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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

or

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

For the transition period from __________ to

Commission File Number 1-13754

THE HANOVER INSURANCE GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	**04-3263626**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

440 Lincoln Street, Worcester, Massachusetts 01653
(Address of principal executive offices) (Zip Code)

(508) 855-1000
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Stock, $.01 par value	THG	New York Stock Exchange
7 5/8% Senior Debentures due 2025	THG	New York Stock Exchange

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

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

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

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

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

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

The number of shares outstanding of the registrant's common stock was 36,033,351 as of October 29, 2024.

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PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS

THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)

(In millions, except per share data)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Revenues				
Premiums	**$ 1,479.2**	$ 1,431.1	**$ 4,401.0**	$ 4,222.8
Net investment income	**91.8**	84.2	**271.9**	250.5
Net realized and unrealized investment gains (losses):				
Net realized losses from sales and other	**(23.5)**	(0.9)	**(55.2)**	(1.9)
Net change in fair value of equity securities	**11.7**	(5.2)	**19.3**	(13.4)
Impairments on investments:				
Credit-related impairments	**(0.1)**	—	**(3.3)**	(6.2)
Losses on intent to sell securities	**(0.5)**	—	**(2.2)**	(10.3)
	(0.6)	—	**(5.5)**	(16.5)
Total net realized and unrealized investment losses	**(12.4)**	(6.1)	**(41.4)**	(31.8)
Fees and other income	**6.7**	7.4	**21.6**	23.2
Total revenues	**1,565.3**	1,516.6	**4,653.1**	4,464.7
Losses and expenses				
Losses and loss adjustment expenses	**954.0**	1,061.5	**2,896.8**	3,218.8
Amortization of deferred acquisition costs	**307.8**	296.6	**910.3**	878.1
Interest expense	**8.5**	8.5	**25.6**	25.6
Other operating expenses	**165.3**	150.9	**494.1**	451.3
Total losses and expenses	**1,435.6**	1,517.5	**4,326.8**	4,573.8
Income (loss) from continuing operations before income taxes	**129.7**	(0.9)	**326.3**	(109.1)
Income tax expense (benefit):				
Current	**36.7**	(1.1)	**82.4**	(13.7)
Deferred	**(9.1)**	(8.0)	**(14.1)**	(21.6)
Total income tax expense (benefit)	**27.6**	(9.1)	**68.3**	(35.3)
Income (loss) from continuing operations	**102.1**	8.2	**258.0**	(73.8)
Discontinued operations (net of taxes):				
Income from discontinued life businesses	**—**	—	**0.1**	—
Income from discontinued Chaucer business	**—**	0.4	**—**	1.2
Net income (loss)	**$ 102.1**	$ 8.6	**$ 258.1**	$ (72.6)
Earnings per common share:				
Basic:				
Income (loss) from continuing operations	**$ 2.84**	$ 0.23	**$ 7.18**	$ (2.07)
Discontinued operations (net of taxes):				
Income from discontinued life businesses	**—**	—	**—**	—
Income from discontinued Chaucer business	**—**	0.01	**—**	0.04
Net income (loss) per share	**$ 2.84**	$ 0.24	**$ 7.18**	$ (2.03)
Weighted average shares outstanding	**36.0**	35.8	**35.9**	35.7
Diluted:				
Income (loss) from continuing operations	**$ 2.80**	$ 0.23	**$ 7.09**	$ (2.07)
Discontinued operations (net of taxes):				
Income from discontinued life businesses	**—**	—	**0.01**	—
Income from discontinued Chaucer business	**—**	0.01	**—**	0.04
Net income (loss) per share	**$ 2.80**	$ 0.24	**$ 7.10**	$ (2.03)
Weighted average shares outstanding	**36.5**	36.1	**36.4**	35.7

The accompanying notes are an integral part of these interim consolidated financial statements.

THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(In millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net income (loss)	**$ 102.1**	$ 8.6	**$ 258.1**	$ (72.6)
Other comprehensive income (loss), net of tax:				
Available-for-sale securities:				
Changes in net unrealized gains (losses) on investment securities:				
Having no credit losses recognized in the Consolidated Statements of Income (Loss)	**242.4**	(113.7)	**212.3**	(87.0)
Having credit losses recognized in the Consolidated Statements of Income (Loss)	**0.6**	(0.5)	**2.6**	0.9
Total available-for-sale securities	**243.0**	(114.2)	**214.9**	(86.1)
Pension and postretirement benefits:				
Net change in net actuarial loss	**1.4**	1.5	**4.1**	4.7
Long-duration insurance contracts:				
Net change in market risk	**(3.1)**	3.3	**(1.3)**	2.6
Total other comprehensive income (loss), net of tax	**241.3**	(109.4)	**217.7**	(78.8)
Comprehensive income (loss)	**$ 343.4**	$ (100.8)	**$ 475.8**	$ (151.4)

The accompanying notes are an integral part of these interim consolidated financial statements.

THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In millions, except share data)	September 30, 2024	December 31, 2023
Assets		
Investments:		
Fixed maturities, at fair value (amortized cost of $8,936.5 and $8,573.9)	**$ 8,620.0**	$ 7,985.3
Equity securities, at fair value	**150.1**	130.9
Other investments	**760.6**	796.9
Total investments	**9,530.7**	8,913.1
Cash and cash equivalents	**427.1**	316.1
Accrued investment income	**64.2**	58.2
Premiums and accounts receivable, net	**1,881.5**	1,705.6
Reinsurance recoverable on paid and unpaid losses and unearned premiums	**1,960.9**	2,056.1
Deferred acquisition costs	**662.9**	620.8
Deferred income tax asset	**128.1**	173.3
Goodwill	**178.8**	178.8
Other assets	**443.7**	504.0
Assets of discontinued businesses	**89.1**	86.6
Total assets	**$ 15,367.0**	$ 14,612.6
Liabilities		
Loss and loss adjustment expense reserves	**$ 7,426.8**	$ 7,308.1
Unearned premiums	**3,339.2**	3,102.5
Expenses and taxes payable	**775.1**	775.9
Reinsurance premiums payable	**50.9**	64.3
Debt	**783.9**	783.2
Liabilities of discontinued businesses	**113.4**	113.0
Total liabilities	**12,489.3**	12,147.0
Commitments and contingencies		
Shareholders' Equity		
Preferred stock, par value $0.01 per share; 20.0 million shares authorized; none issued	**—**	—
Common stock, par value $0.01 per share; 300.0 million shares authorized; 60.5 million shares issued	**0.6**	0.6
Additional paid-in capital	**1,962.9**	1,939.2
Accumulated other comprehensive loss	**(299.5)**	(517.2)
Retained earnings	**3,074.5**	2,909.4
Treasury stock at cost (24.5 million and 24.7 million shares)	**(1,860.8)**	(1,866.4)
Total shareholders' equity	**2,877.7**	2,465.6
Total liabilities and shareholders' equity	**$ 15,367.0**	$ 14,612.6

The accompanying notes are an integral part of these interim consolidated financial statements.

THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

(In millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Preferred Stock				
Balance at beginning and end of period	**$ —**	$ —	**$ —**	$ —
Common Stock				
Balance at beginning and end of period	**0.6**	0.6	**0.6**	0.6
Additional Paid-in Capital				
Balance at beginning of period	**1,951.9**	1,923.0	**1,939.2**	1,913.1
Employee and director stock-based awards and other	**11.0**	8.4	**23.7**	18.3
Balance at end of period	**1,962.9**	1,931.4	**1,962.9**	1,931.4
Accumulated Other Comprehensive Income (Loss), net of tax				
Net Unrealized Appreciation (Depreciation) on Investments:				
Balance at beginning of period	**(490.9)**	(613.3)	**(462.8)**	(641.4)
Net appreciation (depreciation) on available-for-sale securities	**243.0**	(114.2)	**214.9**	(86.1)
Balance at end of period	**(247.9)**	(727.5)	**(247.9)**	(727.5)
Defined Benefit Pension and Postretirement Plans:				
Balance at beginning of period	**(52.1)**	(60.9)	**(54.8)**	(64.1)
Net amount recognized as net periodic benefit cost	**1.4**	1.5	**4.1**	4.7
Balance at end of period	**(50.7)**	(59.4)	**(50.7)**	(59.4)
Long Duration Insurance Contracts:				
Balance at beginning of period	**2.2**	3.3	**0.4**	4.0
Net change in market risk	**(3.1)**	3.3	**(1.3)**	2.6
Balance at end of period	**(0.9)**	6.6	**(0.9)**	6.6
Total accumulated other comprehensive loss	**(299.5)**	(780.3)	**(299.5)**	(780.3)
Retained Earnings				
Balance at beginning of period	**3,003.4**	2,853.0	**2,909.4**	2,992.9
Net income (loss)	**102.1**	8.6	**258.1**	(72.6)
Dividends to shareholders	**(31.0)**	(29.3)	**(93.0)**	(88.0)
Balance at end of period	**3,074.5**	2,832.3	**3,074.5**	2,832.3
Treasury Stock				
Balance at beginning of period	**(1,862.9)**	(1,867.8)	**(1,866.4)**	(1,871.4)
Net shares reissued at cost under employee stock-based compensation plans	**2.1**	0.1	**5.6**	3.7
Balance at end of period	**(1,860.8)**	(1,867.7)	**(1,860.8)**	(1,867.7)
Total shareholders' equity	**$ 2,877.7**	$ 2,116.3	**$ 2,877.7**	$ 2,116.3

The accompanying notes are an integral part of these interim consolidated financial statements.

THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In millions)	Nine Months Ended September 30, 2024	2023
Cash Flows From Operating Activities		
Net income (loss)	**$ 258.1**	$ (72.6)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Net realized and unrealized investment losses	**41.7**	31.6
Net amortization and depreciation	**2.1**	5.5
Stock-based compensation expense	**23.5**	23.9
Amortization of defined benefit plan costs	**5.1**	5.9
Deferred income tax benefit	**(14.3)**	(21.5)
Change in deferred acquisition costs	**(42.1)**	(26.6)
Change in premiums receivable, net of reinsurance premiums payable	**(189.2)**	(176.6)
Change in loss, loss adjustment expense and unearned premium reserves	**353.8**	550.5
Change in reinsurance recoverable	**95.2**	(27.7)
Change in expenses and taxes payable	**(13.7)**	(9.6)
Other, net	**72.7**	(13.8)
Net cash provided by operating activities	**592.9**	269.0
Cash Flows From Investing Activities		
Proceeds from disposals and maturities of fixed maturities	**1,750.3**	503.4
Proceeds from disposals of equity securities and other investments	**61.3**	121.5
Purchase of fixed maturities	**(2,137.1)**	(744.0)
Purchase of equity securities and other investments	**(58.1)**	(57.6)
Capital expenditures	**(7.2)**	(9.7)
Net cash used in investing activities	**(390.8)**	(186.4)
Cash Flows From Financing Activities		
Proceeds from exercise of employee stock options	**11.5**	4.3
Dividends paid to shareholders	**(91.7)**	(86.9)
Other financing activities	**(10.5)**	(10.5)
Net cash used in financing activities	**(90.7)**	(93.1)
Net change in cash and cash equivalents	**111.4**	(10.5)
Net change in cash related to discontinued operations	**(0.4)**	—
Cash and cash equivalents, beginning of period	**316.1**	305.0
Cash and cash equivalents, end of period	**$ 427.1**	$ 294.5

The accompanying notes are an integral part of these interim consolidated financial statements.

THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation and Principles of Consolidation

The accompanying unaudited consolidated financial statements of The Hanover Insurance Group, Inc. and its subsidiaries ("THG" or the "Company") have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and with the requirements of Form 10-Q. Certain financial information that is provided in annual financial statements, but is not required in interim reports, has been omitted.

The interim consolidated financial statements of THG include the accounts of The Hanover Insurance Company and Citizens Insurance Company of America, THG's principal property and casualty companies, and other insurance and non-insurance subsidiaries. These legal entities conduct their operations through several business segments discussed in Note 8 – "Segment Information." All intercompany accounts and transactions have been eliminated.

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

In the opinion of the Company's management, the accompanying interim consolidated financial statements reflect all adjustments, consisting of normal recurring items, necessary for a fair presentation of the financial position and results of operations. The results of operations for the nine months ended September 30, 2024 are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the Company's 2023 Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on February 22, 2024.

2. New Accounting Pronouncements

Recently Issued Standards

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") Update No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This Update requires entities to disclose an annual tabular rate reconciliation, using both percentages and currency amounts, broken out into specific categories, to the extent those items exceed a specified threshold. In addition, all entities are required to disclose annual income taxes paid, net of refunds received, disaggregated by federal, state, and foreign jurisdictions, and for individual jurisdictions when the amount is at least five percent of total income tax payments, net of refunds received. This Update is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. This guidance may be implemented either on a prospective or retrospective basis. The Company does not expect implementation of this guidance to have a material effect on its financial position or results of operations, as the Update is disclosure related.

In November 2023, the FASB issued ASC Update No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This Update requires entities to disclose significant segment expenses and other segment items on an annual and interim basis, and to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. Additionally, it requires entities to disclose the title and position of the Chief Operating Decision Maker ("CODM"), and an explanation of how the CODM uses the reported measures of segment profit or loss. The Update does not change how entities identify operating segments, aggregate them, or apply the quantitative thresholds to determine reportable segments. This Update is effective for annual reporting periods beginning after December 15, 2023, and interim reporting periods beginning after December 15, 2024, with early adoption permitted. The guidance should be applied retrospectively to all prior periods presented in the financial statements. The Company does not expect implementation of this guidance to have a material effect on its financial position or results of operations, as the Update is disclosure related.

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3. Investments

A. Fixed maturities

The amortized cost and fair value of available-for-sale fixed maturities were as follows:

(in millions)	Amortized Cost	Allowance for Credit Losses	Amortized Cost, Net of Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	September 30, 2024					
U.S. Treasury and government agencies	**$ 616.8**	**$ —**	**$ 616.8**	**$ 4.0**	**$ 44.0**	**$ 576.8**
Foreign governments	**1.7**	**—**	**1.7**	**0.1**	**—**	**1.8**
Municipals	**1,135.0**	**—**	**1,135.0**	**4.3**	**90.0**	**1,049.3**
Corporates	**4,047.3**	**(0.6)**	**4,046.7**	**46.1**	**118.9**	**3,973.9**
Residential mortgage-backed	**1,813.2**	**—**	**1,813.2**	**20.7**	**105.1**	**1,728.8**
Commercial mortgage-backed	**621.9**	**—**	**621.9**	**0.7**	**36.4**	**586.2**
Other asset-backed	**701.2**	**—**	**701.2**	**4.2**	**2.2**	**703.2**
Total fixed maturities	**$ 8,937.1**	**$ (0.6)**	**$ 8,936.5**	**$ 80.1**	**$ 396.6**	**$ 8,620.0**

(in millions)	Amortized Cost	Allowance for Credit Losses	Amortized Cost, Net of Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	December 31, 2023					
U.S. Treasury and government agencies	$ 512.9	$ —	$ 512.9	$ 1.4	$ 51.7	$ 462.6
Foreign governments	2.2	—	2.2	—	—	2.2
Municipals	1,309.3	—	1,309.3	5.5	129.6	1,185.2
Corporates	4,053.8	(1.9)	4,051.9	22.9	225.1	3,849.7
Residential mortgage-backed	1,435.6	—	1,435.6	5.5	130.2	1,310.9
Commercial mortgage-backed	890.3	—	890.3	0.1	72.2	818.2
Other asset-backed	371.7	—	371.7	0.7	15.9	356.5
Total fixed maturities	$ 8,575.8	$ (1.9)	$ 8,573.9	$ 36.1	$ 624.7	$ 7,985.3

The Company deposits funds with various state and governmental authorities. For a discussion of the Company's deposits with state and governmental authorities, see also Note 2 – "Investments" in the Notes to Consolidated Financial Statements in the Company's 2023 Annual Report on Form 10-K.

The amortized cost and fair value by maturity periods for fixed maturities are shown in the following table. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties, or the Company may have the right to put or sell the obligations back to the issuers.

