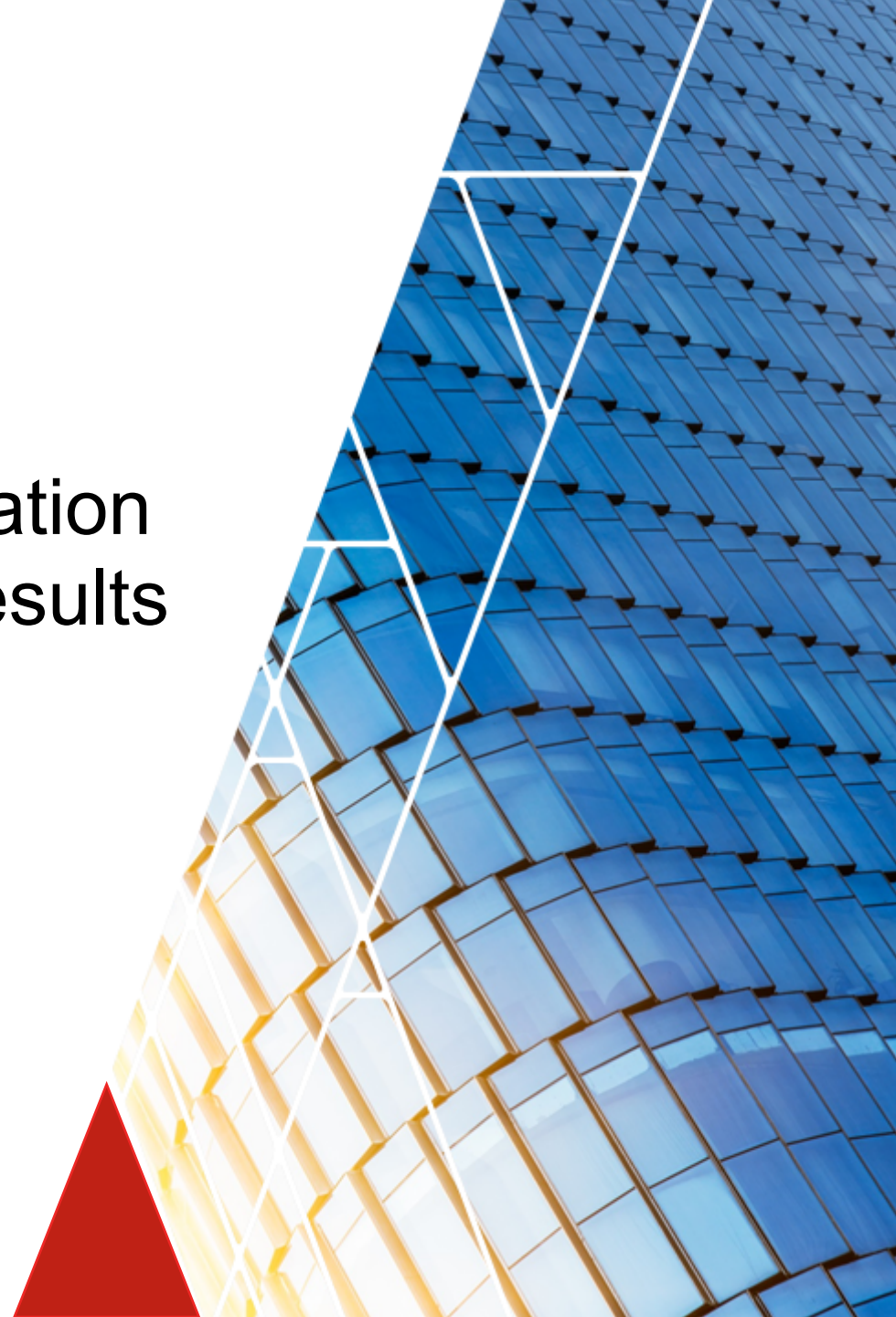




# CNA Financial Corporation Third Quarter 2023 Results

October 30, 2023



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# Third Quarter Overview

- Net income of \$258 million versus net loss of \$42 million in the prior year quarter; core income of \$289 million versus \$43 million in the prior year quarter.
- Core income up 56% to \$291 million versus \$186 million in the prior year quarter, excluding the results of the Life & Group annual reserve reviews.
- P&C core income up 35% to \$351 million versus \$260 million in the prior year quarter, reflects higher net investment income, record high pretax underlying underwriting income and lower catastrophe losses.
- Life & Group core loss of \$29 million versus \$192 million in the prior year quarter, reflects an unfavorable after-tax impact of \$2 million in 2023 and \$143 million in 2022 as a result of the annual reserve reviews. Results for the prior year quarter have been adjusted to reflect the application of the LDTI accounting standard.
- Net investment income up 31% to \$553 million pretax, includes a \$72 million increase from limited partnerships and common stock to \$28 million and a \$59 million increase from fixed income securities and other investments to \$525 million.
- P&C combined ratio of 94.3%, compared with 95.8% in the prior year quarter, including 4.1 points of catastrophe loss impact compared with 5.5 points in the prior year quarter. P&C underlying combined ratio was 90.4% compared with 91.1%, in the prior year quarter. P&C underlying loss ratio was 60.0% and the expense ratio was 30.1%.
- P&C segments, excluding third party captives, generated gross written premium growth of 7% and net written premium growth of 6%. P&C renewal premium change of +6%, with written rate of +5% and exposure change of +1%.
- Book value per share of \$31.61; book value per share excluding AOCI of \$45.43, a 7% increase from year-end 2022 adjusting for \$2.46 of dividends per share.
- Board of Directors declares regular quarterly cash dividend of \$0.42 per share.

