superior returns for our shareholders. Now I'd like to 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 \$1.1 billion or \$4.06 per diluted share with full year core earnings ROE of 19.4%. In Business Insurance, core earnings were \$915 million with written premium growth of 7% and an underlying combined ratio of 88.1%.

Small business continues to deliver excellent results with written premium growth of 9% and an underlying combined ratio of 87.3%. Renewal written pricing for the quarter was 4.3% all in or 7.7%, excluding workers' compensation. This is down from the third quarter, primarily due to pricing within the property components of the package product and E&S.

Those lines continue to be highly profitable, and we expect that as we move into 2026, property pricing in our product will stabilize. The liability component of package was in the high single digits and is expected to stay firm. Middle & Large business had another strong quarter with written premium growth of 5% and an underlying combined ratio of 89.4%. Renewal written pricing for the quarter was 4.5% all in or 6.2% excluding workers' compensation. Global Specialty's fourth quarter was solid with written premium growth of 5% and an underlying combined ratio of 87.6%. Renewal written pricing for the quarter was 3.9% and remained flat to the third quarter.

The Business Insurance expense ratio of 31.8% increased 1 point from the prior year quarter as the impact of earned premium leverage was more than offset by increases in technology costs and higher incentive compensation due to overall financial performance. In Personal Insurance, core earnings were \$214 million with an underlying combined ratio of 84.3%. The underlying combined ratio improved 5.9 points in the quarter, primarily due to improvement in the underlying loss and loss adjustment expense ratio in auto and homeowners.

Auto underlying results improved by 4.1 points and remain in line with expectations, reflecting typical seasonality as the year progresses. The Personal Insurance fourth quarter expense ratio of 26.2% improved from 26.5% in fourth quarter 2024 as the impact of earned premium leverage offset increases in technology costs and higher incentive compensation. Written premium in Personal Insurance declined 2%, though agency premium grew 15% over the prior year.

We achieved written pricing increases of 10.4% in auto and 11.9% in homeowners. Total P&C net favorable prior accident year development, excluding A&E, was \$177 million before tax, primarily due to reserve reductions in workers' compensation, bond, catastrophes and personal auto. We completed our A&E reserve study in the quarter, resulting in an increase in reserves of \$165 million compared to \$203 million last year. Of the increase, \$122 million was for asbestos and \$43 million for environmental.

The increase in asbestos reserves was primarily due to higher-than-expected frequency, an increase in claim settlement rates and higher settlement values for a subset of accounts. The increase in environmental reserves was mainly due to higher environmental site cleanup and monitoring costs and higher legal expenses. With respect to catastrophes, P&C cats were a benefit of \$1 million in the quarter and include \$54 million of favorable prior quarter development primarily from tornado wind and hail events across several regions.

For the year, cats came in under budget at 4.2 points. We continue to actively manage our catastrophe exposure through disciplined underwriting and aggregation control, supported by a robust reinsurance program with both per occurrence and aggregate protection. At January 1, 2026, our per occurrence catastrophe cover was renewed with favorable terms and conditions, delivering a reduction in cost on a risk-adjusted basis.

In addition, we renewed our aggregate treaty at \$200 million excess of \$750 million, achieving a decrease in cost on a risk-adjusted basis. We continued our strategy of combining traditional reinsurance with our catastrophe bond platform, Foundation Re, and on January 1, issued a new catastrophe bond, increasing the total per occurrence program for peak perils to \$1.9 billion. This

strategic addition enhances our capital strength, provides multiyear stability and complements our traditional reinsurance placements supporting growth in property underwriting.

Moving to Employee Benefits. Core earnings of \$138 million and a core earnings margin of 7.6% reflect excellent group life and strong disability performance. The group life loss ratio of 76.9% improved 3 points, reflecting lower mortality in term life products. The group disability loss ratio of 70.5% increased 3.6 points from the prior year, driven by increases in the short-term and long-term disability loss trends, partially offset by improvement in paid family and medical leave products.

