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

FORM 10-Q

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

For the quarterly period ended March 31, 2018

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.)
333 S. Wabash **Chicago, Illinois** (Address of principal executive offices)	**60604** (Zip Code)

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

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 [x] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes [x] 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 [x]	Accelerated filer [ ]	Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [ ]	Emerging growth company [ ]

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 26, 2018
Common Stock, Par value $2.50	271,372,358

PART I. Financial Information

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)	2018	2017
Revenues		
Net earned premiums	$ 1,785	$ 1,645
Net investment income	490	545
Net realized investment gains		
Other-than-temporary impairment losses	(6)	(2)
Other net realized investment gains	18	38
Net realized investment gains	12	36
Non-insurance warranty revenue (Note J)	238	93
Other revenues	10	11
Total revenues	2,535	2,330
Claims, Benefits and Expenses		
Insurance claims and policyholders' benefits	1,339	1,293
Amortization of deferred acquisition costs	296	305
Non-insurance warranty expense (Note J)	216	70
Other operating expenses	303	276
Interest	35	43
Total claims, benefits and expenses	2,189	1,987
Income before income tax	346	343
Income tax expense	(55)	(83)
Net income	$ 291	$ 260
Basic earnings per share	$ 1.07	$ 0.96
Diluted earnings per share	$ 1.07	$ 0.96
Dividends declared per share	$ 2.30	$ 2.25
Weighted Average Outstanding Common Stock and Common Stock Equivalents		
Basic	271.4	270.7
Diluted	272.4	271.7

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

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

Three months ended March 31		
(In millions)	**2018**	**2017**
Comprehensive (Loss) Income		
Net income	$ 291	$ 260
Other Comprehensive (Loss) Income, Net of Tax		
Changes in:		
Net unrealized gains on investments with other-than-temporary impairments	(9)	(4)
Net unrealized gains on other investments	(429)	67
Net unrealized gains on investments	(438)	63
Foreign currency translation adjustment	12	11
Pension and postretirement benefits	10	7
Other comprehensive (loss) income, net of tax	(416)	81
Total comprehensive (loss) income	$ (125)	$ 341

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

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CNA Financial Corporation
Condensed Consolidated Balance Sheets

(In millions, except share data)	March 31, 2018 (Unaudited)	December 31, 2017
Assets		
Investments:		
Fixed maturity securities at fair value (amortized cost of $37,991and $38,215)	$ 40,259	$ 41,487
Equity securities at fair value (cost of $749 and $659)	770	695
Limited partnership investments	2,364	2,369
Other invested assets	48	44
Mortgage loans	864	839
Short term investments	1,230	1,436
Total investments	45,535	46,870
Cash	282	355
Reinsurance receivables (less allowance for uncollectible receivables of $29 and $29)	4,408	4,261
Insurance receivables (less allowance for uncollectible receivables of $43 and $44)	2,371	2,292
Accrued investment income	414	411
Deferred acquisition costs	665	634
Deferred income taxes	238	137
Property and equipment at cost (less accumulated depreciation of $253 and $274)	346	326
Goodwill	149	148
Other assets	3,241	1,133
Total assets	$ 57,649	$ 56,567
Liabilities		
Insurance reserves:		
Claim and claim adjustment expenses	$ 22,067	$ 22,004
Unearned premiums	4,256	4,029
Future policy benefits	10,783	11,179
Short term debt	30	150
Long term debt	2,679	2,708
Other liabilities (includes $147 and $143 due to Loews Corporation)	6,409	4,253
Total liabilities	46,224	44,323
Commitments and contingencies (Notes C and F)		
Stockholders' Equity		
Common stock ($2.50 par value; 500,000,000 shares authorized; 273,040,243 shares issued; 271,371,607 and 271,205,390 shares outstanding)	683	683
Additional paid-in capital	2,173	2,175
Retained earnings	9,028	9,414
Accumulated other comprehensive (loss) income	(400)	32
Treasury stock (1,668,636 and 1,834,853 shares), at cost	(59)	(60)
Total stockholders' equity	11,425	12,244
Total liabilities and stockholders' equity	$ 57,649	$ 56,567