# Financial Performance

Core income<sup>1</sup> up 56% after excluding impact of Life & Group reserve assumption update in 2023 and 2022

(In millions, except ratios and per share data)

	Third Quarter			Year to Date		
	2023	2022 <sup>2</sup>	Change	2023	2022 <sup>1</sup>	Change
Revenues	<b>\$3,336</b>	\$2,957	13 %	<b>\$9,792</b>	\$8,768	12 %
Core income <sup>1</sup>	<b>289</b>	43	N/M	<b>922</b>	571	61 %
Net income	<b>258</b>	(42)	N/M	<b>838</b>	443	89 %
Diluted earnings per common share:						
Core income	<b>\$1.06</b>	\$0.16	N/M	<b>\$3.39</b>	\$2.10	61 %
Net income	<b>0.95</b>	(0.15)	N/M	<b>3.08</b>	1.63	89 %
Core ROE	<b>9.4 %</b>	1.4 %	8.0 pts	<b>10.1 %</b>	6.2 %	3.9 pts

<sup>1</sup> Excluding the impact of the L&G assumption updates, core income was \$291 million and \$186 million for the third quarter of 2023 and 2022 and \$924 million and \$714 million for 2023 and 2022 year to date.

<sup>2</sup> As of January 1, 2023, the Company adopted Accounting Standards Update (ASU) 2018-12, Financial Services-Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts (LDTI) using the modified retrospective method applied as of the transition date of January 1, 2021. Prior period amounts have been adjusted to reflect application of the new guidance.

# Property & Casualty Operations

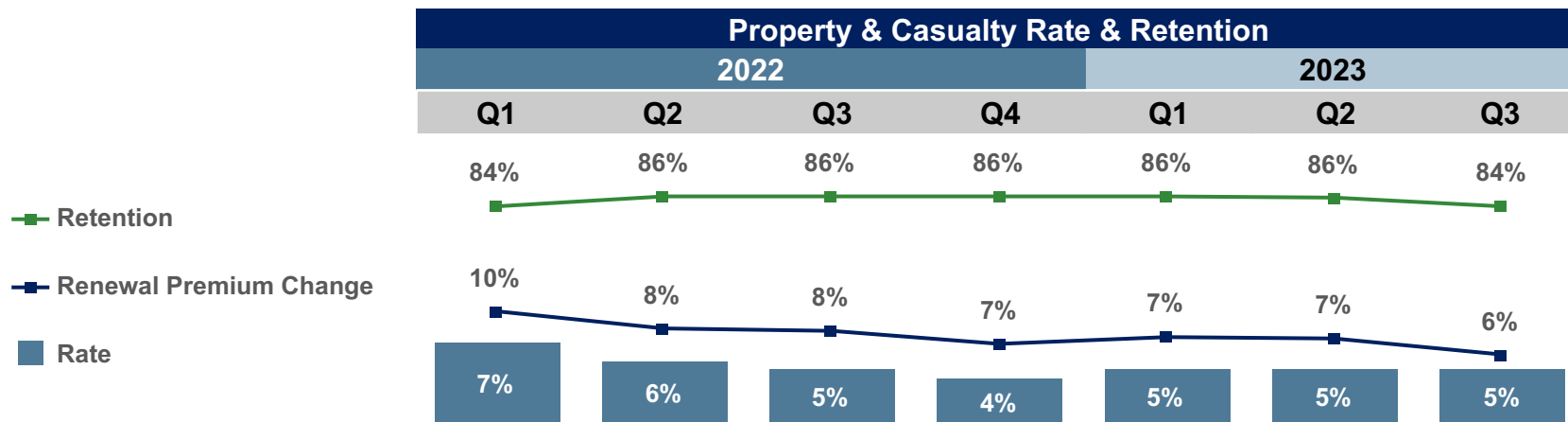
Continued strong profitability

(In millions, except ratios)

	Third Quarter		Year to Date	
	2023	2022	2023	2022
GWP ex. 3 <sup>rd</sup> party captives	<b>\$2,595</b>	\$2,430	<b>\$8,305</b>	\$7,560
<i>GWP change (% year over year)</i>	<b>7 %</b>		<b>10 %</b>	
Net written premium	<b>\$2,178</b>	\$2,060	<b>\$6,938</b>	\$6,379
<i>NWP change (% year over year)</i>	<b>6 %</b>		<b>9 %</b>	
Net earned premium	<b>\$2,295</b>	\$2,103	<b>\$6,662</b>	\$6,080
<i>NEP change (% year over year)</i>	<b>9 %</b>		<b>10 %</b>	
Underwriting gain	<b>\$131</b>	\$84	<b>\$399</b>	\$425
Loss ratio excl. catastrophes and development	<b>60.0 %</b>	59.9 %	<b>59.9 %</b>	60.0 %
Impact of catastrophes	<b>4.1 %</b>	5.5 %	<b>3.2 %</b>	2.8 %
Impact of development-related items	<b>(0.2)%</b>	(0.8)%	<b>— %</b>	(0.9)%
Loss ratio	<b>63.9 %</b>	64.6 %	<b>63.1 %</b>	61.9 %
Expense ratio	<b>30.1 %</b>	30.8 %	<b>30.6 %</b>	30.8 %
Combined ratio	<b>94.3 %</b>	95.8 %	<b>94.0 %</b>	93.0 %
Combined ratio excl. catastrophes and development	<b>90.4 %</b>	91.1 %	<b>90.8 %</b>	91.1 %