In short-term disability, we are seeing increased incidents, particularly among higher average wage earners. In long-term disability, incidence remains lower than longer-term expectations, but has been increasing from the very favorable levels experienced in recent years and claim recoveries remain strong, but less favorable than in the prior year quarter.

The employee benefits expense ratio of 27.5% increased 0.8 points compared with fourth quarter 2024, driven by higher staffing costs, including increased incentive compensation and benefits as well as higher technology costs. Turning to investments. Our diversified portfolio continues to produce strong results. Net investment income of \$832 million increased \$118 million or 17% from fourth quarter 2024, driven by increased limited partnership yields, 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 third quarter. Fourth quarter annualized LP returns were 11.4% before tax, up significantly from third quarter, reflecting solid performance from our private equity portfolio and the improving M&A environment. Looking ahead to 2026, we expect net investment income to increase, supported by higher invested assets from continued growth and improved LP returns.

Turning to capital. As of December 31, holding company resources totaled \$1.5 billion. For 2026, we expect net dividends from the operating companies of approximately \$2.9 billion, a 16% increase over 2025. During the quarter, we repurchased approximately 3 million shares under our share repurchase program for \$400 million. Given our strong capital generation, beginning with the first quarter, we expect to increase quarterly share repurchases to \$450 million, subject to market conditions and capacity remaining under our share repurchase authorization, which as of year-end was \$1.55 billion through December 31, 2026.

To wrap up, 2025 business performance was outstanding, and we are well positioned to continue delivering industry-leading returns and enhancing 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 comes from the line of Andrew Kligerman with TD Cowen.

**Andrew Scott Kligerman**  
*TD Cowen, Research Division*

First question is around pricing and business insurance. The 6% ex workers' comp increase in rates is terrific, and I see you've gotten more in small business. So the question is, how long do you think you can sustain favorable renewal premium changes in small business. Is this something that you think would be resilient for a number of years or kind of it gets infected by the same pressures that you're seeing in large? And then Beth made a comment about property package pricing stabilizing. Would love a little more color on that.

**Christopher Jerome Swift**  
*Chairman & CEO*

Andrew, let me start, and I'll ask Mo to add his color. I think the context of your question should be framed in terms of we have built a wonderful smooth running machine that is differentiated in the marketplace. I mentioned the Keynova accolades that we get for our digital capabilities. We have obviously a workers' comp, a world-class BOP product.

We have E&S capabilities that will be embedded in our workflow. So I think the opportunity for us is really sky is the limit. I see this business continuing to grow at really healthy levels. You saw the performance this year because I think I know we have differentiated ourselves. We got long-standing agent and broker relationships. And I think the broad market is willing to do business with fewer carriers that meet all their needs. So I think this is a structural strategic shift in some of those activities that we're going to be a clear beneficiary of.

**Adin Morris Tooker**  
*President*

And maybe, Andrew, just to build on Chris' point on -- from a pricing perspective, we talked a lot about that starting point really matters. We've got a very sophisticated filing strategy. We watch competitor filings closely. We did feel some decelerating property to Beth's comments, both E&S and in the package policy.

We expect that to -- in the package portion to flatten out here relatively shortly. We're watching the E&S space closely, but the GL portion of the BOP is still accelerating. So that's an important piece of it. And then when you look at -- just again, to full circle, all of the products in the small business space are meeting target margins are highly profitable. So we really feel good about the starting point.

**Andrew Scott Kligerman**  
*TD Cowen, Research Division*

And just more from a long-term perspective, though, do you think that the small business area is resilient enough to kind of continue to sustain rate increases? Or do you think that the competitive pressures will ultimately come after that segment of the business?

**Christopher Jerome Swift**  
*Chairman & CEO*

I think the important thing, Andrew, is you don't shock a small business customer, right? So if you have sort of steady bites at the apple as one of our competitors would say in the personal lines area, I think small businesses can manage it from a budget side. But if you fall behind in your rate plans and your rate filings and you need 30 points of rate. That shock to a small business customer would not be helpful. And I think we're keeping up with trend very, very well. Mo? I don't know if you want to...