(in millions)	Amortized Cost, Net of Allowance for Credit Losses	Fair Value
	September 30, 2024	
Due in one year or less	**$ 369.6**	**$ 367.8**
Due after one year through five years	**2,623.2**	**2,594.7**
Due after five years through ten years	**2,552.5**	**2,407.8**
Due after ten years	**254.9**	**231.5**
	5,800.2	**5,601.8**
Mortgage-backed and other asset-backed securities	**3,136.3**	**3,018.2**
Total fixed maturities	**$ 8,936.5**	**$ 8,620.0**

B. Fixed maturity securities in an unrealized loss position

The following tables provide information about the Company's available-for-sale fixed maturity securities that were in an unrealized loss position at September 30, 2024 and December 31, 2023, including the length of time the securities have been in an unrealized loss position:

	September 30, 2024					
	12 months or less		Greater than 12 months		Total	
(in millions)	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Investment grade:						
U.S. Treasury and government agencies	**$ 0.3**	**$ 106.0**	**$ 43.7**	**$ 330.2**	**$ 44.0**	**$ 436.2**
Municipals	**0.2**	**39.8**	**89.8**	**848.0**	**90.0**	**887.8**
Corporates	**0.6**	**347.4**	**112.6**	**2,005.6**	**113.2**	**2,353.0**
Residential mortgage-backed	**0.1**	**78.1**	**105.0**	**808.1**	**105.1**	**886.2**
Commercial mortgage-backed	**—**	**—**	**36.4**	**545.4**	**36.4**	**545.4**
Other asset-backed	**0.2**	**60.8**	**2.0**	**126.1**	**2.2**	**186.9**
Total investment grade	**1.4**	**632.1**	**389.5**	**4,663.4**	**390.9**	**5,295.5**
Below investment grade:						
Corporates	**0.9**	**61.7**	**4.8**	**57.1**	**5.7**	**118.8**
Commercial mortgage-backed	**—**	**—**	**—**	**0.9**	**—**	**0.9**
Total below investment grade	**0.9**	**61.7**	**4.8**	**58.0**	**5.7**	**119.7**
Total fixed maturities	**$ 2.3**	**$ 693.8**	**$ 394.3**	**$ 4,721.4**	**$ 396.6**	**$ 5,415.2**

	December 31, 2023					
	12 months or less		Greater than 12 months		Total	
(in millions)	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Investment grade:						
U.S. Treasury and government agencies	$ 0.6	$ 62.2	$ 51.1	$ 331.0	$ 51.7	$ 393.2
Foreign governments	—	—	—	2.0	—	2.0
Municipals	2.5	72.5	127.1	935.2	129.6	1,007.7
Corporates	1.3	159.9	214.9	2,870.2	216.2	3,030.1
Residential mortgage-backed	1.2	139.3	129.0	865.4	130.2	1,004.7
Commercial mortgage-backed	0.2	14.0	72.0	770.0	72.2	784.0
Other asset-backed	0.1	28.1	15.8	260.2	15.9	288.3
Total investment grade	5.9	476.0	609.9	6,034.0	615.8	6,510.0
Below investment grade:						
Corporates	2.5	33.8	6.4	66.2	8.9	100.0
Commercial mortgage-backed	—	—	—	0.9	—	0.9
Total below investment grade	2.5	33.8	6.4	67.1	8.9	100.9
Total fixed maturities	$ 8.4	$ 509.8	$ 616.3	$ 6,101.1	$ 624.7	$ 6,610.9

The Company views gross unrealized losses on fixed maturities as non-credit related and through its assessment of unrealized losses has determined that these securities will recover, allowing the Company to realize the anticipated long-term economic value. The Company currently does not intend to sell, nor does it expect to be required to sell these securities before recovery of their amortized cost. The Company employs a systematic methodology to evaluate declines in fair value below amortized cost for fixed maturity securities. In determining impairments, the Company evaluates several factors and circumstances, including the issuer's overall financial condition; the issuer's credit and financial strength ratings; the issuer's financial performance, including earnings trends and asset quality; any specific events which may influence the operations of the issuer; the general outlook for market conditions in the industry or geographic region in which the issuer operates; and the degree to which the fair value of an issuer's securities is below the Company's amortized cost. The Company also considers any factors that might raise doubt about the issuer's ability to make contractual payments as they come due and whether the Company expects to recover the entire amortized cost basis of the security.

C. Proceeds from sales

The proceeds from sales of available-for-sale fixed maturities and gross realized gains and gross realized losses on those sales were as follows:

(in millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Proceeds from sales	**$ 479.5**	$ 16.9	**$ 1,145.9**	$ 103.5
Gross gains	**0.5**	—	**2.4**	0.9
Gross losses	**25.8**	1.3	**60.1**	3.3

D. Impairments (Recoveries)

For the three months ended September 30, 2024, the Company recognized net impairment losses of $0.6 million, consisting of $0.4 million on mortgage loans and $0.2 million on fixed maturities. For the nine months ended September 30, 2024, the Company recognized net impairment losses of $5.5 million, consisting of $4.0 million on mortgage loans and $1.5 million on fixed maturities. For the three months ended September 30, 2023, impairments were not material. For the nine months ended September 30, 2023, the Company recognized net impairments of $16.5 million, consisting primarily of losses on intent to sell fixed maturities of $10.3 million and $5.4 million of estimated credit losses on mortgage loans.

At September 30, 2024 and December 31, 2023, the allowance for credit losses on mortgage loans was $7.5 million and $10.0 million respectively, and the allowance for credit losses on available-for-sale debt securities was $0.6 million and $1.9 million, respectively.

The following table provides a rollforward of the allowance for credit losses on mortgage loans:

(in millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Allowance for credit losses as of the beginning of the period	**$ 8.6**	$ 8.5	**$ 10.0**	$ 3.2
Reductions for writedowns	**—**	—	**(3.0)**	—
Reductions for disposals	**(1.3)**	—	**(1.6)**	—
Additional credit losses on investments for which an allowance was previously recognized	**0.2**	—	**2.1**	5.4
Recoveries	**—**	—	**—**	(0.1)
Allowance for credit losses as of the end of the period	**$ 7.5**	$ 8.5	**$ 7.5**	$ 8.5

The methodology and significant inputs used to measure the amount of credit losses were as follows:

Mortgage loans – the Company estimated losses by applying expected loss rates, which are based on historical data. Embedded in expected loss rates are mortgage risk ratings and risk factors associated with property type such as office, retail, lodging, multi-family and industrial. Risk ratings, based on property characteristics and metrics including the geographic market, are predominantly driven by estimates of loan-to-value and debt service coverage ratios. Ratings may be adjusted to reflect current conditions and to incorporate reasonable and supportable forecasts, such as volatility of cash flows and valuation.

Fixed maturities, Corporate bonds – the Company utilized a financial model that derives expected cash flows based on probability-of-default factors by credit rating and asset duration, and loss-given-default factors based on security type. These factors are based on historical data provided by an independent third-party rating agency. In addition, other qualitative market data relevant to the realizability of contractual cash flows may be considered, including current conditions and reasonable and supportable forecasts.

E. Equity securities

The following table provides pre-tax net unrealized gains (losses) on equity securities. There were no realized gains or losses from sales of equities for the three or nine months ended September 30, 2024.

(in millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net gains (losses) recognized during the period	**$ 11.7**	$ (5.2)	**$ 19.3**	$ (13.4)
Less: net losses recognized on equity securities sold during the period	**—**	(11.9)	**—**	(11.9)
Net unrealized gains (losses) recognized during the period on equity securities still held	**$ 11.7**	$ 6.7	**$ 19.3**	$ (1.5)

4. Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, i.e., exit price, in an orderly transaction between market participants. The Company emphasizes the use of observable market data whenever available in determining fair value. Fair values presented for certain financial instruments are estimates which, in many cases, may differ significantly from the amounts that could be realized upon immediate liquidation. A hierarchy of the three broad levels of fair value is as follows, with the highest priority given to Level 1 as these are the most observable, and the lowest priority given to Level 3:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data, including model-derived valuations.

Level 3 – Unobservable inputs that are supported by little or no market activity.

When more than one level of input is used to determine fair value, the financial instrument is classified as Level 2 or Level 3 according to the lowest level input that has a significant impact on the fair value measurement.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments and have not changed since last year.

Fixed Maturities

Level 1 securities generally include U.S. Treasury issues and other securities that are highly liquid, and for which quoted market prices are available. Level 2 securities are valued using pricing for similar securities and pricing models that incorporate observable inputs including, but not limited to, yield curves and issuer spreads. Level 3 securities include issues for which little observable data can be obtained, primarily due to the illiquid nature of the securities, and for which significant inputs used to determine fair value are based on the Company's own assumptions.

The Company utilizes third-party pricing services for the valuation of the majority of its fixed maturity securities and receives one quote per security. When quoted market prices in an active market are available, they are provided by the pricing service as the fair value and such values are classified as Level 1. Since fixed maturities other than U.S. Treasury securities generally do not trade on a daily basis, the pricing services prepare estimates of fair value for those securities using pricing techniques based on a market approach. Inputs into the fair value pricing common to all asset classes include: benchmark U.S. Treasury security yield curves; reported trades of identical or similar fixed maturity securities; broker/dealer quotes of identical or similar fixed maturity securities and structural characteristics such as maturity date, coupon, mandatory principal payment dates, frequency of interest and principal payments, and optional redemption features. Inputs into the fair value applications that are unique by asset class include, but are not limited to:

- U.S. government agencies – determination of direct versus indirect government support and whether any contingencies exist with respect to the timely payment of principal and interest.
- Foreign governments – estimates of appropriate market spread versus underlying related sovereign treasury curve(s) dependent on liquidity and direct or contingent support.
- Municipals – overall credit quality, including assessments of the level and variability of: sources of payment such as income, sales or property taxes, levies or user fees; credit support such as insurance; state or local economic and political base; natural resource availability; and susceptibility to natural or man-made catastrophic events such as hurricanes, earthquakes or acts of terrorism.
- Corporate fixed maturities – overall credit quality, including assessments of the level and variability of: economic sensitivity; liquidity; corporate financial policies; management quality; regulatory environment; competitive position; ownership; restrictive covenants; and security or collateral.
- Residential mortgage-backed securities – estimates of prepayment speeds based upon: historical prepayment rate trends; underlying collateral interest rates; geographic concentration; vintage year; borrower credit quality characteristics; interest rate and yield curve forecasts; government or monetary authority support programs; tax policies; and delinquency/default trends; and in the case of non-agency collateralized mortgage obligations, severity of loss upon default and length of time to recover proceeds following default.
- Commercial mortgage-backed securities – overall credit quality, including assessments of the value and supply/demand characteristics of: collateral type such as office, retail, residential, lodging, or other; geographic concentration by region, state, metropolitan statistical area and locale; vintage year; historical collateral performance including defeasance, delinquency, default and special servicer trends; and capital structure support features.

- Other asset-backed securities – overall credit quality, including assessments of the underlying collateral type such as corporate loans, credit card receivables, automobile loan receivables and equipment lease receivables; geographic diversification; vintage year; historical collateral performance including delinquency, default and casualty trends; economic conditions influencing use rates and resale values; and contract structural support features.

Generally, all prices provided by the pricing services, except actively traded securities with quoted market prices, are reported as Level 2.

The Company holds privately placed fixed maturity securities and certain other fixed maturity securities that do not have an active market and for which the pricing services cannot provide fair values. The Company determines fair values for these securities using either matrix pricing, which utilizes the market approach, or broker quotes. The Company will use observable market data as inputs into the fair value techniques, as discussed in the determination of Level 2 fair values, to the extent it is available, but is also required to use a certain amount of unobservable judgment due to the illiquid nature of the securities involved. Unobservable judgment reflected in the Company's matrix model accounts for estimates of additional spread required by market participants for factors such as issue size, credit stress, structural complexity, high bond coupon, or other unique features. These matrix-priced securities are reported as Level 2 or Level 3, depending on the significance of the impact of unobservable judgment on the security's value. Additionally, the Company may obtain non-binding broker quotes, which are reported as Level 3.

Equity Securities

Level 1 consists of publicly traded securities, including exchange-traded funds, valued at quoted market prices. Level 2 includes securities that are valued using pricing for similar securities and pricing models that incorporate observable inputs. Level 3 consists of common or preferred stock of private companies for which observable inputs are not available.

The Company utilizes a third-party pricing service for the valuation of the majority of its equity securities and receives one quote for each equity security. When quoted market prices in an active market are available, they are provided by the pricing service as the fair value and such values are classified as Level 1. The Company holds certain equity securities that have been issued by privately-held entities that do not have an active market and for which the pricing service cannot provide fair values. The Company estimates fair value for these securities based on prices from recent financing rounds, which may be adjusted for liquidity and other factors, or based on the issuer's book value and market multiples, and reports them as Level 3. Additionally, the Company may obtain non-binding broker quotes, which are reported as Level 3.

Other Investments

Other investments primarily include limited partnerships not subject to the equity method of accounting and mortgage participations. The fair values of limited partnerships not subject to the equity method of accounting are based on the net asset value ("NAV") provided by the general partner, adjusted for recent financial information, and are excluded from the fair value hierarchy.

The estimated fair values of the financial instruments were as follows:

	September 30, 2024		December 31, 2023	
(in millions)	Carrying Value	Market Value	Carrying Value	Market Value
Financial Assets carried at:				
Fair Value through AOCI:				
Fixed maturities	**$ 8,620.0**	**$ 8,620.0**	$ 7,985.3	$ 7,985.3
Fair Value through Net Income:				
Equity securities	**150.1**	**150.1**	130.9	130.9
Other investments	**101.2**	**101.2**	118.4	118.4
Amortized Cost/Cost:				
Other investments	**374.3**	**360.0**	413.1	393.5
Cash and cash equivalents	**427.1**	**427.1**	316.1	316.1
Total financial instruments	**$ 9,672.7**	**$ 9,658.4**	$ 8,963.8	$ 8,944.2
Financial Liabilities carried at:				
Amortized Cost:				
Debt	**$ 783.9**	**$ 752.5**	$ 783.2	$ 727.5

The Company has processes designed to ensure that the values received from its third-party pricing services are accurately recorded, that the data inputs and valuation approaches and techniques utilized are appropriate and consistently applied, and that the assumptions are reasonable and consistent with the objective of determining fair value. The Company reviews the pricing services' policies describing its methodology, processes, practices and inputs, including various financial models used to value securities. For assets carried at fair value, the Company performs a review of the fair value hierarchy classifications and of prices received from its pricing services on a quarterly basis. Also, the Company reviews the portfolio pricing, including a process for which securities with changes in prices that exceed a defined threshold are verified to independent sources, if available. If upon review, the Company is not satisfied with the validity of a given price, a pricing challenge would be submitted to the applicable pricing service along with supporting documentation for its review. The Company does not adjust quotes or prices obtained from the pricing services unless the pricing service agrees with the Company's challenge. During the first nine months of 2024 and 2023, the Company did not adjust any prices received from its pricing services.

Changes in the observability of valuation inputs may result in a reclassification of certain financial assets or liabilities within the fair value hierarchy. As previously discussed, the Company utilizes third party pricing services for the valuation of the majority of its fixed maturities and equity securities. The pricing services have indicated that they will only produce an estimate of fair value if there is objectively verifiable information to produce a valuation. If a pricing service discontinues pricing an investment, the Company will use observable market data to the extent it is available, but may also be required to make assumptions for market-based inputs that are unavailable due to market conditions.

The following tables provide, for each hierarchy level, the Company's investment assets that were measured at fair value on a recurring basis.

	September 30, 2024			
(in millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
Fixed maturities:				
U.S. Treasury and government agencies	**$ 576.8**	**$ 436.2**	**$ 140.6**	**$ —**
Foreign governments	**1.8**	**—**	**1.8**	**—**
Municipals	**1,049.3**	**—**	**1,041.3**	**8.0**
Corporates	**3,973.9**	**—**	**3,973.9**	**—**
Residential mortgage-backed, U.S. agency backed	**1,478.4**	**—**	**1,478.4**	**—**
Residential mortgage-backed, non-agency	**250.4**	**—**	**250.4**	**—**
Commercial mortgage-backed	**586.2**	**—**	**580.0**	**6.2**
Other asset-backed	**703.2**	**—**	**703.2**	**—**
Total fixed maturities	**8,620.0**	**436.2**	**8,169.6**	**14.2**
Equity securities	**150.1**	**142.3**	**—**	**7.8**
Other investments	**3.8**	**—**	**—**	**3.8**
Total investment assets at fair value	**$ 8,773.9**	**$ 578.5**	**$ 8,169.6**	**$ 25.8**

	December 31, 2023			
(in millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
Fixed maturities:				
U.S. Treasury and government agencies	$ 462.6	$ 324.3	$ 138.3	$ —
Foreign governments	2.2	—	2.2	—
Municipals	1,185.2	—	1,176.6	8.6
Corporates	3,849.7	—	3,849.6	0.1
Residential mortgage-backed, U.S. agency backed	1,168.7	—	1,168.7	—
Residential mortgage-backed, non-agency	142.2	—	142.2	—
Commercial mortgage-backed	818.2	—	811.2	7.0
Other asset-backed	356.5	—	356.5	—
Total fixed maturities	7,985.3	324.3	7,645.3	15.7
Equity securities	130.9	123.3	—	7.6
Other investments	3.8	—	—	3.8
Total investment assets at fair value	$ 8,120.0	$ 447.6	$ 7,645.3	$ 27.1

Limited partnerships measured at fair value using the NAV based on an ownership interest in partners' capital have not been included in the hierarchy tables. At September 30, 2024 and December 31, 2023, the fair values of these investments were $97.4 million and $114.6 million, respectively, approximately 1% of total investment assets.