# Property & Casualty Production Metrics

Continue to manage rate/retention dynamic effectively



GWP ex. 3rd party captives (\$M)	\$2,454	\$2,676	\$2,430	\$2,704	\$2,724	\$2,986	\$2,595
New Business (\$M)	\$451	\$500	\$455	\$470	\$503	\$555	\$475

Specialty							
Rate	10%	7%	5%	3%	2%	(1)%	1%
Retention	84%	85%	88%	88%	88%	89%	87%
Commercial							
Rate	5%	5%	4%	5%	7%	8%	8%
Retention	87%	87%	86%	86%	86%	85%	83%
International							
Rate	9%	6%	6%	4%	4%	4%	2%
Retention	73%	84%	83%	84%	83%	83%	84%

# Specialty

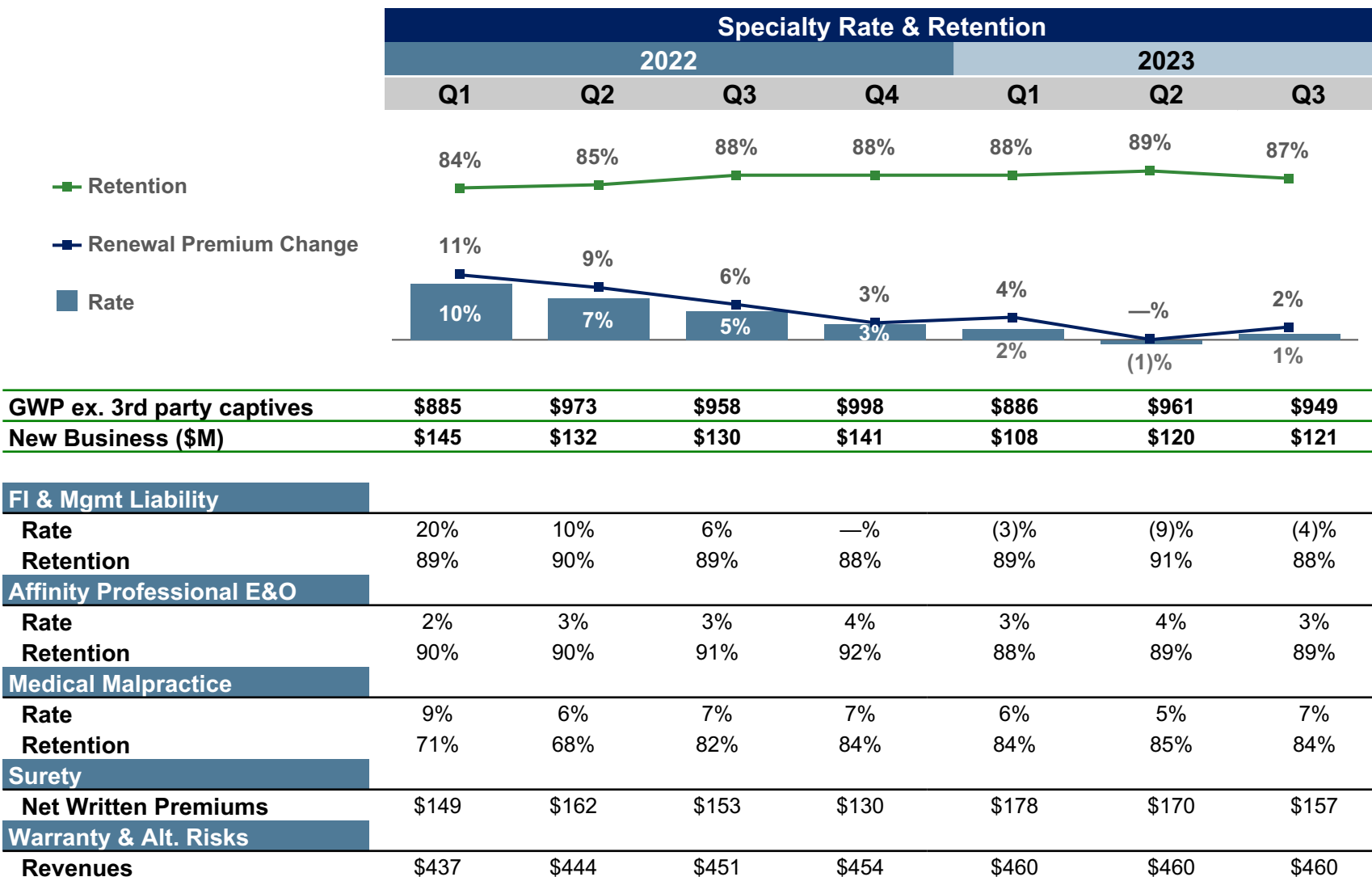
Continued excellent all-in and underlying combined ratio

(In millions, except ratios)