**Adin Morris Tooker**  
*President*

Yes, there's an agency angle. I think in the small business space, our brokers and agents can't afford to touch the small business very much. So they want to put it in a home that's predictable, consistent. And that's what we're finding, is we are that predictable,

consistent home right now. And in fact, by putting business with us, we're proving to agents and brokers, they can save \$0.01 or \$0.02 on every dollar they put with us relative to competitors.

**Andrew Scott Kligerman**  
*TD Cowen, Research Division*

Got it. And then just lastly, on Prevail. So you mentioned you're in 10 states now and likely to be in 30 by the end of 2027. I know Prevail is kind of a small component right now of your overall premium. Do you envision that being as big as the AARP direct-to-consumer in the not-too-distant future? Or will it be very gradual and over a long period of time?

**Christopher Jerome Swift**  
*Chairman & CEO*

Yes. I would say, Andrew, just to remind everyone is that, I mean, Prevail, the product and the platform is used in new business in the direct channel and now in the agency channel. And you referred to it, we're in 10 agency states right now. We're on track to be in 30 by early 2027. So I mean, the Prevail platform is the chassis for all new business going forward and all its modern segmentation, its digital capabilities, 6-month auto policies.

And I think we've said this before, we -- on the back book, we're not converting it to Prevail. We're going to let the sort of the back book run off over time. It's highly profitable. We don't want to create disruption. So all new business activities, both direct and agency are focused with Prevail and then the back book will run off over time. Melinda, would you add any color?

**Melinda Thompson**  
*Head of Personal Lines*

Thank you, Chris. I think I would just reiterate agency Prevail does present a meaningful growth opportunity, and our reputation with agents is exceptional as an enterprise, and it's ensuring us the opportunity to compete more broadly with our agency partners. We do see upside with our agency partners to grow the book. Today, it's -- you can see in the premium, it's about 20% of the total. It would take time to grow it to be the size of AARP's book, but we do feel optimistic about the opportunity.

**Operator**

Next question comes from the line of Elyse Greenspan with Wells Fargo.

**Elyse Beth Greenspan**  
*Wells Fargo Securities, LLC, Research Division*

My first question is on capital. Beth, you upped -- the buyback pace by \$50 million a quarter, right? So it's \$200 million for the full year, yet like the dividends out of PNC, right, are going up by \$500 million. So is it just to have extra holdco flexibility or when you finish the authorization, maybe then the pace could go higher? I'm just trying to understand why you wouldn't just up the buyback by the full \$500 million that's going up to parent.

**Beth A. Costello**  
*Chief Financial Officer*

Yes. So a couple of things. First, the overall dividend increase between years is about \$400 million, \$2.5 billion last year to \$2.9 billion this year. I'll also remind you that we did just increase our dividend back in October, and that obviously factors in as well. And I think as you would expect, we're thoughtful when we think about increasing our share buyback levels with a goal of being consistent. So I think it's a pretty balanced approach to what we're seeing in the overall increase in capital coming to the holding company.

**Elyse Beth Greenspan**  
*Wells Fargo Securities, LLC, Research Division*

And then my second question is on Business Insurance. Just given overall pricing as well as loss trend, I would assume you might see some deterioration within the accident year loss ratio in '26. I was hoping to just get some thoughts and color there. And I know in the past, you guys have provided color more on an all-in basis, right, for the full accident year combined ratio. So whichever way you want to take it, but I was hoping to get a sense of just how you see BI underlying margins transpiring in '26?

**Christopher Jerome Swift**  
*Chairman & CEO*

Yes. I think what I would share with you, Elyse, is that we're going to refrain from any specific numbers or ranges. And maybe I'll just talk qualitatively with you and give you a couple of little data points that will help you make those judgments. But as Mo said, our starting position, I think, is very strong.

We had an 88.5% underlying combined ratio this year, up slightly from the prior year. I think we're still growth and innovative mind, as I said in my commentary. But we're also a disciplined underwriting company, and we just don't want to chase growth for growth's sake. It needs to obviously contribute to the overall enterprise. So we've instructed our underwriters to try to hold on to margins to the extent possible, be disciplined and try to grow if it makes sense.

