

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

FORM 10-Q

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

For the quarterly period ended March 31, 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 1-5823

CNA FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-6169860
(I.R.S. Employer
Identification No.)

151 N. Franklin
Chicago, Illinois
(Address of principal executive offices)

60606
(Zip Code)

(312) 822-5000
(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par value \$2.50	"CNA"	New York Stock Exchange Chicago 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 (§232.405 of this chapter) 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 Act). Yes ☐ No ☒

As of May 2, 2024, 271,282,010 shares of common stock were outstanding.

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PART I

Item 1. Condensed Consolidated Financial Statements

CNA Financial Corporation

Condensed Consolidated Statements of Operations (Unaudited)

Three months ended March 31

(In millions, except per share data)

	2024	2023
Revenues		
Net earned premiums	\$ 2,441	\$ 2,248
Net investment income	609	525
Net investment losses	(22)	(35)
Non-insurance warranty revenue	407	407
Other revenues	9	7
Total revenues	3,444	3,152
Claims, Benefits and Expenses		
Insurance claims and policyholders' benefits (re-measurement (loss) gain of \$(15) and \$1)	1,807	1,653
Amortization of deferred acquisition costs	444	379
Non-insurance warranty expense	394	384
Other operating expenses	337	337
Interest	35	28
Total claims, benefits and expenses	3,017	2,781
Income before income tax	427	371
Income tax expense	(89)	(74)
Net income	\$ 338	\$ 297
Basic earnings per share	\$ 1.24	\$ 1.10
Diluted earnings per share	\$ 1.24	\$ 1.09
Weighted Average Outstanding Common Stock and Common Stock Equivalents		
Basic	271.6	271.3
Diluted	272.7	272.3

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements (Unaudited).

CNA Financial Corporation
Condensed Consolidated Statements of Comprehensive Income (Unaudited)

Three months ended March 31

(In millions)

	2024	2023
Comprehensive Income		
Net income	\$ 338	\$ 297
Other Comprehensive Income, net of tax		
Changes in:		
Net unrealized gains and losses on investments with an allowance for credit losses	2	(8)
Net unrealized gains and losses on other investments	(217)	670
Net unrealized gains and losses on investments	(215)	662
Impact of changes in discount rates used to measure long-duration contract liabilities	341	(396)
Foreign currency translation adjustment	(32)	17
Pension and postretirement benefits	6	7
Other comprehensive income, net of tax	100	290
Total comprehensive income	\$ 438	\$ 587

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements (Unaudited).

CNA Financial Corporation
Condensed Consolidated Balance Sheets

	March 31, 2024	December 31, 2023
	(Unaudited)	
(In millions, except share data)		
Assets		
Investments:		
Fixed maturity securities at fair value (amortized cost of \$42,878 and \$42,414, less allowance for credit loss of \$20 and \$16)	\$ 40,605	\$ 40,425
Equity securities at fair value (cost of \$681 and \$686)	691	683
Limited partnership investments	2,274	2,174
Other invested assets	79	80
Mortgage loans (less allowance for credit loss of \$35 and \$35)	1,029	1,035
Short-term investments	1,996	2,165
Total investments	46,674	46,562
Cash	409	345
Reinsurance receivables (less allowance for uncollectible receivables of \$22 and \$22)	5,574	5,412
Insurance receivables (less allowance for uncollectible receivables of \$26 and \$28)	3,432	3,442
Accrued investment income	447	444
Deferred acquisition costs	927	896
Deferred income taxes	942	1,016
Property and equipment at cost (less accumulated depreciation of \$303 and \$296)	256	253
Goodwill	146	146
Deferred non-insurance warranty acquisition expense	3,621	3,661
Other assets (includes \$— and \$23 due from Loews Corporation)	2,647	2,534
Total assets	\$ 65,075	\$ 64,711
Liabilities		
Insurance reserves:		
Claim and claim adjustment expenses	\$ 23,588	\$ 23,304
Unearned premiums	7,046	6,933
Future policy benefits	13,513	13,959
Short-term debt	550	550
Long-term debt	2,970	2,481
Deferred non-insurance warranty revenue	4,645	4,694
Other liabilities (includes \$29 and \$28 due to Loews Corporation)	3,101	2,897
Total liabilities	55,413	54,818
Commitments and contingencies (Notes C and G)		
Stockholders' Equity		
Common stock (\$2.50 par value; 500,000,000 shares authorized; 273,040,243 shares issued; 271,279,498 and 270,881,457 shares outstanding)	683	683
Additional paid-in capital	2,201	2,221
Retained earnings	9,425	9,755
Accumulated other comprehensive loss	(2,572)	(2,672)
Treasury stock (1,760,745 and 2,158,786 shares), at cost	(75)	(94)
Total stockholders' equity	9,662	9,893
Total liabilities and stockholders' equity	\$ 65,075	\$ 64,711

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements (Unaudited).

CNA Financial Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)

Three months ended March 31

(In millions)

	2024	2023
Cash Flows from Operating Activities		
Net income	\$ 338	\$ 297
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Deferred income tax expense	39	21
Trading portfolio activity	—	(13)
Net investment losses	22	35
Equity method investees	(25)	6
Net amortization of investments	(57)	(46)
Depreciation and amortization	16	12
Changes in:		
Receivables, net	(162)	(24)
Accrued investment income	(4)	(13)
Deferred acquisition costs	(34)	(45)
Insurance reserves	443	432
Other, net	(72)	(226)
Net cash flows provided by operating activities	504	436
Cash Flows from Investing Activities		
Dispositions:		
Fixed maturity securities - sales	736	1,414
Fixed maturity securities - maturities, calls and redemptions	507	317
Equity securities	186	62
Limited partnerships	12	28
Mortgage loans	18	39
Purchases:		
Fixed maturity securities	(1,621)	(2,258)
Equity securities	(169)	(82)
Limited partnerships	(77)	(116)
Mortgage loans	(12)	(12)
Change in other investments	(2)	(2)
Change in short-term investments	192	681
Purchases of property and equipment	(20)	(20)
Other, net	1	—
Net cash flows (used) provided by investing activities	(249)	51
Cash Flows from Financing Activities		
Dividends paid to common stockholders	(667)	(445)
Proceeds from the issuance of debt	490	—
Purchase of treasury stock	—	(24)
Other, net	(12)	(11)
Net cash flows used by financing activities	(189)	(480)
Effect of foreign exchange rate changes on cash	(2)	1
Net change in cash	64	8
Cash, beginning of year	345	475
Cash, end of period	\$ 409	\$ 483

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements (Unaudited).

CNA Financial Corporation
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)

Three months ended March 31

(In millions)

	2024	2023
Common Stock		
Balance, beginning of period	\$ 683	\$ 683
Balance, end of period	683	683
Additional Paid-in Capital		
Balance, beginning of year	2,221	2,220
Stock-based compensation	(20)	(24)
Balance, end of period	2,201	2,196
Retained Earnings		
Balance, beginning of period, as previously reported	9,755	9,572
Cumulative effect adjustments from changes in accounting guidance, net of tax	—	(236)
Balance, beginning of period	9,755	9,336
Dividends to common stockholders (\$2.44 and \$1.62 per share)	(668)	(442)
Net income	338	297
Balance, end of period	9,425	9,191
Accumulated Other Comprehensive Loss		
Balance, beginning of period, as previously reported	(2,672)	(3,557)
Cumulative effect adjustments from changes in accounting guidance, net of tax	—	(41)
Balance, beginning of period	(2,672)	(3,598)
Other comprehensive income	100	290
Balance, end of period	(2,572)	(3,308)
Treasury Stock		
Balance, beginning of period	(94)	(93)
Stock-based compensation	19	22
Purchase of treasury stock	—	(24)
Balance, end of period	(75)	(95)
Total stockholders' equity	\$ 9,662	\$ 8,667

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements (Unaudited).

CNA Financial Corporation

Notes to Condensed Consolidated Financial Statements

Note A. General

Basis of Presentation

The Condensed Consolidated Financial Statements include the accounts of CNA Financial Corporation (CNAF) and its subsidiaries. Collectively, CNAF and its subsidiaries are referred to as CNA or the Company. Loews Corporation (Loews) owned approximately 92% of the outstanding common stock of CNAF as of March 31, 2024.

The accompanying Condensed Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Intercompany amounts have been eliminated. Certain financial information that is normally included in annual financial statements prepared in accordance with GAAP, including certain financial statement notes, is not required for interim reporting purposes and has been condensed or omitted. These statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in CNAF's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) for the year ended December 31, 2023, including the summary of significant accounting policies in Note A. The preparation of Condensed Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

The interim financial data as of March 31, 2024 and for the three months ended March 31, 2024 and 2023 is unaudited. However, in the opinion of management, the interim data includes all adjustments, including normal recurring adjustments, necessary for a fair statement of the Company's results for the interim periods in accordance with GAAP. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year.

Accounting Standards Pending Adoption

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*. The updated accounting guidance requires expanded reportable segment disclosures, primarily related to significant segment expenses which are regularly provided to the company's Chief Operating Decision Maker. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within annual periods beginning after December 15, 2024. Retrospective application is required. The Company is currently evaluating the effect the updated guidance will have on the Company's financial statement disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*. The updated accounting guidance requires expanded income tax disclosures, including the disaggregation of existing disclosures related to the tax rate reconciliation and income taxes paid. The guidance is effective for annual periods beginning after December 15, 2024. Prospective application is required, with retrospective application permitted. The Company is currently evaluating the effect the updated guidance will have on the Company's financial statement disclosures.

Note B. Earnings (Loss) Per Share Data

Earnings (loss) per share is based on weighted average number of outstanding common shares. Basic earnings (loss) per share excludes the impact of dilutive securities and is computed by dividing Net income (loss) by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

The following table presents the income and share data used in the basic and diluted earnings per share computations.

Three months ended March 31

(In millions, except per share data)

	2024	2023
Net income (loss)	<u>\$ 338</u>	<u>\$ 297</u>
Common Stock and Common Stock Equivalents		
Basic		
Weighted average shares outstanding	<u>271.6</u>	<u>271.3</u>
Diluted		
Weighted average shares outstanding	271.6	271.3
Dilutive effect of stock-based awards under compensation plans	1.1	1.0
Total	<u>272.7</u>	<u>272.3</u>
Earnings (loss) per share		
Basic	\$ 1.24	\$ 1.10
Diluted	\$ 1.24	\$ 1.09

Excluded from the calculation of diluted earnings (loss) per share is the impact of potential shares attributable to exercises or conversions into common stock under stock-based employee compensation plans that would have been antidilutive during the respective periods.

There were no share repurchases during the three months ended March 31, 2024. The Company repurchased 550,000 shares of CNAF common stock at an aggregate cost of \$24 million during the three months ended March 31, 2023 .

Note C. Investments

The significant components of Net investment income are presented in the following table.

Three months ended March 31

(In millions)	2024	2023
Fixed maturity securities	\$ 502	\$ 470
Equity securities	22	12
Limited partnership investments	54	25
Mortgage loans	15	14
Short-term investments	28	15
Trading portfolio	1	3
Other	8	5
Gross investment income	630	544
Investment expense	(21)	(19)
Net investment income	\$ 609	\$ 525
Net investment income (loss) recognized due to the change in fair value of common stock held as of March 31, 2024 and 2023	\$ 13	\$ (1)

Net investment gains (losses) are presented in the following table.