The following tables provide, for each hierarchy level, the Company's estimated fair values of financial instruments that were not carried at fair value:

(in millions)	September 30, 2024 Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	**$ 427.1**	**$ 427.1**	**$ —**	**$ —**
Other investments	**360.0**	**—**	**6.1**	**353.9**
Total financial instruments	**$ 787.1**	**$ 427.1**	**$ 6.1**	**$ 353.9**
Liabilities:				
Debt	**$ 752.5**	**$ —**	**$ 752.5**	**$ —**

(in millions)	December 31, 2023 Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 316.1	$ 316.1	$ —	$ —
Other investments	393.5	—	6.1	387.4
Total financial instruments	$ 709.6	$ 316.1	$ 6.1	$ 387.4
Liabilities:				
Debt	$ 727.5	$ —	$ 727.5	$ —

The following tables provide a reconciliation for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

	Fixed Maturities					
(in millions)	Municipals	Corporates	Commercial mortgage-backed	Total	Equities and Other	Total Assets
Three Months Ended September 30, 2024						
Balance July 1, 2024	**$ 7.9**	**$ —**	**$ 6.7**	**$ 14.6**	**$ 11.5**	**$ 26.1**
Total gains (losses):						
Included in net realized and unrealized investment gains (losses)	**—**	**—**	**—**	**—**	**0.1**	**0.1**
Included in other comprehensive income (loss) - changes in net unrealized gains (losses) on investment securities	**0.3**	**—**	**(0.4)**	**(0.1)**	**—**	**(0.1)**
Settlements	**(0.2)**	**—**	**(0.1)**	**(0.3)**	**—**	**(0.3)**
Balance September 30, 2024	**$ 8.0**	**$ —**	**$ 6.2**	**$ 14.2**	**$ 11.6**	**$ 25.8**
Changes in net unrealized gains (losses) for the period included in other comprehensive income (loss) for assets held at the end of the period	**$ 0.3**	**$ —**	**$ (0.4)**	**$ (0.1)**	**$ —**	**$ (0.1)**
Three Months Ended September 30, 2023						
Balance July 1, 2023	$ 8.8	$ 0.1	$ 7.2	$ 16.1	$ 11.2	$ 27.3
Total losses:						
Included in other comprehensive income (loss) - changes in net unrealized gains (losses) on investment securities	(0.2)	—	(0.1)	(0.3)	—	(0.3)
Settlements	(0.1)	—	(0.2)	(0.3)	—	(0.3)
Balance September 30, 2023	$ 8.5	$ 0.1	$ 6.9	$ 15.5	$ 11.2	$ 26.7
Changes in net unrealized gains (losses) for the period included in other comprehensive income (loss) for assets held at the end of the period	$ (0.2)	$ —	$ (0.1)	$ (0.3)	$ —	$ (0.3)

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(in millions)	Fixed Maturities: Municipals	Corporates	Commercial mortgage-backed	Total	Equities and Other	Total Assets
Nine Months Ended September 30, 2024						
Balance January 1, 2024	**$ 8.6**	**$ 0.1**	**$ 7.0**	**$ 15.7**	**$ 11.4**	**$ 27.1**
Transfers out of Level 3	**—**	**(0.1)**	**—**	**(0.1)**	**—**	**(0.1)**
Total gains (losses):						
Included in net realized and unrealized investment gains (losses)	**—**	**—**	**—**	**—**	**0.2**	**0.2**
Included in other comprehensive income (loss) - changes in net unrealized gains (losses) on investment securities	**0.2**	**—**	**(0.4)**	**(0.2)**	**—**	**(0.2)**
Settlements	**(0.8)**	**—**	**(0.4)**	**(1.2)**	**—**	**(1.2)**
Balance September 30, 2024	**$ 8.0**	**$ —**	**$ 6.2**	**$ 14.2**	**$ 11.6**	**$ 25.8**
Changes in net unrealized gains (losses) for the period included in other comprehensive income (loss) for assets held at the end of the period	**$ 0.2**	**$ —**	**$ (0.4)**	**$ (0.2)**	**$ —**	**$ (0.2)**
Nine Months Ended September 30, 2023						
Balance January 1, 2023	$ 9.3	$ 0.1	$ 7.5	$ 16.9	$ 11.1	$ 28.0
Total gains (losses):						
Included in net realized and unrealized investment gains (losses)	—	—	—	—	0.1	0.1
Included in other comprehensive income (loss) - changes in net unrealized gains (losses) on investment securities	(0.1)	—	(0.1)	(0.2)	—	(0.2)
Settlements	(0.7)	—	(0.5)	(1.2)	—	(1.2)
Balance September 30, 2023	$ 8.5	$ 0.1	$ 6.9	$ 15.5	$ 11.2	$ 26.7
Changes in net unrealized gains (losses) for the period included in other comprehensive income (loss) for assets held at the end of the period	$ (0.1)	$ —	$ (0.1)	$ (0.2)	$ —	$ (0.2)

There were no transfers between Level 2 and Level 3 for the three months ended September 30, 2024 and 2023. During the nine months ended September 30, 2024, a fixed maturity security was transferred from Level 3 to Level 2 because it was valued by a pricing service with observable inputs rather than being valued by the Company's internal matrix model. There were no transfers between Level 2 and Level 3 for the nine months ended September 30, 2023. The Company held no Level 3 liabilities for the nine months ended September 30, 2024 and 2023.

The following table provides quantitative information about the significant unobservable inputs used by the Company in the fair value measurements of Level 3 assets.

(in millions)	Valuation Technique	Significant Unobservable Inputs	September 30, 2024: Fair Value	September 30, 2024: Range (Wtd Average)	December 31, 2023: Fair Value	December 31, 2023: Range (Wtd Average)
Fixed maturities:						
Municipals	Discounted cash flow	Discount for: Small issue size	**$ 8.0**	**6.1 - 6.8% (6.7%)**	$ 8.6	6.1 - 6.8% (6.7%)
Corporates	Discounted cash flow	Discount for: Small issue size Above-market coupon	**—**	**—**	0.1	2.5% (2.5%) 0.3% (0.3%)
Commercial mortgage-backed	Discounted cash flow	Discount for: Small issue size Above-market coupon Lease structure	**6.2**	**3.0 - 5.0% (4.7%) 0.5% (0.5%) 0.3% (0.3%)**	7.0	3.0 - 3.1% (3.0%) 0.5% (0.5%) 0.3% (0.3%)
Equity securities	Market comparables	Net tangible asset	**1.4**	**N/A**	1.2	N/A
	Internal price based on financing round	Discount for: Market liquidity	**6.4**	**27.0% (27.0%)**	6.4	27.0% (27.0%)
Other	Discounted cash flow	Discount rate	**3.8**	**16.8% (16.8%)**	3.8	16.8% (16.8%)

The weighted average of the unobservable inputs was weighted by the relative fair value of the securities to which the inputs were applied. Each unobservable input is based on the Company's subjective opinion and therefore inherently contains a degree of uncertainty. Where discounted cash flows were used in the valuation of fixed maturities, the internally-developed discount rate was adjusted by the significant unobservable inputs shown in the table. Increases (decreases) in any of these inputs in isolation would result in a lower (higher) fair value measurement. Increases (decreases) in unobservable inputs used in the valuation of equity securities would result in a higher (lower) fair value measurement. There were no interrelationships between these inputs which might magnify or mitigate the effect of changes in unobservable inputs on the fair value measurement.

5. Income Taxes

Income tax expense (benefit) for the nine months ended September 30, 2024 and 2023 has been computed using estimated annual effective tax rates. These rates are revised, if necessary, at the end of each successive interim period to reflect current estimates of the annual effective tax rates.

The tax provision was comprised of a U.S. federal income tax expense of $68.3 million and a benefit of $35.3 million for the nine months ended September 30, 2024 and 2023, respectively.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state jurisdictions, and have previously filed in foreign jurisdictions. The Company and its subsidiaries are subject to U.S. federal and state income tax examinations and foreign examinations for years after 2019.

6. Pension Plans

The components of net periodic pension cost for the defined benefit pension plans included in the Company's results of operations are as follows:

	Three Months Ended September 30,	
	2024	**2023**
(in millions)	**Pension Plans**	
Interest cost	**$ 5.1**	$ 5.5
Expected return on plan assets	**(5.1)**	(5.5)
Recognized net actuarial loss	**1.7**	1.9
Net periodic pension cost	**$ 1.7**	$ 1.9

	Nine Months Ended September 30,	
	2024	**2023**
(in millions)	**Pension Plans**	
Interest cost	**$ 15.3**	$ 16.4
Expected return on plan assets	**(15.2)**	(16.5)
Recognized net actuarial loss	**5.0**	5.8
Net periodic pension cost	**$ 5.1**	$ 5.7

7. Other Comprehensive Income (Loss)

The following tables provide changes in other comprehensive income (loss).

(in millions)	2024 Pre-Tax	2024 Tax Benefit (Expense)	2024 Net of Tax	2023 Pre-Tax	2023 Tax Benefit (Expense)	2023 Net of Tax
Three Months Ended September 30,						
Changes in net unrealized gains (losses) on investment securities:						
Net unrealized gains (losses) arising during period for those having no credit losses in Consolidated Statements of Income (Loss)	**$ 282.3**	**$ (59.3)**	**$ 223.0**	$ (144.3)	$ 30.3	$ (114.0)
Net unrealized gains (losses) arising during period for those having credit losses in Consolidated Statements of Income (Loss)	**1.0**	**(0.1)**	**0.9**	(0.7)	0.2	(0.5)
Amount of losses realized from sales and other recognized in Consolidated Statements of Income (Loss)	**24.8**	**(5.8)**	**19.0**	0.9	(0.6)	0.3
Amount of credit-related recoveries on prior impairments recognized in the Consolidated Statements of Income (Loss)	**(0.3)**	**—**	**(0.3)**	—	—	—
Amount of additional impairment losses recognized in the Consolidated Statements of Income (Loss)	**0.5**	**(0.1)**	**0.4**	—	—	—
Net unrealized gains (losses)	**308.3**	**(65.3)**	**243.0**	(144.1)	29.9	(114.2)
Pension and postretirement benefits:						
Amortization of net actuarial losses recognized as net periodic benefit cost	**1.7**	**(0.3)**	**1.4**	1.9	(0.4)	1.5
Long-duration insurance contracts:						
Net change in market risk	**(4.0)**	**0.9**	**(3.1)**	4.2	(0.9)	3.3
Other comprehensive income (loss)	**$ 306.0**	**$ (64.7)**	**$ 241.3**	$ (138.0)	$ 28.6	$ (109.4)

(in millions)	2024 Pre-Tax	2024 Tax Benefit (Expense)	2024 Net of Tax	2023 Pre-Tax	2023 Tax Benefit (Expense)	2023 Net of Tax
Nine Months Ended September 30,						
Changes in net unrealized gains (losses) on investment securities:						
Net unrealized gains (losses) arising during period for those having no credit losses in Consolidated Statements of Income (Loss)	**$ 211.2**	**$ (44.4)**	**$ 166.8**	$ (120.8)	$ 25.4	$ (95.4)
Net unrealized gains arising during period for those having credit losses in Consolidated Statements of Income (Loss)	**4.0**	**(0.8)**	**3.2**	0.3	—	0.3
Amount of losses realized from sales and other recognized in Consolidated Statements of Income (Loss)	**56.9**	**(13.1)**	**43.8**	1.9	(1.6)	0.3
Amount of credit-related impairments (recoveries) recognized in the Consolidated Statements of Income (Loss)	**(0.7)**	**0.1**	**(0.6)**	0.8	(0.2)	0.6
Amount of additional impairment losses recognized in the Consolidated Statements of Income (Loss)	**2.2**	**(0.5)**	**1.7**	10.3	(2.2)	8.1
Net unrealized gains (losses)	**273.6**	**(58.7)**	**214.9**	(107.5)	21.4	(86.1)
Pension and postretirement benefits:						
Amortization of net actuarial losses recognized as net periodic benefit cost	**5.1**	**(1.0)**	**4.1**	5.9	(1.2)	4.7
Long-duration insurance contracts:						
Net change in market risk	**(1.7)**	**0.4**	**(1.3)**	3.3	(0.7)	2.6
Other comprehensive income (loss)	**$ 277.0**	**$ (59.3)**	**$ 217.7**	$ (98.3)	$ 19.5	$ (78.8)

Reclassifications out of accumulated other comprehensive loss were as follows:

(in millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	
Details about Accumulated Other Comprehensive Loss Components	**Amount Reclassified from Accumulated Other Comprehensive Loss**				**Affected Line Item in the Statement Where Net Income (Loss) is Presented**
Net unrealized losses on investment securities	**$ (24.7)**	$ (0.9)	**$ (56.6)**	$ (1.9)	Net realized losses from sales and other
	(0.2)	—	**(1.5)**	(11.1)	Impairments on investments
	(24.9)	(0.9)	**(58.1)**	(13.0)	Total before tax
	5.9	0.6	**13.5**	4.0	Income tax (expense) benefit
	(19.0)	(0.3)	**(44.6)**	(9.0)	Continuing operations; net of tax
	(0.1)	—	**(0.3)**	—	Income from discontinued life businesses
	(19.1)	(0.3)	**(44.9)**	(9.0)	Net of tax
Amortization of defined benefit pension and postretirement actuarial losses	**(1.7)**	(1.9)	**(5.1)**	(5.9)	Loss adjustment expenses and other operating expenses [(1)]
	0.3	0.4	**1.0**	1.2	Income tax (expense) benefit
	(1.4)	(1.5)	**(4.1)**	(4.7)	Continuing operations; net of tax
Net change in market risk	**0.3**	—	**0.8**	—	Income from discontinued life businesses
	(0.1)	—	**(0.2)**	—	Income tax (expense) benefit
	0.2	—	**0.6**	—	Discontinued operations; net of tax
Total reclassifications for the period	**$ (20.3)**	$ (1.8)	**$ (48.4)**	$ (13.7)	Benefit (expense) reflected in income (loss), net of tax

(1)The amount reclassified from accumulated other comprehensive loss for the pension and postretirement benefits was allocated approximately 40% to loss adjustment expenses and 60% to other operating expenses for the three and nine months ended September 30, 2024 and 2023.

8. Segment Information

The Company's primary business operations include insurance products and services provided through four reporting segments: Core Commercial, Specialty, Personal Lines and Other. Core Commercial includes commercial multiple peril, commercial automobile, workers' compensation, and other commercial coverages provided to small and mid-sized businesses. Specialty includes four divisions of business: Professional and Executive Lines, Specialty Property and Casualty ("Specialty P&C"), Marine, and Surety and Other. Specialty P&C includes coverages such as program business, which provides commercial insurance to markets with specialized coverage or risk management needs related to groups of similar businesses, specialty industrial and commercial property, excess and surplus lines and specialty general liability coverage. Personal Lines includes personal automobile, homeowners and other personal coverages. The Other segment includes earnings on holding company assets; holding company and other expenses, including certain costs associated with retirement benefits due to the Company's former life insurance employees and agents; run-off voluntary assumed property and casualty pools and run-off direct asbestos and environmental, and product liability businesses. Also included in the Other segment during the first half of 2024 and prior were the operations of Opus Investment Management, Inc. ("Opus"), which provided investment management services to THG, as well as institutions, pension funds, and other organizations. During the second and third quarters of 2024, the Company exited all of Opus' business operations serving unaffiliated entities. Investment management services provided by Opus to THG related to its investment-grade fixed maturities portfolio were also transferred to an external manager during the second quarter of 2024. The separate financial information is presented consistent with the way results are regularly evaluated by the CODM in deciding how to allocate resources and in assessing performance.

The Company reports interest expense related to debt separately from the earnings of its reporting segments. This consists primarily of interest on the Company's senior and subordinated debentures.

Management evaluates the results of its segments based on operating income (loss) before interest expense and income taxes. Operating income (loss) before interest expense and income taxes excludes certain items which are included in net income (loss), such as net realized and unrealized investment gains and losses. Such gains and losses are excluded since they are determined by interest rates, financial markets and the timing of sales. Also, operating income (loss) before interest expense and income taxes excludes net gains and losses on disposals of businesses, gains and losses related to the repayment of debt, discontinued operations, costs to acquire businesses, restructuring costs, the cumulative effect of accounting changes and certain other items. Although the items excluded from operating income (loss) before interest expense and income taxes may be important components in understanding and assessing the Company's overall financial performance, management believes that the presentation of operating income (loss) before interest expense and income taxes enhances an investor's understanding of the Company's results of operations by highlighting net income (loss) attributable to the core operations of the business. However, operating income (loss) before income taxes should not be construed as a substitute for income (loss) before income taxes or income (loss) from continuing operations and operating income (loss) should not be construed as a substitute for net income (loss).

Summarized below is financial information with respect to the Company's reporting segments.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2024**	**2023**	**2024**	**2023**
Operating revenues:				
Core Commercial	**$ 576.6**	$ 557.1	**$ 1,727.6**	$ 1,658.2
Specialty	**353.7**	340.9	**1,049.0**	1,011.6
Personal Lines	**644.9**	620.5	**1,908.5**	1,815.1
Other	**2.5**	4.2	**9.4**	11.6
Total	**1,577.7**	1,522.7	**4,694.5**	4,496.5
Net realized and unrealized investment losses	**(12.4)**	(6.1)	**(41.4)**	(31.8)
Total revenues	**$ 1,565.3**	$ 1,516.6	**$ 4,653.1**	$ 4,464.7
Operating income (loss) before interest expense and income taxes:				
Core Commercial:				
Underwriting income	**$ 14.6**	$ 5.3	**$ 88.3**	$ 1.0
Net investment income	**42.1**	38.4	**124.3**	114.2
Other expense	**(0.8)**	(0.6)	**(2.0)**	(0.8)
Core Commercial operating income	**55.9**	43.1	**210.6**	114.4
Specialty:				
Underwriting income	**52.6**	52.7	**113.5**	119.5
Net investment income	**20.9**	18.0	**61.7**	53.6
Other expense	**(0.5)**	(0.4)	**(0.8)**	(0.1)
Specialty operating income	**73.0**	70.3	**174.4**	173.0
Personal Lines:				
Underwriting loss	**(6.7)**	(127.3)	**(74.4)**	(422.4)
Net investment income	**26.3**	24.3	**77.9**	73.3
Other income	**2.1**	2.6	**6.7**	8.0
Personal Lines operating income (loss)	**21.7**	(100.4)	**10.2**	(341.1)
Other:				
Underwriting income	**—**	—	**—**	—
Net investment income	**2.5**	3.5	**8.0**	9.4
Other expense	**(2.5)**	(2.8)	**(7.5)**	(8.2)
Other operating income	**—**	0.7	**0.5**	1.2
Operating income (loss) before interest expense and income taxes	**150.6**	13.7	**395.7**	(52.5)
Interest on debt	**(8.5)**	(8.5)	**(25.6)**	(25.6)
Operating income (loss) before income taxes	**142.1**	5.2	**370.1**	(78.1)
Non-operating items:				
Net realized and unrealized investment losses	**(12.4)**	(6.1)	**(41.4)**	(31.8)
Other non-operating	**—**	—	**(2.4)**	0.8
Income (loss) from continuing operations before income taxes	**$ 129.7**	$ (0.9)	**$ 326.3**	$ (109.1)

The following table provides identifiable assets for the Company's segments and discontinued operations:

(in millions)	September 30, 2024	December 31, 2023
Property and Casualty	**$ 15,277.9**	$ 14,526.0
Assets of discontinued businesses	**89.1**	86.6
Total	**$ 15,367.0**	$ 14,612.6

The Company reviews the assets of its insurance subsidiaries collectively and does not allocate them among the Core Commercial, Specialty, Personal Lines and Other segments.