And if it doesn't, we'll accept the outcome of a slower top line. But I think relative to the top line this year, I still see and very optimistic about our ability to grow at an above rate from a market perspective, given everything we've invested in over a longer period of time. And then I would say it's obvious. Property will continue to soften. Workers' comp is sort of in the same position of sort of slightly -- a slight headwind.

I think where we're most disciplined and most firm with is anything that has liability association with it, whether it be commercial, whether it be GL. And then I would just give you a last data point. I think our 6/1 renewal written pricing ex comp is within a couple of tenths of loss cost trends. So I think we're keeping up with trend decently.

We might be, again, just a little short in the 0 to 0.3 range. And we'll have to see how the market plays out in 2026. But we want to be disciplined, but we also have built great long-term relationships with our agency partners and brokers that they want to do more business with us, just given our capabilities and our customer centricity. So that's what I would say. I don't know, Mo, if you would add anything else?

**Adin Morris Tooker**  
*President*

No. I mean I think there's a little bit of a nuance when we get down below into the three business units within Business Insurance. I think small business, again, we've talked a lot about the tailwind we have, the capabilities we built, the support we have from the agency base. So we're very confident about our ability to grow and the margins just maintain there.

I think in global and middle, it's a little bit more dependent on the marketplace. Again, I think that's where we're really going to go to margin drive the decisions. I think our underwriters in 2025 did a superb job making those choices, holding margins and getting reasonable growth. I think the growth in Middle and Global will be much more dependent on market conditions, and we're watching that very closely.

**Operator**

Your next question is from the line of Brian Meredith with UBS.

**Brian Robert Meredith**  
*UBS Investment Bank, Research Division*

First one, I want to dig into the expense ratio a little bit. It's remained relatively stable the last couple of years, and I know you've been making a lot of investments in technology and data and analytics really to enhance your businesses. I'm just curious, as I look forward, heading into a soft market, your expense ratio is a couple of hundred basis points higher than your big peers. When are we going to start seeing some of that technology stuff manifest itself in maybe a better expense ratio that could be helpful in a softening market?

**Christopher Jerome Swift**  
*Chairman & CEO*

Brian, thanks for joining and the question. I would say when I think about sort of expense ratio, I still feel like we're in a good place. And I'll say for two different reasons. One, I think we are going to continue to capture more market share. So our growth rate will continue to be benefited or the expense ratio will be benefited by, I think, our higher growth rate. So we'll earn into that.

And we have high conviction in the sort of technology and the AI era that we face that we want to lead there and create something unique, differentiated and durable for the future. And so those two things sort of drive our calculus. But when I would put it all together, I would say in the business insurance, I mean I could see it getting below 30% over the next two years or by the end of 27.

I think our personal insurance expense ratio can get to below 25% and again, that same time period. And we're making continued investments in our group benefit chassis, particularly on the 500 lives down. So we're investing capabilities there. We're taking a lot of data sets and applications and employee benefits to the cloud.

So I could see them getting into the 25 point range in 2 years. So again, we're going to live into what we believe we still need to build and create to differentiate, to compete over a longer period of time while managing, I think, an expense ratio that is competitive and allows us to do the preceding investments that I just said.

**Brian Robert Meredith**

*UBS Investment Bank, Research Division*

Great. Really helpful. And a follow-up question here on group benefits, particularly on disability here. Thinking about the massive layoffs that we're hearing about some of these large corporations driven by AI and stuff, what impact do you think that could potentially have as this unemployment picture looks a little bit more challenging here going forward on group disability loss ratios as we look forward in the next couple of years?

**Christopher Jerome Swift**

*Chairman & CEO*

Yes. I'm going to let Mike add his commentary. But I would say right now, we see the headlines, but when you really look at the data, unemployment is still decent, and it's actually projected to come down. So more jobs could be created. We got a big national book that is comprised of all different types of industries. Industries like health care that are growing rapidly. It's workforce and technology. We have a good presence there. So I'm not refuting your point on sort of the headlines you see, but it's not that widespread. But Mike, what would you say you feel and see in the book?

