The Hanover Insurance Group, Inc.

Third Quarter 2021 Results

October 28, 2021

To be read in conjunction with the press release dated October 27, 2021, and conference call scheduled for October 28, 2021

The Hanover Insurance Group®

Third Quarter 2021 Operating Highlights

The Hanover Reports Third Quarter Net Income and Operating Income[(1)] of $0.94 and $0.85 per Diluted Share, Respectively; Combined Ratio of 102.3%; Combined Ratio, Excluding Catastrophes[(2)], of 89.4%

- Net premiums written increase of 8.4%*, reflecting strong growth in all segments
- Combined ratio of 102.3%; combined ratio, excluding catastrophes, of 89.4%
- Catastrophe losses of $153.5 million, or 12.9% of net premiums earned, including the impact of Hurricane Ida of $75 million
- Rate increases[(3)] of 6.9% in Core Commercial lines[(4)], 8.0% in Specialty[(5)] and 2.1% in Personal Lines
- Current accident year loss and loss adjustment expense ("LAE") ratio, excluding catastrophes[(6)], of 60.1%, an increase from the third quarter of 2020, driven by auto losses, primarily in Personal Lines
- Net investment income of $78.8 million, up 16.6% from the prior-year quarter, primarily from higher partnership income
- Book value per share of $87.04, down 1.3% from June 30, 2021, primarily driven by a decrease in net unrealized gains on fixed maturity investments, net of tax, and by ordinary dividends, partially offset by net income
- Expense ratio[(7)] of 31.1% improved 0.7 points from the prior-year quarter

The Hanover Insurance Group, Inc. may also be referred to as "The Hanover" or "the company" interchangeably throughout this presentation.
(1) See information about this and other non-GAAP measures and definitions used throughout this presentation on the final pages of this document.
* Unless otherwise stated, net premiums written growth and other growth comparisons are to the same period of the prior year.

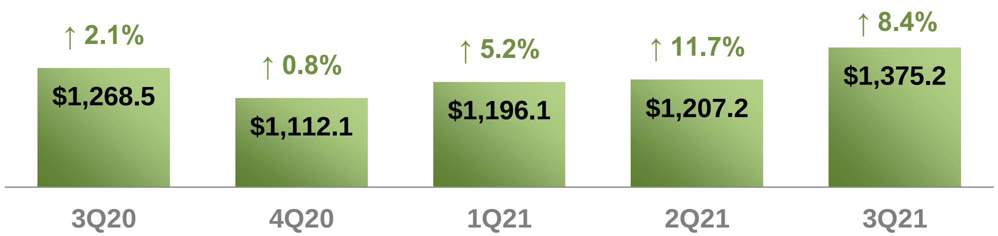
Consolidated Financial Results Snapshot

($ in millions, *except per share amounts)*	Three months ended		Nine months ended	
	September 30, 2020	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**
Net income	**$118.9**	**$34.0**	**$194.1**	**$255.2**
Per diluted share	*$3.13*	*$0.94*	*$5.05*	*$6.98*
Operating income before interest expense and income taxes	$128.4	$47.0	$334.4	$269.4
Operating income after income taxes	**$93.5**	**$30.8**	**$243.0**	**$196.2**
Per diluted share	*$2.46*	*$0.85*	*$6.33*	*$5.37*
Book value per share	***$84.32***	***$87.04***	***$84.32***	***$87.04***
Shareholders' equity	$3,155.0	$3,102.3	$3,155.0	$3,102.3
Debt	$780.4	$781.4	$780.4	$781.4
Total capital	$3,935.4	$3,883.7	$3,935.4	$3,883.7
Debt/total capital	19.8%	20.1%	19.8%	20.1%
Total assets	$13,393.8	$14,105.3	$13,393.8	$14,105.3
Net income return on average equity(8)	15.3%	4.3%	8.7%	10.9%
Operating return on average equity(8)	**13.8%**	**4.3%**	**12.1%**	**9.3%**

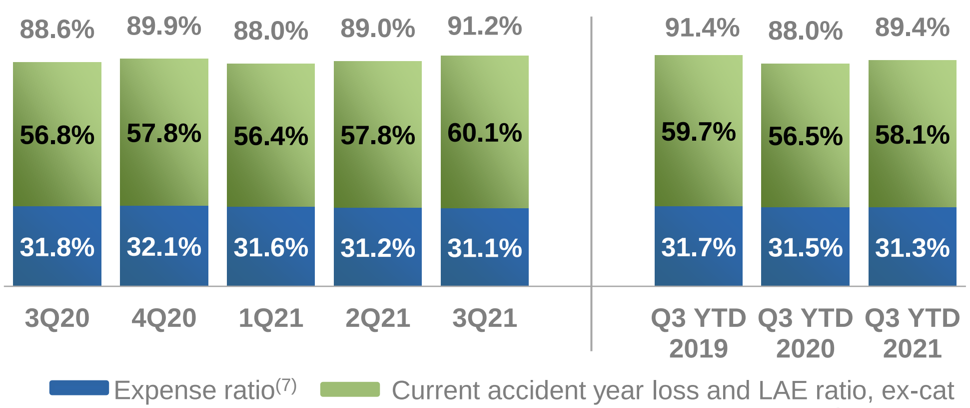
Strong Operating Results

($ in millions)	Three months ended September 30		Nine months ended September 30	
	2020	2021	2020	2021
Net premiums written	$1,268.5	$1,375.2	$3,486.4	$3,778.5
Growth	2.1%	8.4%	0.2%	8.4%
Net premiums earned	$1,135.4	$1,186.0	$3,373.4	$3,527.6
Combined ratio	94.2%	102.3%	95.2%	98.5%
Combined ratio, ex-cat	88.4%	89.4%	87.7%	88.2%
Current accident year combined ratio, ex-cat (2)	88.6%	91.2%	88.0%	89.4%

($ in millions) **Net Premiums Written and Growth**



Current Accident Year Combined Ratio, Ex-Cat



Combined ratio of 102.3%, increased 8.1 points from prior-year quarter, due primarily to:

- Catastrophe losses of 12.9 points, driven by Hurricane Ida

Partially offset by:

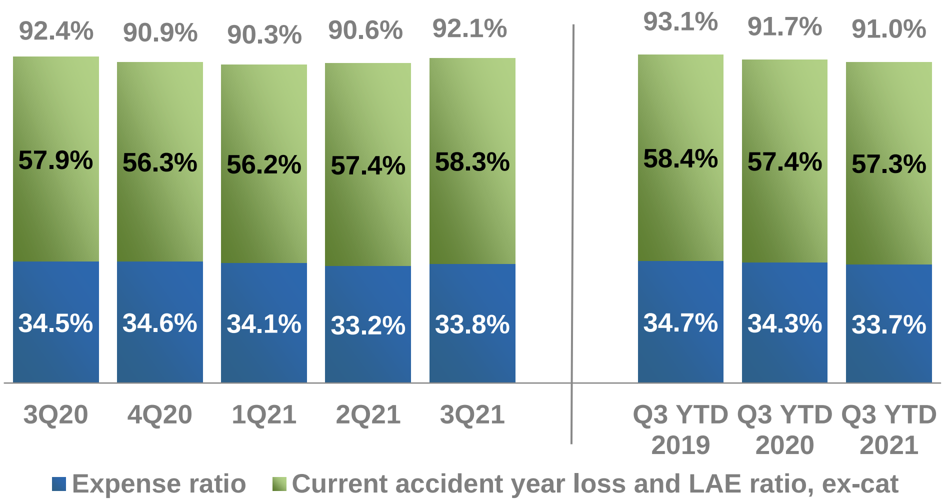
- Net favorable prior-year reserve development of $20.9 million, or 1.8 points, due to favorability in personal auto and workers' compensation