9. Stock-based Compensation

As of September 30, 2024, there were 2,356,776 and 1,229,903 shares available for grant under The Hanover Insurance Group 2022 Long-Term Incentive Plan and 2023 Employee Stock Purchase plan, respectively.

Compensation cost for the Company's stock-based awards and the related tax benefits were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2024	2023	2024	2023
Stock-based compensation expense	**$ 8.7**	$ 8.6	**$ 23.5**	$ 23.9
Tax benefit	**(1.8)**	(1.8)	**(4.9)**	(5.0)
Stock-based compensation expense, net of taxes	**$ 6.9**	$ 6.8	**$ 18.6**	$ 18.9

Stock Options

Information on the Company's stock option activity for the nine months ended September 30, 2024 and 2023 is summarized below.

	Nine Months Ended September 30,			
	2024		2023	
(in whole shares and dollars)	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of period	**1,137,042**	**$ 111.57**	1,080,852	$ 107.07
Granted	**150,731**	**134.26**	135,019	140.01
Exercised	**(131,891)**	**88.87**	(40,544)	92.39
Forfeited or cancelled	**(2,642)**	**134.99**	(22,184)	125.15
Outstanding, end of period	**1,153,240**	**117.08**	1,153,143	111.09

Restricted Stock Units

The Company currently issues time-based, market-based and performance-based restricted stock units to eligible employees, all of which generally vest after three years of continued employment.

The following table summarizes activity information about employee restricted stock units:

	Nine Months Ended September 30,			
	2024		2023	
(in whole shares and dollars)	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Time-based restricted stock units:				
Outstanding, beginning of period	**376,626**	**$ 132.04**	378,256	$ 124.88
Granted	**158,460**	**133.30**	149,509	138.35
Vested	**(123,973)**	**116.25**	(132,086)	118.21
Forfeited	**(21,705)**	**135.85**	(19,132)	131.14
Outstanding, end of period	**389,408**	**137.36**	376,547	132.25
Performance-based and market-based restricted stock units:				
Outstanding, beginning of period	**120,504**	**$ 132.76**	119,163	$ 122.81
Granted	**53,336**	**132.27**	50,115	137.90
Vested	**(41,290)**	**112.36**	(44,781)	114.14
Forfeited	**(6,339)**	**108.06**	(3,993)	109.19
Outstanding, end of period	**126,211**	**140.47**	120,504	132.76

In the first nine months of 2024 and 2023, the Company granted market-based awards totaling 25,414 shares and 21,789 shares, respectively, to certain members of senior management, which are included in the table above as performance and market-based restricted stock activity. The vesting of these stock units is based on the relative total shareholder return ("TSR") of the Company. This metric is generally based on relative TSR for a three-year period as compared to a pre-selected group of property and casualty companies. The fair value of market-based awards was estimated at the date of grant using a valuation model. These units have the potential to range from 0% to 150% of the shares disclosed. Included in the amount forfeited above in 2024 and 2023 are 6,339 shares and 2,836 shares, respectively, related to market-based awards that achieved a payout below 100%. These awards were forfeited in the first quarter of 2024 and 2023, respectively.

The Company also granted performance-based restricted stock units in 2024 and 2023, totaling 27,922 shares and 28,326 shares, respectively, which are based upon the Company's achievement of return on equity objectives. These units have the potential to range from 0% to 150% of the shares disclosed. Increases above the 100% target level are reflected as granted in the period after which performance-based stock unit goals are achieved. Decreases below the 100% target level are reflected as forfeited. Included in the amounts granted above in 2024 and 2023 are 2,615 shares and 5,961 shares, respectively, related to performance-based awards that achieved a payout in excess of 100%. These awards vested in the first quarter of 2024 and 2023, respectively.

10. Earnings Per Share and Shareholders' Equity Transactions

The following table provides weighted average share information used in the calculation of the Company's basic and diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share data)	**2024**	**2023**	**2024**	**2023**
Basic shares used in the calculation of earnings per share	**36.0**	35.8	**35.9**	35.7
Dilutive effect of securities:				
Employee stock options	**0.2**	0.1	**0.2**	**—**
Non-vested stock grants	**0.3**	0.2	**0.3**	—
Diluted shares used in the calculation of earnings per share	**36.5**	36.1	**36.4**	35.7
Per share effect of dilutive securities on income (loss) from continuing operations	**$ (0.04)**	$ —	**$ (0.09)**	$ —
Per share effect of dilutive securities on net income (loss)	**$ (0.04)**	$ —	**$ (0.08)**	$ —

Diluted earnings per share for both the three and nine months ended September 30, 2024 excludes 0.4 million shares of common stock issuable under the Company's stock compensation plans, because their effect would be antidilutive. Diluted earnings per share for the three and nine months ended September 30, 2023 excludes 0.7 million and 0.6 million, respectively, shares of common stock issuable under the Company's stock compensation plans, because their effect would be antidilutive.

The Board of Directors authorized a stock repurchase program which provides for aggregate repurchases of the Company's common stock of up to $1.3 billion. Under this program, the Company had approximately $330 million available at September 30, 2024. Under the repurchase authorization, the Company may repurchase, from time to time, common stock in amounts, at prices and at such times as the Company deems appropriate, subject to market conditions and other considerations. Repurchases may be executed using open market purchases, privately negotiated transactions, accelerated repurchase programs or other transactions. The Company is not required to purchase any specific number of shares or to make purchases by any certain date under this program.

11. Liabilities for Outstanding Claims, Losses and Loss Adjustment Expenses

Reserve Rollforward and Prior Year Development

The Company regularly updates its reserve estimates as new information becomes available and further events occur which may impact the resolution of unsettled claims. Reserve adjustments are reflected in results of operations as adjustments to losses and loss adjustment expenses ("LAE"). Often these adjustments are recognized in periods subsequent to the period in which the underlying policy was written and loss event occurred. These types of subsequent adjustments are described as loss and LAE "development." Such development can be either favorable or unfavorable to the Company's financial results and may vary by line of business. In this section, all amounts presented include catastrophe losses and LAE, unless otherwise indicated.

The table below provides a reconciliation of the gross beginning and ending reserve for unpaid losses and loss adjustment expenses.

(in millions)	Nine Months Ended September 30, 2024	2023
Gross reserve for losses and LAE, beginning of period	**$ 7,308.1**	$ 7,012.6
Reinsurance recoverable on unpaid losses	**1,795.0**	1,748.6
Net reserve for losses and LAE, beginning of period	**5,513.1**	5,264.0
Net incurred losses and LAE in respect of losses occurring in:		
Current year	**2,975.6**	3,225.6
Prior years	**(78.8)**	(6.8)
Total incurred losses and LAE	**2,896.8**	3,218.8
Net payments of losses and LAE in respect of losses occurring in:		
Current year	**1,225.3**	1,375.7
Prior years	**1,517.5**	1,523.8
Total payments	**2,742.8**	2,899.5
Net reserve for losses and LAE, end of period	**5,667.1**	5,583.3
Reinsurance recoverable on unpaid losses	**1,759.7**	1,746.5
Gross reserve for losses and LAE, end of period	**$ 7,426.8**	$ 7,329.8

As a result of continuing trends in the Company's business, reserves, including catastrophes, have been re-estimated for all prior accident years and were decreased by $78.8 million and $6.8 million in 2024 and 2023, respectively.

2024

For the nine months ended September 30, 2024, net favorable loss and LAE development was $78.8 million, primarily as a result of net favorable development of $39.7 million in Core Commercial, $34.8 million in Specialty and $4.3 million in Personal Lines. The favorable development in Core Commercial was primarily due to favorable catastrophe development of $24.8 million, primarily due to lower than expected losses related to events from accident years 2020 through 2023, including several convective storms across multiple states, Winter Storm Elliot, Hurricane Ian, and Hurricane Ida. Additionally, and to a lesser extent, Core Commercial favorable development resulted from lower than expected non-catastrophe losses across each of the main product lines: commercial multiple peril, commercial automobile, workers' compensation and other commercial lines. Within non-catastrophe losses, lower than expected property losses of $25.6 million were partially offset by higher than expected losses of $10.7 million across several of the liability lines of business. The favorable development in Specialty was primarily due to lower than expected non-catastrophe losses in the Professional and Executive Lines division's liability claims-made coverage of $14.1 million and, to a lesser extent, in the surety line. In addition, there was lower than expected catastrophe losses in our Marine and Specialty P&C divisions. The net favorable development in Personal Lines was primarily due to lower than expected non-catastrophe losses of $13.4 million in the personal automobile line within physical damage coverage. This favorable development was partially offset by higher than expected losses of $10.3 million in other personal lines within the standalone umbrella coverage.

2023

For the nine months ended September 30, 2023, net favorable loss and LAE development was $6.8 million, primarily as a result of favorable development of $43.1 million in Specialty, partially offset by net unfavorable development of $35.1 million in Personal Lines and, to a lesser extent, net unfavorable development of $1.2 million in Core Commercial. The favorable development in Specialty was primarily due to lower than expected losses and LAE of $28.6 million in the Professional and Executive Lines division, primarily in accident years 2019 through 2022 and, to a lesser extent, lower than expected losses and LAE of $9.2 million in the surety line. The unfavorable development in Personal Lines was primarily due to higher than expected losses of $16.4 million within the personal automobile line, higher than expected losses of $11.4 million in the homeowners line, primarily in accident year 2022 due to Winter Storm Elliott and, to a lesser extent, higher than expected losses in the standalone personal umbrella coverage. The higher than expected losses in the personal automobile line were primarily within bodily injury in accident years 2018, 2019 and 2022, and within property damage coverages in accident years 2021 and 2022, partially offset by lower than expected losses within personal injury protection coverages in accident years 2021 through 2022. The net unfavorable development in Core Commercial was primarily due to higher than expected losses of $13.5 million within the commercial automobile line driven by higher bodily injury and personal injury protection losses in accident years 2014 through 2019 and, to a lesser extent, higher than expected losses in miscellaneous property and commercial umbrella coverages. The unfavorable development in Core Commercial was partially offset by lower than expected losses of $17.7 million within the workers' compensation line, primarily in accident years 2013 through 2021, and within the commercial multiple peril line, primarily in accident year 2022, due to Winter Storm Elliott.

12. Commitments and Contingencies

Legal Proceedings

The Company has been named a defendant in various legal proceedings arising in the normal course of business. In addition, the Company is involved, from time to time, in examinations, investigations and proceedings by governmental and self-regulatory agencies. The potential outcome of any such action or regulatory proceedings in which the Company has been named a defendant or the subject of an inquiry, examination or investigation, and its ultimate liability, if any, from such action or regulatory proceedings, is difficult to predict at this time. The ultimate resolutions of such proceedings are not expected to have a material effect on the Company's financial position, although they could have a material effect on the results of operations for a particular quarterly or annual period.

Residual Markets

The Company is required to participate in residual markets in various states, which generally pertain to high risk insureds, disrupted markets or lines of business or geographic areas where rates are regarded as excessive. The results of the residual markets are not subject to the predictability associated with the Company's own managed business, and are significant to both the personal and commercial automobile lines of business.

13. Subsequent Events

There were no subsequent events requiring adjustment to the financial statements and no additional disclosure required in the notes to the consolidated financial statements.

PART I
ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

TABLE OF CONTENTS

Introduction

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to assist readers in understanding the interim consolidated results of operations and financial condition of The Hanover Insurance Group, Inc. and its subsidiaries ("THG"). Consolidated results of operations and financial condition are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). This discussion should be read in conjunction with the interim consolidated financial statements and related footnotes included elsewhere in this Quarterly Report on Form 10-Q and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 22, 2024.

Results of operations include the accounts of The Hanover Insurance Company ("Hanover Insurance") and Citizens Insurance Company of America ("Citizens"), our principal property and casualty companies, and certain other insurance and non-insurance subsidiaries.

The following discussion contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this discussion and analysis, words such as: "believes," "anticipates," "expects," "projections," "outlook," "should," "could," "plan," "guidance," "likely," "on track to," "potential," "continue," "targeted," "designed," and similar expressions are intended to identify forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. We caution readers that accuracy with respect to forward-looking projections is difficult and subject to risks and uncertainties. Those risks and uncertainties, in some cases, have affected, and in the future could affect, our actual results and could cause our actual results to differ materially from historical results and from those expressed in any of our forward-looking statements. For important factors that could cause actual results to differ materially from those contained in forward-looking statements, see "Risk Factors" in Part II – Item 1A of this Quarterly Report on Form 10-Q and in Part I – Item 1A of our 2023 Annual Report on Form 10-K.

Executive Overview

Business operations consist of four reporting segments: Core Commercial, Specialty, Personal Lines and Other.

Our strategy, which focuses on the independent agency distribution channel, supports THG's commitment to our select independent agents. It is designed to generate profitable growth by leveraging the strengths of our distribution approach, including expansion of our agency footprint in underpenetrated geographies, as warranted. As part of that strategy, we have increased our capabilities in specialty markets and made investments designed to develop growth solutions for our agency distribution channel that meet the needs of our customers. Our goal is to grow responsibly in all of our businesses, while managing volatility.

During the nine months ended September 30, 2024, our net income was $258.1 million, compared to a net loss of $72.6 million for the nine months ended September 30, 2023, an improvement of $330.7 million. This favorable change was primarily due to higher after-tax operating income.

Operating income before interest expense and income taxes (a non-GAAP financial measure; see also "Results of Operations – Consolidated – Non-GAAP Financial Measures") was $395.7 million for the nine months ended September 30, 2024, compared to an operating loss of $52.5 million for the nine months ended September 30, 2023, an improvement of $448.2 million. This increase was primarily due to lower catastrophe losses, improvements in current accident year underwriting results, primarily in our Personal Lines segment, and, to a lesser extent, higher net favorable development on prior years' loss reserves and higher net investment income. Pre-tax catastrophe losses were $349.9 million for the nine months ended September 30, 2024, compared to $632.4 million during the same period of 2023, a decrease of $282.5 million. The catastrophe losses in the first nine months of 2024 were primarily due to several convective storms across multiple states, with wind and hail damage representing the majority of reported losses, primarily in the Midwest, and, to a lesser extent, the impacts of hurricanes Helene and Beryl. The higher catastrophe losses in the first nine months of 2023 were primarily due to several convective storms across multiple states, particularly in the Midwest, with hail and wind damage representing the majority of reported losses, primarily impacting our Personal Lines business. The lower Personal Lines current accident year losses were primarily due to the benefit of earned pricing outpacing loss trends in both personal automobile and homeowners lines, and moderated loss trends, particularly in automobile collision coverages.

Net favorable development on prior years' loss reserves was $41.8 million for the nine months ended September 30, 2024, compared to $6.8 million for the nine months ended September 30, 2023, an increase of $35.0 million.

Core Commercial

Core Commercial includes two businesses, small commercial and middle market, both of which focus on account business, including coverage for commercial multiple peril, commercial automobile, workers' compensation and other (monoline general liability, ancillary professional, commercial umbrella, and monoline property). Small commercial focuses on small businesses, with annual policy premiums generally up to $50,000. Middle market provides coverage to mid-sized businesses with annual policy premiums generally between $50,000 and $500,000. Middle market offers coverage in distinct industry segments, including technology, manufacturing, human services, retail, and real estate, among others. We believe that our account-focused approach to the small commercial market and distinctiveness in the middle market, including our diversified portfolio of products, delivers significant value to agents and policyholders. We continue to pursue our core strategy of developing strong relationships with retail agents, enhancing franchise value through selective distribution, distinctive products and coverages, and through continued investment in products for additional industry segmentation.

Net premiums written increased 3.3% in the first nine months of 2024, compared to the same period in 2023, primarily driven by renewal price increases, partially offset by lower retention driven by underwriting actions. Operating income before interest expense and income taxes increased in the first nine months of 2024, primarily due to lower catastrophe losses and higher net favorable development on prior years' loss reserves. The competitive nature of the Core Commercial market requires us to be highly disciplined in our underwriting process to ensure that we write business at acceptable margins, and we continue to seek rate increases across many lines of business.

Specialty

Specialty offers a comprehensive suite of products focused predominately on small to mid-sized businesses. This includes numerous specialized product areas that are organized into four distinct divisions – Professional and Executive Lines, Specialty Property and Casualty ("Specialty P&C"), Marine, and Surety and Other. We believe that this diverse set of Specialty products, distributed primarily through retail agents, supplemented by select specialists, helps to enhance our overall agent value and increase growth opportunities by providing agents easier access to placement solutions for Specialty needs, including those that complement Core Commercial accounts.

Net premiums written increased 5.4% in the first nine months of 2024, compared to the same period in 2023, primarily due to renewal price increases. Operating income before interest expense and income taxes increased in the first nine months of 2024 compared to the same period in 2023, primarily due to lower current accident year losses and higher net investment income, partially offset by higher expenses and lower favorable development. The competitive nature of the Specialty market requires us to be highly disciplined in our underwriting process to ensure that we write business at acceptable margins, and we continue to seek rate increases across many lines of business.

Personal Lines

Personal Lines focuses on working with high quality, value-oriented agencies that deliver consultative selling to customers and stress the importance of account rounding, which is the conversion of single policy customers to accounts with multiple policies and/or additional coverages, to address customers' broader needs and objectives. Approximately 88% of our policies in force ("PIF") have been issued to customers with multiple policies and/or coverages with us. We are focused on seeking profitable growth opportunities, building a distinctive position in the market in order to meet our customers' needs, and diversifying geographically. We continue to seek appropriate rate increases that meet or exceed underlying loss cost trends, subject to regulatory and competitive considerations.