**Michael Jeffrey Fish**

*Executive VP & Head of Employee Benefits*

Yes. Chris, I would just add, first of all, we've got a very experienced pricing and underwriting team. And so I'm pretty confident in their ability to manage through any economic cycle. We've done that in the past, and we'll do that going forward if things were to change. Again, we also are renewing -- this year, we're renewing about 40% of our book of business.

So as we take a look at the experience and what we think prospectively what could change in the future will reflect that in our pricing. But again, I've got real confidence in the team, and I think we're going to manage through any cycle should it present itself.

**Operator**

Our next question comes from the line of Gregory Peters with Raymond James.

**Charles Gregory Peters**

*Raymond James & Associates, Inc., Research Division*

I think I'd like to focus my first question, just going back to the benefits business. The margins are quite strong for your company. And I'm just curious about how you think about the margin outlook considering some of the pressures you talked about, especially the short- and long-term disability loss trends that you highlighted during your comments.

**Christopher Jerome Swift**

*Chairman & CEO*

Greg, I would say we remain very bullish on this business. It's been a consistent performer. As I said in my opening comments, it's got strong ROEs. If you look at it on a tangible basis, it's probably 16% tangible ROEs. It's been steady, predictable. I think the opportunity we've had is maybe to grow and capture more market share.

I think we've improved some of the things that we needed to, particularly our capabilities in the 500 lives below market with a build-out of a capability there that's just really coming online 1/1/26. I alluded to in my commentary, and I'll give you a little more insights of what we call it as known sales right now through January, which is a big national account renewal basis.

But our known sales are up meaningfully. And if I look at the numbers, I think they're up almost 45%, 50% compared to last year. So that tells me people still want to do business with us. They still like our products, our capabilities, particularly bundling more supplemental products into with our core products. So really confident that the team is going to be able to grow thoughtfully with good margins. So that's what I would put all together, Mike. And I don't know if you would add anything else.

**Michael Jeffrey Fish**

*Executive VP & Head of Employee Benefits*

Chris, I think you covered that well. I guess I would just add maybe one thing on top of that. As I said earlier, in terms of how we think about pricing and underwriting and the discipline that we've managed through. And again, we'll continue to do that going forward.

Sales were certainly soft in '25. So coming into '26, as Chris said, feel really good about how the pipeline is looking right now. And I'd say that's a couple of things in that. One, we've talked about the investments we've made in the business. And so those investments are coming through our customers really appreciating the new capabilities we're bringing to market.

So that's giving us really an added hook in terms of getting those customers online. And second, there are three new state programs for paid family leave that are going into effect this year. And so we'll benefit with some meaningful premium as those states go live in '26.

**Charles Gregory Peters**

*Raymond James & Associates, Inc., Research Division*

Great. I guess the other question I'm going to ask is I recognize it's just an investment for you, but it's producing good results for your company, and I'm talking about the Hartford funds. Do you have any updated perspective on how that business -- the outlook for that business this year and how you're viewing your investment? And just any comments on the performance of that business because it's continuing to generate nice returns for your company.

**Christopher Jerome Swift**

*Chairman & CEO*

Yes. I think you hit it perfectly. I don't even need to respond. I was just going to say exactly what you said, Greg. Yes, I mean, it's a good investment. It's grown nicely. It's got -- after a period of sluggish growth, I think we're getting back to the ability to have positive net flows.

Markets are robust. We still got great sub-advisers -- world-class sub-advisers with Wellington and Schroders. So yes, -- it's a good business. It gives us a healthy dividend, strong ROEs in the 40%. It's just a lot to like.

**Operator**

Our next question comes from the line of David Motemaden with Evercore ISI.

**David Kenneth Motemaden**

*Evercore ISI Institutional Equities, Research Division*

I just wanted to ask a question on BI. So the mix to property there has been a great story. I think you guys were calling out \$3.3 billion for 2025. It sounds like you guys hit that. So that's been a good story with the mix shift there being able to offset the workers' comp pricing pressure over the last few years. I guess how are you thinking about that ability to sort of shift your mix in 2026, just given a softening property environment?