	Third Quarter		Year to Date	
	2023	2022	2023	2022
GWP ex. 3 <sup>rd</sup> party captives	<b>\$949</b>	\$958	<b>\$2,796</b>	\$2,816
<i>GWP change (% year over year)</i>	<b>(1)%</b>		<b>(1)%</b>	
Net written premium	<b>\$825</b>	\$840	<b>\$2,438</b>	\$2,443
<i>NWP change (% year over year)</i>	<b>(2)%</b>		<b>— %</b>	
Net earned premium	<b>\$829</b>	\$810	<b>\$2,438</b>	\$2,376
<i>NEP change (% year over year)</i>	<b>2 %</b>		<b>3 %</b>	
Underwriting gain	<b>\$83</b>	\$92	<b>\$237</b>	\$273
Loss ratio excl. catastrophes and development	<b>58.6 %</b>	58.4 %	<b>58.5 %</b>	58.6 %
Impact of catastrophes	<b>— %</b>	0.2 %	<b>— %</b>	0.1 %
Impact of development-related items	<b>(0.6)%</b>	(1.9)%	<b>(0.3)%</b>	(1.4)%
Loss ratio	<b>58.0 %</b>	56.7 %	<b>58.2 %</b>	57.3 %
Expense ratio	<b>31.8 %</b>	31.7 %	<b>31.9 %</b>	31.0 %
Combined ratio	<b>90.1 %</b>	88.7 %	<b>90.3 %</b>	88.5 %
Combined ratio excl. catastrophes and development	<b>90.7 %</b>	90.4 %	<b>90.6 %</b>	89.8 %

# Specialty Production Metrics

Rate reductions moderated considerably in Financial Institutions and Management Liability





# Commercial

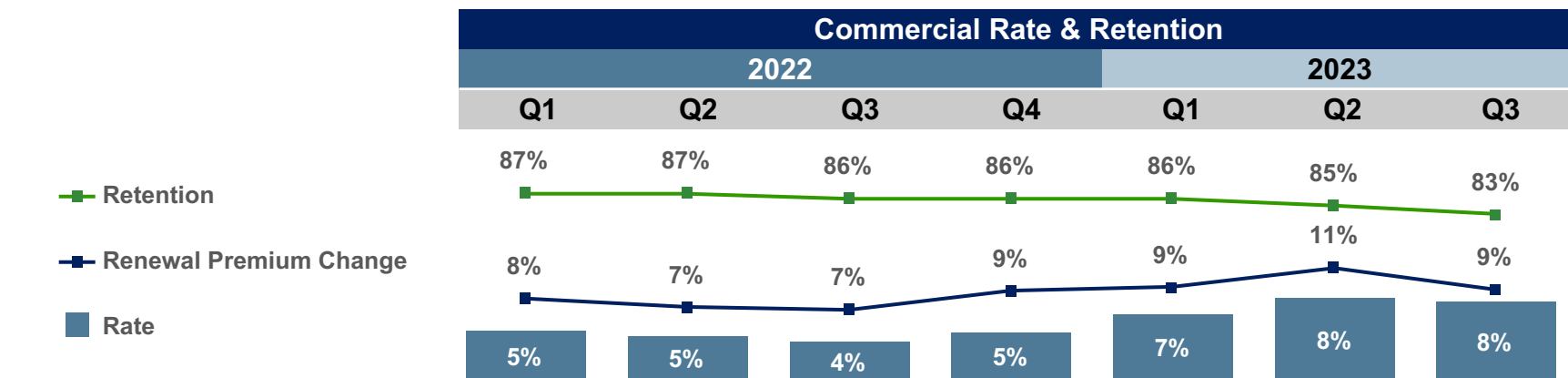
Continued double-digit growth and record underlying combined ratio

(In millions, except ratios)

	Third Quarter		Year to Date	
	2023	2022	2023	2022
GWP ex. 3 <sup>rd</sup> party captives	<b>\$1,340</b>	\$1,184	<b>\$4,384</b>	\$3,711
<i>GWP change (% year over year)</i>	<b>13 %</b>		<b>18 %</b>	
Net written premium	<b>\$1,071</b>	\$962	<b>\$3,588</b>	\$3,097
<i>NWP change (% year over year)</i>	<b>11 %</b>		<b>16 %</b>	
Net earned premium	<b>\$1,170</b>	\$1,023	<b>\$3,336</b>	\$2,901
<i>NEP change (% year over year)</i>	<b>14 %</b>		<b>15 %</b>	
Underwriting gain (loss)	<b>\$13</b>	(\$23)	<b>\$96</b>	\$94
Loss ratio excl. catastrophes and development	<b>61.5 %</b>	61.5 %	<b>61.5 %</b>	61.5 %
Impact of catastrophes	<b>7.4 %</b>	10.0 %	<b>5.7 %</b>	5.0 %
Impact of development-related items	<b>— %</b>	— %	<b>(0.2)%</b>	(0.5)%
Loss ratio	<b>68.9 %</b>	71.5 %	<b>67.0 %</b>	66.0 %
Expense ratio	<b>29.5 %</b>	29.9 %	<b>29.6 %</b>	30.1 %
Combined ratio	<b>98.9 %</b>	101.9 %	<b>97.1 %</b>	96.6 %
Combined ratio excl. catastrophes and development	<b>91.5 %</b>	91.9 %	<b>91.6 %</b>	92.1 %

# Commercial Production Metrics

New business growth of 19% and rate of 8% which remains above long-run loss cost trend