Current accident year combined ratio, ex-CAT, of 91.2%, increased 2.6 points compared to the prior-year quarter, primarily due to unusually low claim activity in 2020 as a result of the pandemic

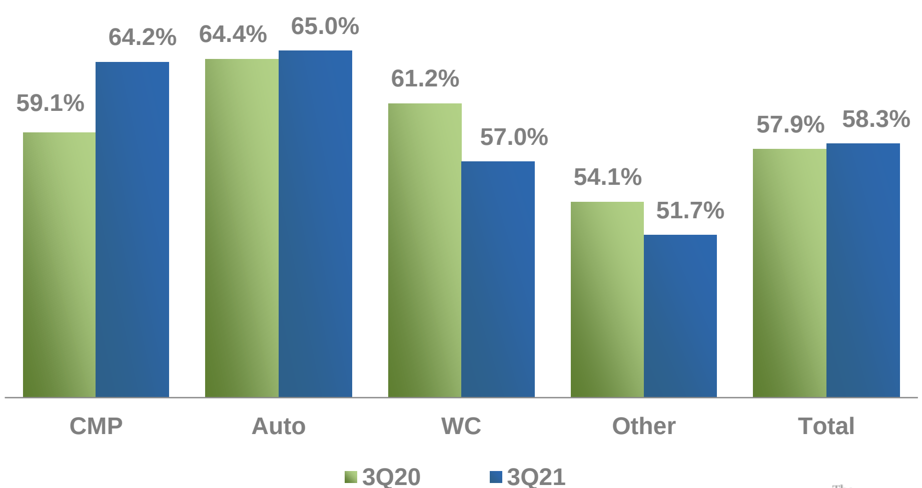
- Current accident year loss and LAE ratio, excluding catastrophes, of 60.1%, increased 3.3 points due to:
  - Unusually low frequency of losses in the prior-year quarter
  - Increase in property loss severity, including in personal auto
- Expense ratio of 31.1% reflects a 0.7-point improvement from prior-year quarter. Expect to deliver a 0.3-point expense ratio improvement for full year 2021

Commercial Lines Underwriting Highlights

Current Accident Year Combined Ratio, Ex-Cat



Current Accident Year Loss and LAE Ratio, Ex-Cat



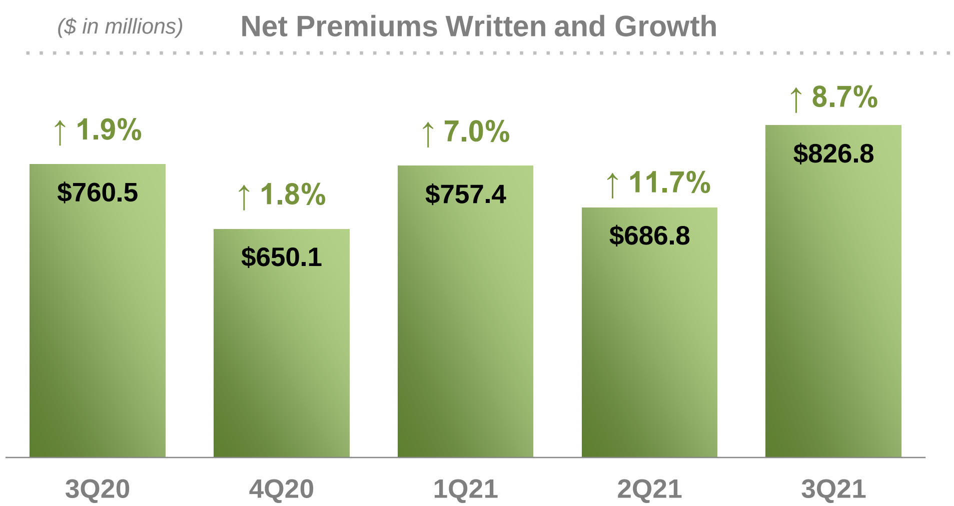
Combined ratio of 101.2%, increased 4.3 points from prior-year quarter, primarily due to elevated catastrophes

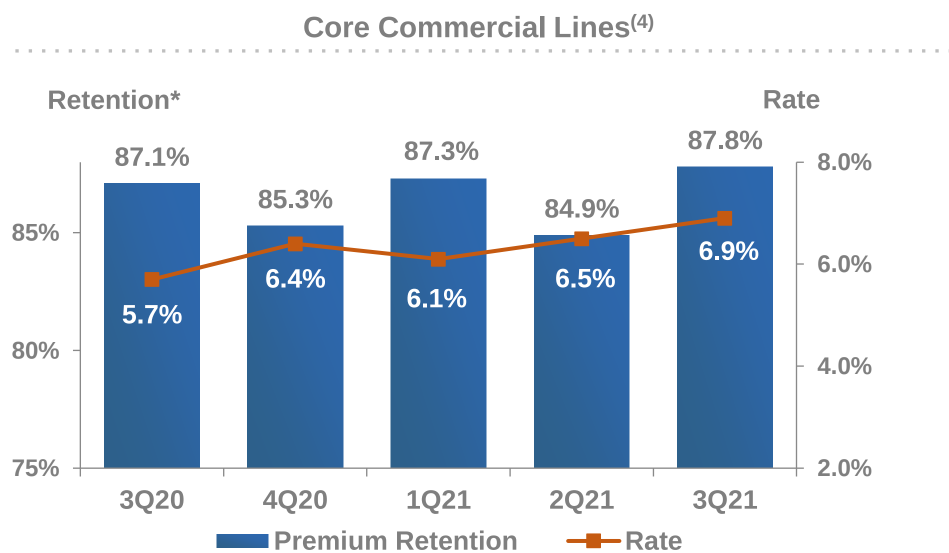
- Catastrophe losses of 10.7 points versus 5.1 points in the prior-year quarter, net of 1.3 points of favorable prior-year development
- Net favorable prior-year reserve development of $11.4 million, or 1.6 points, reflecting favorability in other commercial lines ("OCL"), workers' compensation, and commercial multiple peril ("CMP")

Current accident year combined ratio, ex-CAT, of 92.1%, improved 0.3 points, reflecting:

- Expense ratio of 33.8%, down 0.7 points compared to the prior-year quarter, primarily driven by growth in net premiums earned
- Current accident year loss and LAE ratio, excluding catastrophes, of 58.3%, increased 0.4 points, primarily due to an increase in CMP property large losses, partially offset by a decrease in property large losses in OCL

Commercial Lines Growth Highlights





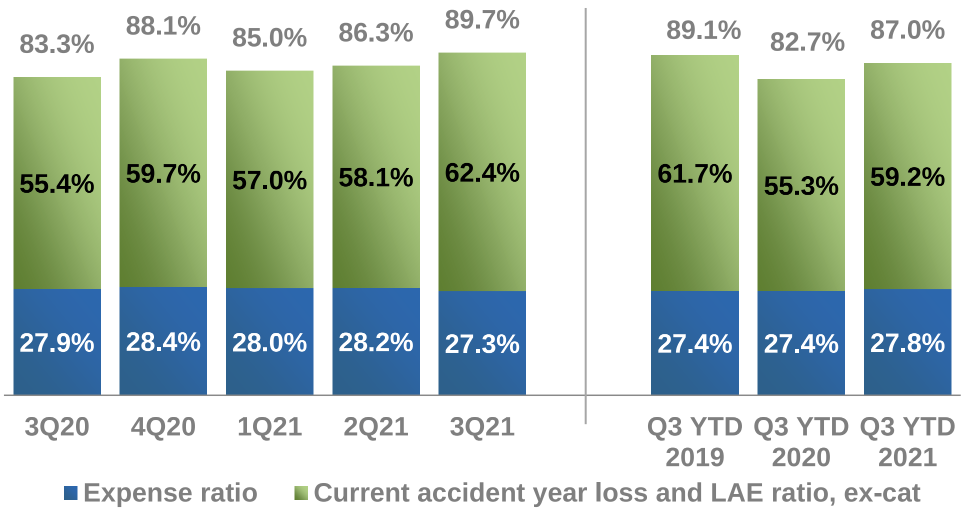
Net premiums written increased 8.7%, reflecting:

- Accelerated momentum in Core Commercial with growth of 10.2%, led by small commercial
  - Rate increases of 6.9%, while pricing(3) increases averaged 9.4%
  - Exposure growth
  - Solid retention of 87.8%, reflecting a 2.9-point increase from the second quarter of 2021
- Strong underlying growth in OCL, which includes most of the specialty business
  - Led by double-digit growth in most profitable businesses, including professional lines and E&S
  - Rate increases of 8.0% in specialty

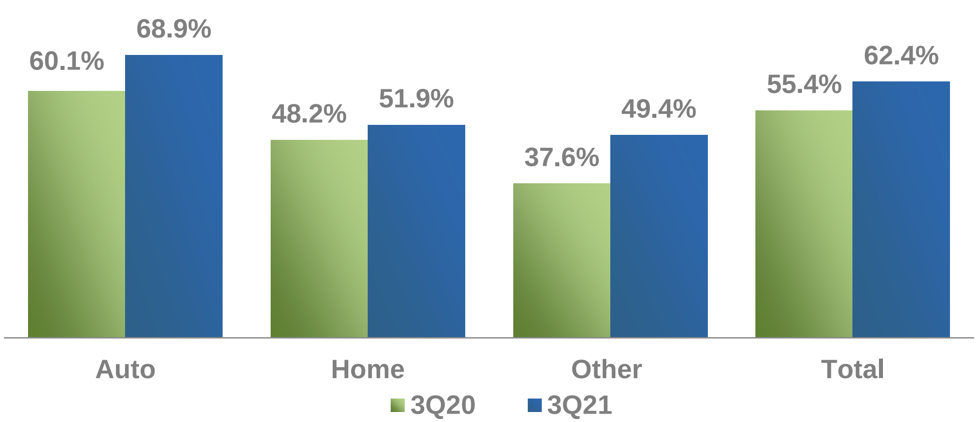
* Retention is defined as ratio of net retained policies for noted period to those policies available to renew over the same period

Personal Lines Underwriting Highlights

Current Accident Year Combined Ratio, Ex-Cat



Current Accident Year Loss and LAE Ratio, Ex-Cat



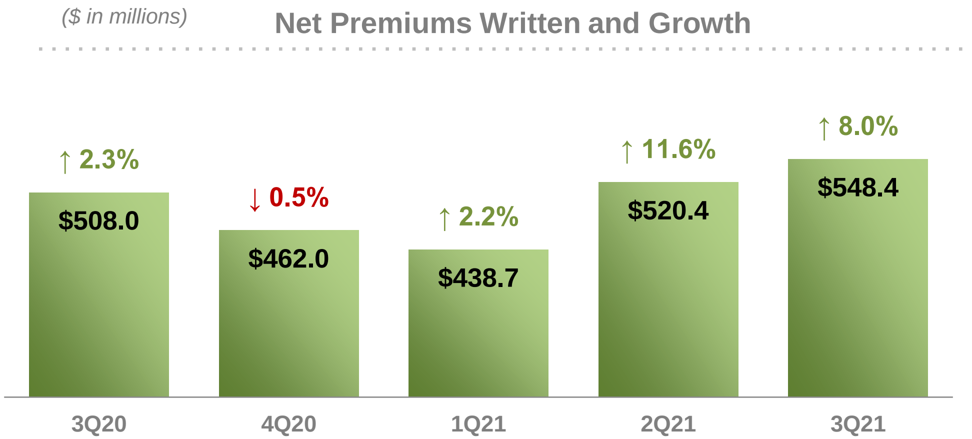
Combined ratio of 103.8%, increased from the prior-year quarter, driven primarily by elevated catastrophes

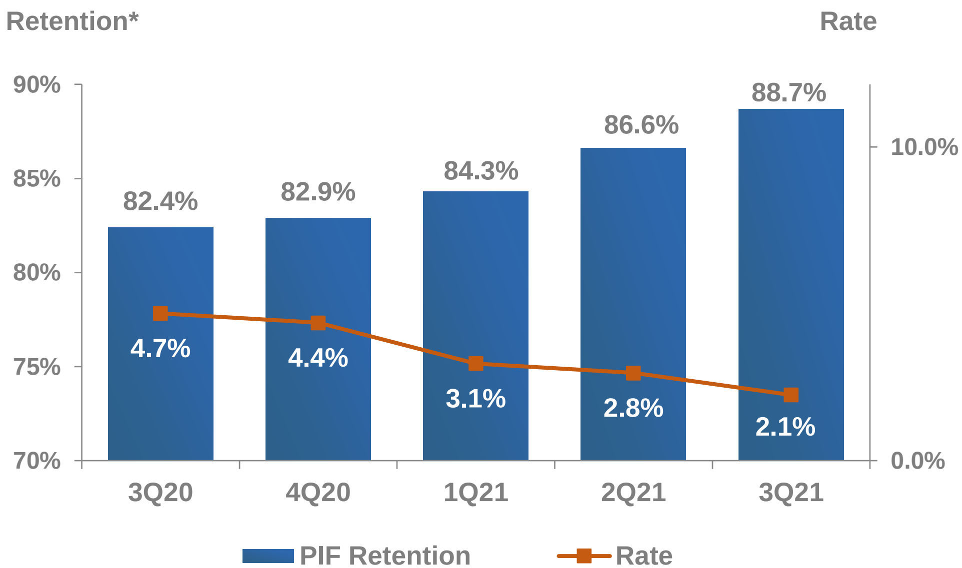
- Catastrophe losses of 16.1 points, driven by Hurricane Ida
- Net favorable prior-year reserve development of $9.9 million, or 2.0 points, primarily from personal auto, which included favorable adjustments related to the Michigan personal injury protection reform

Current accident year combined ratio, ex-CAT, of 89.7%, increased 6.4 points from prior-year quarter, reflecting:

- Increase in current accident year loss and LAE ratio, excluding catastrophes, of 7.0 points, driven by an increase in the auto loss ratio due to higher property severity associated with supply chain issues and increased cost of vehicles and parts, in addition to unusually low personal auto loss frequency in the prior-year quarter
- Expense ratio of 27.3%, decreased 0.6 points, primarily driven by lower variable compensation due to lower-than-expected performance