**Christopher Jerome Swift**

*Chairman & CEO*

Yes. I would say, David, maybe just slight nuance. Workers' comp is still highly profitable for us, both on an accident year basis and a calendar year basis. So I mean, it is contributing meaningfully to our ROEs. That said, I like what we did with property this year.

I think we finished with \$3.3 billion of property across the enterprise with about a 12% growth rate. I think we could get that to \$3.6 billion, \$3.7 billion next year, which would be a 10-ish, 11-ish type growth rate. Still, again, with good margins and contributions to our ROE focus. So yes, it's still part of our strategy. I still think we have room to mix in more property from just a balanced portfolio side. And Mo, I don't know if you want to add any color.

**Adin Morris Tooker**

*President*

Yes. Just I would say that we're watching -- and I said this last call, too, but we're watching the E&S and the shared and layered space. That's the only place we're really concerned about the rate levels, and we're watching that closely. And I think we said it before, but 60% of the BI property book is in the middle and small space, which we feel like we can compete to recycle. We've built, I think, market-leading tools, and we're pretty confident about our ability to grow in the small and middle space, and we'll just have to see what happens in the E&S and the shared and layered.

**David Kenneth Motemaden**

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*Evercore ISI Institutional Equities, Research Division*

Got it. And then just a follow-up. So I know just looking at the 4.3% all-in price I know that includes both pure rate and exposure that acts like rate. So I'm wondering if you could just talk about the moving pieces there.

How much of that was exposure that acts like rate? How much is pure rate? And then I guess, just as we think about employment, which is solid, but like, I guess, employment growth is slowing a little bit, how does that impact your outlook for that exposure piece in 2026?

**Christopher Jerome Swift**  
*Chairman & CEO*

Great. Thanks for the question. Yes, 4.3% is all in. I think we quoted in my commentary ex comp at 6.1%. And I would say the exposure that exit rate compared to that 6.1% is 1.8% or roughly [ 70-30 ]. And generally, that's been pretty consistent. It could bounce around maybe just a little bit from quarter-to-quarter.

But again, I'm still optimistic David, on just where the economic forecasts are conditions. I think internally, we talk about maybe a 2.75% to 3% growth rate, employment maybe actually even coming down or unemployment coming down. So yes, I think '26 -- I think we feel is still a wonderful year, a great year to be in the P&C business, the employee benefits business. So we're optimistic we could manage to different outcomes depending on what happens with tariffs, what happens with weather or inflation broadly defined. So that's what I would say.

**Operator**

The next question comes from the line of Yaron Kinar with Mizuho.

**Yaron Joseph Kinar**  
*Mizuho Securities USA LLC, Research Division*

My first question circles back to the potential impact of AI on the workforce. And maybe one possible counterpoint that I've heard is that maybe we actually see some increase in start-up activity in small businesses emerging to support AI capabilities. And I realize I may be asking you to put out a crystal ball here, but would that counterpoint kind of resonate with you? Do you think that with larger weighting to the small account space, Hartford could actually be a net winner here?

**Christopher Jerome Swift**  
*Chairman & CEO*

Yes, I believe so. I think we have the brand, the capabilities, the reputation, sort of a tech-forward mindset, obviously, a significant presence in Silicon Valley. So tech is an important part of our book today. It's an important part of middle. It's an important part of employee benefits. So I think the real question you might be asking is just what is the pace of new business formation and development, which is another probably discussion we should have at a different time. But yes, I think we can take advantage of tech broadly defined in our SME orientation today.

**Yaron Joseph Kinar**  
*Mizuho Securities USA LLC, Research Division*

And then my follow-up, I just wanted to get your initial thoughts on Winter Storm Fern and the potential impact to the industry and The Hartford specifically.

**Christopher Jerome Swift**  
*Chairman & CEO*

I would say Beth will give you more details, but a relatively minor event at this point.