GWP ex. 3rd party captives	\$1,206	\$1,321	\$1,184	\$1,345	\$1,440	\$1,604	\$1,340
New Business (\$M)	\$228	\$280	\$246	\$255	\$310	\$343	\$292

<b>Middle Market</b>							
Rate	3%	3%	2%	3%	4%	6%	5%
Retention	83%	87%	87%	85%	85%	86%	83%
<b>Construction</b>							
Rate	5%	5%	4%	5%	5%	6%	7%
Retention	90%	90%	83%	88%	86%	84%	85%
<b>National Accounts</b>							
Rate	11%	10%	8%	11%	17%	20%	18%
Retention	85%	86%	88%	88%	90%	84%	80%
<b>Small Business</b>							
Rate	3%	3%	2%	2%	2%	2%	3%
Retention	85%	84%	85%	85%	85%	84%	84%
<b>Marine / Other</b>							
Net Written Premium	\$72	\$101	\$82	\$78	\$87	\$101	\$78

# International

International operations consistently contributing profitable growth

(In millions, except ratios)

	Third Quarter		Year to Date	
	2023	2022	2023	2022
Gross written premium	<b>\$306</b>	\$288	<b>\$1,125</b>	\$1,033
<i>GWP change (% year over year)<sup>1</sup></i>	<b>6 %</b>		<b>9 %</b>	
Net written premium	<b>\$282</b>	\$258	<b>\$912</b>	\$839
<i>NWP change (% year over year)<sup>1</sup></i>	<b>9 %</b>		<b>9 %</b>	
Net earned premium	<b>\$296</b>	\$270	<b>\$888</b>	\$803
<i>NEP change (% year over year)</i>	<b>10 %</b>		<b>11 %</b>	
Underwriting gain	<b>\$35</b>	\$15	<b>\$66</b>	\$58
Loss ratio excl. catastrophes and development	<b>57.9 %</b>	58.6 %	<b>57.8 %</b>	58.6 %
Impact of catastrophes	<b>2.3 %</b>	4.1 %	<b>2.7 %</b>	2.7 %
Impact of development-related items	<b>— %</b>	— %	<b>1.7 %</b>	(0.6)%
Loss ratio	<b>60.2 %</b>	62.7 %	<b>62.2 %</b>	60.7 %
Expense ratio	<b>28.1 %</b>	31.7 %	<b>30.3 %</b>	32.1 %
Combined ratio	<b>88.3 %</b>	94.4 %	<b>92.5 %</b>	92.8 %
Combined ratio excl. catastrophes and development	<b>86.0 %</b>	90.3 %	<b>88.1 %</b>	90.7 %



<sup>1</sup> Excluding currency fluctuations, GWP grew 4% and NWP grew 7% for the third quarter and grew 12% and 11% year to date.

# Life & Group

Core loss includes unfavorable reserve assumption updates

(In millions)

	Third Quarter		Year to Date	
	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>
Net earned premiums	\$112	\$118	\$340	\$356
Net investment income	216	187	659	600
<b>Total operating revenues</b>	<b>\$328</b>	<b>\$305</b>	<b>\$999</b>	<b>\$956</b>
Total claims, benefits and expenses	371	556	1,087	1,236
Income tax benefit	14	59	36	84
<b>Core (loss) income</b>	<b>(\$29)</b>	<b>(\$192)</b>	<b>(\$52)</b>	<b>(\$196)</b>

Core loss includes an unfavorable after-tax impact of \$2 million in 2023 and \$143 million in 2022 as a result of the assumption updates.



<sup>1</sup> As of January 1, 2023, the Company adopted LDTI using the modified retrospective method applied as of the transition date of January 1, 2021. Prior period amounts have been adjusted to reflect application of the new guidance.

# 2023 L&G Reserve Review

Overall neutral impact on a GAAP basis

(In millions)

Change to GAAP Liability for Future Policy Benefits (LFPB) from Changes in Underlying Cash Flow Assumptions		2023
<b>Economic Assumptions</b>	<ul style="list-style-type: none"> <li>No change to inflation assumptions in 2023 following increase in 2022</li> <li>Effect of higher interest rates on LFPB reflected through AOCI under GAAP; higher interest rates drove Statutory margin benefit and will lead to improved economics over time from higher investment income</li> </ul>	\$0
<b>Morbidity</b>	<ul style="list-style-type: none"> <li>Favorable impacts due to refinements to claim severity assumptions</li> </ul>	(\$70)
<b>Persistency</b>	<ul style="list-style-type: none"> <li>Unfavorability due to lowering group lapse rate assumptions</li> </ul>	+\$75
<b>Premium Rate Actions</b>	<ul style="list-style-type: none"> <li>Favorable impacts substantially due to rate achievement greater than estimates</li> </ul>	(\$80)
<b>Expense &amp; Other</b>	<ul style="list-style-type: none"> <li>Refinements to operational and overhead expectations</li> </ul>	+\$5
<b>Increase/(Decrease) to GAAP LFPB from Assumption Updates</b>		<b>(\$70)</b>
<b>Net Premium Ratio Updates</b>	<ul style="list-style-type: none"> <li>Favorability deferred into future periods, offsetting current period gain</li> </ul>	+\$78
<b>Increase/(Decrease) to GAAP LFPB</b>		<b>\$8</b>
<b>Structured Settlement Annuities</b>	<ul style="list-style-type: none"> <li>Favorable adjustments to claim reserves</li> </ul>	(\$6)
<b>Increase/(Decrease) to Total Life &amp; Group GAAP Reserves</b>		<b>\$2</b>