Three months ended March 31

(In millions)	2024	2023
Net investment gains (losses):		
Fixed maturity securities:		
Gross gains	\$ 14	\$ 35
Gross losses	(46)	(57)
Net investment gains (losses) on fixed maturity securities	(32)	(22)
Equity securities	11	(14)
Short-term investments and other	(1)	1
Net investment gains (losses)	\$ (22)	\$ (35)
Net investment gains (losses) recognized due to the change in fair value of non-redeemable preferred stock held as of March 31, 2024 and 2023	\$ 11	\$ (2)

The available-for-sale impairment losses (gains) recognized in earnings by asset type are presented in the following table. The table includes losses (gains) on securities with an intention to sell and changes in the allowance for credit losses on securities since acquisition date.

Three months ended March 31

(In millions)

	2024	2023
Fixed maturity securities available-for-sale:		
Corporate and other bonds	\$ 9	\$ 8
Asset-backed	5	—
Impairment losses (gains) recognized in earnings	\$ 14	\$ 8

There were no losses recognized on mortgage loans during the three months ended March 31, 2024 or 2023.

The following tables present a summary of fixed maturity securities.

March 31, 2024	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Estimated Fair Value
(In millions)					
Fixed maturity securities available-for-sale:					
Corporate and other bonds	\$ 25,221	\$ 485	\$ 1,374	\$ 3	\$ 24,329
States, municipalities and political subdivisions	7,726	318	756	—	7,288
Asset-backed:					
Residential mortgage-backed	3,563	10	483	—	3,090
Commercial mortgage-backed	1,838	8	193	8	1,645
Other asset-backed	3,586	19	251	9	3,345
Total asset-backed	8,987	37	927	17	8,080
U.S. Treasury and obligations of government-sponsored enterprises	181	—	2	—	179
Foreign government	763	3	37	—	729
Total fixed maturity securities available-for-sale	42,878	843	3,096	20	40,605
Total fixed maturity securities trading	—	—	—	—	—
Total fixed maturity securities	\$ 42,878	\$ 843	\$ 3,096	\$ 20	\$ 40,605

December 31, 2023	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Estimated Fair Value
(In millions)					
Fixed maturity securities available-for-sale:					
Corporate and other bonds	\$ 25,020	\$ 597	\$ 1,345	\$ 4	\$ 24,268
States, municipalities and political subdivisions	7,713	382	703	—	7,392
Asset-backed:					
Residential mortgage-backed	3,411	16	425	—	3,002
Commercial mortgage-backed	1,862	7	230	8	1,631
Other asset-backed	3,515	13	256	4	3,268
Total asset-backed	8,788	36	911	12	7,901
U.S. Treasury and obligations of government-sponsored enterprises	152	1	2	—	151
Foreign government	741	6	34	—	713
Total fixed maturity securities available-for-sale	42,414	1,022	2,995	16	40,425
Total fixed maturity securities trading	—	—	—	—	—
Total fixed maturity securities	\$ 42,414	\$ 1,022	\$ 2,995	\$ 16	\$ 40,425

The following tables present the estimated fair value and gross unrealized losses of available-for-sale fixed maturity securities in a gross unrealized loss position for which an allowance for credit loss has not been recorded, by the length of time in which the securities have continuously been in that position.

	Less than 12 Months		12 Months or Longer		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
March 31, 2024						
(In millions)						
Fixed maturity securities available-for-sale:						
Corporate and other bonds	\$ 2,578	\$ 48	\$ 13,459	\$ 1,326	\$ 16,037	\$ 1,374
States, municipalities and political subdivisions	686	17	3,266	739	3,952	756
Asset-backed:						
Residential mortgage-backed	434	8	2,159	475	2,593	483
Commercial mortgage-backed	131	2	1,162	191	1,293	193
Other asset-backed	588	9	1,833	242	2,421	251
Total asset-backed	1,153	19	5,154	908	6,307	927
U.S. Treasury and obligations of government-sponsored enterprises	100	1	28	1	128	2
Foreign government	136	2	452	35	588	37
Total	\$ 4,653	\$ 87	\$ 22,359	\$ 3,009	\$ 27,012	\$ 3,096

	Less than 12 Months		12 Months or Longer		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
December 31, 2023						
(In millions)						
Fixed maturity securities available-for-sale:						
Corporate and other bonds	\$ 1,943	\$ 37	\$ 13,406	\$ 1,308	\$ 15,349	\$ 1,345
States, municipalities and political subdivisions	598	18	3,104	685	3,702	703
Asset-backed:						
Residential mortgage-backed	233	4	2,212	421	2,445	425
Commercial mortgage-backed	200	5	1,184	225	1,384	230
Other asset-backed	392	8	1,869	248	2,261	256
Total asset-backed	825	17	5,265	894	6,090	911
U.S. Treasury and obligations of government-sponsored enterprises	65	1	23	1	88	2
Foreign government	52	1	450	33	502	34
Total	\$ 3,483	\$ 74	\$ 22,248	\$ 2,921	\$ 25,731	\$ 2,995

The following table presents the estimated fair value and gross unrealized losses of available-for-sale fixed maturity securities in a gross unrealized loss position for which an allowance for credit loss has not been recorded, by ratings distribution.

(In millions)	March 31, 2024		December 31, 2023	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
U.S. Government, Government agencies and Government-sponsored enterprises	\$ 2,426	\$ 361	\$ 2,273	\$ 309
AAA	1,661	280	1,524	261
AA	4,109	690	3,817	658
A	6,324	570	5,652	517
BBB	11,672	1,083	11,523	1,095
Non-investment grade	820	112	942	155
Total	\$ 27,012	\$ 3,096	\$ 25,731	\$ 2,995

Based on current facts and circumstances, the Company believes the unrealized losses presented in the March 31, 2024 securities in a gross unrealized loss position tables above are not indicative of the ultimate collectability of the current amortized cost of the securities, but rather are primarily attributable to changes in risk-free interest rates. In reaching this determination, the Company considered the volatility in risk-free rates and credit spreads as well as the fact that its unrealized losses are concentrated in investment grade issuers. Additionally, the Company has no current intent to sell securities with unrealized losses, nor is it more likely than not that it will be required to sell prior to recovery of amortized cost; accordingly, the Company has determined that there are no additional impairment losses to be recorded as of March 31, 2024.

The following tables present the activity related to the allowance on available-for-sale securities with credit impairments and purchased credit-deteriorated (PCD) assets. Accrued interest receivable on available-for-sale fixed maturity securities totaled \$437 million, \$435 million, and \$407 million as of March 31, 2024, December 31, 2023, and March 31, 2023 and is excluded from the estimate of expected credit losses and the amortized cost basis in the table included within this Note.

(In millions)	Corporate and other		Asset-backed	Total
	bonds			
Allowance for credit losses:				
Balance as of January 1, 2024	\$ 4	\$ 12	\$ 16	
Additions to the allowance for credit losses:				
Securities for which credit losses were not previously recorded	—	—	—	
Available-for-sale securities accounted for as PCD assets	—	—	—	
Reductions to the allowance for credit losses:				
Securities sold during the period (realized)	—	—	—	
Intent to sell or more likely than not will be required to sell the security before recovery of its amortized cost basis	1	—	1	
Write-offs charged against the allowance	—	—	—	
Recoveries of amounts previously written off	—	—	—	
Additional increases or (decreases) to the allowance for credit losses on securities that had an allowance recorded in a previous period	—	5	5	
Balance as of March 31, 2024	<u>\$ 3</u>	<u>\$ 17</u>	<u>\$ 20</u>	

(In millions)	Corporate and other		Asset-backed	Total
	bonds			
Allowance for credit losses:				
Balance as of January 1, 2023	\$ —	\$ 1	\$ 1	
Additions to the allowance for credit losses:				
Securities for which credit losses were not previously recorded	—	—	—	
Available-for-sale securities accounted for as PCD assets	9	—	9	
Reductions to the allowance for credit losses:				
Securities sold during the period (realized)	6	—	6	
Intent to sell or more likely than not will be required to sell the security before recovery of its amortized cost basis	3	—	3	
Write-offs charged against the allowance	—	—	—	
Recoveries of amounts previously written off	—	—	—	
Additional increases or (decreases) to the allowance for credit losses on securities that had an allowance recorded in a previous period	1	—	1	
Balance as of March 31, 2023	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2</u>	

Contractual Maturity

The following table presents available-for-sale fixed maturity securities by contractual maturity.

(In millions)	March 31, 2024		December 31, 2023	
	Cost or Amortized Cost	Estimated Fair Value	Cost or Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 1,238	\$ 1,207	\$ 1,121	\$ 1,091
Due after one year through five years	11,680	11,308	11,563	11,180
Due after five years through ten years	13,283	12,461	13,359	12,573
Due after ten years	16,677	15,629	16,371	15,581
Total	\$ 42,878	\$ 40,605	\$ 42,414	\$ 40,425

Actual maturities may differ from contractual maturities because certain securities may be called or prepaid. Securities not due at a single date are allocated based on weighted average life.

Investment Commitments

As part of its overall investment strategy, the Company invests in various assets which require future purchase, sale or funding commitments. These investments are recorded once funded, and the related commitments may include future capital calls from various third-party limited partnerships, signed and accepted mortgage loan applications, and obligations related to private placement securities. As of March 31, 2024, the Company had commitments to purchase or fund approximately \$1,570 million and sell approximately \$25 million under the terms of these investments.

Mortgage Loans

The following table presents the amortized cost basis of mortgage loans for each credit quality indicator by year of origination. The primary credit quality indicators utilized are debt service coverage ratios (DSCR) and loan-to-value ratios (LTV).

(In millions)	Mortgage Loans Amortized Cost Basis by Origination Year ⁽¹⁾						
	2024	2023	2022	2021	2020	Prior	Total
DSCR ≥ 1.6x							
LTV less than 55%	\$ —	\$ 33	\$ 9	\$ 2	\$ 97	\$ 283	\$ 424
LTV 55% to 65%	—	—	—	5	—	—	5
LTV greater than 65%	—	—	30	12	—	—	42
DSCR 1.2x - 1.6x							
LTV less than 55%	—	28	5	—	13	63	109
LTV 55% to 65%	12	21	36	36	24	31	160
LTV greater than 65%	—	12	65	—	—	—	77
DSCR ≤ 1.2							
LTV less than 55%	—	—	—	—	—	—	—
LTV 55% to 65%	—	32	75	—	—	43	150
LTV greater than 65%	—	—	28	21	—	48	97
Total	\$ 12	\$ 126	\$ 248	\$ 76	\$ 134	\$ 468	\$ 1,064

(1) The values in the table above reflect DSCR on a standardized amortization period and LTV based on the most recent appraised values trended forward using changes in a commercial real estate price index.

As of March 31, 2024, accrued interest receivable on mortgage loans totaled \$ 4 million and is excluded from the amortized cost basis disclosed in the table above and the estimate of expected credit losses.

Note D. Fair Value

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy is used in selecting inputs, with the highest priority given to Level 1, as these are the most transparent or reliable.

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs are not observable.

Prices may fall within Level 1, 2 or 3 depending upon the methodology and inputs used to estimate fair value for each specific security. In general, the Company seeks to price securities using third-party pricing services. Securities not priced by pricing services are submitted to independent brokers for valuation and, if those are not available, internally developed pricing models are used to value assets using a methodology and inputs the Company believes market participants would use to value the assets. Prices obtained from third-party pricing services or brokers are not adjusted by the Company.

The Company performs control procedures over information obtained from pricing services and brokers to ensure prices received represent a reasonable estimate of fair value and to confirm representations regarding whether inputs are observable or unobservable. Procedures may include i) the review of pricing service methodologies or broker pricing qualifications, ii) back-testing, where past fair value estimates are compared to actual transactions executed in the market on similar dates, iii) exception reporting, where period-over-period changes in price are reviewed and challenged with the pricing service or broker based on exception criteria, and iv) deep dives, where the Company performs an independent analysis of the inputs and assumptions used to price individual securities.