Net premiums written increased 3.6% in the first nine months of 2024, compared to the same period in 2023, primarily due to renewal price increases, partially offset by decreased new business and lower retention. Operating income before interest expense and income taxes improved in the first nine months of 2024, compared to the same period in 2023, primarily due to lower catastrophe losses, improvements in current accident year underwriting results, and favorable development on prior years' loss reserves.

Description of Segments

Primary business operations include insurance products and services currently provided through four reporting segments: Core Commercial, Specialty, Personal Lines and Other. Core Commercial includes commercial multiple peril, commercial automobile, workers' compensation, and other commercial lines coverages provided to small and mid-sized businesses. Specialty includes four divisions of business: Professional and Executive Lines, Specialty P&C, Marine, and Surety and Other. Specialty P&C includes coverages such as program business (providing commercial insurance to markets with specialized coverage or risk management needs related to groups of similar businesses), specialty industrial and commercial property, excess and surplus lines and specialty general liability coverage. Personal Lines includes personal automobile, homeowners and other personal coverages, such as umbrella. The "Other" segment includes earnings on holding company assets; holding company and other expenses, including certain costs associated with retirement benefits due to our former life insurance employees and agents; and our run-off voluntary assumed property and casualty pools, run-off direct asbestos and environmental, and product liability businesses. Also included in the Other segment during the first half of 2024 and prior were the operations of Opus Investment Management, Inc. ("Opus"), which provided investment management services to THG, as well as institutions, pension funds, and other organizations. During the second and third quarters of 2024, we exited all of Opus' business operations serving unaffiliated entities. Investment management services provided by Opus to THG related to its investment-grade fixed maturities portfolio were also transferred to an external manager during the second quarter of 2024.

We report interest expense on debt separately from the earnings of our reporting segments. This consists primarily of interest on our senior and subordinated debentures.

Results of Operations – Consolidated

Consolidated net income for the three months ended September 30, 2024 was $102.1 million, compared to $8.6 million for the three months ended September 30, 2023, an increase of $93.5 million. This increase was due to after-tax operating income of $104.5 million, partially offset by an increase in after-tax net realized and unrealized investment losses of $10.6 million. Operating income before interest expense and income taxes was $150.6 million for the three months ended September 30, 2024, compared to $13.7 million for the three months ended September 30, 2023, an increase of $136.9 million. This increase was primarily due to lower catastrophe losses, improvements in current accident year underwriting results in our Personal Lines segment and, to a lesser extent, higher net favorable development on prior years' loss reserves.

Consolidated net income for the nine months ended September 30, 2024 was $258.1 million, compared to a net loss of $72.6 million for the nine months ended September 30, 2023, an improvement of $330.7 million. The favorable change year-over-year reflects higher after-tax operating income, partially offset by an increase in after-tax net realized and unrealized investment losses of $13.8 million. Operating income before interest expense and income taxes was $395.7 million for the nine months ended September 30, 2024, compared to an operating loss of $52.5 million for the nine months ended September 30, 2023, an improvement of $448.2 million. This increase was primarily due to lower catastrophe losses, improvements in current accident year underwriting results in our Personal Lines segment, and, to a lesser extent, higher net favorable development on prior years' loss reserves and higher net investment income.

The following table reflects operating income (loss) before interest expense and income taxes for each reporting segment and a reconciliation to consolidated net income (loss) from operating income (loss) before interest expense and income taxes (a non-GAAP measure).

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2024	2023	2024	2023
Operating income (loss) before interest expense and income taxes:				
Core Commercial	**$ 55.9**	$ 43.1	**$ 210.6**	$ 114.4
Specialty	**73.0**	70.3	**174.4**	173.0
Personal Lines	**21.7**	(100.4)	**10.2**	(341.1)
Other	**—**	0.7	**0.5**	1.2
Operating income (loss) before interest expense and income taxes	**150.6**	13.7	**395.7**	(52.5)
Interest expense on debt	**(8.5)**	(8.5)	**(25.6)**	(25.6)
Operating income (loss) before income taxes	**142.1**	5.2	**370.1**	(78.1)
Income tax benefit (expense) on operating income (loss)	**(30.8)**	1.6	**(78.8)**	21.2
Operating income (loss)	**111.3**	6.8	**291.3**	(56.9)
Non-operating items:				
Net realized and unrealized investment losses	**(12.4)**	(6.1)	**(41.4)**	(31.8)
Other non-operating	**—**	—	**(2.4)**	0.8
Income tax benefit on non-operating items	**3.2**	7.5	**10.5**	14.1
Income (loss) from continuing operations, net of taxes	**102.1**	8.2	**258.0**	(73.8)
Discontinued operations (net of taxes):				
Income from discontinued life businesses	**—**	—	**0.1**	—
Income from discontinued Chaucer business	**—**	0.4	**—**	1.2
Net income (loss)	**$ 102.1**	$ 8.6	**$ 258.1**	$ (72.6)

Non-GAAP Financial Measures

In addition to consolidated net income (loss), discussed above, we assess our financial performance based upon pre-tax "operating income (loss)," and we assess the operating performance of each of our four reporting segments based upon the pre-tax operating income (loss) generated by each segment. As reflected in the table above, operating income (loss) before interest expense and income taxes excludes interest expense on debt and certain other items, which we believe are not indicative of our core operations, such as net realized and unrealized investment gains and losses. Such gains and losses are excluded since they are determined by interest rates, financial markets and the timing of sales. Also, operating income (loss) before interest expense and income taxes excludes net gains and losses on disposals of businesses, gains and losses related to the repayment of debt, discontinued operations, costs to acquire businesses, restructuring costs, the cumulative effect of accounting changes and certain other items. Although the items excluded from operating income (loss) before interest expense and income taxes are important components in understanding and assessing our overall financial performance, we believe a discussion of operating income (loss) before interest expense and income taxes enhances an investor's understanding of our results of operations by highlighting net income (loss) attributable to the core operations of the business. However, operating income (loss) before interest expense and income taxes, which is a non-GAAP measure, should not be construed as a substitute for income (loss) before income taxes or income (loss) from continuing operations and operating income (loss) should not be construed as a substitute for net income (loss).

Catastrophe losses and prior years' reserve development are significant components in understanding and assessing the financial performance of our business. Management reviews and evaluates catastrophes and prior years' reserve development separately from the other components of earnings. References to "current accident year underwriting results" exclude prior accident year reserve development and may also be presented "excluding catastrophes." Prior years' reserve development and catastrophes are not predictable as to timing or the amount that will affect the results of our operations and have an effect on each year's operating income (loss) and net income (loss). Management believes that providing certain financial metrics and trends excluding the effects of catastrophes and prior years' reserve development helps investors to understand the variability in periodic earnings and to evaluate the underlying performance of our operations. Discussion of catastrophe losses in this Management's Discussion and Analysis includes development on prior years' catastrophe reserves and, unless otherwise indicated, such development is excluded from discussions of prior year loss and loss adjustment expenses ("LAE") reserve development.

Results of Operations – Segments

The following is our discussion and analysis of the results of operations by reporting segment. The operating results are presented before interest expense, income taxes and other items, which management believes are not indicative of our core operations, including realized gains and losses, as well as unrealized gains and losses on equity securities, and the results of discontinued operations.

The following table summarizes the results of operations for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2024**	**2023**	**2024**	**2023**
Operating revenues				
Net premiums written	**$ 1,663.4**	$ 1,596.4	**$ 4,638.5**	$ 4,464.7
Net premiums earned	**$ 1,479.2**	$ 1,431.1	**$ 4,401.0**	$ 4,222.8
Net investment income	**91.8**	84.2	**271.9**	250.5
Other income	**6.7**	7.4	**21.6**	23.2
Total operating revenues	**1,577.7**	1,522.7	**4,694.5**	4,496.5
Losses and operating expenses				
Losses and LAE	**954.0**	1,061.5	**2,896.8**	3,218.8
Amortization of deferred acquisition costs	**307.8**	296.6	**910.3**	878.1
Other operating expenses	**165.3**	150.9	**491.7**	452.1
Total losses and operating expenses	**1,427.1**	1,509.0	**4,298.8**	4,549.0
Operating income (loss) before interest expense and income taxes	**$ 150.6**	$ 13.7	**$ 395.7**	$ (52.5)

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

Operating income before interest expense and income taxes was $150.6 million for the three months ended September 30, 2024, compared to $13.7 million for the three months ended September 30, 2023, an improvement of $136.9 million. This increase was primarily due to lower catastrophe losses in our Personal Lines and Core Commercial segments, improvements in current accident year underwriting results in our Personal Lines Segment, and favorable development on prior years' loss reserves. Catastrophe losses in the third quarter of 2024 primarily resulted from Hurricane Helene and, to a lesser extent, Hurricane Beryl and several severe wind and hail storms in the Midwest and Southeast. The higher catastrophe losses in the third quarter of 2023 were primarily due to several convective storms across the Midwest, with hail and wind damage representing the majority of reported losses, primarily impacting our Personal Lines business. The lower Personal Lines current accident year losses were primarily due to the benefit of earned pricing outpacing loss trends in both the personal automobile and homeowners lines, and moderated loss trends, particularly in automobile collision coverages.

Net premiums written increased $67.0 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The increase in net premiums written was primarily due to renewal price increases.

Premium Production and Underwriting Results

The following tables summarize premiums written on a gross and net basis, net premiums earned, and loss and LAE (including catastrophe losses), expense, and combined ratios for our Core Commercial, Specialty and Personal Lines segments. Loss and LAE, catastrophe loss and combined ratios shown below include prior year reserve development. These items are not meaningful for our Other segment.

	Three Months Ended September 30, 2024						
(dollars in millions)	Gross Premiums Written	Net Premiums Written	Net Premiums Earned	Catastrophe Loss Ratios	Loss & LAE Ratios	Expense Ratios	Combined Ratios
Core Commercial	**$ 682.5**	**$ 599.2**	**$ 533.3**	**5.9**	**63.4**	**33.6**	**97.0**
Specialty	**408.9**	**350.2**	**331.2**	**1.3**	**46.2**	**37.7**	**83.9**
Personal Lines	**740.2**	**714.0**	**614.7**	**11.4**	**75.3**	**25.3**	**100.6**
Total	**$ 1,831.6**	**$ 1,663.4**	**$ 1,479.2**	**7.2**	**64.5**	**31.0**	**95.5**

	Three Months Ended September 30, 2023						
(dollars in millions)	Gross Premiums Written	Net Premiums Written	Net Premiums Earned	Catastrophe Loss Ratios	Loss & LAE Ratios	Expense Ratios	Combined Ratios
Core Commercial	$ 667.4	$ 589.4	$ 517.4	8.6	65.4	33.3	98.7
Specialty	400.5	338.7	321.7	2.1	48.3	35.1	83.4
Personal Lines	695.4	668.3	592.0	24.4	95.9	24.9	120.8
Total	$ 1,763.3	$ 1,596.4	$ 1,431.1	13.7	74.2	30.2	104.4

The following table summarizes U.S. GAAP underwriting results for our Core Commercial, Specialty, Personal Lines and Other segments and reconciles them to operating income (loss) before interest expense and income taxes.

	Three Months Ended September 30,									
	2024					2023				
(in millions)	Core Commercial	Specialty	Personal Lines	Other	Total	Core Commercial	Specialty	Personal Lines	Other	Total
Underwriting profit, excluding prior year reserve development and catastrophes	**$ 42.7**	**$ 46.8**	**$ 62.9**	**$ —**	**$ 152.4**	$ 52.6	$ 54.6	$ 17.2	$ —	$ 124.4
Prior year favorable (unfavorable) loss and LAE reserve development on non-catastrophe losses	**3.6**	**10.2**	**0.2**	**—**	**14.0**	(2.7)	5.0	(0.2)	—	2.1
Prior year favorable catastrophe development	**6.5**	**3.5**	**—**	**—**	**10.0**	—	—	—	—	—
Current year catastrophe losses	**(38.2)**	**(7.9)**	**(69.8)**	**—**	**(115.9)**	(44.6)	(6.9)	(144.3)	—	(195.8)
Underwriting profit (loss)	**14.6**	**52.6**	**(6.7)**	**—**	**60.5**	5.3	52.7	(127.3)	—	(69.3)
Net investment income	**42.1**	**20.9**	**26.3**	**2.5**	**91.8**	38.4	18.0	24.3	3.5	84.2
Fees and other income	**1.2**	**1.6**	**3.9**	**—**	**6.7**	1.3	1.2	4.2	0.7	7.4
Other operating expenses	**(2.0)**	**(2.1)**	**(1.8)**	**(2.5)**	**(8.4)**	(1.9)	(1.6)	(1.6)	(3.5)	(8.6)
Operating income (loss) before interest expense and income taxes	**$ 55.9**	**$ 73.0**	**$ 21.7**	**$ —**	**$ 150.6**	$ 43.1	$ 70.3	$ (100.4)	$ 0.7	$ 13.7

Core Commercial

Core Commercial net premiums written were $599.2 million for the three months ended September 30, 2024, compared to $589.4 million for the three months ended September 30, 2023. The $9.8 million increase in net premiums written was primarily driven by renewal price increases.

Core Commercial underwriting profit for the three months ended September 30, 2024 was $14.6 million, compared to $5.3 million for the three months ended September 30, 2023, an improvement in underwriting results of $9.3 million. Catastrophe losses for the three months ended September 30, 2024 were $31.7 million, compared to $44.6 million for the three months ended September 30, 2023, a decrease of $12.9 million. Net favorable development on prior years' loss reserves for the three months ended September 30, 2024 was $3.6 million, compared to net unfavorable development of $2.7 million for the three months ended September 30, 2023, a favorable change of $6.3 million.

Core Commercial current accident year underwriting profit, excluding catastrophes, was $42.7 million for the three months ended September 30, 2024, compared to $52.6 million for the three months ended September 30, 2023. The $9.9 million decrease in underwriting results was primarily driven by higher current accident year losses, relative to earned premiums, in our commercial multiple peril and workers' compensation lines of business.

We continue to manage underwriting performance through rate actions, risk selection and mitigation, pricing segmentation, specific underwriting actions and targeted new business growth. Our ability to achieve overall rate increases is affected by many factors, including regulatory activity and the competitive pricing environment, particularly within the workers' compensation line.

Specialty

Specialty net premiums written were $350.2 million for the three months ended September 30, 2024, compared to $338.7 million for the three months ended September 30, 2023. The $11.5 million increase in net premiums written was primarily due to renewal price increases.

Specialty underwriting profit for the three months ended September 30, 2024 was $52.6 million, compared to $52.7 million for the three months ended September 30, 2023, a decrease of $0.1 million. Catastrophe losses for the three months ended September 30, 2024 were $4.4 million, compared to $6.9 million for the three months ended September 30, 2023, a decrease of $2.5 million. Net favorable development on prior years' loss reserves for the three months ended September 30, 2024 was $10.2 million, compared to $5.0 million for the three months ended September 30, 2023, an increase of $5.2 million.

Specialty current accident year underwriting profit, excluding catastrophes, was $46.8 million for the three months ended September 30, 2024, compared to $54.6 million for the three months ended September 30, 2023. The $7.8 million decrease in underwriting results was primarily due to strategic business investments, including in talent and technology, as well as an increase in variable compensation expenses.

We continue to manage underwriting performance through rate actions, risk selection and mitigation, pricing segmentation, specific underwriting actions and targeted new business growth. Our ability to achieve overall rate increases is affected by many factors, including regulatory activity and the competitive pricing environment.

Personal Lines

Personal Lines net premiums written were $714.0 million for the three months ended September 30, 2024, compared to $668.3 million for the three months ended September 30, 2023. The $45.7 million increase in net premiums written was primarily driven by renewal price increases, partially offset by decreased new business and lower retention.

Net premiums written in the personal automobile line of business were $411.1 million for the three months ended September 30, 2024, compared to $385.0 million for the three months ended September 30, 2023, an increase of $26.1 million. Personal automobile PIF decreased by 8.5% since September 30, 2023. Net premiums written in the homeowners and other lines of business for the three months ended September 30, 2024 were $302.9 million, compared to $283.3 million for the three months ended September 30, 2023, an increase of $19.6 million. Homeowners PIF decreased by 7.8% since September 30, 2023.

Personal Lines underwriting loss for the three months ended September 30, 2024 was $6.7 million, compared to $127.3 million for the three months ended September 30, 2023, an improvement in underwriting results of $120.6 million. Catastrophe losses for the three months ended September 30, 2024 were $69.8 million, compared to $144.3 million for the three months ended September 30, 2023, a decrease of $74.5 million. Net favorable development on prior years' loss reserves for the three months ended September 30, 2024 was $0.2 million, compared to unfavorable development of $0.2 million for the three months ended September 30, 2023, a favorable change of $0.4 million.

Personal Lines current accident year underwriting profit, excluding catastrophes, was $62.9 million for the three months ended September 30, 2024, compared to $17.2 million for the three months ended September 30, 2023. The $45.7 million increase in underwriting results was primarily due to lower current accident year losses, relative to earned premiums, in our personal automobile and homeowners lines. The lower Personal Lines current accident year losses were primarily due to the benefit of earned pricing outpacing loss trends in both personal automobile and homeowners lines, and moderated loss trends, particularly in automobile collision coverages.

We have been taking actions to improve financial results and reduce volatility within our Personal Lines segment. These actions include increasing pricing, changing certain policy terms and conditions, and being more selective on new business quoting, where permissible, around certain geographies, driver and vehicle history, and building and roof condition type. We were able to obtain pricing increases of approximately 16% in our homeowners line and approximately 15% in our personal automobile line during the third quarter of 2024 and believe that our ability to obtain pricing increases, while moderating, will continue. Consistent with our expectations, PIF declined in the third quarter of 2024, driven by lower new business, as our new business pricing is at levels at or above our renewal price increases. We expect our sequential PIF counts to continue to shrink in the fourth quarter of this year. Additionally, our Personal Lines net premiums written may be affected by price competition and the regulatory environment. These factors, along with the aforementioned actions, may also affect our ability to maintain and improve underwriting results.