**Beth A. Costello**  
*Chief Financial Officer*

Yes. I mean, obviously, it's very early. And as we compare what we're seeing for claim activity to some other recent storms over the last several years, the activity is less. I know obviously, we'll continue to watch it. I mean one thing to keep in mind is when we think about what really impacts claim activity, it's not so much the snow, it's the ice and power outages. So that's obviously what we're watching. But as Chris said, overall, we feel that it's a very manageable event for us.

**Yaron Joseph Kinar**

*Mizuho Securities USA LLC, Research Division*

So not really comparable to Uri back in 2021?

**Beth A. Costello**

*Chief Financial Officer*

Not from what we're seeing to date in the claims activity that we've had.

**Operator**

Your next question comes from the line of Mike Zaremski with BMO Capital Markets.

**Michael David Zaremski**

*BMO Capital Markets Equity Research*

First question on the favorable non-cat property experience. Just curious like directionally, if you'd be willing to kind of size up more than 1 point, less than 1 point maybe this quarter and for the full year?

**Christopher Jerome Swift**

*Chairman & CEO*

Yes. I would say, yes, for the full year because quarter could be a little bouncy, but we were probably 1 point ahead of expectations. Beth -- but I don't know if you would add any color.

**Beth A. Costello**

*Chief Financial Officer*

Yes. I would say that, that's probably in line. I mean, again, from the prior year, maybe a little less than that on a year-over-year compare because we saw favorable non-cat property in '24 as well. But obviously, been very pleased with how the property book has been performing overall.

**Michael David Zaremski**

*BMO Capital Markets Equity Research*

That's helpful. And my follow-up, just kind of going along with the technology theme this morning and for many quarters now. Kind of curious, Hartford has clearly been on the front foot of adoption, and you could see it in your growth. So just curious, bigger picture, stepping back, do you think technology -- like the AI revolution, you said the AI-first mindset. Will this cause technology to be a much bigger differentiator than in the past? And if yes, could it cause M&A or just more differentiation over time? Or is it too soon to tell?

**Christopher Jerome Swift**

*Chairman & CEO*

Yes and yes. And really, what I mean is I think it is a game changer. I think scale matters then to invest over a multiyear period of time to sort of reinvent your workflows and your customer experiences and have that digital-first mentality. It's easy to say, but I can tell you, 2 years into sort of our journey here, and there's been a lot of learnings, a lot of change management that needs to occur.

And yes, I think you could see maybe the analogy I would give you, Mike, is the life insurance industry really didn't go through an M&A consolidation, but the top 20 really control 80%, 90% of the flows. I could see something similar in the P&C business. The benefits business is already there with the top 10, but I definitely can see a have and have not type of opportunity. Mo, what would you add?

**Adin Morris Tooker**

*President*

I'd just say, Mike, where we compete in the business insurance space on the small and middle end and that speed, ease, accuracy we talk a lot about, we think this is a game changer and it's actually going to set the bar in a different place as we think about serving agents and brokers in that space.

**Operator**

Our next question comes from the line of Rob Cox with Goldman Sachs.

**Robert Cox**

*Goldman Sachs Group, Inc., Research Division*

I just wanted to ask about the E&S binding growth this quarter and how that fits into plans for next year. Do you still think that taking share in E&S binding can help you continue to have strong growth in small commercial?

**Christopher Jerome Swift**

*Chairman & CEO*

Rob, thanks for joining us in the question. Yes, E&S binding and small is a strong business for us with great growth. I would tell you sort of fourth quarter over fourth quarter growth is plus 30%. I think for the year, you get closer to 35%. That could be a \$300-plus million business premium in 2026 for us. Margins are strong. Pricing is softening. But as Mo said in his commentary, the starting point matters, right? So just because pricing is softening, the ROEs are still strong of what we hold ourselves accountable to. But Mo, what would you add?

**Adin Morris Tooker**

*President*

I would just say that the flow to us -- submission flow remains really strong in the E&S binding space, and we don't see that changing. And I think the reason why the flow continues to be so good is we are bringing all the tools from a retail agency experience into the wholesale space. And we're finding that it is changing the experience, and we're helping our wholesale brokers make a bit more money on each transaction relative to our peers.