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)	**2018**	**2017**
Cash Flows from Operating Activities		
Net income	$ 291	$ 260
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Deferred income tax expense	29	72
Trading portfolio activity	(1)	(6)
Net realized investment gains	(12)	(36)
Equity method investees	(2)	38
Net amortization of investments	(15)	(12)
Depreciation and amortization	20	21
Changes in:		
Receivables, net	(215)	89
Accrued investment income	(3)	(26)
Deferred acquisition costs	(29)	(24)
Insurance reserves	311	135
Other assets	(72)	(37)
Other liabilities	(99)	(206)
Other, net	15	14
Total adjustments	(73)	22
Net cash flows provided by operating activities	218	282
Cash Flows from Investing Activities		
Dispositions:		
Fixed maturity securities - sales	2,576	1,359
Fixed maturity securities - maturities, calls and redemptions	531	823
Equity securities	7	16
Limited partnerships	69	57
Mortgage loans	11	3
Purchases:		
Fixed maturity securities	(2,690)	(2,097)
Equity securities	(98)	(7)
Limited partnerships	(62)	(18)
Mortgage loans	(36)	(23)
Change in other investments	(4)	(1)
Change in short term investments	208	271
Purchases of property and equipment	(38)	(30)
Other, net	15	1
Net cash flows provided by investing activities	489	354

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

Three months ended March 31 (In millions)	2018	2017
Cash Flows from Financing Activities		
Dividends paid to common stockholders	$ (624)	$ (609)
Repayment of debt	(150)	—
Other, net	(7)	—
Net cash flows used by financing activities	(781)	(609)
Effect of foreign exchange rate changes on cash	1	1
Net change in cash	(73)	28
Cash, beginning of year	355	271
Cash, end of period	$ 282	$ 299

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)	2018	2017
Common Stock		
Balance, beginning of period	$ 683	$ 683
Balance, end of period	683	683
Additional Paid-in Capital		
Balance, beginning of period	2,175	2,173
Stock-based compensation	(2)	(12)
Balance, end of period	2,173	2,161
Retained Earnings		
Balance, beginning of period, as previously reported	9,414	9,359
Cumulative effect adjustments from changes in accounting guidance, net of tax	(50)	—
Balance, beginning of period, as adjusted	9,364	9,359
Dividends paid to common stockholders	(627)	(613)
Net income	291	260
Balance, end of period	9,028	9,006
Accumulated Other Comprehensive (Loss)		
Balance, beginning of period, as previously reported	32	(173)
Cumulative effect adjustments from changes in accounting guidance, net of tax	(16)	—
Balance, beginning of period, as adjusted	16	(173)
Other comprehensive (loss) income	(416)	81
Balance, end of period	(400)	(92)
Treasury Stock		
Balance, beginning of period	(60)	(73)
Stock-based compensation	1	8
Balance, end of period	(59)	(65)
Total stockholders' equity	$ 11,425	$ 11,693

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

CNA Financial Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)

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 89% of the outstanding common stock of CNAF as of March 31, 2018 .

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 for the year ended December 31, 2017 , 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, 2018 and for the three months ended March 31, 2018 and 2017 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. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year.

Recently Adopted Accounting Standards Updates (ASU)

ASU 2014-09: In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue Recognition (Topic 606)* : *Revenue from Contracts with Customers* . The standard excludes from its scope the accounting for insurance contracts, financial instruments, and certain other agreements that are governed under other GAAP guidance. The updated guidance requires an entity to recognize revenue as performance obligations are met, in an amount that reflects the consideration the entity is entitled to receive for the transfer of the promised goods or services.

On January 1, 2018, the Company adopted the updated guidance using the modified retrospective method applied to all contracts which were not completed as of the date of adoption, with the cumulative effect recognized as an adjustment to the opening balance of Retained earnings. Prior period amounts have not been adjusted and continue to be reported in accordance with the previous accounting guidance.