Other

Our Other segment operating income was de minimis for the three months ended September 30, 2024, compared to $0.7 million for the three months ended September 30, 2023, a decrease of $0.7 million.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Operating income before interest expense and income taxes was $395.7 million for the nine months ended September 30, 2024, compared to an operating loss of $52.5 million for the nine months ended September 30, 2023, an improvement of $448.2 million. This increase was primarily due to lower catastrophe losses, improvements in current accident year underwriting results, primarily in our Personal Lines segment, and, to a lesser extent, higher net favorable development on prior years' loss reserves and higher net investment income. Pre-tax catastrophe losses were $349.9 million for the nine months ended September 30, 2024, compared to $632.4 million during the same period of 2023, a decrease of $282.5 million. The catastrophe losses in the first nine months of 2024 were primarily due to several convective storms across multiple states, with wind and hail damage representing the majority of reported losses, primarily in the Midwest, and, to a lesser extent, the impacts of hurricanes Helene and Beryl. The higher catastrophe losses in the first nine months of 2023 were primarily due to several convective storms across multiple states, particularly in the Midwest, with hail and wind damage representing the majority of reported losses, primarily impacting our Personal Lines business. The lower Personal Lines current accident year losses were primarily due to the benefit of earned pricing outpacing loss trends in both personal automobile and homeowners lines, and moderated loss trends, particularly in automobile collision coverages.

Net premiums written increased $173.8 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The increase in net premiums written was primarily due to renewal price increases.

Premium Production and Underwriting Results

The following tables summarize premiums written on a gross and net basis, net premiums earned, and loss (including catastrophe losses) and LAE, expense, and combined ratios for the Core Commercial, Specialty, and Personal Lines segments. Loss and LAE, catastrophe loss, and combined ratios shown below include prior year reserve development. These items are not meaningful for our Other segment.

	Nine Months Ended September 30, 2024						
(dollars in millions)	Gross Premiums Written	Net Premiums Written	Net Premiums Earned	Catastrophe Loss Ratios	Loss & LAE Ratios	Expense Ratios	Combined Ratios
Core Commercial	**$ 1,929.5**	**$ 1,695.0**	**$ 1,599.6**	**4.3**	**60.8**	**33.4**	**94.2**
Specialty	**1,227.1**	**1,042.1**	**982.6**	**3.4**	**51.1**	**37.1**	**88.2**
Personal Lines	**1,980.1**	**1,901.4**	**1,818.8**	**13.6**	**78.2**	**25.3**	**103.5**
Total	**$ 5,136.7**	**$ 4,638.5**	**$ 4,401.0**	**8.0**	**65.8**	**30.9**	**96.7**

	Nine Months Ended September 30, 2023						
(dollars in millions)	Gross Premiums Written	Net Premiums Written	Net Premiums Earned	Catastrophe Loss Ratios	Loss & LAE Ratios	Expense Ratios	Combined Ratios
Core Commercial	$ 1,855.3	$ 1,641.5	$ 1,540.4	9.2	66.6	33.1	99.7
Specialty	1,174.5	988.4	953.2	3.9	52.0	35.2	87.2
Personal Lines	1,900.7	1,834.8	1,729.2	26.2	98.1	25.6	123.7
Total	$ 4,930.5	$ 4,464.7	$ 4,222.8	15.0	76.2	30.5	106.7

The following table summarizes U.S. GAAP underwriting results for the Core Commercial, Specialty, Personal Lines and Other segments and reconciles them to operating income (loss) before interest expense and income taxes.

	Nine Months Ended September 30,									
	2024					2023				
(in millions)	**Core Commercial**	**Specialty**	**Personal Lines**	**Other**	**Total**	**Core Commercial**	**Specialty**	**Personal Lines**	**Other**	**Total**
Underwriting profit, excluding prior year reserve development and catastrophes	**$ 142.2**	**$ 124.4**	**$ 168.9**	**$ —**	**$ 435.5**	$ 149.7	$ 122.2	$ 51.8	$ —	$ 323.7
Prior year favorable (unfavorable) loss and LAE reserve development on non-catastrophe losses	**14.9**	**22.6**	**4.3**	**—**	**41.8**	(6.9)	34.8	(21.1)	—	6.8
Prior year favorable (unfavorable) catastrophe development	**24.8**	**12.2**	**—**	**—**	**37.0**	5.7	8.3	(14.0)	—	—
Current year catastrophe losses	**(93.6)**	**(45.7)**	**(247.6)**	**—**	**(386.9)**	(147.5)	(45.8)	(439.1)	—	(632.4)
Underwriting profit (loss)	**88.3**	**113.5**	**(74.4)**	**—**	**127.4**	1.0	119.5	(422.4)	—	(301.9)
Net investment income	**124.3**	**61.7**	**77.9**	**8.0**	**271.9**	114.2	53.6	73.3	9.4	250.5
Fees and other income	**3.7**	**4.7**	**11.8**	**1.4**	**21.6**	3.6	4.8	12.6	2.2	23.2
Other operating expenses	**(5.7)**	**(5.5)**	**(5.1)**	**(8.9)**	**(25.2)**	(4.4)	(4.9)	(4.6)	(10.4)	(24.3)
Operating income (loss) before interest expense and income taxes	**$ 210.6**	**$ 174.4**	**$ 10.2**	**$ 0.5**	**$ 395.7**	$ 114.4	$ 173.0	$ (341.1)	$ 1.2	$ (52.5)

Core Commercial

Core Commercial net premiums written were $1,695.0 million for the nine months ended September 30, 2024 compared to $1,641.5 million for the nine months ended September 30, 2023. The $53.5 million increase in net premiums written was primarily driven by renewal price increases, partially offset by lower retention driven by underwriting actions.

Core Commercial underwriting profit for the nine months ended September 30, 2024 was $88.3 million, compared to $1.0 million for the nine months ended September 30, 2023, a favorable change of $87.3 million. Catastrophe losses for the nine months ended September 30, 2024 were $68.8 million, compared to $141.8 million for the nine months ended September 30, 2023, a decrease of $73.0 million. Net favorable development on prior years' loss reserves for the nine months ended September 30, 2024 was $14.9 million, compared to unfavorable development of $6.9 million for the nine months ended September 30, 2023, a favorable change of $21.8 million.

Core Commercial current accident year underwriting profit, excluding catastrophes, was $142.2 million for the nine months ended September 30, 2024, compared to $149.7 million for the nine months ended September 30, 2023. The $7.5 million decrease in underwriting results was primarily due to higher current accident year losses, relative to earned premiums, in our umbrella product within other core commercial lines, and in our workers' compensation line, partially offset by lower losses, relative to earned premiums, in our commercial automobile line of business.

Specialty

Specialty net premiums written were $1,042.1 million for the nine months ended September 30, 2024, compared to $988.4 million for the nine months ended September 30, 2023. The $53.7 million increase in net premiums written was primarily due to renewal price increases.

Specialty underwriting profit for the nine months ended September 30, 2024 was $113.5 million, compared to $119.5 million for the nine months ended September 30, 2023, a decrease of $6.0 million. Catastrophe losses for the nine months ended September 30, 2024 were $33.5 million, compared to $37.5 million for the nine months ended September 30, 2023, a decrease of $4.0 million. Net favorable development on prior years' loss reserves for the nine months ended September 30, 2024 was $22.6 million, compared to $34.8 million for the nine months ended September 30, 2023, a decrease of $12.2 million.

Specialty current accident year underwriting profit, excluding catastrophes, was $124.4 million for the nine months ended September 30, 2024, compared to $122.2 million for the nine months ended September 30, 2023. The $2.2 million increase in underwriting results was primarily due to lower current accident year losses, relative to earned premiums, partially offset by strategic business investments, including in talent and technology, as well as an increase in variable compensation expenses. The lower current accident year losses, relative to earned premiums, were primarily due to our specialty property and casualty and marine lines, partially offset by higher current accident year losses, in our professional and executive lines.

Personal Lines

Personal Lines net premiums written were $1,901.4 million for the nine months ended September 30, 2024, compared to $1,834.8 million for the nine months ended September 30, 2023. The $66.6 million increase in net premiums written was primarily driven by renewal price increases, partially offset by decreased new business and lower retention.

Personal Lines underwriting loss for the nine months ended September 30, 2024 was $74.4 million, compared to $422.4 million for the nine months ended September 30, 2023, an improvement in underwriting results of $348.0 million. Catastrophe losses for the nine months ended September 30, 2024 were $247.6 million, compared to $453.1 million for the nine months ended September 30, 2023, a decrease of $205.5 million. Favorable development on prior years' loss reserves for the nine months ended September 30, 2024 was $4.3 million, compared to unfavorable development of $21.1 million for the nine months ended September 30, 2023, a favorable change of $25.4 million.

Personal Lines current accident year underwriting profit, excluding catastrophes, was $168.9 million for the nine months ended September 30, 2024, compared to $51.8 million for the nine months ended September 30, 2023. The $117.1 million increase in underwriting results was primarily due to lower current accident year losses, relative to earned premiums, in our personal automobile and homeowners lines. The lower Personal Lines current accident year losses were primarily due to the benefit of earned pricing outpacing loss trends in both personal automobile and homeowners lines, and moderated loss trends, particularly in automobile collision coverages.

Other

Our Other segment had operating income of $0.5 million for the nine months ended September 30, 2024, compared to $1.2 million for the nine months ended September 30, 2023, a decrease of $0.7 million.

Reserve for Losses and Loss Adjustment Expenses

The table below provides a reconciliation of the gross beginning and ending reserve for unpaid losses and loss adjustment expenses.

	Nine Months Ended September 30,	
(in millions)	**2024**	**2023**
Gross reserve for losses and LAE, beginning of period	**$ 7,308.1**	$ 7,012.6
Reinsurance recoverable on unpaid losses	**1,795.0**	1,748.6
Net reserve for losses and LAE, beginning of period	**5,513.1**	5,264.0
Net incurred losses and LAE in respect of losses occurring in:		
Current year	**2,975.6**	3,225.6
Prior year non-catastrophe loss development	**(41.8)**	(6.8)
Prior year catastrophe loss development	**(37.0)**	—
Total incurred losses and LAE	**2,896.8**	3,218.8
Net payments of losses and LAE in respect of losses occurring in:		
Current year	**1,225.3**	1,375.7
Prior years	**1,517.5**	1,523.8
Total payments	**2,742.8**	2,899.5
Net reserve for losses and LAE, end of period	**5,667.1**	5,583.3
Reinsurance recoverable on unpaid losses	**1,759.7**	1,746.5
Gross reserve for losses and LAE, end of period	**$ 7,426.8**	$ 7,329.8

The table below summarizes the gross reserve for losses and LAE by line of business and division.

(in millions)	September 30, 2024	December 31, 2023
Commercial multiple peril	**$ 1,561.1**	$ 1,565.7
Workers' compensation	**763.4**	738.3
Commercial automobile	**513.4**	501.5
Other core commercial	**704.7**	662.9
Total Core Commercial	**3,542.6**	3,468.4
Specialty Property & Casualty	**839.4**	869.9
Professional and Executive Lines	**591.3**	551.1
Marine	**137.8**	130.9
Surety and Other	**87.1**	73.6
Total Specialty	**1,655.6**	1,625.5
Personal automobile	**1,664.8**	1,681.6
Homeowners and Other	**501.4**	467.2
Total Personal Lines	**2,166.2**	2,148.8
Total Other	**62.4**	65.4
Total loss and LAE reserves	**$ 7,426.8**	$ 7,308.1

Loss and LAE reserves in our "Other core commercial" lines include monoline general liability, commercial umbrella, and monoline property. "Specialty Property & Casualty" includes program business, specialty industrial and commercial property, excess and surplus lines, and specialty general liability coverage. "Professional and Executive Lines" includes professional and management liability, fidelity and crime, and other property and liability lines for healthcare firms. Loss and LAE reserves in our "Total Other" segment relate to our run-off voluntary assumed property and casualty reinsurance pools business and our run-off direct asbestos and environmental, and product liability businesses.

The following table summarizes prior year (favorable) unfavorable development for the periods indicated:

	Nine Months Ended September 30,					
	2024			2023		
(in millions)	Non-Catastrophe Losses	Catastrophe Losses	Total	Non-Catastrophe Losses	Catastrophe Losses	Total
Core Commercial	**$ (14.9)**	**$ (24.8)**	**$ (39.7)**	$ 6.9	$ (5.7)	$ 1.2
Specialty	**(22.6)**	**(12.2)**	**(34.8)**	(34.8)	(8.3)	(43.1)
Personal Lines	**(4.3)**	**—**	**(4.3)**	21.1	14.0	35.1
Other	**—**	**—**	**—**	—	—	—
Total prior year favorable development	**$ (41.8)**	**$ (37.0)**	**$ (78.8)**	$ (6.8)	$ —	$ (6.8)

It is not possible to know whether the factors that affected loss reserves in the first nine months of 2024 will also occur in future periods. We encourage you to read our 2023 Annual Report on Form 10-K for more information about our reserving process and the judgments, uncertainties and risks associated therewith.

Catastrophe Loss Development

For the nine months ended September 30, 2024, favorable catastrophe loss development was $37.0 million, primarily due to lower than expected losses related to events from accident years 2020 through 2023, including several convective storms across multiple states, Winter Storm Elliot, Hurricane Ian, and Hurricane Ida. For the nine months ended September 30, 2023, total catastrophe loss development was not meaningful.

2024 Loss and LAE Development, excluding catastrophes

For the nine months ended September 30, 2024, net favorable loss and LAE development, excluding catastrophes, was $41.8 million. Core Commercial favorable loss and LAE development was $14.9 million, with favorability in each of the main product lines: commercial multiple peril, commercial automobile, workers' compensation and other commercial lines. Lower than expected property losses of $25.6 million were partially offset by higher than expected losses of $10.7 million across several of the liability lines. Specialty favorable loss and LAE development of $22.6 million was primarily due to lower than expected losses in our Professional and Executive Lines division's liability claims-made coverage of $14.1 million and, to a lesser extent, lower than expected losses in our surety line. Personal Lines favorable development was primarily due to lower than expected losses of $13.4 million in our personal automobile line within physical damage coverage. This favorable development was partially offset by higher than expected losses of $10.3 million in other personal lines within our standalone umbrella coverage.

2023 Loss and LAE Development, excluding catastrophes

For the nine months ended September 30, 2023, net favorable loss and LAE development, excluding catastrophes, was $6.8 million. Specialty favorable loss and LAE development of $34.8 million was primarily due to lower than expected losses and LAE of $28.9 million in our Professional and Executive Lines division, notably in accident years 2019 through 2022 and, to a lesser extent, lower than expected losses and LAE in our surety line. Personal Lines unfavorable loss and LAE development of $21.1 million was primarily due to higher than expected losses in our personal automobile line of $17.1 million. The higher than expected losses in our personal automobile line were primarily within bodily injury coverages in accident years 2018, 2019 and 2022, and within property damage coverages in accident years in 2021 and 2022, partially offset by lower than expected losses within personal injury protection coverages in accident years 2021 and 2022. Core Commercial unfavorable loss and LAE development of $6.9 million was primarily due to higher than expected losses in our commercial automobile line of $14.0 million, driven by higher bodily injury and personal injury protection losses in accident years 2014 and 2019 and, to a lesser extent, higher than expected losses in general liability and commercial umbrella coverages, partially offset by lower than expected losses in our workers' compensation line of $17.7 million, primarily in accident years 2013 through 2021.

Reinsurance Recoverables

Reinsurance recoverables were $1,960.9 million and $2,056.1 million at September 30, 2024 and December 31, 2023, respectively, of which $101.1 million and $162.0 million, respectively, represent billable recoverables. A reinsurance recoverable is billable after an eligible reinsured claim is paid by an insurer. Billable reinsurance recoverables related to the Michigan Catastrophic Claims Association (the "MCCA") were $48.1 million and $72.2 million at September 30, 2024 and December 31, 2023, respectively, and billable non-MCCA reinsurance recoverables totaled $53.0 million and $89.8 million at September 30, 2024 and December 31, 2023, respectively. At September 30, 2024, there were $0.6 million of billed balances outstanding greater than 90 days. At December 31, 2023, there were no billed balances outstanding greater than 90 days.

Investments

Investment Results

Net investment income before income taxes was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in millions)	2024	2023	2024	2023
Fixed maturities	**$ 82.3**	$ 71.3	**$ 234.5**	$ 209.0
Limited partnerships	**4.0**	8.1	**14.6**	26.5
Mortgage loans	**3.6**	3.9	**11.2**	11.9
Equity securities	**0.8**	1.7	**2.4**	5.5
Other investments	**5.2**	2.6	**20.5**	7.8
Investment expenses	**(4.1)**	(3.4)	**(11.3)**	(10.2)
Net investment income	**$ 91.8**	$ 84.2	**$ 271.9**	$ 250.5
Earned yield, fixed maturities	**3.73%**	3.37%	**3.59%**	3.32%
Earned yield, total portfolio	**3.70%**	3.55%	**3.71%**	3.54%

The increase in net investment income for the three and nine months ended September 30, 2024 was primarily due to the impact of higher interest rates and the continued investment of operational cashflows, partially offset by lower partnership income. Income from partnerships can vary significantly from period to period based on the performance in the underlying portfolios. Also, partnership income for the nine months ended September 30, 2023 benefited from a real estate property sale in a tax credit partnership.