Personal Lines Growth Highlights



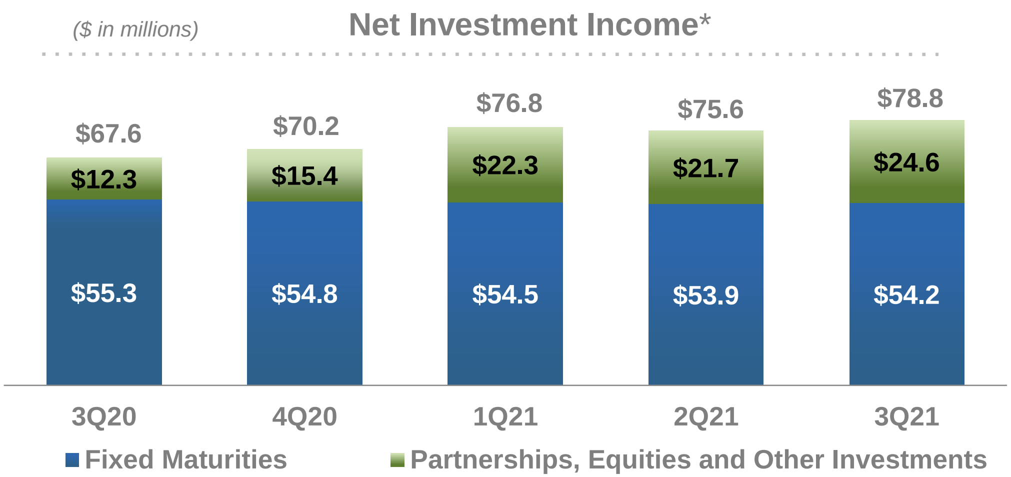


Net premiums written growth of 8.0%, reflecting:

- Acceleration of new business growth
- Improved retention of 88.7%, up 6.3 points from the third quarter of 2020 and up 2.1 points sequentially
- Personal Lines sequential PIF increased 2.3% in auto and 2.1% in home
- Rate increases of 2.1% (rate definition excludes inflation and exposure increases) reflect a measured pricing strategy intended to build long-term value
- Continuing momentum in Hanover Prestige brand

*Retention is defined as ratio of net retained policies for noted period to those policies available to renew over the same period. All periods have been restated to include the impact of rewrites on retention.

Net Investment Income Trends

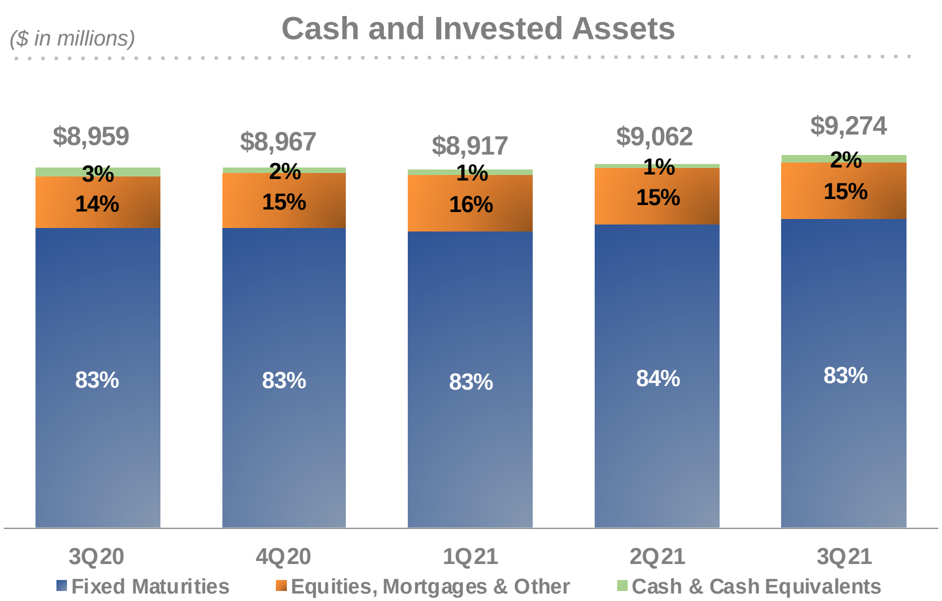


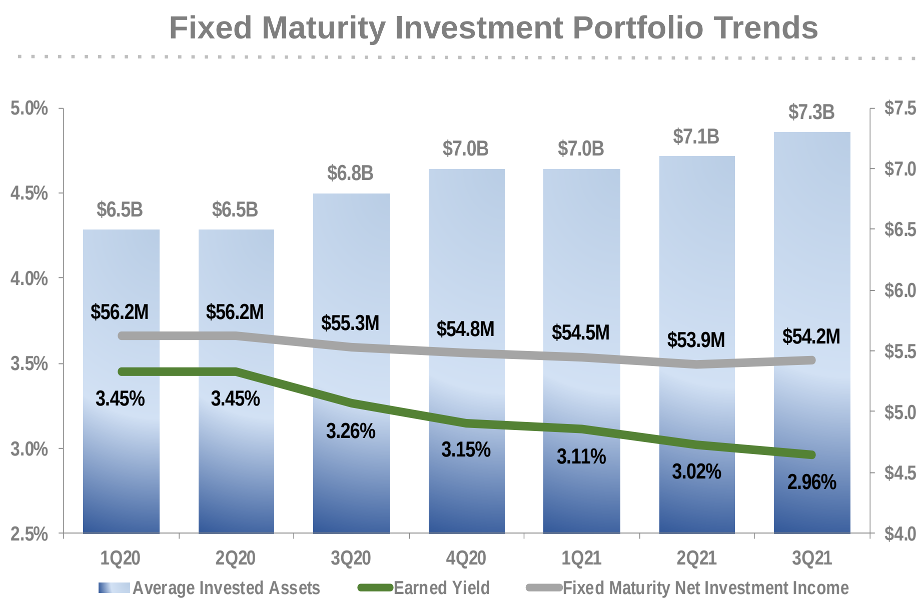
Net investment income of $78.8 million, an increase of 16.6% from prior-year quarter, driven by:

- Higher-than-expected partnership income in the current year

Partially offset by:

- Lower new money yields



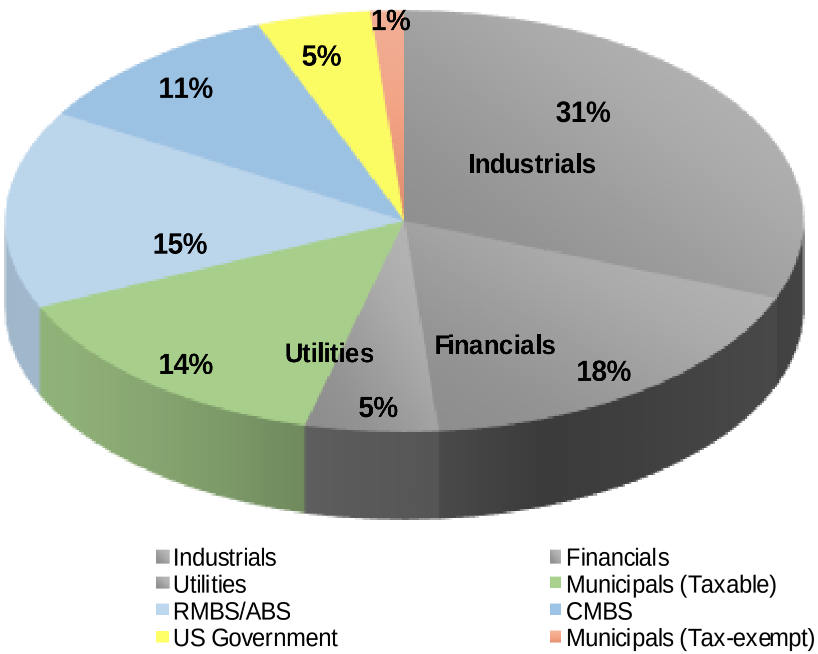


* Net investment income from partnerships, equities and other investments is presented net of investment expenses