Under the new guidance, revenue on warranty products and services will be recognized more slowly compared to the historic revenue recognition pattern. In addition, for warranty products in which the Company acts as the principal in the transaction, Non-insurance warranty revenue and Non-insurance warranty expense are increased to reflect the gross amount paid by consumers, including the retail seller's markup which is considered a commission to the Company's agent. This gross-up of revenue and expense also resulted in an increase to Other assets and Other liabilities on the Company's Condensed Consolidated Balance Sheets as the revenue and expense are recognized over the actuarially determined expected claims emergence pattern.

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The cumulative effect changes to the Condensed Consolidated Balance Sheet for the adoption of the updated guidance on January 1, 2018 were as follows:

(In millions)	Balance as of December 31, 2017	Adjustments Due to Adoption of Topic 606	Balance as of January 1, 2018
Other assets	$ 1,133	$ 1,882	$ 3,015
Other liabilities	4,253	1,969	6,222
Deferred income taxes	137	21	158
Retained earnings	9,414	(66)	9,348

The impact of adoption on the Condensed Consolidated Statement of Operations and Balance Sheet as of and for the three months ended March 31, 2018 was as follows:

Three months ended March 31 (In millions)	2018 Prior to Adoption	Effect of Adoption	2018 as Reported
Statement of operations:			
Non-insurance warranty revenue	$ 101	$ 137	$ 238
Total revenues	2,398	137	2,535
Non-insurance warranty expense	78	138	216
Total claims, benefits and expenses	2,051	138	2,189
Income before income tax	347	(1)	346
Income tax expense	(55)	—	(55)
Net income	292	(1)	291
Balance sheet (1):			
Other assets	$ 3,154	$ 87	$ 3,241
Other liabilities	6,321	88	6,409
Deferred income taxes	238	—	238
Retained earnings	9,029	(1)	9,028

(1) 2018 Prior to Adoption includes the cumulative effect adjustment at adoption.

See Note J to the Condensed Consolidated Financial Statements for additional information regarding non-insurance revenues from contracts with customers.

ASU 2016-01: In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* . The updated accounting guidance requires changes to the reporting model for financial instruments. The guidance primarily changes the model for equity securities by requiring changes in the fair value of equity securities (except those accounted for under the equity method of accounting, those without readily determinable fair values and those that result in consolidation of the investee) to be recognized through the income statement. The Company adopted the updated guidance on January 1, 2018 and recognized a cumulative effect adjustment that increased beginning Retained earnings by $28 million , net of tax. Prior period amounts have not been adjusted and continue to be reported in accordance with the previous accounting guidance.

For the three months ended March 31, 2018 , the Company recognized a $15 million pretax loss within Net realized investment gains (losses) for the change in fair value of non-redeemable preferred stock and less than a $1 million pretax gain within Net investment income for the change in fair value of common stock as a result of this change. For the three months ended March 31, 2017 a $1 million decrease in the fair value of common stock and a $5 million increase in the fair value of non-redeemable preferred stock was recognized in Other comprehensive income. The Company's non-redeemable preferred stock contain characteristics of debt securities, are priced similarly to bonds, and are held primarily for income generation through periodic dividends. While recognition of gains and losses on these securities are no longer discretionary, management does not consider the changes in fair value of non-redeemable preferred stock to be reflective of our primary operations. As such, the changes in the fair value of these securities are recorded through Net realized investments gains (losses). During the first quarter of 2018, the Company increased its common stock with the intention of holding the securities primarily for market appreciation. As such, the changes in the fair value of these securities are recorded through Net investment income.

ASU 2017-07: In March 2017, the FASB issued ASU No. 2017-07, *Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* . The updated accounting guidance requires changes to the presentation of the components of net periodic benefit cost on the income statement by requiring service cost to be presented with other employee compensation costs and other components of net periodic pension cost to be presented outside of any subtotal of operating income. The ASU also stipulates that only the service cost component of net benefit cost is eligible for capitalization. The Company adopted the updated guidance effective January 1, 2018. The guidance was applied on a prospective basis for capitalization of service costs and on a retrospective basis for the presentation of the service cost and other components of net periodic benefit costs in the Company's Condensed Consolidated Statements of Operations and in its disclosures. The Company expanded the related footnote disclosure, Note G to the Condensed Consolidated Financial Statements, to disclose the amount of service cost and non-service cost components of net periodic benefit cost and the line items in the Condensed Consolidated Statements of Operations in which such amounts are reported. The change limiting the costs eligible for capitalization is not material to the Company's results of operations or financial position.