Assets and Liabilities Measured at Fair Value

Assets and liabilities measured at fair value on a recurring basis are presented in the following tables. Corporate bonds and other includes obligations of the United States of America (U.S.) Treasury, government-sponsored enterprises, foreign governments and redeemable preferred stock.

March 31, 2024

(In millions)	Level 1	Level 2	Level 3	Total Assets/Liabilities at Fair Value
Assets				
Fixed maturity securities:				
Corporate bonds and other	\$ 189	\$ 23,966	\$ 1,082	\$ 25,237
States, municipalities and political subdivisions	—	7,245	43	7,288
Asset-backed	—	7,209	871	8,080
Total fixed maturity securities	189	38,420	1,996	40,605
Equity securities:				
Common stock	195	—	11	206
Non-redeemable preferred stock	46	439	—	485
Total equity securities	241	439	11	691
Short term and other	1,801	19	—	1,820
Total assets	\$ 2,231	\$ 38,878	\$ 2,007	\$ 43,116
Liabilities				
Other liabilities	\$ —	\$ —	\$ —	\$ —
Total liabilities	\$ —	\$ —	\$ —	\$ —

December 31, 2023

(In millions)	Level 1	Level 2	Level 3	Total Assets/Liabilities at Fair Value
Assets				
Fixed maturity securities:				
Corporate bonds and other	\$ 161	\$ 23,926	\$ 1,045	\$ 25,132
States, municipalities and political subdivisions	—	7,348	44	7,392
Asset-backed	—	7,000	901	7,901
Total fixed maturity securities	161	38,274	1,990	40,425
Equity securities:				
Common stock	167	—	24	191
Non-redeemable preferred stock	52	440	—	492
Total equity securities	219	440	24	683
Short term and other	1,976	32	—	2,008
Total assets	\$ 2,356	\$ 38,746	\$ 2,014	\$ 43,116
Liabilities				
Other liabilities	\$ —	\$ 1	\$ —	\$ 1
Total liabilities	\$ —	\$ 1	\$ —	\$ 1

The tables below present a reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

Level 3 (In millions)	States, municipalities and political				
	Corporate bonds and other	subdivisions	Asset-backed	Equity securities	Total
Balance as of January 1, 2024	\$ 1,045	\$ 44	\$ 901	\$ 24	\$ 2,014
Total realized and unrealized investment gains (losses):					
Reported in Net investment gains (losses)	—	—	(4)	—	(4)
Reported in Net investment income	—	—	6	6	12
Reported in Other comprehensive income (loss)	(12)	(1)	(5)	—	(18)
Total realized and unrealized investment gains (losses)	(12)	(1)	(3)	6	(10)
Purchases	74	—	18	—	92
Sales	—	—	(9)	(19)	(28)
Settlements	(36)	—	(17)	—	(53)
Transfers into Level 3	11	—	—	—	11
Transfers out of Level 3	—	—	(19)	—	(19)
Balance as of March 31, 2024	<u>\$ 1,082</u>	<u>\$ 43</u>	<u>\$ 871</u>	<u>\$ 11</u>	<u>\$ 2,007</u>
Unrealized gains (losses) on Level 3 assets and liabilities held as of March 31, 2024 recognized in Net income (loss) in the period	\$ —	\$ —	\$ —	\$ 1	\$ 1
Unrealized gains (losses) on Level 3 assets and liabilities held as of March 31, 2024 recognized in Other comprehensive income (loss) in the period	(14)	(1)	(5)	—	(20)

Level 3 (In millions)	States, municipalities and political				
	Corporate bonds and other	subdivisions	Asset-backed	Equity securities	Total
Balance as of January 1, 2023	\$ 810	\$ 43	\$ 788	\$ 35	\$ 1,676
Total realized and unrealized investment gains (losses):					
Reported in Net investment gains (losses)	—	—	—	—	—
Reported in Net investment income	—	—	5	(6)	(1)
Reported in Other comprehensive income (loss)	24	1	7	—	32
Total realized and unrealized investment gains (losses)	24	1	12	(6)	31
Purchases	81	—	55	—	136
Sales	—	—	—	—	—
Settlements	(3)	—	(9)	—	(12)
Transfers into Level 3	—	—	23	—	23
Transfers out of Level 3	—	—	(10)	—	(10)
Balance as of March 31, 2023	<u>\$ 912</u>	<u>\$ 44</u>	<u>\$ 859</u>	<u>\$ 29</u>	<u>\$ 1,844</u>
Unrealized gains (losses) on Level 3 assets and liabilities held as of March 31, 2023 recognized in Net income (loss) in the period	\$ —	\$ —	\$ —	\$ (6)	\$ (6)
Unrealized gains (losses) on Level 3 assets and liabilities held as of March 31, 2023 recognized in Other comprehensive income (loss) in the period	24	1	7	—	32

Securities may be transferred in or out of levels within the fair value hierarchy based on the availability of observable market information and quoted prices used to determine the fair value of the security. The availability of observable market information and quoted prices varies based on market conditions and trading volume.

Valuation Methodologies and Inputs

The following section describes the valuation methodologies and relevant inputs used to measure different financial instruments at fair value, including an indication of the level in the fair value hierarchy in which the instruments are generally classified.

Fixed Maturity Securities

Level 1 securities include highly liquid government securities and exchange traded bonds, valued using quoted market prices. Level 2 securities include most other fixed maturity securities as the significant inputs are observable in the marketplace. All classes of Level 2 fixed maturity securities are valued using a methodology based on information generated by market transactions involving identical or comparable assets, a discounted cash flow methodology, or a combination of both when necessary. Common inputs for all classes of fixed maturity securities include prices from recently executed transactions of similar securities, marketplace quotes, benchmark yields, spreads off benchmark yields, interest rates and U.S. Treasury or swap curves. Specifically for asset-backed securities, key inputs include prepayment and default projections based on past performance of the underlying collateral and current market data. Fixed maturity securities are primarily assigned to Level 3 in cases where broker/dealer quotes are significant inputs to the valuation and there is a lack of transparency as to whether these quotes are based on information that is observable in the marketplace. Level 3 securities also include private placement debt securities whose fair value is determined using internal models with some inputs that are not market observable.

Equity Securities

Level 1 equity securities include publicly traded securities valued using quoted market prices. Level 2 securities are primarily valued using pricing for similar securities, recently executed transactions and other pricing models utilizing market observable inputs. Level 3 securities are primarily priced using broker/dealer quotes and internal models with some inputs that are not market observable.

Short Term and Other Invested Assets

Securities that are actively traded or have quoted prices are classified as Level 1. These securities include money market funds and treasury bills. Level 2 primarily includes non-U.S. government securities for which all inputs are market observable. Fixed maturity securities purchased within one year of maturity are classified consistent with fixed maturity securities discussed above. Short-term investments as presented in the tables above differ from the amounts presented on the Condensed Consolidated Balance Sheets because certain short-term investments, such as time deposits, are not measured at fair value.

As of March 31, 2024 and December 31, 2023, there were \$ 73 million and \$75 million of overseas deposits within Other invested assets, which can be redeemed at net asset value in 90 days or less. Overseas deposits are excluded from the fair value hierarchy because their fair value is recorded using the net asset value per share (or equivalent) practical expedient.

Other Liabilities

Level 2 securities include currency forward contracts valued using observable market forward rates.

Significant Unobservable Inputs

The following tables present quantitative information about the significant unobservable inputs utilized by the Company in the fair value measurements of Level 3 assets. Valuations for assets and liabilities not presented in the tables below are primarily based on broker/dealer quotes for which there is a lack of transparency as to inputs used to develop the valuations. The quantitative detail of these unobservable inputs is neither provided nor reasonably available to the Company. The weighted average rate is calculated based on fair value.

March 31, 2024	Estimated Fair Value (In millions)	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Fixed maturity securities	\$ 1,521	Discounted cash flow	Credit spread	1% - 7% (2%)

December 31, 2023	Estimated Fair Value (In millions)	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Fixed maturity securities	\$ 1,495	Discounted cash flow	Credit spread	1% - 7% (2%)

For fixed maturity securities, an increase to the credit spread assumptions would result in a lower fair value measurement.

Financial Assets and Liabilities Not Measured at Fair Value

The carrying amount and estimated fair value of the Company's financial assets and liabilities which are not measured at fair value on the Condensed Consolidated Balance Sheets are presented in the following tables.

March 31, 2024 (In millions)	Carrying Amount	Estimated Fair Value			
		Level 1	Level 2	Level 3	Total
Assets					
Mortgage loans	\$ 1,029	\$ —	\$ —	\$ 987	\$ 987
Liabilities					
Short-term debt	\$ 550	\$ —	\$ 549	\$ —	\$ 549
Long-term debt	2,970	—	2,852	—	2,852

December 31, 2023 (In millions)	Carrying Amount	Estimated Fair Value			
		Level 1	Level 2	Level 3	Total
Assets					
Mortgage loans	\$ 1,035	\$ —	\$ —	\$ 997	\$ 997
Liabilities					
Short-term debt	\$ 550	\$ —	\$ 546	\$ —	\$ 546
Long-term debt	2,481	—	2,385	—	2,385

The carrying amounts reported on the Condensed Consolidated Balance Sheets for Cash, Short-term investments not carried at fair value, Accrued investment income and certain Other assets and Other liabilities approximate fair value due to the short term nature of these items. These assets and liabilities are not listed in the tables above.

Note E. Claim and Claim Adjustment Expense Reserves

Claim and claim adjustment expense reserves represent the estimated amounts necessary to resolve all outstanding claims, including incurred but not reported (IBNR) claims as of the reporting date. The Company's reserve projections are based primarily on detailed analysis of the facts in each case, the Company's experience with similar cases and various historical development patterns. Consideration is given to historical patterns such as claim reserving trends and settlement practices, loss payments, pending levels of unpaid claims and product mix, economic, medical and social inflation, and public attitudes. All of these factors can affect the estimation of claim and claim adjustment expense reserves.

Establishing claim and claim adjustment expense reserves, including claim and claim adjustment expense reserves for catastrophic events that have occurred, is an estimation process. Many factors can ultimately affect the final settlement of a claim and, therefore, the necessary reserve. Changes in the law, results of litigation, medical costs, the cost of repair materials and labor rates can affect ultimate claim costs. In addition, time can be a critical part of reserving determinations since the longer the span between the incidence of a loss and the payment or settlement of the claim, the more variable the ultimate settlement amount can be. Accordingly, short-tail claims, such as property damage claims, tend to be more reasonably estimable than long-tail claims, such as workers' compensation, general liability and professional liability claims. Claim and claim adjustment expense reserves are also maintained for the Company's structured settlement obligations. In developing the claim and claim adjustment expense reserve estimates for structured settlement obligations, the Company's actuaries review mortality experience on an annual basis. Adjustments to prior year reserve estimates, if necessary, are reflected in the results of operations in the period that the need for such adjustments is determined. There can be no assurance that the Company's ultimate cost for insurance losses will not exceed current estimates.

Catastrophes are an inherent risk of the property and casualty insurance business and have contributed to material period-to-period fluctuations in our results of operations and/or equity. The Company reported catastrophe losses, net of reinsurance, of \$88 million and \$52 million for the three months ended March 31, 2024 and 2023 primarily related to severe weather related events.