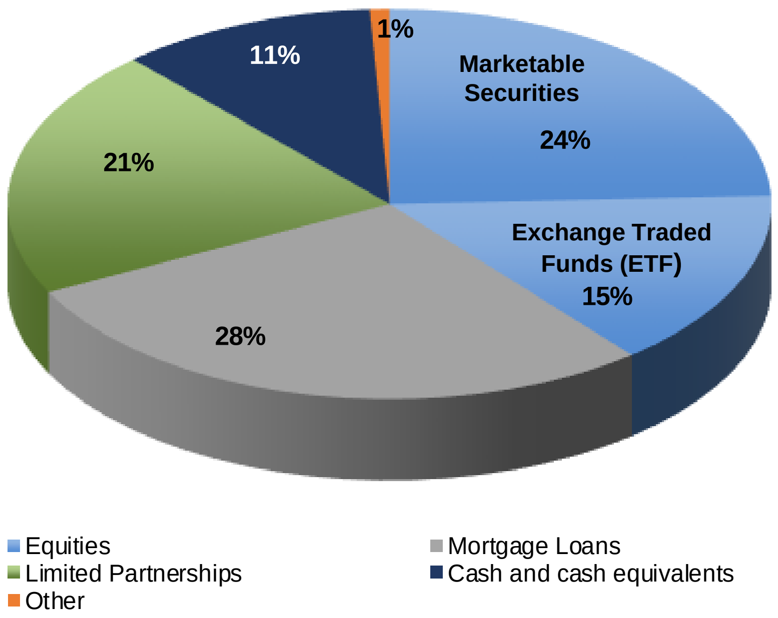
Investment Portfolio – Total Invested Assets and Cash of $9.3 Billion

As of September 30, 2021

Fixed Maturities: $7.7 Billion



Equities, Cash and Other: $1.6 Billion



Fixed Income Characteristics:

- 96% of fixed maturity securities are investment grade
- Weighted average quality: A+
- Duration: 5.0 years

About The Hanover

The Hanover Insurance Group, Inc. is the holding company for several property and casualty insurance companies, which together constitute one of the largest insurance businesses in the United States. The company provides exceptional insurance solutions through a select group of independent agents and brokers. Together with its agent partners, The Hanover offers standard and specialized insurance protection for small and mid-sized businesses, as well as for homes, automobiles, and other personal items. For more information, please visit hanover.com.

Forward-Looking Statements and Additional Risks and Uncertainties

Forward-Looking Statements

Certain statements in this document and comments made by management may be “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as, but not limited to, “believes,” “anticipates,” “expects,” “may,” “projects,” “projections,” “plan,” “likely,” “potential,” “targeted,” “forecasts,” “should,” “could,” “continue,” “outlook,” “guidance,” “modeling,” “moving forward” and other similar expressions are intended to identify forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. The company cautions investors that any such forward-looking statements are estimates, beliefs, expectations and/or projections that involve significant judgment, and that historical results, trends and forward-looking statements are not guarantees and are not necessarily indicative of future performance. Actual results could differ materially from those anticipated.

These statements include, but are not limited to, the company’s statements regarding:

- The company’s outlook and its ability to achieve components or the sum of the respective period guidance on its future results of operations including: the combined ratio, excluding or including both prior-year reserve development and/or catastrophe losses; catastrophe losses; net investment income; growth of net premiums written and/or net premiums earned in total or by line of business; expense ratio; operating return on equity; and/or the effective tax rate;
- The impact of the global pandemic (“Pandemic”) and related economic conditions on the company’s operating and financial results, including, but not limited to, the impact on the company’s investment portfolio, declining claims frequency as a result of reduced economic activity, severity from higher cost of repairs due to, among other things, supply chain disruptions, declines in premium as a result of, among other things, credits or returns to the company’s customers, lower submissions, changes in renewals and policy endorsements, public health guidance, and the impact of government orders and restrictions in the states and jurisdictions in which the company operates;
- Uses of capital for share repurchases, special or ordinary cash dividends, business investments or growth, or otherwise, and outstanding shares in future periods as a result of various share repurchase mechanisms, capital management framework, especially in the current environment, and overall comfort with liquidity and capital levels;
- Variability of catastrophe losses due to risk concentrations, changes in weather patterns including climate change, wildfires, severe storms, hurricanes, terrorism, civil unrest, riots or other events, as well as the complexity in estimating losses from large catastrophe events due to delayed reporting of the existence, nature or extent of losses or where “demand surge,” regulatory assessments, litigation, coverage and technical complexities or other factors may significantly impact the ultimate amount of such losses;
- Current accident year losses and loss selections (“picks”), excluding catastrophes, and prior accident year loss reserve development patterns, particularly in complex “longer-tail” liability lines, as well as the inherent variability in short-tail property and non-catastrophe weather losses;
- Changes in frequency and loss severity trends;
- Ability to manage the impact of inflationary pressures, including, but not limited to, supply chain disruptions, labor shortages, and increases in cost of goods, services, and materials;
- The confidence or concern that the current level of reserves is adequate and/or sufficient for future claim payments, whether due to losses that have been incurred but not reported, circumstances that delay the reporting of losses, business complexity, adverse judgments or developments with respect to case reserves, the difficulties and uncertainties inherent in projecting future losses from historical data, changes in replacement and medical costs, as well as complexities related to the Pandemic, including legislative, regulatory or judicial actions that expand the intended scope of coverages, or other factors;
- Characterization of some business as being “more profitable” in light of inherent uncertainty of ultimate losses incurred, especially for “longer-tail” liability businesses;
- Efforts to manage expenses, including the company’s long-term expense savings targets, while allocating capital to business investment, which is at management’s discretion;
- Mix improvement, underwriting initiatives, coverage restrictions and pricing segmentation actions, among others, to grow businesses believed to be more profitable or reduce premiums attributable to products or lines of business believed to be less profitable; balance rate actions and retention; offset long-term and/or short-term loss trends due to increased frequency; increased “social inflation” from a more litigious environment and higher average cost of resolution, increased property replacement costs, and/or social movements;
- The ability to generate growth in targeted segments through new agency appointments; rate increases (as a result of its market position, agency relationships or otherwise), retention improvements or new business; expansion into new geographies; new product introductions; or otherwise; and
- Investment returns and the effect of macro-economic interest rate trends and overall security yields, including the macro-economic impact of the Pandemic and corresponding governmental and/or central banking initiatives taken in response thereto, and geopolitical circumstances on new money yields and overall investment returns.

Additional Risks and Uncertainties (continued)

Additional Risks and Uncertainties

Investors are further cautioned and should consider the risks and uncertainties in the company's business that may affect such estimates and future performance that are discussed in the company's most recently filed reports on Form 10-K and Form 10-Q and other documents filed by The Hanover Insurance Group, Inc. with the Securities and Exchange Commission ("SEC") and that are also available at www.hanover.com under "Investors." These risks and uncertainties include, but are not limited to:

- The severity, duration and long-term impact related to the Pandemic, including, but not limited to, actual and possible government responses, legislative, regulatory and judicial actions, changes in frequency and severity of claims in both Commercial and Personal Lines, impacts to distributors (including agent partners), and the possibility of additional premium adjustments, including credits and returns, for the benefit of insureds;
- Changes in regulatory, legislative, economic, market and political conditions, particularly in response to COVID-19 and the Pandemic (such as legislative or regulatory actions that would retroactively require insurers to cover business interruption or other types of claims irrespective of terms, exclusions or other conditions included in the contractual terms of the policies that would otherwise preclude coverage, mandatory returns and other rate-related actions, as well as presumption legislation in regards to workers' compensation);
- Heightened investment market volatility, fluctuations in interest rates (which have a significant impact on the market value of the investment portfolio and thus book value), U.S. Federal Reserve actions, inflationary pressures, default rates, prolonged global market conditions and other factors that affect investment returns from the investment portfolio;
- Adverse claims experience, including those driven by large or increased frequency of catastrophe events (including those related to terrorism, riots and civil unrest), and severe weather;
- The uncertainty in estimating weather-related losses or the long-term impacts of the Pandemic, and the limitations and assumptions used to model other property and casualty losses (particularly with respect to products with longer-tail liability lines, such as casualty and bodily injury claims, or involving emerging issues related to losses incurred as the result of new lines of business, such as cyber or financial institutions coverage, or reinsurance contracts and reinsurance recoverables), leading to potential adverse development of loss and loss adjustment expense reserves;
- Litigation and the possibility of adverse judicial decisions, including those which expand policy coverage beyond its intended scope and/or award "bad faith" or other non-contractual damages, and the impact of "social inflation" affecting judicial awards and settlements;
- The ability to increase or maintain insurance rates in line with anticipated loss costs and/or governmental action, including mandates by state departments of insurance to either raise or lower rates or provide credits or return premium to insureds;
- Investment impairments, which may be affected by, among other things, the company's ability and willingness to hold investment assets until they recover in value, as well as credit and interest rate risk and general financial and economic conditions;
- Disruption of the independent agency channel, including the impact of competition and consolidation in the industry and among agents and brokers;
- Competition, particularly from competitors who have resource and capability advantages;
- The global macroeconomic environment, including actions taken in response to the Pandemic, inflation, global trade wars, energy market disruptions, equity price risk, and interest rate fluctuations, which, among other things, could result in reductions in market values of fixed maturities and other investments;
- Adverse state and federal regulation, legislative and/or regulatory actions (including recent significant revisions to Michigan's automobile personal injury protection system and related litigation, and various regulations, orders and proposed legislation related to business interruption and workers' compensation coverages, premium grace periods and returns, and rate actions);
- Financial ratings actions, in particular, downgrades to the company's ratings;
- Operational and technology risks and evolving technological and product innovation, including risks created by remote work environments, and the risk of cyber-security attacks on or breaches of the company's systems and/or impacting our outsourcing relationships and third-party operations, or resulting in claim payments (including from products not intended to provide cyber coverage);
- Uncertainties in estimating indemnification liabilities recorded in conjunction with obligations undertaken in connection with the sale of various businesses and discontinued operations; and
- The ability to collect from reinsurers, reinsurance pricing, reinsurance terms and conditions, and the performance of the run-off voluntary property and casualty pools business (including those in the Other segment or in Discontinued operations).

Investors should not place undue reliance on forward-looking statements, which speak only as of the date they are made, and should understand the risks and uncertainties inherent in or particular to the company's business. The company does not undertake the responsibility to update or revise such forward-looking statements.

Non-GAAP Financial Measures

As discussed on page 38 of the company's Annual Report on Form 10-K for the year ended December 31, 2020, the company uses non-GAAP financial measures as important measures of its operating performance, including operating income, operating income before interest expense and income taxes, operating income per share, and components of the combined ratio, both excluding and/or including, catastrophe losses, prior-year reserve development and the expense ratio. Management believes these non-GAAP financial measures are important indications of the company's operating performance. The definition of other non-GAAP financial measures and terms can be found in the 2020 Annual Report on pages 67-70.

Operating income and operating income per share are non-GAAP measures. They are defined as net income (loss) excluding the after-tax impact of net realized and unrealized investment gains (losses), gains and/or losses on the repayment of debt, other non-operating items, and results from discontinued operations. Net realized and unrealized investment gains (losses), which include changes in the fair value of equity securities still held, are excluded for purposes of presenting operating income, as they are, to a certain extent, determined by interest rates, financial markets and the timing of sales. Operating income also excludes net gains and losses from disposals of businesses, gains and losses related to the repayment of debt, costs to acquire businesses, restructuring costs, the cumulative effect of accounting changes and certain other items. Operating income is the sum of the segment income from: Commercial Lines, Personal Lines, and Other, after interest expense and income taxes. In reference to one of the company's three segments, "operating income" is the segment income before both interest expense and income taxes. The company also uses "operating income per share" (which is after both interest expense and income taxes). It is calculated by dividing operating income by the weighted average number of diluted shares of common stock. The company believes that metrics of operating income and operating income in relation to its three segments provide investors with a valuable measure of the performance of the company's continuing businesses because they highlight the portion of net income attributable to the core operations of the business. Income (loss) from continuing operations is the most directly comparable GAAP measure for operating income (and operating income before income taxes) and measures of operating income that exclude the effects of catastrophe losses and/or reserve development should not be misconstrued as substitutes for income from continuing operations or net income determined in accordance with GAAP. A reconciliation of operating income (loss) to income from continuing operations and net income for the relevant periods is included on page 15 of this presentation and in the Financial Supplement.

The company may also provide measures of operating income and combined ratios that exclude the impact of catastrophe losses (which in all respects include prior accident year catastrophe loss development). A catastrophe is a severe loss, resulting from natural or manmade events, including, but is not limited to, hurricanes, tornadoes, windstorms, earthquakes, hail, severe winter weather, freeze events, fire, explosions, civil unrest and terrorism. Due to the unique characteristics of each catastrophe loss, there is an inherent inability to reasonably estimate the timing or loss amount in advance. The company believes a separate discussion excluding the effects of catastrophe losses is meaningful to understand the underlying trends and variability of earnings, loss and combined ratio results, among others.

Prior accident year reserve development, which can either be favorable or unfavorable, represents changes in the company's estimate of costs related to claims from prior years. Calendar year loss and loss adjustment expense ("LAE") ratios determined in accordance with GAAP, excluding prior accident year reserve development, are sometimes referred to as "accident year loss ratios." The company believes a discussion of loss and combined ratios, excluding prior accident year reserve development, is helpful since it provides insight into both estimates of current accident year results and the accuracy of prior-year estimates.

The loss and combined ratios in accordance with GAAP are the most directly comparable GAAP measures for the loss and combined ratios calculated excluding the effects of catastrophe losses and/or reserve development. The presentation of loss and combined ratios calculated excluding the effects of catastrophe losses and/or reserve development should not be misconstrued as substitutes for the loss and/or combined ratios determined in accordance with GAAP.

Operating return on equity ("ROE") is a non-GAAP measure. See end note (8) for a detailed explanation of how this measure is calculated. Operating ROE is based on non-GAAP operating income. In addition, the portion of shareholder equity attributed to unrealized appreciation (depreciation) on fixed maturity investments, net of tax, is excluded. The company believes this measure is helpful in that it provides insight to the capital used by, and results of, the continuing business exclusive of interest expense, income taxes, and other non-operating items. These measures should not be misconstrued as substitutes for GAAP ROE, which is based on net income and shareholders' equity of the entire company and without adjustments.