Investment Portfolio

We held cash and investment assets diversified across several asset classes, as follows:

	September 30, 2024		December 31, 2023	
(dollars in millions)	Carrying Value	% of Total Carrying Value	Carrying Value	% of Total Carrying Value
Fixed maturities, at fair value	**$ 8,620.0**	**86.6 %**	$ 7,985.3	86.5 %
Limited partnerships and other investments	**425.9**	**4.3**	425.5	4.6
Mortgage and other loans	**334.7**	**3.3**	371.4	4.0
Equity securities, at fair value	**150.1**	**1.5**	130.9	1.5
Cash and cash equivalents	**427.1**	**4.3**	316.1	3.4
Total cash and investments	**$ 9,957.8**	**100.0 %**	$ 9,229.2	100.0 %

Cash and Investments

Total cash and investments increased $728.6 million, or 7.9%, for the nine months ended September 30, 2024 as compared to December 31, 2023. The increase was primarily due to continued investment of cashflows from operations and net market value appreciation, partially offset by the funding of financing activities, including our dividend payments.

The following table provides information about the investment types of our fixed maturities portfolio:

(in millions) Investment Type	September 30, 2024 Weighted Average Quality	Amortized Cost, Net of Allowance for Credit Losses	Fair Value	Net Unrealized Gain (Loss)	Change in Net Unrealized for the Year
U.S. Treasury and government agencies	**AA+**	**$ 616.8**	**$ 576.8**	**$ (40.0)**	**$ 10.3**
Foreign governments	**BB**	**1.7**	**1.8**	**0.1**	**0.1**
Municipals:					
Taxable	**AA+**	**1,105.9**	**1,019.4**	**(86.5)**	**40.1**
Tax-exempt	**AA**	**29.1**	**29.9**	**0.8**	**(1.7)**
Corporates	**BBB+**	**4,046.7**	**3,973.9**	**(72.8)**	**129.4**
Asset-backed:					
Residential mortgage-backed	**AA+**	**1,813.2**	**1,728.8**	**(84.4)**	**40.3**
Commercial mortgage-backed	**AAA**	**621.9**	**586.2**	**(35.7)**	**36.4**
Other asset-backed	**AAA**	**701.2**	**703.2**	**2.0**	**17.2**
Total fixed maturities	**A+**	**$ 8,936.5**	**$ 8,620.0**	**$ (316.5)**	**$ 272.1**

The decrease in net unrealized losses on fixed maturities was primarily due to lower interest rates.

Amortized cost and fair value by rating category were as follows:

(dollars in millions) NAIC Designation	Rating Agency Equivalent Designation	September 30, 2024 Amortized Cost, Net of Allowance for Credit Losses	Fair Value	% of Total Fair Value	December 31, 2023 Amortized Cost, Net of Allowance for Credit Losses	Fair Value	% of Total Fair Value
1	Aaa/Aa/A	**$ 6,764.6**	**$ 6,497.6**	**75.4 %**	$ 6,109.6	$ 5,661.8	70.9 %
2	Baa	**1,735.8**	**1,680.1**	**19.5**	2,061.5	1,918.5	24.0
3	Ba	**212.4**	**217.0**	**2.5**	166.7	168.6	2.1
4	B	**175.0**	**178.4**	**2.1**	194.7	196.5	2.5
5	Caa and lower	**30.7**	**29.4**	**0.3**	24.8	22.6	0.3
6	In or near default	**18.0**	**17.5**	**0.2**	16.6	17.3	0.2
Total fixed maturities		**$ 8,936.5**	**$ 8,620.0**	**100.0 %**	$ 8,573.9	$ 7,985.3	100.0 %

Based on ratings by the National Association of Insurance Commissioners ("NAIC"), approximately 95% of the fixed maturity portfolio consisted of investment-grade securities at September 30, 2024 and December 31, 2023. The quality of our fixed maturity portfolio remains strong based on ratings, capital structure position, support through guarantees, underlying security, issuer diversification and yield curve position. Our U.S. Treasury and government agencies fixed maturities are directly or indirectly backed by the full faith and credit of the U.S. government. Our municipal bonds include revenue bonds and general obligations of state and local issuers. Corporate fixed maturities include publicly traded and privately placed securities in the industrial, financial, and utility sectors. Residential mortgage-backed securities are structured securities that are collateralized by residential real estate loans and are primarily U.S. agency-backed. Our commercial mortgage-backed securities are structured securities that are collateralized by commercial real estate loans and are well-diversified by geography, property type, expected maturity and vintage year. Our other asset-backed securities are structured securities that are primarily collateralized by consumer and corporate borrowings.

Our investment portfolio primarily consists of fixed maturity securities whose fair value is susceptible to market risk, including interest rate changes. See also "Quantitative and Qualitative Disclosures about Market Risk" included in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our 2023 Annual Report on Form 10-K. Duration is a measurement used to quantify our inherent interest rate risk and analyze invested assets relative to our reserve liabilities.

The duration of our fixed maturity portfolio was as follows:

(dollars in millions) Duration	September 30, 2024 Amortized Cost, Net of Allowance for Credit Losses	Fair Value	% of Total Fair Value	December 31, 2023 Amortized Cost, Net of Allowance for Credit Losses	Fair Value	% of Total Fair Value
0-2 years	**$ 2,045.3**	**$ 2,037.3**	**23.6 %**	$ 1,967.9	$ 1,935.6	24.2 %
2-4 years	**2,383.8**	**2,368.0**	**27.5**	2,351.6	2,265.8	28.4
4-6 years	**2,292.1**	**2,162.8**	**25.1**	2,180.4	2,024.2	25.4
6-8 years	**1,985.8**	**1,856.7**	**21.5**	1,756.3	1,499.6	18.8
8-10 years	**94.9**	**84.0**	**1.0**	168.0	139.1	1.7
10+ years	**134.6**	**111.2**	**1.3**	149.7	121.0	1.5
Total fixed maturities	**$ 8,936.5**	**$ 8,620.0**	**100.0 %**	$ 8,573.9	$ 7,985.3	100.0 %
Weighted average duration		**4.1**			3.9	

Our fixed maturity and equity securities are carried at fair value. Financial instruments, whose value was determined using significant management judgment or estimation, constituted less than 1% of the total assets we measured at fair value. See also Note 4 – “Fair Value” in the Notes to Interim Consolidated Financial Statements.

Limited partnerships and other investments consist primarily of our interest in corporate middle market and real estate limited partnerships. Corporate middle market limited partnerships may invest in senior or subordinated debt, preferred or common equity or a combination thereof, of privately-held middle market businesses. Real estate limited partnerships hold equity ownership positions in real properties and invest in debt secured by real properties. Our limited partnerships are generally accounted for under the equity method, or as a practical expedient using the fund’s net asset value, with financial information provided by the partnership on a two- or three-month lag.

Mortgage and other loans consist of commercial mortgage loan participations, which represent our interest in commercial mortgage loans originated by a third-party. We share, on a pro-rata basis, in all related cash flows of the underlying mortgage loans, which are primarily investment-grade quality and diversified by geographic area and property type.

Equity securities primarily consist of U.S. income-oriented large capitalization common stocks and a broadly diversified U.S. equity index exchange-traded fund.

Although we expect to invest new funds primarily in investment-grade fixed maturities, we have invested, and expect to continue to invest, a portion of funds in below investment-grade fixed maturities, limited partnerships, common equity securities and other investment assets.

Impairments

For the three months ended September 30, 2024, we recognized net impairment losses of $0.6 million, consisting of $0.4 million on mortgage loans and $0.2 million on fixed maturities. For the nine months ended September 30, 2024, we recognized net impairment losses of $5.5 million, consisting of $4.0 million on mortgage loans and $1.5 million on fixed maturities. For the three months ended September 30, 2023, impairments were not material. For the nine months ended September 30, 2023, we recognized net impairments of $16.5 million, consisting primarily of losses on intent to sell fixed maturities in the banking sector of $10.3 million, and $5.4 million of estimated credit losses on mortgage loans.

At September 30, 2024 and December 31, 2023, the allowance for credit losses on mortgage loans was $7.5 million and $10.0 million, respectively, and the allowance for credit losses on available-for-sale debt securities was $0.6 million and $1.9 million, respectively.

The carrying value of fixed maturity securities on non-accrual status was $14.4 million at September 30, 2024, and $14.8 million at December 31, 2023 and September 30, 2023. At September 30, 2024, a mortgage loan with a carrying value of $5.3 million was also on non-accrual status. The effects on income of non-accruals for fixed maturity securities and mortgage loans for the nine months ended September 30, 2024 and September 30, 2023, compared with amounts that would have been recognized in accordance with the original terms of the fixed maturities and mortgage loans, were not material. Any defaults in the fixed maturities or mortgage loan portfolios in future periods may negatively affect investment income.

Unrealized Losses

Gross unrealized losses on fixed maturities at September 30, 2024 were $396.6 million, an improvement of $228.1 million compared to December 31, 2023, primarily attributable to lower interest rates. At September 30, 2024, gross unrealized losses consisted primarily of $118.9 million on corporate fixed maturities, $105.1 million on residential mortgage-backed securities, $90.0 million on municipals and $44.0 million on U.S. government securities. See Note 3 – “Investments” in the Notes to Interim Consolidated Financial Statements.

We view gross unrealized losses on fixed maturities as non-credit related since it is our assessment that these securities will recover, allowing us to realize their anticipated long-term economic value. Further, we do not intend to sell, nor is it more likely than not we will be required to sell, such debt securities before this expected recovery of amortized cost (See also “Liquidity and Capital Resources”). Inherent in our assessment are the risks that market factors may differ from our expectations; we may decide to subsequently sell a security for unforeseen business needs or an economic purpose; or changes in the credit assessment from our original assessment may lead us to determine that a sale at the current value would maximize recovery on such investments. To the extent that there are such adverse changes, an impairment would be recognized as a realized loss. Although unrealized losses on fixed maturities are not reflected in the results of financial operations until they are realized, the fair value of the underlying investment, which does reflect the unrealized loss, is reflected in our Consolidated Balance Sheets.

The following table sets forth gross unrealized losses for fixed maturities by maturity period at September 30, 2024 and December 31, 2023. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations, with or without call or prepayment penalties, or we may have the right to put or sell the obligations back to the issuers.

(in millions)	September 30, 2024	December 31, 2023
Due in one year or less	**$ 2.0**	$ 4.6
Due after one year through five years	**47.7**	96.9
Due after five years through ten years	**177.2**	271.9
Due after ten years	**26.0**	33.0
	252.9	406.4
Mortgage-backed and other asset-backed securities	**143.7**	218.3
Total fixed maturities	**$ 396.6**	$ 624.7

Our investment portfolio and shareholders’ equity can be significantly impacted by changes in market values of our securities. Market volatility could increase and defaults on fixed income securities could occur. As a result, we could incur additional realized and unrealized losses in future periods, which could have a material adverse impact on our results of operations and/or financial position.

The U.S. economy continued to expand at a solid pace during the third quarter of 2024. Inflation moved closer to the Federal Reserve’s (the “Fed”) current two percent long-term target. However, job gains slowed and the unemployment rate, while still low, crept up in the third quarter. In September, the Fed announced its first rate cut in what is expected to be a cutting cycle, reducing the federal funds target range to 4.75% to 5.00%. Despite the easing, financial conditions continue to be tight and remain a challenge to the U.S. economy. This may increase the likelihood of defaults on our fixed income investments, particularly with respect to non-investment grade debt securities. Geopolitical risks also create economic uncertainty, the extent of which is unknown. Although we perform rigorous credit analysis of our fixed income investments, it is difficult to foresee which issuers, industries or markets, if any, will be most affected. As a result, the value of our fixed maturity portfolio could change rapidly in ways we cannot currently anticipate, and we could incur additional realized and unrealized losses in future periods.

Other Items

Net income (loss) also included the following items:

	Three Months Ended September 30,					
(in millions)	Core Commercial	Specialty	Personal Lines	Other	Discontinued Operations	Total
2024						
Net realized and unrealized investment losses	**$ (5.6)**	**$ (2.8)**	**$ (3.5)**	**$ (0.5)**	**$ —**	**$ (12.4)**
2023						
Net realized and unrealized investment losses	$ (2.9)	$ (1.3)	$ (1.9)	$ —	$ —	$ (6.1)
Discontinued Chaucer business	—	—	—	—	0.4	0.4

	Nine Months Ended September 30,					
(in millions)	Core Commercial	Specialty	Personal Lines	Other	Discontinued Operations	Total
2024						
Net realized and unrealized investment losses	**$ (19.1)**	**$ (9.5)**	**$ (12.0)**	**$ (0.8)**	**$ —**	**$ (41.4)**
Other non-operating	**—**	**—**	**—**	**(2.4)**	**—**	**(2.4)**
Discontinued life businesses	**—**	**—**	**—**	**—**	**0.1**	**0.1**
2023						
Net realized and unrealized investment losses	$ (15.2)	$ (7.1)	$ (9.5)	$ —	$ —	$ (31.8)
Other non-operating	—	—	0.2	0.6	—	0.8
Discontinued Chaucer business	—	—	—	—	1.2	1.2

We manage investment assets for our Core Commercial, Specialty, Personal Lines and Other segments based on the requirements of our combined property and casualty insurance companies. We allocate the investment income, expenses, and net realized and unrealized investment gains and losses to our Core Commercial, Specialty, Personal Lines and Other segments based on actuarial information related to the underlying businesses.

Net realized and unrealized investment losses were $12.4 million for the three months ended September 30, 2024, compared to $6.1 million for the three months ended September 30, 2023. For the three months ended September 30, 2024, net realized and unrealized investment losses were primarily due to $23.5 million of net realized losses from sales of investments, primarily fixed maturities. These realized losses were partially offset by changes in the fair value of equity securities of $11.7 million. For the three months ended September 30, 2023, net realized and unrealized investment losses were primarily due to the change in fair value of equity securities of $5.2 million and, to a lesser extent, from net realized losses from sales of investments, primarily fixed maturities.

Net realized and unrealized investment losses were $41.4 million for the nine months ended September 30, 2024, compared to $31.8 million for the nine months ended September 30, 2023. For the nine months ended September 30, 2024, net realized and unrealized investment losses were primarily due to $55.2 million of net realized losses from sales of investments, primarily fixed maturities, and, to a lesser extent, from impairment losses on investments, including $3.3 million of credit-related impairments and $2.2 million of losses related to intent to sell securities. These investment losses were partially offset by changes in the fair value of equity securities of $19.3 million. For the nine months ended September 30, 2023, net realized and unrealized investment losses were primarily due to impairment losses on investments, including $10.3 million of losses related to intent to sell securities and $6.2 million of credit-related impairments and, to a lesser extent, from changes in the fair value of equity securities of $13.4 million.

Income Taxes

We file a consolidated U.S. federal income tax return that includes our holding company and its domestic subsidiaries (including non-insurance operations).

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

The provision for income taxes from continuing operations was an expense of $27.6 million compared to a benefit of $9.1 million for the three months ended September 30, 2024 and 2023, respectively. The expense in 2024 resulted in a consolidated effective tax rate of 21.3% on pre-tax income for the three months ended September 30, 2024. The benefit from 2023 resulted in a consolidated effective tax rate that was not meaningful for the three months ended September 30, 2023. The provision for 2024 includes excess tax benefits related to stock-based compensation and benefits related to tax planning strategies implemented in prior years of $0.4 million and $0.6 million, respectively. Absent these items, the provision for income taxes would have been an expense of $28.6 million, or 22.1%, for the three months ended September 30, 2024. The tax benefit of $9.1 million, for the three months ended September 30, 2023, was the result of applying a higher year-to-date tax rate, due to lower year-to-date underwriting income, to a $0.9 million pre-tax loss.

The income tax provision on operating results was an expense of $30.8 million compared to a benefit of $1.6 million for the three months ended September 30, 2024 and 2023, respectively. These provisions resulted in effective tax rates on operating income of 21.7% and 30.8% for the three months ended September 30, 2024 and 2023, respectively. The 2024 provision reflects the aforementioned excess tax benefits related to stock-based compensation of $0.4 million. Absent this item, the provision for income taxes would have been an expense of $31.2 million, or 22.0%, for the three months ended September 30, 2024.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

The provision for income taxes from continuing operations was an expense of $68.3 million compared to a benefit of $35.3 million for the nine months ended September 30, 2024 and 2023, respectively. These provisions resulted in consolidated effective federal tax rates of 20.9% and 32.4% for the nine months ended September 30, 2024 and 2023, respectively. These provisions include excess tax benefits related to stock-based compensation of $1.6 million and $1.0 million for the nine months ended September 30, 2024 and 2023, respectively. In addition, these provisions reflect benefits related to tax planning strategies implemented in prior years of $1.2 million in each of the nine months ended September 30, 2024 and 2023. Absent these items, the provision for income taxes would have been an expense of $71.1 million, or 21.8%, and a benefit of $33.1 million, or 30.3%, for the nine months ended September 30, 2024 and 2023, respectively. The lower effective federal tax rate in 2024 was due to higher underwriting income in the current period.

The income tax provision on operating results was an expense of $78.8 million compared to a benefit of $21.2 million for the nine months ended September 30, 2024 and 2023, respectively. These provisions resulted in an effective tax rate on operating income of 21.3% for the nine months ended September 30, 2024 and an effective tax rate on operating losses of 27.1% for the nine months ended September 30, 2023. These provisions include excess tax benefits related to stock-based compensation of $1.6 million and $1.0 million for the nine months ended September 30, 2024 and 2023, respectively. Absent this item, the provisions for income taxes would have been an expense of $80.4 million, or 21.7%, and a benefit of $20.2 million, or 25.9%, for the nine months ended September 30, 2024 and 2023, respectively.