Liability for Unpaid Claim and Claim Adjustment Expenses

The following table presents a reconciliation between beginning and ending claim and claim adjustment expense reserves.

Three months ended March 31

(In millions)	2024	2023
Reserves, beginning of year:		
Gross	\$ 23,304	\$ 22,120
Ceded	5,141	5,191
Net reserves, beginning of year	18,163	16,929
Net incurred claim and claim adjustment expenses:		
Provision for insured events of current year	1,502	1,326
Increase (decrease) in provision for insured events of prior years	(6)	13
Amortization of discount	10	11
Total net incurred ⁽¹⁾	1,506	1,350
Net payments attributable to:		
Current year events	(113)	(72)
Prior year events	(1,168)	(1,042)
Total net payments	(1,281)	(1,114)
Foreign currency translation adjustment and other	(41)	35
Net reserves, end of period	18,347	17,200
Ceded reserves, end of period	5,241	5,209
Gross reserves, end of period	\$ 23,588	\$ 22,409

(1) Total net incurred does not agree to Insurance claims and policyholders' benefits as reflected on the Condensed Consolidated Statements of Operations due to amounts related to retroactive reinsurance deferred gain accounting, uncollectible reinsurance, benefit expenses related to future policy benefits and policyholders' dividends, which are not reflected in the table above.

Net Prior Year Development

Changes in estimates of claim and claim adjustment expense reserves, net of reinsurance, for prior years are defined as net prior year loss reserve development (development). These changes can be favorable or unfavorable. The following table presents development recorded for the Specialty, Commercial, International and Corporate & Other segments.

Three months ended March 31

(In millions)	2024	2023
Pretax (favorable) unfavorable development:		
Specialty	\$ (5)	\$ —
Commercial	(2)	(2)
International	—	15
Corporate & Other	—	—
Total pretax (favorable) unfavorable development	\$ (7)	\$ 13

Specialty

The following table presents further detail of the development recorded for the Specialty segment.

Three months ended March 31

(In millions)	2024	2023
Pretax (favorable) unfavorable development:		
Medical Professional Liability	\$ —	\$ 9
Other Professional Liability and Management Liability	—	—
Surety	(18)	—
Warranty	13	(9)
Other	—	—
Total pretax (favorable) unfavorable development	\$ (5)	\$ —

2024

Favorable development in surety was primarily due to lower than expected frequency and lack of systemic activity in multiple accident years.

Unfavorable development in warranty was primarily due to higher than expected frequency and severity in a recent accident year.

Commercial

The following table presents further detail of the development recorded for the Commercial segment.

Three months ended March 31

(In millions)	2024	2023
Pretax (favorable) unfavorable development:		
Commercial Auto	\$ —	\$ —
General Liability	—	—
Workers' Compensation	(2)	(2)
Property and Other	—	—
Total pretax (favorable) unfavorable development	\$ (2)	\$ (2)

International

The following table presents further detail of the development recorded for the International segment.

Three months ended March 31

(In millions)	2024	2023
Pretax (favorable) unfavorable development:		
Commercial	\$ —	\$ (2)
Specialty	—	19
Other	—	(2)
Total pretax (favorable) unfavorable development	\$ —	\$ 15

2023

Unfavorable development in specialty was due to higher than expected large loss emergence in the Company's professional liability business in accident year 2017.

Asbestos & Environmental Pollution (A&EP) Reserves

In 2010, Continental Casualty Company (CCC) together with several of the Company's insurance subsidiaries completed a transaction with National Indemnity Company (NICO), a subsidiary of Berkshire Hathaway Inc., under which substantially all of the Company's legacy A&EP liabilities were ceded to NICO through a Loss Portfolio Transfer (LPT). At the effective date of the transaction, the Company ceded approximately \$1.6 billion of net A&EP claim and allocated claim adjustment expense reserves to NICO under a retroactive reinsurance agreement with an aggregate limit of \$4 billion. The \$1.6 billion of claim and allocated claim adjustment expense reserves ceded to NICO was net of \$1.2 billion of ceded claim and allocated claim adjustment expense reserves under existing third-party reinsurance contracts. The NICO LPT aggregate reinsurance limit also covers credit risk on the existing third-party reinsurance related to these liabilities. The Company paid NICO a reinsurance premium of \$2 billion and transferred to NICO billed third-party reinsurance receivables related to A&EP claims with a net book value of \$215 million, resulting in total consideration of \$2.2 billion.

In years subsequent to the effective date of the LPT, the Company recognized adverse prior year development on its A&EP reserves resulting in additional amounts ceded under the LPT. As a result, the cumulative amounts ceded under the LPT have exceeded the \$2.2 billion consideration paid, resulting in the NICO LPT moving into a gain position, requiring retroactive reinsurance accounting. Under retroactive reinsurance accounting, this gain is deferred and only recognized in earnings in proportion to actual paid recoveries under the LPT. Over the life of the contract, there is no economic impact as long as any additional losses incurred are within the limit of the LPT. In a period in which the Company recognizes a change in the estimate of A&EP reserves that increases or decreases the amounts ceded under the LPT, the proportion of actual paid recoveries to total ceded losses is affected and the change in the deferred gain is recognized in earnings as if the revised estimate of ceded losses was available at the effective date of the LPT. The effect of the deferred retroactive reinsurance benefit is recorded in Insurance claims and policyholders' benefits in the Condensed Consolidated Statements of Operations.

The impact of the LPT on the Condensed Consolidated Statements of Operations was the recognition of a retroactive reinsurance benefit of \$ 12 million and \$8 million for the three months ended March 31, 2024 and 2023. As of March 31, 2024 and December 31, 2023, the cumulative amounts ceded under the LPT were \$3.6 billion. The unrecognized deferred retroactive reinsurance benefit was \$405 million and \$417 million as of March 31, 2024 and December 31, 2023 and is included within Other liabilities on the Condensed Consolidated Balance Sheets.

NICO established a collateral trust account as security for its obligations to the Company. The fair value of the collateral trust account was \$2.6 billion as of March 31, 2024. In addition, Berkshire Hathaway Inc. guaranteed the payment obligations of NICO up to the aggregate reinsurance limit as well as certain of NICO's performance obligations under the trust agreement. NICO is responsible for claims handling and billing and collection from third-party reinsurers related to the majority of the Company's A&EP claims.

Credit Risk for Ceded Reserves

The majority of the Company's outstanding voluntary reinsurance receivables are due from reinsurers with financial strength ratings of A- or higher. Receivables due from reinsurers with lower financial strength ratings are primarily due from captive reinsurers and are backed by collateral arrangements.

Note F. Future Policy Benefits Reserves

Future policy benefits reserves are associated with the Company's run-off long-term care business, included in the Life & Group segment, and relate to policyholders that are currently receiving benefits, including claims that have been incurred but are not yet reported, as well as policyholders that are not yet receiving benefits. Future policy benefits reserves are comprised of the liability for future policyholder benefits (LFPB) which is reflected as Insurance reserves: Future policy benefits on the Condensed Consolidated Balance Sheet.

The determination of Future policy benefits reserves requires management to make estimates and assumptions about expected policyholder experience over the remaining life of the policy. Since policies may be in force for several decades, these assumptions are subject to significant estimation risk. As a result of this variability, the Company's future policy benefits reserves may be subject to material increases if actual experience develops adversely to the Company's expectations.

See Note A to the Consolidated Financial Statements within CNAF's Annual Report on Form 10-K for the year ended December 31, 2023 for further information on the long-term care reserving process.

The following table summarizes balances and changes in the LFPB.

(In millions)	2024	2023
Present value of future net premiums		
Balance, January 1	\$ 3,710	\$ 3,993
Effect of changes in discount rate	(125)	(74)
Balance, January 1, at original locked in discount rate	3,585	3,919
Effect of changes in cash flow assumptions ⁽¹⁾	—	—
Effect of actual variances from expected experience ⁽¹⁾	(28)	(49)
Adjusted balance, January 1	3,557	3,870
Interest accrual	47	52
Net premiums: earned during period	(107)	(111)
Balance, end of period at original locked in discount rate	3,497	3,811
Effect of changes in discount rate	56	154
Balance, March 31	\$ 3,553	\$ 3,965
Present value of future benefits & expenses		
Balance, January 1	\$ 17,669	\$ 17,472
Effect of changes in discount rate	(578)	(125)
Balance, January 1, at original locked in discount rate	17,091	17,347
Effect of changes in cash flow assumptions ⁽¹⁾	—	—
Effect of actual variances from expected experience ⁽¹⁾	(13)	(50)
Adjusted balance, January 1	17,078	17,297
Interest accrual	231	242
Benefit & expense payments	(321)	(302)
Balance, end of period at original locked in discount rate	16,988	17,237
Effect of changes in discount rate	78	704
Balance, March 31	\$ 17,066	\$ 17,941
Net LFPB	\$ 13,513	\$ 13,976

(1) As of March 31, 2024 and 2023 the re-measurement gain (loss) of \$(15) million and \$1 million presented parenthetically on the Condensed Consolidated Statement of Operations is comprised of the effect of changes in cash flow assumptions and the effect of actual variances from expected experience.

The following table presents earned premiums and interest expense associated with the Company's long-term care business recognized on the Condensed Consolidated Statement of Operations.

Periods ended March 31 (In millions)	Three Months	
	2024	2023
Earned premiums	\$ 110	\$ 115
Interest expense	184	190

The following table presents undiscounted expected future benefit and expense payments, and undiscounted expected future gross premiums.

(In millions)	As of March 31	
	2024	2023
Expected future benefit and expense payments	\$ 32,474	\$ 33,759
Expected future gross premiums	5,270	5,729

Discounted expected future gross premiums at the upper-medium grade fixed income instrument yield discount rate were \$ 3,664 million and \$4,046 million as of March 31, 2024 and 2023.

The weighted average effective duration of the LFPB calculated using the original locked in discount rate was 11 years and 12 years as of March 31, 2024 and 2023.

The weighted average interest rates in the table below are calculated based on the rate used to discount all future cash flows.

	As of March 31		As of December 31
	2024	2023	2023
Original locked in discount rate	5.22 %	5.26 %	5.22 %
Upper-medium grade fixed income instrument discount rate	5.20	4.92	4.94

For the three months ended March 31, 2024 and 2023, immediate charges to net income resulting from adverse development that caused the Net Premium Ratio (NPR) to exceed 100% for certain cohorts were \$20 million and \$13 million. For the three months ended March 31, 2024 and 2023, the portion of losses recognized in a prior period due to NPR exceeding 100% for certain cohorts which, due to favorable development, was reversed through net income was \$2 million and \$11 million.

Note G. Legal Proceedings, Contingencies and Guarantees

The Company is a party to various claims and litigation incidental to its business, which, based on the facts and circumstances currently known, are not material to the Company's results of operations or financial position.

Guarantees

The Company has provided guarantees, if the primary obligor fails to perform, to holders of structured settlement annuities issued by a previously owned subsidiary. As of March 31, 2024, the potential amount of future payments the Company could be required to pay under these guarantees was approximately \$1.5 billion, which will be paid over the lifetime of the annuitants. The Company does not believe any payment is likely under these guarantees, as the Company is the beneficiary of a trust that must be maintained at a level that approximates the discounted reserves for these annuities.

Note H. Benefit Plans

The components of net periodic pension cost (benefit) are presented in the following table.

Three months ended March 31

(In millions)	2024	2023
Net periodic pension cost (benefit)		
Interest cost on projected benefit obligation	\$ 22	\$ 25
Expected return on plan assets	(29)	(30)
Amortization of net actuarial loss	7	8
Total net periodic pension cost (benefit)	<u>\$ —</u>	<u>\$ 3</u>

The following table indicates the line items in which the non-service cost (benefit) is presented in the Condensed Consolidated Statements of Operations.