ASU 2018-02: In February 2018, the FASB issued ASU No. 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.* GAAP requires the remeasurement of deferred tax assets and liabilities due to a change in the tax rate to be included in Net income, even if the related income tax effects were originally recognized in Accumulated other comprehensive income (AOCI). The ASU allows a reclassification from AOCI to Retained earnings for stranded tax effects resulting from the new U.S. Federal corporate income tax rate enacted on December 22, 2017. The Company early adopted the updated guidance effective January 1, 2018 and elected to reclassify the stranded income tax effects relating to the reduction in the Federal corporate income tax rate from AOCI to Retained earnings at the beginning of the period of adoption. The net impact of the accounting change resulted in a $12 million increase in AOCI and a corresponding decrease in Retained earnings. The $12 million increase in AOCI is comprised of a $142 million increase in net unrealized gains (losses) on investments partially offset by a $130 million decrease in unrecognized pension and postretirement benefits.

The Company releases tax effects from AOCI utilizing the security-by-security approach for Net unrealized gains (losses) on investments with Other-than-temporary impairment (OTTI) losses and Net unrealized gains (losses) on other investments. For Pension and postretirement benefits, tax effects from AOCI are released at enacted tax rates based on the pre-tax adjustments to pension liabilities or assets recognized within OCI.

Accounting Standards Pending Adoption

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842): Accounting for Leases.* The updated accounting guidance requires lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by all leases, including those historically accounted for as operating leases. The guidance is effective for interim and annual periods beginning after December 15, 2018. The Company is currently evaluating the effect the updated guidance will have on the Company's financial statements. It is expected that assets and liabilities will increase based on the present value of remaining lease payments for leases in place at the adoption date; however, this is not expected to be material to the Company's results of operations or financial position.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* The updated accounting guidance requires changes to the recognition of credit losses on financial instruments not accounted for at fair value through net income. The guidance is effective for interim and annual periods beginning after December 15, 2019. The Company is currently evaluating the effect the guidance will have on the Company's financial statements, but expects the primary changes to be the use of the expected credit loss model for its mortgage loan portfolio and reinsurance receivables and the presentation of credit losses within the available-for-sale fixed maturities portfolio through an allowance method rather than as a direct write-down. The expected credit loss model will require a financial asset to be presented at the net amount expected to be collected. The allowance method for available-for-sale debt securities will allow the Company to record reversals of credit losses if the estimate of credit losses declines.

Income Tax Reform Update

On December 22, 2017, H.R.1, “An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018,” was signed into law (Tax Reform Legislation).

Shortly after enactment, the Securities and Exchange Commission Staff issued Staff Accounting Bulletin No. 118 (SAB 118) to provide guidance on accounting for the Tax Reform Legislation impacts when the measurements of the income tax effects are complete, incomplete, or incomplete but for which a provisional amount can be estimated. SAB 118 permits the recognition of provisional amounts, and adjustments to provisional amounts, in subsequent reporting periods within the one year measurement period.

The Company has reflected the following incomplete but reasonably estimated provisional items in Deferred income taxes on the Condensed Consolidated Balance Sheet at March 31, 2018. The effects of the adjustments to the Company’s provisional amounts for the three months ended March 31, 2018 did not impact income tax expense.

- The Company has recalculated its insurance reserves and the transition adjustment from existing law.
- The Company has recalculated amounts under special accounting method provisions for recognizing income for Federal income tax purposes no later than for financial accounting purposes and the transition adjustment from existing law.
- The Company has not recorded current or deferred taxes with respect to the international provisions since it does not expect to have inclusions in U.S. taxable income for certain earnings of foreign subsidiaries in future years.

Note B . Earnings (Loss) Per Share

Earnings (loss) per share is based on the 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.