# LTC Progress Focused on Active Management

Proactive approach to managing block across all dimensions of the business

## Significantly improved runoff Long Term Care business compared to 2015

- Individual LTC block closed in 2004; Group LTC block closed to new accounts in 2004 and closed to new enrollees in 2016
- ~40% reduction in individual policy counts, ~45% reduction in group policy counts since 2015
- Premium rates are ~45% higher than in 2015 & ~80k policyholders have reduced coverage since 2017
- Normative 10 year risk free rate assumption of 2.75% compared to 2015's assumption of 4.80%

## Material progress made recently

- 31 rate increase approvals in 2023 with an average rate increase amount of 36%
- Approximately 5,300 policy buyouts, totaling ~\$160M in cash payments in 2023
- Increased the fixed-income duration for the Long Term Care portfolio to ~10 years, up ~1 year from 2021, taking advantage of the higher interest rate environment
- Successful transition of business to single third party administrator and 10-year contract gives price certainty, stability, and foundation to further invest in claim innovation

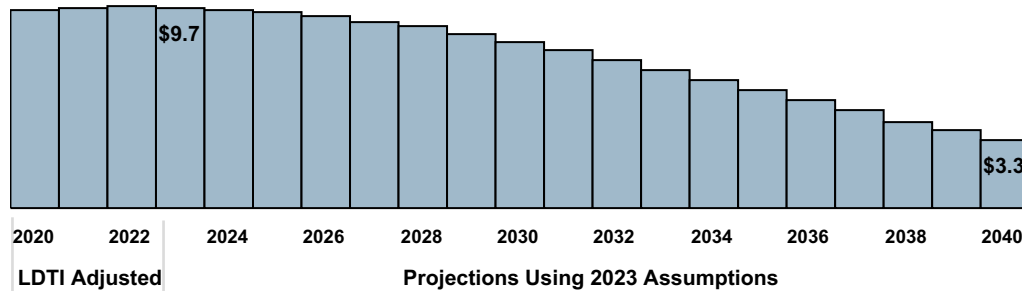
## Ability to Withstand Stresses

- Conservative reserving assumptions (no morbidity improvement, 10 years of mortality improvement, minimal future rate actions, ultimate 10 year treasury rate of 2.75%)
- \$1.3b of Statutory reserve margin as of September 30, 2023, following 2023 annual assumption review

# Individual LTC Block Characteristics

More mature, richer benefit ILTC reserves have reached inflection point

## Actual & Projected GAAP Reserves (\$b) <sup>1, 2</sup>

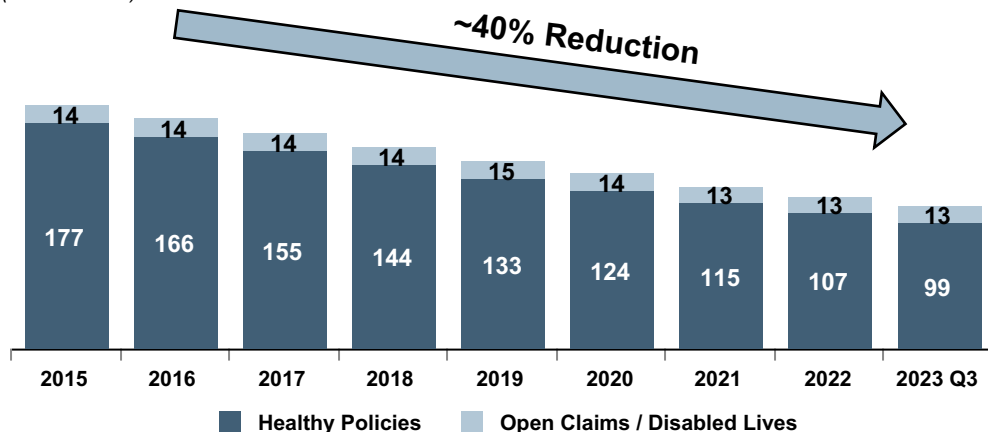


## Block Characteristics

Individual Block	
Benefits	Average Age
	81 years old
	Average Max Daily Benefit
	\$277
	% of policies with Lifetime Benefits
	39%
Claims	Average Benefit Period (non-lifetime)
	3.9 years
	% of policies with Compound Inflation
	44%
	% of policies with Simple Inflation
	24%
Claims	# of Open Claims
	13.0k
Claims	Average Age of New Claimant
	85 years old

## Total Inforce ILTC Policies <sup>2,3</sup>

(In thousands)



## Commentary

- De-risking of the more mature ILTC block with richer policy benefits is well underway
  - We believe the ILTC reserve balance is at peak levels and declining with significant policyholder experience utilized for assumption setting
  - Total ILTC policies have declined by ~40% (~80,000 policies) since 2015 with stable open claim counts



<sup>1</sup> Reserves are discounted at locked-in discount rates.