Three months ended March 31

(In millions)	2024	2023
Non-Service Cost (Benefit):		
Insurance claims and policyholder's benefits	\$ —	\$ 1
Other operating expenses	—	2
Total net periodic pension cost (benefit)	<u>\$ —</u>	<u>\$ 3</u>

Note I. Accumulated Other Comprehensive Income (Loss) by Component

The tables below display the changes in Accumulated other comprehensive income (loss) by component.

(In millions)	Net unrealized gains (losses) on investments with an allowance for credit losses	Net unrealized gains (losses) on other investments	Pension and postretirement benefits	Cumulative impact of changes in discount rates used to measure long duration contracts	Cumulative foreign currency translation adjustment	Total
Balance as of January 1, 2024	\$ (12)	\$ (1,613)	\$ (525)	\$ (359)	\$ (163)	\$ (2,672)
Other comprehensive income (loss) before reclassifications	(1)	(239)	—	341	(32)	69
Amounts reclassified from accumulated other comprehensive income (loss) net of tax (expense) benefit of \$1, \$6, \$1, \$—, \$— and \$8	(3)	(22)	(6)	—	—	(31)
Other comprehensive income (loss) net of tax (expense) benefit of \$(1), \$58, \$(1), \$(91), \$— and \$(35)	2	(217)	6	341	(32)	100
Balance as of March 31, 2024	<u>\$ (10)</u>	<u>\$ (1,830)</u>	<u>\$ (519)</u>	<u>\$ (18)</u>	<u>\$ (195)</u>	<u>\$ (2,572)</u>

(In millions)	Net unrealized gains (losses) on investments with an allowance for credit losses	Net unrealized gains (losses) on other investments	Pension and postretirement benefits	Cumulative impact of changes in discount rates used to measure long duration contracts	Cumulative foreign currency translation adjustment	Total
Balance as of January 1, 2023, as previously reported	\$ (7)	\$ (2,738)	\$ (591)	\$ —	\$ (221)	\$ (3,557)
Cumulative effect adjustment from changes in accounting guidance, net of tax (expense) benefit of \$—, \$—, \$—, \$11, \$— and \$11	—	—	—	(41)	—	(41)
Balance as of January 1, 2023	(7)	(2738)	(591)	(41)	(221)	(3,598)
Other comprehensive income (loss) before reclassifications	(8)	652	—	(396)	17	265
Amounts reclassified from accumulated other comprehensive income (loss) net of tax (expense) benefit of \$—, \$4, \$2, \$—, \$— and \$6	—	(18)	(7)	—	—	(25)
Other comprehensive income (loss) net of tax (expense) benefit of \$2, \$(180), \$(2), \$105, \$— and \$(75)	(8)	670	7	(396)	17	290
Balance as of March 31, 2023	<u>\$ (15)</u>	<u>\$ (2,068)</u>	<u>\$ (584)</u>	<u>\$ (437)</u>	<u>\$ (204)</u>	<u>\$ (3,308)</u>

Amounts reclassified from Accumulated other comprehensive income (loss) shown above are reported in Net income (loss) as follows:

Component of AOCI	Condensed Consolidated Statements of Operations Line Item Affected by Reclassifications
Net unrealized gains (losses) on investments with an allowance for credit losses and Net unrealized gains (losses) on other investments	Net investment gains (losses)
Pension and postretirement benefits	Other operating expenses and Insurance claims and policyholders' benefits

Note J. Business Segments

The Company's property and casualty commercial insurance operations are managed and reported in three business segments: Specialty, Commercial and International. These three segments are collectively referred to as Property & Casualty Operations. The Company's operations outside of Property & Casualty Operations are managed and reported in two segments: Life & Group and Corporate & Other.

The accounting policies of the segments are the same as those described in Note A to the Consolidated Financial Statements within CNAF's Annual Report on Form 10-K for the year ended December 31, 2023. The Company manages most of its assets on a legal entity basis, while segment operations are generally conducted across legal entities. As such, only Insurance and Reinsurance receivables, Insurance reserves, Deferred acquisition costs, Goodwill and Deferred non-insurance warranty acquisition expense and revenue are readily identifiable for individual segments. Distinct investment portfolios are not maintained for every individual segment; accordingly, allocation of assets to each segment is not performed. Therefore, a significant portion of Net investment income and Net investment gains or losses are allocated primarily based on each segment's net carried insurance reserves, as adjusted. All significant intersegment income and expense have been eliminated. Income taxes have been allocated on the basis of the taxable income of the segments.

In the following tables, certain financial measures are presented to provide information used by management to monitor the Company's operating performance. Management utilizes these financial measures to monitor the Company's insurance operations and investment portfolio.

The performance of the Company's insurance operations is monitored by management through core income (loss), which is derived from certain income statement amounts. The Company's investment portfolio is monitored by management through analysis of various factors including unrealized gains and losses on securities, portfolio duration and exposure to market and credit risk.

Core income (loss) is calculated by excluding from net income (loss) the after-tax effects of net investment gains or losses. The calculation of core income (loss) excludes net investment gains or losses because net investment gains or losses are generally driven by economic factors that are not necessarily reflective of our primary operations.

The Company's results of operations and selected balance sheet items by segment are presented in the following tables.

Three months ended March 31, 2024

(In millions)	Specialty	Commercial	International	Life & Group	Corporate & Other	Eliminations	Total
Operating revenues							
Net earned premiums	\$ 814	\$ 1,202	\$ 315	\$ 110	\$ —	\$ —	\$ 2,441
Net investment income	150	176	31	231	21	—	609
Non-insurance warranty revenue	407	—	—	—	—	—	407
Other revenues	1	8	—	—	3	(3)	9
Total operating revenues	1,372	1,386	346	341	24	(3)	3,466
Claims, benefits and expenses							
Net incurred claims and benefits	477	828	189	312	(8)	—	1,798
Policyholders' dividends	2	7	—	—	—	—	9
Amortization of deferred acquisition costs	178	200	66	—	—	—	444
Non-insurance warranty expense	394	—	—	—	—	—	394
Other insurance related expenses	81	138	39	29	—	—	287
Other expenses	15	12	2	—	59	(3)	85
Total claims, benefits and expenses	1,147	1,185	296	341	51	(3)	3,017
Core income (loss) before income tax	225	201	50	—	(27)	—	449
Income tax (expense) benefit on core income (loss)	(48)	(43)	(13)	5	5	—	(94)
Core income (loss)	\$ 177	\$ 158	\$ 37	\$ 5	\$ (22)	\$ —	355
Net investment gains (losses)							(22)
Income tax (expense) benefit on net investment gains (losses)							5
Net investment gains (losses), after tax							(17)
Net income (loss)							\$ 338

March 31, 2024

(In millions)														
Reinsurance receivables	\$	1,432	\$	1,279	\$	477	\$	92	\$	2,316	\$	—	\$	5,596
Insurance receivables		979		2,096		379		4		—		—		3,458
Deferred acquisition costs		401		394		132		—		—		—		927
Goodwill		117		—		29		—		—		—		146
Deferred non-insurance warranty acquisition expense		3,621		—		—		—		—		—		3,621
Insurance reserves														
Claim and claim adjustment expenses		7,221		10,332		2,745		663		2,627		—		23,588
Unearned premiums		3,193		2,996		740		118		—		(1)		7,046
Future policy benefits		—		—		—		13,513		—		—		13,513
Deferred non-insurance warranty revenue		4,645		—		—		—		—		—		4,645

Three months ended March 31, 2023

(In millions)	Specialty	Commercial	International	Life & Group	Corporate & Other	Eliminations	Total
Operating revenues							
Net earned premiums	\$ 797	\$ 1,046	\$ 290	\$ 115	\$ —	\$ —	\$ 2,248
Net investment income	129	149	23	214	10	—	525
Non-insurance warranty revenue	407	—	—	—	—	—	407
Other revenues	—	7	—	—	3	(3)	7
Total operating revenues	1,333	1,202	313	329	13	(3)	3,187
Claims, benefits and expenses							
Net incurred claims and benefits	465	688	189	311	(7)	—	1,646
Policyholders' dividends	1	6	—	—	—	—	7
Amortization of deferred acquisition costs	165	169	45	—	—	—	379
Non-insurance warranty expense	384	—	—	—	—	—	384
Other insurance related expenses	86	142	47	29	1	—	305
Other expenses	14	6	1	1	41	(3)	60
Total claims, benefits and expenses	1,115	1,011	282	341	35	(3)	2,781
Core income (loss) before income tax	218	191	31	(12)	(22)	—	406
Income tax (expense) benefit on core income (loss)	(47)	(40)	(7)	9	4	—	(81)
Core income (loss)	\$ 171	\$ 151	\$ 24	\$ (3)	\$ (18)	\$ —	325
Net investment gains (losses)							(35)
Income tax (expense) benefit on net investment gains (losses)							7
Net investment gains (losses), after tax							(28)
Net income (loss)							\$ 297

December 31, 2023

(In millions)														
Reinsurance receivables	\$	1,281	\$	1,218	\$	468	\$	93	\$	2,374	\$	—	\$	5,434
Insurance receivables		1,053		2,024		388		5		—		—		3,470
Deferred acquisition costs		392		371		133		—		—		—		896
Goodwill		117		—		29		—		—		—		146
Deferred non-insurance warranty acquisition expense		3,661		—		—		—		—		—		3,661
Insurance reserves														
Claim and claim adjustment expenses		7,131		10,103		2,709		675		2,686		—		23,304
Unearned premiums		3,227		2,858		749		99		—		—		6,933
Future policy benefits		—		—		—		13,959		—		—		13,959
Deferred non-insurance warranty revenue		4,694		—		—		—		—		—		4,694

The following table presents operating revenues by line of business for each reportable segment.

Three months ended March 31

(In millions)

	2024	2023
Specialty		
Management & Professional Liability	\$ 729	\$ 705
Surety	182	168
Warranty & Alternative Risks	461	460
Specialty revenues	1,372	1,333
Commercial		
Middle Market	432	398
Construction	455	385
Small Business	154	150
Other Commercial	345	269
Commercial revenues	1,386	1,202
International		
Canada	98	93
Europe	143	127
Hardy	105	93
International revenues	346	313
Life & Group revenues	341	329
Corporate & Other revenues	24	13
Eliminations	(3)	(3)
Total operating revenues	3,466	3,187
Net investment gains (losses)	(22)	(35)
Total revenues	\$ 3,444	\$ 3,152

Note K. Non-Insurance Revenues from Contracts with Customers

The Company had a deferred non-insurance warranty revenue balance of \$ 4.6 billion and \$4.7 billion reported under Liabilities as of March 31, 2024 and December 31, 2023. For the three months ended March 31, 2024 and 2023, the Company recognized \$0.4 billion of revenues in each period that were included in the deferred revenue balance as of January 1, 2024 and 2023. For the three months ended March 31, 2024 and 2023, Non-insurance warranty revenue recognized from performance obligations related to prior periods due to a change in estimate was not material. The Company expects to recognize approximately \$1.1 billion of the deferred revenue in the remainder of 2024, \$ 1.1 billion in 2025, \$0.9 billion in 2026 and \$1.5 billion thereafter.

Item 2. Management's Discussion and Analysis (MD&A) of Financial Conditions and Results of Operations

OVERVIEW

The following discussion highlights significant factors affecting the Company. References to "we," "our," "us" or like terms refer to the business of CNA.