End notes

(1) Operating income and operating income per diluted share are non-GAAP measures. See the disclosure on the use of non-GAAP measures throughout this presentation under the heading "Non-GAAP Financial Measures." The following table provides the reconciliation of operating income and operating income per diluted share to the most directly comparable GAAP measures, income from continuing operations and income from continuing operations per diluted share, respectively, which are then reconciled to net income and net income per diluted share, respectively:

	Three months ended				Nine months ended			
	September 30, 2020		September 30, 2021		September 30, 2020		September 30, 2021	
(In millions, except per share data)	$ Amount	Per Share (Diluted)	$ Amount	Per Share (Diluted)	$ Amount	Per Share (Diluted)	$ Amount	Per Share (Diluted)
OPERATING INCOME								
Commercial Lines	$62.3		$42.4		$172.2		$149.0	
Personal Lines	64.2		3.6		161.7		117.6	
Other	1.9		1.0		0.5		2.8	
Total	128.4		47.0		334.4		269.4	
Interest expense	(9.8)		(8.5)		(28.6)		(25.5)	
Operating income before income taxes	118.6	$3.12	38.5	$1.06	305.8	$7.96	243.9	$6.68
Income tax expense on operating income	(25.1)	(0.66)	(7.7)	(0.21)	(62.8)	(1.63)	(47.7)	(1.31)
Operating income after income taxes	93.5	2.46	30.8	0.85	243.0	6.33	196.2	5.37
Non-operating items:								
Net realized gains from sales and other	8.2	0.21	3.6	0.10	12.1	0.31	6.8	0.19
Net change in fair value of equity securities	30.3	0.80	0.3	0.01	(44.4)	(1.15)	65.9	1.80
Impairment recoveries (losses) on investments	(0.8)	(0.02)	0.1	-	(27.9)	(0.73)	(0.1)	-
Loss from repayment of borrowings	(6.1)	(0.16)	-	-	(6.2)	(0.16)	-	-
Other non-operating items	(1.6)	(0.04)	-	-	(1.6)	(0.04)	-	-
Income tax benefit (expense) on non-operating items	(4.0)	(0.11)	-	-	21.1	0.55	(11.6)	(0.32)
Income from continuing operations, net of taxes	119.5	3.14	34.8	0.96	196.1	5.11	257.2	7.04
Loss from discontinued life businesses	(0.6)	(0.01)	(0.8)	(0.02)	(2.0)	(0.06)	(2.0)	(0.06)
Net income	$118.9	$3.13	$34.0	$0.94	$194.1	5.05	$255.2	$6.98
Dilutive weighted average shares outstanding		38.0		36.3		38.4		36.6

End notes continued

(2) Combined ratio, excluding catastrophes, and current accident year combined ratio, excluding catastrophes, are non-GAAP measures. The combined ratio, excluding catastrophes is equal to the combined ratio, excluding catastrophe losses. The current accident year combined ratio, excluding catastrophes, is equal to the combined ratio, excluding catastrophe losses and prior-year reserve development. These measures are used throughout this document. The combined ratio (which includes catastrophe losses and prior-year reserve development) is the most directly comparable GAAP measure. The following is a reconciliation of the GAAP combined ratio to the combined ratio, excluding catastrophe losses, and the current accident year combined ratio, excluding catastrophe losses:

	Three months ended September 30, 2021		
	Commercial Lines	Personal Lines	Total
Total combined ratio (GAAP)	101.2 %	103.8 %	102.3 %
Less: Catastrophe loss ratio	10.7 %	16.1 %	12.9 %
Combined ratio, excluding catastrophe losses (non-GAAP)	90.5 %	87.7 %	89.4 %
Less: Prior-year reserve development ratio	(1.6)%	(2.0)%	(1.8)%
Current accident year combined ratio, excluding catastrophe losses (non-GAAP)	92.1 %	89.7 %	91.2 %
	September 30, 2020		
Total combined ratio (GAAP)	96.9 %	90.4 %	94.2 %
Less: Catastrophe loss ratio	5.1 %	6.9 %	5.8 %
Combined ratio, excluding catastrophe losses (non-GAAP)	91.8 %	83.5 %	88.4 %
Less: Prior-year reserve development ratio	(0.6)%	0.2 %	(0.2)%
Current accident year combined ratio, excluding catastrophe losses (non-GAAP)	92.4 %	83.3 %	88.6 %

	Nine months ended September 30, 2021		
	Commercial Lines	Personal Lines	Total
Total combined ratio (GAAP)	100.0 %	96.2 %	98.5 %
Less: Catastrophe loss ratio	10.1 %	10.6 %	10.3 %
Combined ratio, excluding catastrophe losses (non-GAAP)	89.9 %	85.6 %	88.2 %
Less: Prior-year reserve development ratio	(1.1)%	(1.4)%	(1.2)%
Current accident year combined ratio, excluding catastrophe losses (non-GAAP)	91.0 %	87.0 %	89.4 %
	September 30, 2020		
Total combined ratio (GAAP)	97.2 %	92.0 %	95.2 %
Less: Catastrophe loss ratio	6.1 %	9.4 %	7.5 %
Combined ratio, excluding catastrophe losses (non-GAAP)	91.1 %	82.6 %	87.7 %
Less: Prior-year reserve development ratio	(0.6)%	(0.1)%	(0.3)%
Current accident year combined ratio, excluding catastrophe losses (non-GAAP)	91.7 %	82.7 %	88.0 %
	September 30, 2019		
Total combined ratio (GAAP)	95.0 %	96.1 %	95.4 %
Less: Catastrophe loss ratio	2.8 %	5.8 %	4.0 %
Combined ratio, excluding catastrophe losses (non-GAAP)	92.2 %	90.3 %	91.4 %
Less: Prior-year reserve development ratio	(0.9)%	1.2 %	-
Current accident year combined ratio, excluding catastrophe losses (non-GAAP)	93.1 %	89.1 %	91.4 %

End notes continued

(3) Price increases in Commercial Lines represent the average change in premium on renewed policies caused by the estimated net effect of base rate changes, discretionary pricing, inflation or changes in policy level exposure or insured risks. Rate increases in Commercial Lines represent the average change in premium on renewed policies caused by the base rate changes, discretionary pricing, and inflation, excluding the impact of changes in policy level exposure or insured risks. Rate increases in Personal Lines is the estimated cumulative premium effect of approved rate actions applied to policies available for renewal, regardless of whether or not policies are actually renewed. Accordingly, pricing changes do not represent actual increases or decreases realized by the company. Personal Lines rate increases do not include inflation or changes in policy level exposure or insured risks.

(4) Core Commercial business provides commercial property and casualty coverages to small and mid-sized businesses in the U.S., generally with annual premiums per policy up to $250,000, primarily through the commercial multiple peril, commercial auto and workers' compensation lines of business, as reported on the current quarter Financial Supplement.

($ in millions)	Three months ended			Nine months ended		
	September 30, 2021			September 30, 2021		
	Core Commercial	Other Commercial	Total Commercial	Core Commercial	Other Commercial	Total Commercial
Net premiums written	$478.1	$348.7	$826.8	$1,295.2	$975.8	$2,271.0
Net premiums earned	$417.6	$281.0	$698.6	$1,221.8	$873.1	$2,094.9
	June 30, 2021					
	Core Commercial	Other Commercial	Total Commercial			
Net premiums written	$385.2	$301.6	$686.8			
Net premiums earned	$408.1	$295.3	$703.4			
	March 31, 2021					
	Core Commercial	Other Commercial	Total Commercial			
Net premiums written	$431.9	$325.5	$757.4			
Net premiums earned	$396.1	$296.8	$692.9			
	December 31, 2020					
	Core Commercial	Other Commercial	Total Commercial			
Net premiums written	$367.9	$282.2	$650.1			
Net premiums earned	$398.6	$285.1	$683.7			
	September 30, 2020			September 30, 2020		
	Core Commercial	Other Commercial	Total Commercial	Core Commercial	Other Commercial	Total Commercial
Net premiums written	$441.2	$319.3	$760.5	$1,210.1	$872.9	$2,083.0
Net premiums earned	$385.9	$279.2	$665.1	$1,163.0	$836.6	$1,999.6

End notes continued

(5) Specialty lines, a major component of Other Commercial Lines, consist of products such as marine, surety, specialty industrial property, excess and surplus, professional liability, management liability and program business. When discussing net premiums written and other financial measures of our specialty businesses, we may include non-specialty premiums that are written as part of the entire account.