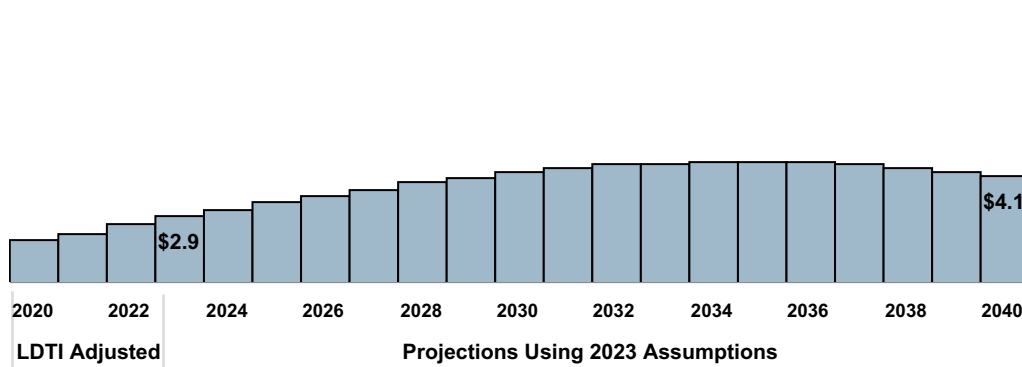
<sup>2</sup> ILTC metrics do not include CNA's 50% coinsurance business (29k healthy policies and 2k claims as of Q3 2023).

<sup>3</sup> Healthy policies do not include 9k non-forfeiture limited benefit policies as of Q3 2023.

# Group LTC Block Characteristics

Less rich benefit and better priced Group block peak reserves significantly below ILTC peak reserves

## Actual & Projected GAAP Reserves (\$b) <sup>1, 2</sup>

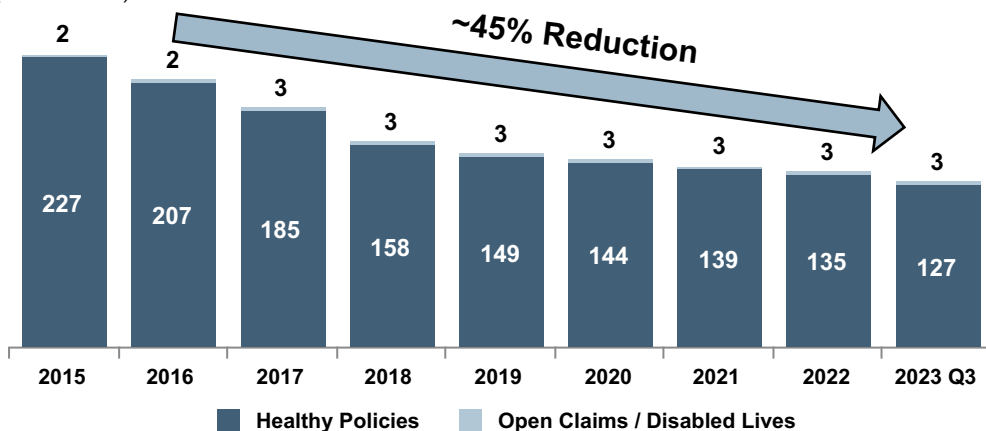


## Block Characteristics

	Group Block
Benefits	Average Age
	69 years old
	Average Max Daily Benefit
	\$211
	% of policies with Lifetime Benefits
Claims	1%
	Average Benefit Period (non-lifetime)
	4.6 years
	% of policies with Compound Inflation
	14%
	% of policies with Simple Inflation
	1%
Claims	# of Open Claims
	3.1k
Claims	Average Age of New Claimant
	77 years old

## Total Inforce GLTC Policies <sup>2</sup>

(In thousands)



## Commentary

- We believe the projected GAAP GLTC reserves will peak in the mid-2030's at substantially lower than peak ILTC reserves
  - Group's expected lower reserve trajectory primarily driven by less rich benefits and better pricing compared to ILTC
- Total GLTC policies have declined ~45% (~100,000 insureds) since 2015 from our continued active management with claim counts remaining stable throughout
  - Healthy policy counts have declined ~6% since year-end 2022 predominately because of our policyholder buyout program



<sup>1</sup> Reserves are discounted at locked-in discount rates.

<sup>2</sup> Healthy policies do not include 86k non-forfeiture limited benefit policies as of Q3 2023.

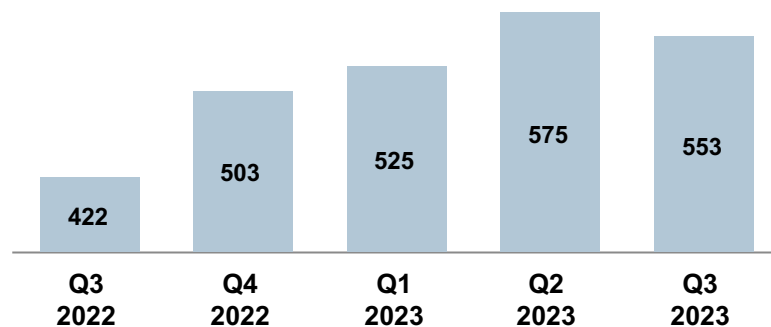


# Pretax Net Investment Income

Higher yields on fixed income securities continues to be a significant earnings tailwind