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements included under Part I, Item 1 of this Form 10-Q and Item 1A Risk Factors and Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2023.

We utilize the core income (loss) financial measure to monitor our operations. Core income (loss) is calculated by excluding from net income (loss) the after-tax effects of net investment gains or losses. The calculation of core income (loss) excludes net investment gains or losses because net investment gains or losses are generally driven by economic factors that are not necessarily reflective of our primary operations. Management monitors core income (loss) for each business segment to assess segment performance. Presentation of consolidated core income (loss) is deemed to be a non-GAAP financial measure and management believes some investors may find this measure useful to evaluate our primary operations. See further discussion regarding how we manage our business in Note J to the Condensed Consolidated Financial Statements included under Part I, Item 1. For reconciliations of non-GAAP measures to the most comparable GAAP measures and other information, please refer herein and/or to CNA's most recent Annual Report on Form 10-K on file with the Securities and Exchange Commission.

In evaluating the results of our Specialty, Commercial and International segments, we utilize the loss ratio, the underlying loss ratio, the expense ratio, the dividend ratio, the combined ratio and the underlying combined ratio. These ratios are calculated using GAAP financial results. The loss ratio is the percentage of net incurred claim and claim adjustment expenses to net earned premiums. The underlying loss ratio excludes the impact of catastrophe losses and development-related items from the loss ratio. Development-related items represents net prior year loss reserve and premium development, and includes the effects of interest accretion and change in allowance for uncollectible reinsurance and deductible amounts. The expense ratio is the percentage of insurance underwriting and acquisition expenses, including the amortization of deferred acquisition costs, to net earned premiums. The dividend ratio is the ratio of policyholders' dividends incurred to net earned premiums. The combined ratio is the sum of the loss, expense and dividend ratios. The underlying combined ratio is the sum of the underlying loss ratio, the expense ratio and the dividend ratio. In addition, we also utilize renewal premium change, rate, retention and new business in evaluating operating trends. Renewal premium change represents the estimated change in average premium on policies that renew, including rate and exposure changes. Rate represents the average change in price on policies that renew excluding exposure change. For certain products within Small Business, where quantifiable, rate includes the influence of new business as well. Exposure represents the measure of risk used in the pricing of the insurance product. The change in exposure represents the change in premium dollars on policies that renew as a result of the change in risk of the policy. Retention represents the percentage of premium dollars renewed, excluding rate and exposure changes, in comparison to the expiring premium dollars from policies available to renew. New business represents premiums from policies written with new customers and additional policies written with existing customers. Gross written premiums, excluding third-party captives, excludes business which is ceded to third-party captives, including business related to large warranty programs. We use underwriting gain (loss), calculated using GAAP financial results, to monitor our insurance operations. Underwriting gain (loss) is pretax and is calculated as net earned premiums less total insurance expenses, which includes insurance claims and policyholders' benefits, amortization of deferred acquisition costs and other insurance related expenses. Underlying underwriting gain (loss) represents underwriting results excluding catastrophe losses and development-related items.

Changes in estimates of claim and claim adjustment expense reserves, net of reinsurance, for prior years are defined as net prior year loss reserve development within this MD&A. These changes can be favorable or unfavorable. Net prior year loss reserve development does not include the effect of any related acquisition expenses. Further information on our reserves is provided in Note E to the Condensed Consolidated Financial Statements included under Part I, Item 1.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Condensed Consolidated Financial Statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the amount of revenues and expenses reported during the period. Actual results may differ from those estimates.

Our Condensed Consolidated Financial Statements and accompanying notes have been prepared in accordance with GAAP applied on a consistent basis. We continually evaluate the accounting policies and estimates used to prepare the Condensed Consolidated Financial Statements. In general, our estimates are based on historical experience, evaluation of current trends, information from third-party professionals and various other assumptions that are believed to be reasonable under the known facts and circumstances.

The accounting estimates discussed below are considered by us to be critical to an understanding of our Condensed Consolidated Financial Statements as their application places the most significant demands on our judgment:

- Insurance Reserves
- Long-Term Care Reserves
- Reinsurance and Insurance Receivables
- Valuation of Investments and Impairment of Securities

Due to the inherent uncertainties involved with these types of judgments, actual results could differ significantly from our estimates and may have a material adverse impact on our results of operations, financial condition, equity, business, and insurer financial strength and corporate debt ratings. See the Critical Accounting Estimates section of our Management's Discussion and Analysis of Financial Condition and Results of Operations included under Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023 for further information.

CONSOLIDATED OPERATIONS

Results of Operations

The following table includes the consolidated results of our operations including our financial measure, core income (loss). For more detailed components of our business operations and a discussion of the core income (loss) financial measure, see the Segment Results section within this MD&A. For further discussion of Net investment income and Net investment gains or losses, see the Investments section of this MD&A.

Three months ended March 31

(In millions)

	2024	2023
Operating Revenues		
Net earned premiums	\$ 2,441	\$ 2,248
Net investment income	609	525
Non-insurance warranty revenue	407	407
Other revenues	9	7
Total operating revenues	3,466	3,187
Claims, Benefits and Expenses		
Net incurred claims and benefits (re-measurement gain (loss) of \$(15) and \$1)	1,798	1,646
Policyholders' dividends	9	7
Amortization of deferred acquisition costs	444	379
Non-insurance warranty expense	394	384
Other insurance related expenses	287	305
Other expenses	85	60
Total claims, benefits and expenses	3,017	2,781
Core income before income tax	449	406
Income tax expense on core income	(94)	(81)
Core income	355	325
Net investment losses	(22)	(35)
Income tax benefit on net investment losses	5	7
Net investment losses, after tax	(17)	(28)
Net income	\$ 338	\$ 297

Core income increased \$30 million for the three months ended March 31, 2024 as compared with the same period in 2023. Core income for our Property & Casualty Operations increased \$26 million driven by higher net investment income and favorable net prior year loss reserve development partially offset by higher catastrophe losses. Core results for our Life & Group segment improved \$8 million, while core loss for our Corporate & Other segment increased \$4 million.

Catastrophe losses were \$88 million and \$52 million for the three months ended March 31, 2024 and 2023. Favorable net prior year loss reserve development of \$7 million was recorded for the three months ended March 31, 2024 as compared with unfavorable net prior year loss reserve development of \$13 million recorded for the three months ended March 31, 2023 related to our Specialty, Commercial and International segments. Further information on net prior year loss reserve development is in Note E to the Condensed Consolidated Financial Statements included under Part I, Item 1.

SEGMENT RESULTS

The following discusses the results of operations for our business segments. Our property and casualty commercial insurance operations are managed and reported in three business segments: Specialty, Commercial and International, which we refer to collectively as Property & Casualty Operations. Our operations outside of Property & Casualty Operations are managed and reported in two segments: Life & Group and Corporate & Other.

Specialty

The following table details the results of operations for Specialty.

Three months ended March 31

(In millions, except ratios, rate, renewal premium change and retention)

	2024	2023
Gross written premiums	\$ 1,682	\$ 1,780
Gross written premiums excluding third-party captives	880	886
Net written premiums	792	788
Net earned premiums	814	797
Underwriting gain	76	80
Net investment income	150	129
Core income	177	171
Other performance metrics:		
Underlying loss ratio	59.2 %	58.4 %
Effect of catastrophe impacts	—	—
Effect of development-related items	(0.6)	—
Loss ratio	58.6	58.4
Expense ratio	31.8	31.4
Dividend ratio	0.3	0.2
Combined ratio	90.7 %	90.0 %
Underlying combined ratio	91.3 %	90.0 %
Rate	2 %	2 %
Renewal premium change	3	4
Retention	88	88
New business	\$ 94	\$ 108

Gross written premiums, excluding third-party captives, for Specialty decreased \$6 million for the three months ended March 31, 2024 as compared with the same period in 2023 driven by lower new business partially offset by favorable rate. Net written premiums for Specialty increased \$4 million for the three months ended March 31, 2024 as compared with the same period in 2023. The increase in net earned premiums was consistent with the trend in net written premiums.

Core income increased \$6 million for the three months ended March 31, 2024 as compared with the same period in 2023 primarily due to higher net investment income and favorable net prior year loss reserve development partially offset by higher claim costs in our non-insurance auto warranty business and lower underlying underwriting results.

The combined ratio of 90.7% increased 0.7 points for the three months ended March 31, 2024 as compared with the same period in 2023 primarily due to a 0.4 point increase in the expense ratio and a 0.2 point increase in the loss ratio. The increase in the expense ratio was driven by higher acquisition costs. The increase in the loss ratio was due to an increase in the underlying loss ratio partially offset by favorable net prior year loss reserve development. There were no catastrophe losses for three months ended March 31, 2024 and 2023.

Favorable net prior year loss reserve development of \$5 million was recorded for the three months ended March 31, 2024 as compared with no net prior year loss reserve development for the three months ended March 31, 2023. Further information on net prior year loss reserve development is in Note E to the Condensed Consolidated Financial Statements included under Part I, Item 1.

The following table summarizes the gross and net carried reserves for Specialty.

(In millions)	March 31, 2024	December 31, 2023
Gross case reserves	\$ 1,621	\$ 1,604
Gross IBNR reserves	5,600	5,527
Total gross carried claim and claim adjustment expense reserves	\$ 7,221	\$ 7,131
Net case reserves	\$ 1,386	\$ 1,392
Net IBNR reserves	4,516	4,524
Total net carried claim and claim adjustment expense reserves	\$ 5,902	\$ 5,916

Commercial

The following table details the results of operations for Commercial.

Three months ended March 31

(In millions, except ratios, rate, renewal premium change and retention)

	2024	2023
Gross written premiums	\$ 1,686	\$ 1,442
Gross written premiums excluding third-party captives	1,682	1,440
Net written premiums	1,338	1,188
Net earned premiums	1,202	1,046
Underwriting gain	29	41
Net investment income	176	149
Core income	158	151
Other performance metrics:		
Underlying loss ratio	62.0 %	61.5 %
Effect of catastrophe impacts	6.8	4.2
Effect of development-related items	—	—
Loss ratio	68.8	65.7
Expense ratio	28.2	29.8
Dividend ratio	0.6	0.5
Combined ratio	97.6 %	96.0 %
Underlying combined ratio	90.8 %	91.8 %
Rate	6 %	7 %
Renewal premium change	8	9
Retention	85	86
New business	\$ 367	\$ 310

Gross written premiums for Commercial increased \$244 million for the three months ended March 31, 2024 as compared with the same period in 2023 driven by favorable renewal premium change and higher new business. Net written premiums for Commercial increased \$150 million for the three months ended March 31, 2024 as compared with the same period in 2023. The increase in net earned premiums was consistent with the trend in net written premiums.

Core income increased \$7 million for the three months ended March 31, 2024 as compared with the same period in 2023, driven by higher net investment income and improved underlying underwriting results partially offset by higher catastrophe losses.

The combined ratio of 97.6% increased 1.6 points for the three months ended March 31, 2024 as compared with the same period in 2023 primarily due to a 3.1 point increase in the loss ratio partially offset by a 1.6 point improvement in the expense ratio. The increase in the loss ratio was primarily driven by higher catastrophe losses. Catastrophe losses were \$82 million, or 6.8 points of the loss ratio, for the three months ended March 31, 2024, as compared with \$44 million, or 4.2 points of the loss ratio, for the three months ended March 31, 2023. The improvement in the expense ratio was driven by higher net earned premiums and lower acquisition costs partially offset by higher employee related costs.

Favorable net prior year loss reserve development of \$2 million was recorded for the three months ended March 31, 2024 and 2023. Further information on net prior year loss reserve development is in Note E to the Condensed Consolidated Financial Statements included under Part I, Item 1.