Critical Accounting Estimates

Interim consolidated financial statements have been prepared in conformity with U.S. GAAP and include certain accounting policies that we consider to be critical due to the amount of judgment and uncertainty inherent in the application of those policies. While we believe that the amounts included in our consolidated financial statements reflect our best judgment, the use of different assumptions could produce materially different accounting estimates. As disclosed in our 2023 Annual Report on Form 10-K, we believe the following accounting estimates are critical to our operations and require the most subjective and complex judgment:

- Reserve for losses and loss expenses
- Reinsurance recoverable balances
- Pension benefit obligations
- Investment credit losses

For a more detailed discussion of these critical accounting estimates, see our 2023 Annual Report on Form 10-K.

Statutory Surplus of Insurance Subsidiaries

The following table reflects statutory surplus for our insurance subsidiaries:

(in millions)	September 30, 2024	December 31, 2023
Total Statutory Capital and Surplus	**$ 2,893.5**	$ 2,642.7

The statutory capital and surplus for our insurance subsidiaries increased $250.8 million during the first nine months of 2024. This increase was primarily due to underwriting profits, partially offset by net realized and unrealized investment losses.

The NAIC prescribes an annual calculation regarding risk-based capital (“RBC”). RBC ratios for regulatory purposes are expressed as a percentage of the capital required to be above the Authorized Control Level (the “Regulatory Scale”); however, in the insurance industry, RBC ratios are widely expressed as a percentage of the Company Action Level. The following table reflects the Company Action Level, the Authorized Control Level and RBC ratios for Hanover Insurance (which includes Citizens and other insurance subsidiaries), as of September 30, 2024, expressed both on the Industry Scale (Total Adjusted Capital divided by the Company Action Level) and Regulatory Scale (Total Adjusted Capital divided by Authorized Control Level):

(dollars in millions)	Company Action Level	Authorized Control Level	RBC Ratio Industry Scale	RBC Ratio Regulatory Scale
The Hanover Insurance Company	**$ 1,372.8**	**$ 686.4**	**210 %**	**420 %**

Liquidity and Capital Resources

Liquidity is a measure of our ability to generate sufficient cash flows to meet the cash requirements of business operations. As a holding company, our primary ongoing source of cash is dividends from our insurance subsidiaries. However, dividend payments to us by our insurance subsidiaries are subject to limitations imposed by regulators, such as prior notice periods and the requirement that dividends in excess of a specified percentage of statutory surplus or prior years’ statutory earnings receive prior approval (so called “extraordinary dividends”). During the first nine months of 2024, Hanover Insurance did not provide dividends to the holding company.

Sources of cash for our insurance subsidiaries primarily consist of premiums collected, investment income and maturing investments. Primary cash outflows are payments for losses and loss adjustment expenses, policy and contract acquisition expenses, other underwriting expenses, and investment purchases. Cash outflows related to losses and loss adjustment expenses can be variable because of uncertainties surrounding settlement dates for liabilities for unpaid losses and because of the potential for large losses, either individually or in the aggregate. We periodically adjust our investment policy to respond to changes in short-term and long-term cash requirements.

Net cash provided by operating activities was $592.9 million during the first nine months of 2024, as compared to $269.0 million during the first nine months of 2023, an increase of $323.9 million. The increase in cash provided was primarily due to an increase in premiums received and lower loss and LAE payments made during the first nine months of 2024 compared to the same period in 2023, partially offset by higher income tax payments made in 2024.

Net cash used in investing activities was $390.8 million during the first nine months of 2024, as compared to $186.4 million during the first nine months of 2023. During the first nine months of 2024, cash used in investing activities primarily related to net purchases of fixed maturities. During the first nine months of 2023, cash used in investing activities primarily related to net purchases of fixed maturities, partially offset by net sales of equity securities.

Net cash used in financing activities was $90.7 million during the first nine months of 2024, as compared to $93.1 million during the first nine months of 2023. During the first nine months of 2024 and 2023, cash used in financing activities primarily resulted from three quarterly dividend payments to our shareholders.

Dividends to common shareholders are subject to quarterly board approval and declaration. During the first nine months of 2024, as declared by the Board, we paid three quarterly dividends, each for $0.85 per share, to our shareholders totaling $91.7 million. We believe that our holding company assets are sufficient to provide for future shareholder dividends should the Board of Directors declare them.

At September 30, 2024, THG, as a holding company, held approximately $243.2 million of fixed maturities and cash. We believe our holding company assets will be sufficient to meet our short-term obligations, which we expect to consist primarily of quarterly dividends to our shareholders (as and to the extent declared), interest on our senior and subordinated debentures, certain costs associated with benefits due to our former life employees and agents and, to the extent required, payments related to indemnification of liabilities associated with the sale of various subsidiaries. As discussed below, we have, and opportunistically may continue to, repurchase our common stock and debt. We do not expect that it will be necessary to dividend additional funds from our insurance subsidiaries in order to fund short-term holding company obligations; however, we may decide to do so.

We expect to continue to generate sufficient positive operating cash to meet all short-term and long-term cash requirements relating to current operations, including the funding of our qualified defined benefit pension plan. We believe that this plan is fully funded. The ultimate payment amounts for our benefit plan is based on several assumptions, including but not limited to, the rate of return on plan assets, the discount rate for benefit obligations, mortality experience, interest crediting rates, inflation and the ultimate valuation and determination of benefit obligations. Since differences between actual plan experience and our assumptions are almost certain, changes, both positive and negative, to our current funding status and ultimately our obligations in future periods are likely.

Our insurance subsidiaries maintain a high degree of liquidity within their respective investment portfolios in fixed maturity and short-term investments. Uncertainty in the financial markets continued to affect the value of investments currently held by THG and its subsidiaries, many of which remain in unrealized loss positions. We believe that the quality of the assets we hold will allow us to realize the long-term economic value of our portfolio, including the securities that are currently in an unrealized loss position. We do not anticipate the need to sell these securities to meet our insurance subsidiaries' cash requirements since we expect our insurance subsidiaries to generate sufficient operating cash to meet all short-term and long-term cash requirements relating to current operations. However, unforeseen business needs or other items may occur which could cause us to sell those securities in a loss position before their values fully recover, thereby resulting in the recognition of impairment charges in that time period.

The Board of Directors authorized a stock repurchase program which provides for aggregate repurchases of our common stock of up to $1.3 billion. Under the repurchase authorization, we may repurchase, from time to time, common stock in amounts, at prices and at such times as we deem appropriate, subject to market conditions and other considerations. Repurchases may be executed using open market purchases, privately negotiated transactions, accelerated repurchase programs, or other transactions. We are not required to purchase any specific number of shares or to make purchases by any certain date under this program. During the first nine months of 2024, we did not repurchase any shares under this program. As of September 30, 2024, we had repurchased 7.9 million shares under this $1.3 billion program and had approximately $330 million available for additional repurchases.

We maintain our membership in the Federal Home Loan Bank ("FHLB") to provide access to additional liquidity based on our holdings of FHLB stock and pledged collateral. At September 30, 2024, we had borrowing capacity of $133.6 million. There were no outstanding borrowings under this short-term facility at September 30, 2024; however, we have borrowed and may continue to borrow, from time to time, through this facility to provide short-term liquidity.

On July 21, 2023, we entered into a credit agreement that provides for a five-year unsecured revolving credit facility not to exceed $150.0 million at any one time outstanding, with the option to increase the facility up to $300.0 million (assuming no default and satisfaction of other specified conditions, including the receipt of additional lender commitments). The agreement also includes an uncommitted subfacility of $50.0 million for standby letters of credit. Borrowings, if any, under this agreement are unsecured and incur interest at a rate per annum equal to, at our election, either (i) the greatest of, (a) the prime commercial lending rate of the administrative agent, (b) the NYFRB Rate plus half a percent, or (c) the one month Adjusted Term SOFR Rate plus one percent; each subject to a margin that ranges from 0.125% to 0.625% depending on our debt rating, or (ii) Adjusted SOFR Rate for the applicable interest period, plus a margin that ranges from 1.125% to 1.625% depending on our debt rating. The agreement also contains certain financial covenants such as maintenance of specified levels of consolidated equity and leverage ratios. At September 30, 2024 and during the nine months ended September 30, 2024, we had no borrowings under this credit agreement.

At September 30, 2024, we were in compliance with the covenants of our debt and credit agreements.

Contingencies and Regulatory Matters

Information regarding litigation, legal contingencies and regulatory matters appears in Part I – Note 12 "Commitments and Contingencies" in the Notes to Interim Consolidated Financial Statements.

ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our market risks, the ways we manage them, and sensitivity to changes in interest rates, and equity price risk are summarized in Management's Discussion and Analysis of Financial Condition and Results of Operations as of December 31, 2023, included in our

Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes in the first nine months of 2024 to these risks or our management of them.

ITEM 4

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures Evaluation

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our “disclosure controls and procedures,” as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Limitations on the Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Based on our controls evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this quarterly report, our disclosure controls and procedures were effective to provide reasonable assurance that (i) the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) material information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate “internal control over financial reporting,” as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting, as required by Rule 13a-15(d) of the Exchange Act, to determine whether any changes occurred during the period covered by this quarterly report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that there were no such changes during the quarter ended September 30, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

The Company has been named a defendant in various legal proceedings arising in the normal course of business. In addition, the Company is involved, from time to time, in examinations, investigations and proceedings by governmental and self-regulatory agencies. The potential outcome of any such action or regulatory proceedings in which the Company has been named a defendant or the subject of an inquiry, examination or investigation, and its ultimate liability, if any, from such actions or regulatory proceedings, is difficult to predict at this time. The ultimate resolutions of such proceedings are not expected to have a material effect on the Company’s financial position, although they could have a material effect on the results of operations for a particular quarterly or annual period.

ITEM 1A – RISK FACTORS

This document contains, and management may make, certain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. When used in our Management’s Discussion and Analysis, words such as: “believes,” “anticipates,” “expects,” “projections,” “outlook,” “should,” “could,” “plan,” “guidance,” “likely,” “on track to,” “potential,” “continue,” “targeted,” “designed,” and similar expressions are intended to identify forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. We caution readers that accuracy with respect to forward-looking projections is difficult and subject to risks and uncertainties. Those risks and uncertainties, in some cases, have affected, and in the future could affect, our actual results and could cause our actual results for the remainder of 2024 and beyond to differ materially from historical results and from those expressed in any of our forward-looking statements. We operate in a business environment that is continually changing, and as such, new risk factors may emerge over time. Additionally, our business is conducted in competitive markets and, therefore, involves a higher degree of risk. We cannot predict these new risk factors, nor can we assess the impact, if any, that they may have on our business in the future.

Some of the factors that could cause actual results to differ include, but are not limited to, the following:

- changes in the demand for our products;
- risks and uncertainties with respect to our ability to retain profitable policies in force and attract profitable policies, and to increase rates commensurate with, or in excess of, loss trends;
- adverse claims experience or changes in our estimates of loss and loss adjustment expense reserves, including with respect to catastrophes, which may result in lower current year underwriting results or adverse loss development, and could impact our carried reserves;
- uncertainties with respect to the long-term profitability of our products, including with respect to newer products, or longer-tail products covering casualty losses;
- disruption in our distribution channels, including the loss or disruption of our independent agency channel, and the impact of competition and consolidation in the industry and among agents and brokers;
- changes in frequency and loss severity trends, exacerbated by fluctuations in economic conditions;
- changes in regulation, legislation, economic, market and political conditions, particularly with respect to rates, policy terms and conditions, payment flexibility, and regions where we have geographical concentrations;
- volatile and unpredictable developments, including severe weather and other natural physical events, catastrophes, pandemics, civil unrest, and terrorist actions, and the uncertainty in estimating the resulting losses;
- impacts of changing climate conditions and weather patterns, causing higher levels of losses from weather events to persist and leading to new or enhanced regulations;
- limitations on the physical ability to adjust claims or the availability of sufficient information to accurately estimate a loss at a point in time and the limitations and assumptions used to model property and casualty losses in general;
- risks and uncertainties with respect to our ability to collect all amounts due from reinsurers and to maintain current levels of reinsurance in the future at commercially reasonable rates, or at all;
- heightened volatility, fluctuations in interest rates (which have a significant impact on the market value of our investment portfolio and thus our book value), inflationary pressures, default rates, difficult economic, market and political conditions, and other factors that affect investment returns from our investment portfolio;
- recessionary economic periods that may inhibit our ability to increase pricing or renew business, and which may be accompanied by higher claims activity in certain lines;
- risks and uncertainties associated with our participation in shared market mechanisms, mandatory reinsurance programs and mandatory and voluntary pooling arrangements, including the MCCA;
- an increase in mandatory assessments by state guaranty funds;
- actions by our competitors, many of which are larger or have greater financial resources than we do;
- loss, prolonged illness or retirement of key employees;
- operating difficulties and other unintended consequences from the introduction of new products and related technology changes and applications, including the use of pricing models and artificial intelligence, as well as new operating models, particularly as business processes become more digital;

- changes in our claims-paying and financial strength ratings;
- negative changes in our level of statutory surplus;
- risks and uncertainties with respect to our growth or operating strategies, or with respect to our expense and strategic initiatives;
- our ability to declare and pay dividends;
- changes in accounting principles and related financial reporting requirements;
- errors or omissions in connection with the administration of any of our products;
- risks and uncertainties with our operations and technology, including our internal and external information systems, such as cloud-based data information storage or network systems, information security, cyber risks, artificial intelligence, remote working capabilities, and/or outsourcing relationships and third-party operations and data security that may negatively impact our ability to conduct business;
- an inability to be compliant with recently implemented regulations or existing regulations, such as those relating to Sarbanes-Oxley, or a failure of internal controls;
- risks, uncertainties or unfavorable developments associated with enacted legislation, litigation matters, social inflation and the possibility of adverse judicial decisions, including those which expand policy coverage beyond its intended scope or award “bad faith,” or other non-contractual damages, and including those related to the Michigan legislation which was effective July 2, 2020 and reformed the prior requirements that all personal and commercial automobile polices issued in the state include no-fault personal injury protection coverage without a cap on maximum benefits allowed and the resulting increase in litigation challenging or associated with this reform;
- risks and uncertainties associated with pandemics and related economic and socio-economic conditions; and
- other factors described in such forward-looking statements.

In addition, historical and future reported financial results include estimates with respect to premiums written and earned, reinsurance recoverables, current accident year “picks,” loss and loss adjustment reserves and development, fair values of certain investments, other assets and liabilities, tax, contingent and other liabilities, and other items. These estimates are subject to change as more information becomes available.

Readers should not place undue reliance on forward-looking statements, which speak only as of the date they are made. We do not undertake any responsibility to update or revise our forward-looking statements, except as required by law.

For a more detailed discussion of our risks and uncertainties, see also Item 1A – Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

Shares purchased in the third quarter of 2024 are as follows:

Period	**Total Number of Shares Purchased[(1)]**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs *(in millions)***
July 1 - 31, 2024	497	$ 126.47	—	$ 330
August 1 - 31, 2024	106	137.29	—	330
September 1 - 30, 2024	—	—	—	330
Total	603	$ 128.37	—	$ 330

(1)Reflects shares withheld to satisfy tax withholding amounts due from employees related to the receipt of stock which resulted from the exercise or vesting of equity awards for the months ended July 31, August 31, and September 30, 2024.

ITEM 5 – OTHER INFORMATION

During the three months ended September 30, 2024, none of the Company’s directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified, or terminated a contract, instruction or written plan for the purchase or sale of the Company’s securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or a non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

ITEM 6 – EXHIBITS

EX – 31.1	Certification of the Chief Executive Officer, pursuant to 15 U.S.C. 78m, 78o(d), as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
EX – 31.2	Certification of the Chief Financial Officer, pursuant to 15 U.S.C. 78m, 78o(d), as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
EX – 32.1	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
EX – 32.2	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
EX – 101	The following materials from The Hanover Insurance Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 formatted in Inline eXtensible Business Reporting Language ("iXBRL"): (i) Consolidated Statements of Income (Loss) for the three and nine months ended September 30, 2024 and 2023; (ii) Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2024 and 2023; (iii) Consolidated Balance Sheets at September 30, 2024 and December 31, 2023; (iv) Consolidated Statements of Shareholders' Equity for the three and nine months ended September 30, 2024 and 2023; (v) Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023, and (vi) related notes to these financial statements.
EX – 104	The cover page from The Hanover Insurance Group Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in iXBRL (embedded within EX – 101).

SIGNATURES

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

	The Hanover Insurance Group, Inc. Registrant
October 31, 2024 Date	/s/ John C. Roche John C. Roche President, Chief Executive Officer and Director
October 31, 2024 Date	/s/ Jeffrey M. Farber Jeffrey M. Farber Executive Vice President and Chief Financial Officer

Exhibit 31.1

CERTIFICATION AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, John C. Roche, certify that:

1.I have reviewed this quarterly report on Form 10-Q of The Hanover Insurance Group, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer(s) and I are responsible for establishing and maintaining "disclosure controls and procedures" (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and "internal control over financial reporting" (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2024

/s/ John C. Roche
John C. Roche
President, Chief Executive Officer and Director

Exhibit 31.2

**CERTIFICATION AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeffrey M. Farber, certify that:

1.I have reviewed this quarterly report on Form 10-Q of The Hanover Insurance Group, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining “disclosure controls and procedures” (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and “internal control over financial reporting” (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5.The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 31, 2024

/s/ Jeffrey M. Farber
Jeffrey M. Farber
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as President, Chief Executive Officer and Director of The Hanover Insurance Group, Inc. (the "Company"), does hereby certify that to the undersigned's knowledge:

1)the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ John C. Roche
John C. Roche
President, Chief Executive Officer and Director

Dated: October 31, 2024

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Executive Vice President and Chief Financial Officer of The Hanover Insurance Group, Inc. (the “Company”), does hereby certify that to the undersigned’s knowledge:

1)the Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ Jeffrey M. Farber
Jeffrey M. Farber
Executive Vice President and
Chief Financial Officer

Dated: October 31, 2024