## Total CNAF

\$M

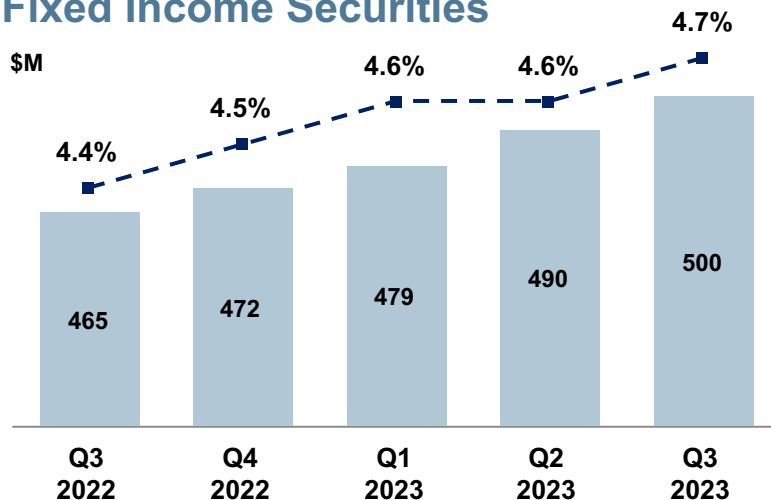


## Highlights

- Net investment income of \$553M is up \$131M year-over-year
- The effective income yield on fixed income increased from 4.6% to 4.7% quarter-over-quarter, driven by the continuing trend of higher reinvestment rates

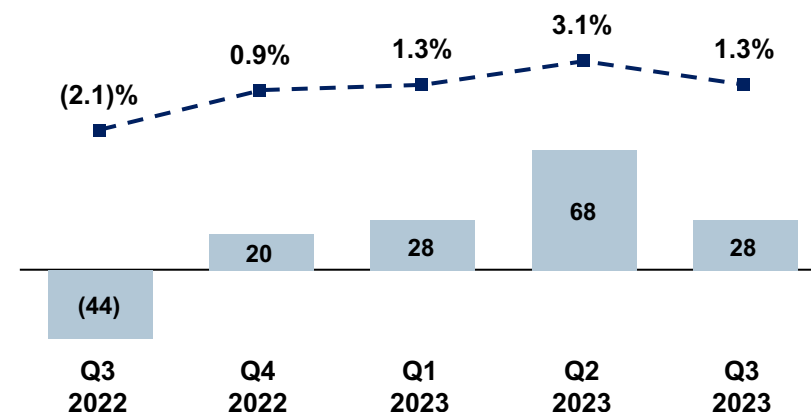
## Fixed Income Securities

\$M



## Limited Partnership & Common Stock

\$M



■ Fixed Income ■ Effective Yield (Pretax)

■ Limited Partnership & Common Stock ■ Return (Pretax)



# Investment Portfolio

High quality, diversified and liquid investment portfolio

Fixed Maturities by Rating	% of Portfolio
AAA <sup>1</sup>	13%
AA	16%
A	25%
BBB	41%
<b>Investment Grade</b>	<b>95%</b>
Below Investment Grade	5%
<b>Total Fixed Maturities</b>	<b>100%</b>

Effective Portfolio Duration	
Life & Group	9.8 yrs
P&C and Corporate	4.6 yrs
<b>Total</b>	<b>6.3 yrs</b>

## Highlights

- 88% of total invested assets are in fixed income securities
- High-quality portfolio with an average credit rating of “A”
- Liquidity supports underlying liability characteristics
- Increase in net unrealized loss from year-end driven by higher risk-free rates
- Commercial real estate exposure primarily comprised of high quality, well diversified holdings in fixed income CMBS<sup>2</sup> and REITs<sup>3</sup> as well as direct mortgage loans<sup>4</sup>

<sup>1</sup> AAA includes obligations of the U.S. Government, U.S. Government agencies and U.S. Government-sponsored enterprises.

<sup>2</sup> Commercial mortgage-backed securities

<sup>3</sup> Real estate investment trusts

<sup>4</sup> For additional detail refer to CNA's financial supplement made available in connection with this presentation.

# Financial Strength

Conservative capital and debt profile support business objectives

(In millions, except per share data)

	Sep 30, 2023	Dec 31, 2022 <sup>1</sup>
Debt	\$ 3,273	\$ 2,781
Stockholders' equity	8,563	8,548
Total capital	11,836	11,329
AOCI	(3,741)	(3,598)
Capital ex AOCI	\$ 15,577	\$ 14,927
BVPS ex AOCI	\$45.43	\$44.83
Dividends per share (YTD)	\$2.46	\$3.60
Debt-to-capital	27.7%	24.5%
Debt-to-capital ex AOCI	21.0%	18.6%
Statutory surplus	\$10,640	\$10,572
Holding company liquidity <sup>2</sup>	\$1,497	\$1,041

## Capital

- Financial strength ratings from all four rating agencies were affirmed in the past year with stable outlooks
- Statutory surplus remains very strong
- Adjusting for dividends, book value per share ex AOCI increased 7%

## Leverage

- Debt maturity schedule is termed out to effectively manage refinancing
- Issued \$400M in Q2 and \$100M in Q3, positioning for upcoming maturities of \$243M and \$550M in November 2023 and May 2024

## Liquidity

- Ample liquidity at both holding and operating company levels to meet obligations



<sup>1</sup> As of January 1, 2023, the Company adopted LDTI using the modified retrospective method applied as of the transition date of January 1, 2021. Prior period amounts have been adjusted to reflect application of the new guidance.

<sup>2</sup> Includes \$250 million available under credit facility