For the three months ended March 31, 2018 and 2017 , approximately 1,009 thousand and 974 thousand potential shares attributable to exercises or conversions into common stock under stock-based employee compensation plans were included in the calculation of diluted earnings per share. For those same periods, approximately 9 thousand and 148 thousand potential shares attributable to exercises or conversions into common stock under stock-based employee compensation plans were not included in the calculation of diluted earnings per share because the effect would have been antidilutive.

Note C . Investments

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

Three months ended March 31 (In millions)	**2018**	**2017**
Fixed maturity securities	$ 446	$ 455
Equity securities	10	1
Limited partnership investments	30	90
Mortgage loans	11	7
Short term investments	6	3
Trading portfolio	2	2
Other	—	1
Gross investment income	505	559
Investment expense	(15)	(14)
Net investment income	$ 490	$ 545

During the three months ended March 31, 2018 , less than $1 million of Net investment income was recognized due to the change in fair value of common stock still held as of March 31, 2018 .

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

Three months ended March 31 (In millions)	**2018**	**2017**
Net realized investment gains (losses):		
Fixed maturity securities:		
Gross realized gains	$ 69	$ 49
Gross realized losses	(51)	(17)
Net realized investment gains (losses) on fixed maturity securities	18	32
Equity securities	(15)	—
Derivatives	5	1
Short term investments and other	4	3
Net realized investment gains (losses)	$ 12	$ 36

During the three months ended March 31, 2018 , $15 million of Net realized investment losses were recognized due to the change in fair value of non-redeemable preferred stock still held as of March 31, 2018 .

The components of OTTI losses recognized in earnings by asset type are presented in the following table.

Three months ended March 31 (In millions)	**2018**	**2017**
Fixed maturity securities available-for-sale:		
Corporate and other bonds	$ 5	$ 2
Asset-backed	1	—
OTTI losses recognized in earnings	$ 6	$ 2

The following tables present a summary of fixed maturity and equity securities.

March 31, 2018 [(1)] (In millions)	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Unrealized OTTI Losses (Gains)
Fixed maturity securities available-for-sale:					
Corporate and other bonds	$ 17,538	$ 1,177	$ 115	$ 18,600	$ —
States, municipalities and political subdivisions	11,682	1,205	12	12,875	—
Asset-backed:					
Residential mortgage-backed	5,050	83	78	5,055	(27)
Commercial mortgage-backed	1,948	29	22	1,955	—
Other asset-backed	1,185	10	7	1,188	—
Total asset-backed	8,183	122	107	8,198	(27)
U.S. Treasury and obligations of government-sponsored enterprises	124	2	7	119	—
Foreign government	448	7	5	450	—
Redeemable preferred stock	9	1	—	10	—
Total fixed maturity securities available-for-sale	37,984	2,514	246	40,252	$ (27)
Total fixed maturity securities trading	7			7	
Total fixed maturity securities	$ 37,991	$ 2,514	$ 246	$ 40,259	

December 31, 2017 (In millions)	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Unrealized OTTI Losses (Gains)
Fixed maturity securities available-for-sale:					
Corporate and other bonds	$ 17,210	$ 1,625	$ 28	$ 18,807	$ —
States, municipalities and political subdivisions	12,478	1,551	2	14,027	(11)
Asset-backed:					
Residential mortgage-backed	5,043	109	32	5,120	(27)
Commercial mortgage-backed	1,840	46	14	1,872	—
Other asset-backed	1,083	16	5	1,094	—
Total asset-backed	7,966	171	51	8,086	(27)
U.S. Treasury and obligations of government-sponsored enterprises	111	2	4	109	—
Foreign government	437	9	2	444	—
Redeemable preferred stock	10	1	—	11	—
Total fixed maturity securities available-for-sale	38,212	3,359	87	41,484	$ (38)
Total fixed maturity securities trading	3			3	
Equity securities available-for-sale:					
Common stock	21	7	1	27	
Preferred stock	638	31	1	668	
Total equity securities available-for-sale	659	38	2	695	
Total fixed maturity and equity securities	$ 38,874	$ 3,397	$ 89	$ 42,182	

(1) As of January 1, 2018, the Company adopted ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* . The change in fair value of equity securities is now recognized through the income statement. See Note A to the Condensed Consolidated Financial Statements for additional information.