(6) Current accident year loss and LAE ratio, excluding catastrophe losses, is a non-GAAP measure, which is equal to the loss and LAE ratio ("loss ratio"), excluding prior-year reserve development and catastrophe losses. The loss ratio (which includes losses, LAE, catastrophe losses and prior-year loss reserve development) is the most directly comparable GAAP measure. The following is a reconciliation of the GAAP loss ratio to the current accident year loss and LAE ratio, excluding catastrophe losses:

Three months ended	Commercial Multiple Peril	Commercial Auto	Workers' Comp	Commercial Other	Commercial Lines	Personal Auto	Home	Other Personal	Personal Lines	Total
September 30, 2021										
Total loss and LAE Ratio	87.5 %	65.3 %	54.4 %	55.2 %	67.4 %	68.0 %	93.8 %	55.8 %	76.5 %	71.2 %
Less:										
Prior-year reserve development ratio	(0.8)%	-	(2.6)%	(2.5)%	(1.6)%	(3.3)%	-	0.6 %	(2.0)%	(1.8)%
Catastrophe ratio	24.1 %	0.3 %	-	6.0 %	10.7 %	2.4 %	41.9 %	5.8 %	16.1 %	12.9 %
Current accident year loss ratio, excluding catastrophe losses	64.2 %	65.0 %	57.0 %	51.7 %	58.3 %	68.9 %	51.9 %	49.4 %	62.4 %	60.1 %
September 30, 2020										
Total loss and LAE Ratio	68.5 %	67.5 %	48.4 %	59.7 %	62.4 %	61.2 %	67.8 %	29.1 %	62.5 %	62.4 %
Less:										
Prior-year reserve development ratio	2.8 %	2.4 %	(12.8)%	(0.9)%	(0.6)%	-	1.6 %	(9.9)%	0.2 %	(0.2)%
Catastrophe ratio	6.6 %	0.7 %	-	6.5 %	5.1 %	1.1 %	18.0 %	1.4 %	6.9 %	5.8 %
Current accident year loss ratio, excluding catastrophe losses	59.1 %	64.4 %	61.2 %	54.1 %	57.9 %	60.1 %	48.2 %	37.6 %	55.4 %	56.8 %

Nine months ended	Commercial Multiple Peril	Commercial Auto	Workers' Comp	Commercial Other	Commercial Lines	Personal Auto	Home	Other Personal	Personal Lines	Total
September 30, 2021										
Total loss and LAE Ratio	81.7 %	63.0 %	54.4 %	58.3 %	66.3 %	63.4 %	79.6 %	44.7 %	68.4 %	67.2 %
Less:										
Prior-year reserve development ratio	(0.5)%	1.2 %	(5.1)%	(1.1)%	(1.1)%	(2.1)%	(0.1)%	(0.6)%	(1.4)%	(1.2)%
Catastrophe ratio	22.4 %	0.2 %	-	6.0 %	10.1 %	1.9 %	27.0 %	2.7 %	10.6 %	10.3 %
Current accident year loss ratio, excluding catastrophe losses	59.8 %	61.6 %	59.5 %	53.4 %	57.3 %	63.6 %	52.7 %	42.6 %	59.2 %	58.1 %
September 30, 2020										
Total loss and LAE Ratio	72.1 %	68.3 %	50.1 %	57.4 %	62.9 %	60.9 %	74.1 %	29.4 %	64.6 %	63.7 %
Less:										
Prior-year reserve development ratio	2.0 %	4.3 %	(11.0)%	(1.3)%	(0.6)%	0.3 %	0.1 %	(9.9)%	(0.1)%	(0.3)%
Catastrophe ratio	12.0 %	0.6 %	-	4.7 %	6.1 %	1.2 %	24.6 %	2.7 %	9.4 %	7.5 %
Current accident year loss ratio, excluding catastrophe losses	58.1 %	63.4 %	61.1 %	54.0 %	57.4 %	59.4 %	49.4 %	36.6 %	55.3 %	56.5 %
September 30, 2019										
Total loss and LAE Ratio	61.6 %	71.5 %	54.1 %	57.5 %	60.3 %	71.9 %	64.7 %	43.4 %	68.7 %	63.7 %
Less:										
Prior-year reserve development ratio	(0.8)%	2.0 %	(6.6)%	(0.1)%	(0.9)%	1.6 %	0.6 %	(0.6)%	1.2 %	-
Catastrophe ratio	6.3 %	0.5 %	-	1.5 %	2.8 %	0.5 %	15.8 %	3.5 %	5.8 %	4.0 %
Current accident year loss ratio, excluding catastrophe losses	56.1 %	69.0 %	60.7 %	56.1 %	58.4 %	69.8 %	48.3 %	40.5 %	61.7 %	59.7 %

End notes continued

(7) Throughout this presentation, for purposes of the expense ratio calculation, expenses are reduced by installment and other fee revenues.

(8) Operating Return on Average Equity ("Operating ROE") is a non-GAAP measure. Operating ROE is calculated by dividing annualized operating income after taxes for the applicable period (see under the heading in this presentation "Non-GAAP Financial Measures" and end note (1)), by average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax, for the stated period (end note (9)). Please see end note (9) for a detailed reconciliation of adjusted shareholders' equity with and without net unrealized appreciation (depreciation) on fixed maturity investments, net of tax. Operating ROE should not be misconstrued as a substitute for GAAP ROE. See calculations in table below, including the calculation of net income ROE using net income, annualized, and average shareholders' equity without adjustments:

	Three months ended		Nine months ended	
($ in millions)	September 30,	September 30,	September 30,	September 30,
Net Income ROE (non-GAAP)	2020	2021	2020	2021
Net income (GAAP)	$118.9	$34.0	$194.1	$255.2
Annualized net income (non-GAAP)	475.6	136.0	258.8	340.3
Average shareholders' equity (GAAP) (end note (9))	3,113.4	3,128.2	2,969.9	3,126.3
Return on equity (non-GAAP)	15.3 %	4.3 %	8.7 %	10.9 %
Operating Income ROE (non-GAAP)				
Operating income after income taxes	$93.5	$30.8	$243.0	$196.2
Annualized operating income, net of tax* (end note (1))	374.0	123.2	324.0	261.6
Average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax (end note (9))	2,715.0	2,847.4	2,683.5	2,818.3
Operating return on equity	13.8 %	4.3 %	12.1%	9.3%

*For three months ended September 30, 2020, and 2021, annualized net income and operating income after income taxes is calculated by multiplying three months ended net income and operating income after income taxes, respectively, by four. For nine months ended September 30, 2020, and 2021, annualized net income and operating income after income taxes is calculated by dividing nine months ended net income and operating income after income taxes, respectively, by three and multiplying by four.

End notes continued

(9) Total shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax, is a non-GAAP measure. Total shareholders' equity is the most directly comparable GAAP measure and is reconciled in the table below. For the calculation of operating ROE, the average of beginning and each included quarter's ending shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax, is used for the period as shown and reconciled in the table below:

($ in millions)	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021
Total shareholders' equity (GAAP)	$2,916.2	$2,736.6	$3,071.7	$3,155.0	$3,202.2	$3,046.8	$3,154.0	$3,102.3
Less: net unrealized appreciation (depreciation) on fixed maturity investments, net of tax	216.0	132.8	384.5	412.3	428.1	242.6	304.7	256.8
Total shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax	$2,700.2	$2,603.8	$2,687.2	$2,742.7	$2,774.1	$2,804.2	$2,849.3	$2,845.5
Quarter Averages								
Average shareholders' equity (GAAP)				$3,113.4				$3,128.2
Average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax				$2,715.0				$2,847.4
Year-to-date Averages								
Average shareholders' equity (GAAP)				$2,969.9				$3,126.3
Average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax				$2,683.5				$2,818.3