The following table summarizes the gross and net carried reserves for Commercial.

(In millions)	March 31, 2024	December 31, 2023
Gross case reserves	\$ 3,280	\$ 3,291
Gross IBNR reserves	7,052	6,812
Total gross carried claim and claim adjustment expense reserves	\$ 10,332	\$ 10,103
Net case reserves	\$ 2,884	\$ 2,878
Net IBNR reserves	6,330	6,143
Total net carried claim and claim adjustment expense reserves	\$ 9,214	\$ 9,021

International

The following table details the results of operations for International.

Three months ended March 31

(In millions, except ratios, rate, renewal premium change and retention)

	2024	2023
Gross written premiums	\$ 374	\$ 398
Net written premiums	260	271
Net earned premiums	315	290
Underwriting gain	21	9
Net investment income	31	23
Core income	37	24
Other performance metrics:		
Underlying loss ratio	58.1 %	57.5 %
Effect of catastrophe impacts	2.0	2.8
Effect of development-related items	—	5.1
Loss ratio	60.1	65.4
Expense ratio	33.2	31.8
Combined ratio	93.3 %	97.2 %
Underlying combined ratio	91.3 %	89.3 %
Rate	1 %	4 %
Renewal premium change	3	8
Retention	82	83
New business	\$ 68	\$ 85

Gross written premiums for International decreased \$24 million for the three months ended March 31, 2024 as compared with the same period in 2023. Excluding the effect of foreign currency exchange rates, gross written premiums decreased \$31 million driven by lower new business. Net written premiums for International decreased \$11 million for the three months ended March 31, 2024 as compared with the same period in 2023. Excluding the effect of foreign currency exchange rates, net written premiums decreased \$16 million for the three months ended March 31, 2024 as compared with the same period in 2023. The increase in net earned premiums was consistent with the trend in net written premiums in recent quarters.

Core income increased \$13 million for the three months ended March 31, 2024 as compared with the same period in 2023 driven by unfavorable net prior year loss reserve development recorded in the prior year quarter and higher net investment income. There was no net prior year loss reserve development recorded for the three months ended March 31, 2024 compared to unfavorable net prior year loss reserve development of \$15 million for the three months ended March 31, 2023.

The combined ratio of 93.3% improved 3.9 points for the three months ended March 31, 2024 as compared with the same period in 2023 due to a 5.3 point improvement in the loss ratio partially offset by a 1.4 point increase in the expense ratio. The improvement in the loss ratio was driven by unfavorable net prior year loss reserve development recorded in the prior year quarter. Catastrophe losses were \$6 million, or 2.0 points of the loss ratio, for the three months ended March 31, 2024, as compared with \$8 million, or 2.8 points of the loss ratio, for the three months ended March 31, 2023. The increase in the expense ratio was driven by higher employee related costs partially offset by higher net earned premiums.

Further information on net prior year loss reserve development is in Note E to the Condensed Consolidated Financial Statements included under Part 1, Item 1.

The following table summarizes the gross and net carried reserves for International.

(In millions)	March 31, 2024	December 31, 2023
Gross case reserves	\$ 849	\$ 864
Gross IBNR reserves	1,896	1,845
Total gross carried claim and claim adjustment expense reserves	\$ 2,745	\$ 2,709
Net case reserves	\$ 695	\$ 708
Net IBNR reserves	1,604	1,568
Total net carried claim and claim adjustment expense reserves	\$ 2,299	\$ 2,276

Life & Group

The following table summarizes the results of operations for Life & Group.

Three months ended March 31

(In millions)

	2024	2023
Net earned premiums	\$ 110	\$ 115
Claims, benefits and expenses	341	341
Net investment income	231	214
Core income (loss)	5	(3)

Core results increased \$8 million for the three months ended March 31, 2024 as compared with the same period in 2023 primarily due to higher net investment income.

Corporate & Other

The following table summarizes the results of operations for the Corporate & Other segment, including intersegment eliminations.

Three months ended March 31

(In millions)	2024	2023
Net investment income	\$ 21	\$ 10
Insurance claims and policyholders' benefits	(8)	(7)
Interest expense	34	28
Core loss	(22)	(18)

Core loss increased \$4 million for the three months ended March 31, 2024 as compared with the same period in 2023. The current quarter includes a \$5 million after-tax charge related to office consolidation.

The following table summarizes the gross and net carried reserves for Corporate & Other.

(In millions)	March 31, 2023	December 31, 2023
Gross case reserves	\$ 1,350	\$ 1,353
Gross IBNR reserves	1,277	1,333
Total gross carried claim and claim adjustment expense reserves	\$ 2,627	\$ 2,686
Net case reserves	\$ 138	\$ 129
Net IBNR reserves	222	239
Total net carried claim and claim adjustment expense reserves	\$ 360	\$ 368

INVESTMENTS

Net Investment Income

The significant components of Net investment income are presented in the following table. Fixed income securities, as presented, include both fixed maturity securities and non-redeemable preferred stock.

Three months ended March 31

(In millions)

	2024	2023
Fixed income securities:		
Taxable fixed income securities	\$ 472	\$ 430
Tax-exempt fixed income securities	38	49
Total fixed income securities	510	479
Limited partnership and common stock investments	68	28
Other, net of investment expense	31	18
Net investment income	\$ 609	\$ 525
Effective income yield for the fixed income securities portfolio	4.7 %	4.6 %
Limited partnership and common stock return	2.9 %	1.3 %

Net investment income increased \$84 million for the three months ended March 31, 2024 as compared with the same period in 2023 driven by favorable limited partnership and common stock returns and higher income from fixed income securities as a result of favorable reinvestment rates.

Net Investment (Losses) Gains

The components of Net investment (losses) gains are presented in the following table.

Three months ended March 31

(In millions)

	2024	2023
Fixed maturity securities:		
Corporate bonds and other	\$ (17)	\$ (23)
States, municipalities and political subdivisions	—	10
Asset-backed	(15)	(9)
Total fixed maturity securities	(32)	(22)
Non-redeemable preferred stock	11	(14)
Derivatives, short term and other	(1)	1
Net investment losses	(22)	(35)
Income tax benefit on net investment losses	5	7
Net investment losses, after tax	\$ (17)	\$ (28)

Pretax net investment losses decreased \$13 million for the three months ended March 31, 2024 as compared with the same period in 2023 driven by the favorable change in fair value of non-redeemable preferred stock.

Further information on our investment gains and losses is set forth in Note C to the Condensed Consolidated Financial Statements included under Part 1, Item 1.

Portfolio Quality

The following table presents the estimated fair value and net unrealized gains (losses) of our fixed maturity securities by rating distribution.

(In millions)	March 31, 2024		December 31, 2023	
	Estimated Fair Value	Net Unrealized Gains (Losses)	Estimated Fair Value	Net Unrealized Gains (Losses)
U.S. Government, Government agencies and Government-sponsored enterprises	\$ 2,862	\$ (355)	\$ 2,795	\$ (298)
AAA	2,850	(203)	2,727	(169)
AA	6,384	(496)	6,444	(420)
A	10,059	(327)	9,910	(223)
BBB	16,530	(795)	16,670	(744)
Non-investment grade	1,920	(77)	1,879	(119)
Total	\$ 40,605	\$ (2,253)	\$ 40,425	\$ (1,973)

As of March 31, 2024 and December 31, 2023, 1% of our fixed maturity portfolio was rated internally. AAA rated securities included \$0.2 billion of prefunded municipal bonds as of March 31, 2024 and December 31, 2023.

The following table presents available-for-sale fixed maturity securities in a gross unrealized loss position by ratings distribution.

(In millions)	March 31, 2024	
	Estimated Fair Value	Gross Unrealized Losses
U.S. Government, Government agencies and Government-sponsored enterprises	\$ 2,426	\$ 361
AAA	1,661	280
AA	4,109	690
A	6,324	570
BBB	11,672	1,083
Non-investment grade	820	112
Total	\$ 27,012	\$ 3,096

The following table presents the maturity profile for these available-for-sale fixed maturity securities. Securities not due to mature on a single date are allocated based on weighted average life.

(In millions)	March 31, 2024	
	Estimated Fair Value	Gross Unrealized Losses
Due in one year or less	\$ 1,067	\$ 36
Due after one year through five years	8,432	448
Due after five years through ten years	8,070	1,052
Due after ten years	9,443	1,560
Total	\$ 27,012	\$ 3,096

Duration

A primary objective in the management of the investment portfolio is to optimize return relative to the corresponding liabilities and respective liquidity needs. Our views on the current interest rate environment, tax regulations, asset class valuations, specific security issuer and broader industry segment conditions as well as domestic and global economic conditions, are some of the factors that enter into an investment decision. We also continually monitor exposure to issuers of securities held and broader industry sector exposures and may from time to time adjust such exposures based on our views of a specific issuer or industry sector.

A further consideration in the management of the investment portfolio is the characteristics of the corresponding liabilities and the ability to align the duration of the portfolio to those liabilities and to meet future liquidity needs, minimize interest rate risk and maintain a level of income sufficient to support the underlying insurance liabilities. For portfolios where future liability cash flows are determinable and typically long term in nature, we segregate investments for asset/liability management purposes. The segregated investments support the long-term care and structured settlement liabilities in the Life & Group segment.

The effective durations of fixed income securities and short-term investments are presented in the following table. Amounts presented are net of payable and receivable amounts for securities purchased and sold, but not yet settled.

(In millions)	March 31, 2024		December 31, 2023	
	Estimated Fair	Effective	Estimated Fair	Effective
	Value	Duration (In years)	Value	Duration (In years)
Life & Group	\$ 14,835	10.0	\$ 15,137	10.2
Property & Casualty and Corporate & Other	28,123	4.5	27,981	4.5
Total	\$ 42,958	6.4	\$ 43,118	6.5

The investment portfolio is periodically analyzed for changes in duration and related price risk. Certain securities have duration characteristics that are variable based on market interest rates, credit spreads and other factors that may drive variability in the amount and timing of cash flows. Additionally, we periodically review the sensitivity of the portfolio to the level of foreign exchange rates and other factors that contribute to market price changes. A summary of these risks and specific analysis on changes is included in the Quantitative and Qualitative Disclosures About Market Risk included under Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Our primary operating cash flow sources are premiums and investment income. Our primary operating cash flow uses are payments for claims, policy benefits and operating expenses, including interest expense on corporate debt. Additionally, cash may be paid or received for income taxes.

For the three months ended March 31, 2024, net cash provided by operating activities was \$504 million as compared with \$436 million for the same period in 2023. The increase in cash provided by operating activities was driven by an increase in premiums collected and higher distributions from limited partnerships, partially offset by an increase in net claim payments and higher operating expenses.

Cash flows from investing activities include the purchase and disposition of financial instruments, excluding those held as trading, and may include the purchase and sale of businesses, equipment and other assets not generally held for resale.

For the three months ended March 31, 2024, net cash used by investing activities was \$249 million as compared with net cash provided by investing activities of \$51 million for the same period in 2023. Net cash used or provided by investing activities is primarily driven by cash available from operations and by other factors, such as financing activities.

Cash flows from financing activities may include proceeds from the issuance of debt and equity securities, and outflows for stockholder dividends, repayment of debt and purchases of our common stock.

For the three months ended March 31, 2024, net cash used by financing activities was \$189 million as compared with \$480 million for the same period in 2023. Financing activities for the periods presented include:

- In the first quarter of 2024, we paid dividends of \$667 million.
- In the first quarter of 2024, we issued \$500 million of 5.125% notes due February 15, 2034.
- In the first quarter of 2023, we paid dividends of \$445 million and repurchased 550,000 shares of our common stock at an aggregate cost of \$24 million.