**Robert Cox**

*Goldman Sachs Group, Inc., Research Division*

And I just wanted to follow up on casualty. It seems like there's been a little bit of a divergence in views amongst carriers. Some are highlighting greater stability and trend in recent quarters, but then some are talking about increasing trend and taking charges. So I don't know if you have a view -- any views on what could be driving the difference in opinion? And within that, is there any chance we could get some broadly reemerging casualty caution in 2026, similar to what happened in 2024? Or is there just too much capital chasing risk at that point?

**Christopher Jerome Swift**

*Chairman & CEO*

Yes. I'm not going to comment upon others and what they say or what they think or how they operate. I can tell you, Rob, is that for us, this is the highest focus of execution we have. We know trends are elevated. We don't see them retreating. So that elevation will require discipline with rate in the primary side, the umbrella side, the excess side, particularly the commercial auto side. So it's probably the biggest main event that we have here that we watch from month to month, but that's what I would say. Mo, anything?

**Adin Morris Tooker**

*President*

Yes. I just -- I think this is a place where we actually think the market is holding up pretty well. It feels stable. I know there's a little bit of movement here and there, but whether it's the GL, the umbrella, the access or the auto space, we feel like the market is fairly disciplined, and we don't expect that to change in 2026.

**Operator**

We have time for one final question. Our final question comes from the line of Katie Sakys with Autonomous Research.

**Katie Sakys**

I just wanted to shift to the other side of the house with personal lines. I think you guys have previously talked about sort of rightsizing profitability there and really getting that book to a point where you're comfortable with the margins.

Thinking about how competitive the broader marketplace has become over the last several quarters, how are you guys thinking about growth efforts going into 2026 and how that might translate to your margin profile on both the personal auto and homeowners business?

**Christopher Jerome Swift**

*Chairman & CEO*

Katie, thank you for the question and joining us. I would say we are growth focused. I mean we've pivoted to growth probably in third quarter, fourth quarter last year. Everyone else has too. So everyone, I think, has -- their margins have been restored as were ours. Ours probably took a little longer just given we had 12-month policies.

But I would say homes performed well for the last 5 years, but we needed to improve our auto capability. I think you saw roughly an 11% or 10.5% price increase this quarter. I think for '26, you'll probably see that sort of harmonize or average out into the 6%, 7% range. So I think consumers will feel less need for rate, which should help new business growth and ultimately retention.

But growth is the focus, but just because it's the focus, doesn't mean it's going to happen. But as I said in my prepared remarks, and I'll ask Melinda to add her commentary. I think we see good growth opportunities in agency, where in the direct channel, it just might be a little tougher. But Melinda, what would you add?

**Melinda Thompson**

*Head of Personal Lines*

Yes. I think you hit on it, the drivers of growth, certainly retention and new business are required to change the trajectory there. And as auto rate continues to moderate, we do expect less downward pressure on our retention. We've also implemented a number of initiatives to stimulate new business, inclusive of marketing, rate, non-rate levers.

It is a competitive environment, though. The other thing I would maybe add is we are growing today in agency. We are growing home on a year-over-year basis. We are oriented on it, but are doing so judiciously and appropriately. So smart growth, bundled growth, willing to spend a little bit more to get it, but also manage within our expense overall.

**Katie Sakys**

Certainly, and I can appreciate the strategic approach here. I guess delving a little bit further into the retention discussion. I think we've started to see that improve in auto in late 2025. do you guys think you've seen the bottom of retention in the homeowners business with improvement possible in 2026?

**Melinda Thompson**

*Head of Personal Lines*

Yes. Again, as we think about the bundled dynamic, I think that auto and home are definitely linked, but we do feel good about the upward trajectory on retention overall.

**Operator**

I will now hand the call back over to Kate for closing remarks.

**Kate Jorens**

*SVP, Treasurer & Head of Investor Relations*

Thanks for joining us today. As always, feel free to follow up with any additional questions, and have a great day.

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