Common Stock Dividends

Cash dividends of \$2.44 per share on our common stock, including a special cash dividend of \$2.00 per share, were declared and paid during the three months ended March 31, 2024. On May 2, 2024, our Board of Directors declared a quarterly cash dividend of \$0.44 per share, payable June 6, 2024 to stockholders of record on May 20, 2024. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our Board of Directors and will depend on many factors, including our earnings, financial condition, business needs and regulatory constraints.

Liquidity

We believe that our present cash flows from operating, investing and financing activities are sufficient to fund our current and expected working capital and debt obligation needs and we do not expect this to change in the near term. There are currently no amounts outstanding under our \$250 million senior unsecured revolving credit facility and no borrowings outstanding through our membership in the Federal Home Loan Bank of Chicago (FHLBC).

Dividends from Continental Casualty Company (CCC) are subject to the insurance holding company laws of the State of Illinois, the domiciliary state of CCC. Under these laws, ordinary dividends, or dividends that do not require prior approval by the Illinois Department of Insurance, are determined based on the greater of the prior year's statutory net income or 10% of statutory surplus as of the end of the prior year, as well as timing and amount of dividends paid in the preceding twelve months. Additionally, ordinary dividends may only be paid from earned surplus, which is calculated by removing unrealized gains from unassigned surplus. As of March 31, 2024 CCC was in a positive earned surplus position. CCC paid dividends of \$300 million and \$475 million to CNAF during the three months ended March 31, 2024 and 2023. The actual level of dividends paid in any year is determined after an assessment of available dividend capacity, holding company liquidity and cash needs as well as the impact the dividends will have on the statutory surplus of the applicable insurance company.

We have an effective shelf registration statement on file with the Securities and Exchange Commission under which we may publicly issue an unspecified amount of debt, equity or hybrid securities from time to time.

ACCOUNTING STANDARDS UPDATE

For a discussion of Accounting Standards, see Note A to the Condensed Consolidated Financial Statements included under Part I, Item 1.

FORWARD-LOOKING STATEMENTS

This report contains a number of forward-looking statements which relate to anticipated future events rather than actual present conditions or historical events. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and generally include words such as “believes,” “expects,” “intends,” “anticipates,” “estimates” and similar expressions. Forward-looking statements in this report include any and all statements regarding expected developments in our insurance business, including losses and loss reserves (note that loss reserves for long-term care, A&EP and other mass tort claims are more uncertain, and therefore more difficult to estimate than loss reserves respecting traditional property and casualty exposures); the impact of routine ongoing insurance reserve reviews we conduct; our expectations concerning our revenues, earnings, expenses and investment activities; volatility in investment returns; and our proposed actions in response to trends in our business. Forward-looking statements, by their nature, are subject to a variety of inherent risks and uncertainties that could cause actual results to differ materially from the results projected in the forward-looking statements. We cannot control many of these risks and uncertainties. These risks and uncertainties include, but are not limited to, the following as well as those risks contained in the Risk Factors section of our 2023 Annual Report on Form 10-K:

Company-Specific Factors

- the risks and uncertainties associated with our insurance reserves, as outlined in the Critical Accounting Estimates sections of our 2023 Annual Report on Form 10-K and this report, and the Reserves - Estimates and Uncertainties section of our 2023 Annual Report on Form 10-K, including the sufficiency of the reserves and the possibility for future increases, which would be reflected in the results of operations in the period that the need for such adjustment is determined;
- the risk that the other parties to the transactions in which, subject to certain limitations, we ceded our legacy A&EP and excess workers' compensation (EWC) liabilities, respectively, will not fully perform their respective obligations to CNA, the uncertainty in estimating loss reserves for A&EP and EWC liabilities and the possible continued exposure of CNA to liabilities for A&EP and EWC claims that are not covered under the terms of the respective transactions; and
- the performance of reinsurance companies under reinsurance contracts with us.

Industry and General Market Factors

- general economic and business conditions, including recessionary conditions that may decrease the size and number of our insurance customers and create losses to our lines of business and inflationary pressures on medical care costs, construction costs and other economic sectors;
- the effects of social inflation, including frequency of nuclear verdicts and increased litigation activity, on the severity of claims;
- the effects on the frequency of claims of reviver statutes that extend, or eliminate, the statute of limitations for the reporting of claims, including statutes passed in certain states with respect to sexual molestation and sexual abuse;
- the impact of competitive products, policies and pricing and the competitive environment in which we operate, including changes in our book of business;
- product and policy availability and demand and market responses, including the level of ability to obtain rate increases;
- the COVID-19 pandemic, including new or emerging variants, other potential pandemics and related measures to mitigate the spread of the foregoing may continue to result in increased claims and related litigation risk across our enterprise;
- conditions in the capital and credit markets, including uncertainty and instability in these markets, as well as the overall economy, and their impact on the returns, types, liquidity and valuation of our investments;
- conditions in the capital and credit markets that may limit our ability to raise significant amounts of capital on favorable terms; and

- the possibility of changes in our ratings by ratings agencies, including the inability to access certain markets or distribution channels and the required collateralization of future payment obligations as a result of such changes, and changes in rating agency policies and practices.

Regulatory, Legal and Operational Factors

- regulatory and legal initiatives and compliance with governmental regulations and other legal requirements, which are increasing in complexity and number, change frequently, sometimes conflict, and could expose us to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions, including regulations related to cybersecurity protocols (which continue to evolve in breadth, sophistication and maturity in response to an ever-evolving threat landscape), legal inquiries by state authorities, judicial interpretations within the regulatory framework, including interpretation of policy provisions, decisions regarding coverage and theories of liability, legislative actions that increase claimant activity, including those revising applicability of statutes of limitations, trends in litigation and the outcome of any litigation involving us and rulings and changes in tax laws and regulations;
- regulatory limitations, impositions and restrictions upon us, including with respect to our ability to increase premium rates, and the effects of assessments and other surcharges for guaranty funds and second-injury funds, other mandatory pooling arrangements and future assessments levied on insurance companies;
- regulatory limitations and restrictions, including limitations upon our ability to receive dividends from our insurance subsidiaries, imposed by regulatory authorities, including regulatory capital adequacy standards;
- breaches of our or our vendors' data security infrastructure resulting in unauthorized access to systems and information, and/or interruption of operations; and
- regulatory and legal implications relating to the sophisticated cyber incident sustained by the Company in March 2021 that may arise.

Impact of Natural and Man-Made Disasters and Mass Tort Claims

- weather and other natural physical events, including the severity and frequency of storms, hail, snowfall and other winter conditions, natural disasters such as hurricanes, tornados and earthquakes, as well as climate change, including effects on global weather patterns, greenhouse gases, sea, land and air temperatures, sea levels, wildfires, rain, hail and snow;
- regulatory requirements imposed by coastal state regulators in the wake of hurricanes or other natural disasters, including limitations on the ability to exit markets or to non-renew, cancel or change terms and conditions in policies, as well as mandatory assessments to fund any shortfalls arising from the inability of quasi-governmental insurers to pay claims;
- man-made disasters, including the possible occurrence of terrorist attacks, the unpredictability of the nature, targets, severity or frequency of such events, and the effect of the absence or insufficiency of applicable terrorism legislation on coverages;
- the occurrence of epidemics and pandemics; and
- mass tort claims, including those related to exposure to potentially harmful products or substances such as glyphosate, lead paint, per- and polyfluoroalkyl substances (PFAS) and opioids; sexual abuse and molestation claims; and claims arising from changes that repeal or weaken tort reforms.

Our forward-looking statements speak only as of the date of the filing of this Quarterly Report on Form 10-Q and we do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date of the statement, even if our expectations or any related events or circumstances change.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes in our market risk components for the three months ended March 31, 2024. See the Quantitative and Qualitative Disclosures About Market Risk included in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2023 for further information. Additional information related to portfolio duration is discussed in the Investments section of our Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part I, Item 2.

Item 4. Controls and Procedures

The Company maintains a system of disclosure controls and procedures which are designed to ensure that information required to be disclosed by the Company in reports that it files or submits to the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including this report, is recorded, processed, summarized and reported on a timely basis. These disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed under the Exchange Act is accumulated and communicated to the Company's management on a timely basis to allow decisions regarding required disclosure.

As of March 31, 2024, the Company's management, including the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures are effective as of March 31, 2024.

There has been no change in the Company's internal control over financial reporting (as defined in Rules 13a-15 (f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

Information on our legal proceedings is set forth in Note G to the Condensed Consolidated Financial Statements included under Part I, Item 1.

Item 6. Exhibits

See Exhibit Index.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CNA Financial Corporation

Dated: May 6, 2024

By

/s/ Scott R. Lindquist

Scott R. Lindquist
Executive Vice President and Chief Financial Officer
(Duly authorized officer and principal financial officer)

EXHIBIT INDEX

<u>Description of Exhibit</u>	<u>Exhibit Number</u>
Certification of Chief Executive Officer	31.1
Certification of Chief Financial Officer	31.2
Written Statement of the Chief Executive Officer of CNA Financial Corporation Pursuant to 18 U.S.C. Section 1350 (As adopted by Section 906 of the Sarbanes-Oxley Act of 2002)	32.1
Written Statement of the Chief Financial Officer of CNA Financial Corporation Pursuant to 18 U.S.C. Section 1350 (As adopted by Section 906 of the Sarbanes-Oxley Act of 2002)	32.2
XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	101.INS
Inline XBRL Taxonomy Extension Schema	101.SCH
Inline XBRL Taxonomy Extension Calculation Linkbase	101.CAL
Inline XBRL Taxonomy Extension Definition Linkbase	101.DEF
Inline XBRL Taxonomy Label Linkbase	101.LAB
Inline XBRL Taxonomy Extension Presentation Linkbase	101.PRE
Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	104.1

SARBANES-OXLEY ACT SECTION 302

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Dino E. Robusto, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CNA Financial Corporation;
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 officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers 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 function):
 - 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.

Dated: May 6, 2024

By /s/ Dino E. Robusto

Dino E. Robusto
Chief Executive Officer

SARBANES-OXLEY ACT SECTION 302

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Scott R. Lindquist, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CNA Financial Corporation;
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 officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers 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 function):
 - 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.

Dated: May 6, 2024

By /s/ Scott R. Lindquist

Scott R. Lindquist
Chief Financial Officer

Written Statement of the Chief Executive Officer

of CNA Financial Corporation

Pursuant to 18 U.S.C. § 1350

(As adopted by Section 906 of the Sarbanes-Oxley Act of 2002)

The undersigned, the Chief Executive Officer of CNA Financial Corporation (the Company), hereby certifies that, to his knowledge:

- the Company's Quarterly Report on Form 10-Q for the year ended March 31, 2024 filed on the date hereof with the Securities and Exchange Commission (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 6, 2024

By /s/ Dino E. Robusto

Dino E. Robusto

Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

Written Statement of the Chief Financial Officer

of CNA Financial Corporation

Pursuant to 18 U.S.C. § 1350

(As adopted by Section 906 of the Sarbanes-Oxley Act of 2002)

The undersigned, the Chief Financial Officer of CNA Financial Corporation (the Company), hereby certifies that, to his knowledge:

- the Company's Quarterly Report on Form 10-Q for the year ended March 31, 2024 filed on the date hereof with the Securities and Exchange Commission (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 6, 2024

By

/s/ Scott R. Lindquist

Scott R. Lindquist

Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.