The net unrealized gains on investments included in the tables above are recorded as a component of AOCI. When presented in AOCI, these amounts are net of tax and any required Shadow Adjustments. To the extent that unrealized gains on fixed income securities supporting certain products within the Life & Group segment would result in a premium deficiency if realized, a related increase in Insurance reserves is recorded, net of tax, as a reduction of net unrealized gains through Other comprehensive income (loss) (Shadow Adjustments). As of March 31, 2018 and December 31, 2017 , the net unrealized gains on investments included in AOCI were correspondingly reduced by Shadow Adjustments of $ 1,338 million and $ 1,411 million .

The following tables present the estimated fair value and gross unrealized losses of fixed maturity and equity securities in a gross unrealized loss position by the length of time in which the securities have continuously been in that position.

March 31, 2018 [1] (In millions)	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
Fixed maturity securities available-for-sale:						
Corporate and other bonds	$ 4,229	$ 104	$ 146	$ 11	$ 4,375	$ 115
States, municipalities and political subdivisions	962	12	3	—	965	12
Asset-backed:						
Residential mortgage-backed	2,570	55	504	23	3,074	78
Commercial mortgage-backed	668	11	200	11	868	22
Other asset-backed	441	5	15	2	456	7
Total asset-backed	3,679	71	719	36	4,398	107
U.S. Treasury and obligations of government-sponsored enterprises	59	4	26	3	85	7
Foreign government	214	5	4	—	218	5
Total	$ 9,143	$ 196	$ 898	$ 50	$ 10,041	$ 246

December 31, 2017 (In millions)	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
Fixed maturity securities available-for-sale:						
Corporate and other bonds	$ 1,354	$ 21	$ 168	$ 7	$ 1,522	$ 28
States, municipalities and political subdivisions	72	1	85	1	157	2
Asset-backed:						
Residential mortgage-backed	1,228	5	947	27	2,175	32
Commercial mortgage-backed	403	4	212	10	615	14
Other asset-backed	248	3	18	2	266	5
Total asset-backed	1,879	12	1,177	39	3,056	51
U.S. Treasury and obligations of government-sponsored enterprises	49	2	21	2	70	4
Foreign government	166	2	4	—	170	2
Total fixed maturity securities available-for-sale	3,520	38	1,455	49	4,975	87
Equity securities available-for-sale:						
Common stock	7	1	—	—	7	1
Preferred stock	93	1	—	—	93	1
Total equity securities available-for-sale	100	2	—	—	100	2
Total	$ 3,620	$ 40	$ 1,455	$ 49	$ 5,075	$ 89

(1) As of January 1, 2018, the Company adopted ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* . The change in fair value of equity securities is now recognized through the income statement. See Note A to the Condensed Consolidated Financial Statements for additional information.

Based on current facts and circumstances, the Company believes the unrealized losses presented in the March 31, 2018 securities in a gross unrealized loss position table above are not indicative of the ultimate collectibility of the current amortized cost of the securities, but rather are attributable to changes in interest rates, credit spreads and other factors. 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 OTTI losses to be recorded as of March 31, 2018 .

The following table presents the activity related to the pretax credit loss component reflected in Retained earnings on fixed maturity securities still held as of March 31, 2018 and 2017 and for which a portion of an OTTI loss was recognized in Other comprehensive income (loss).

Three months ended March 31		
(In millions)	**2018**	**2017**
Beginning balance of credit losses on fixed maturity securities	$ 27	$ 36
Reductions for securities sold during the period	(2)	(4)
Ending balance of credit losses on fixed maturity securities	$ 25	$ 32

Contractual Maturity

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

	March 31, 2018		**December 31, 2017**	
(In millions)	**Cost or Amortized Cost**	**Estimated Fair Value**	**Cost or Amortized Cost**	**Estimated Fair Value**
Due in one year or less	$ 1,323	$ 1,343	$ 1,135	$ 1,157
Due after one year through five years	8,277	8,495	8,165	8,501
Due after five years through ten years	15,802	16,093	16,060	16,718
Due after ten years	12,582	14,321	12,852	15,108
Total	$ 37,984	$ 40,252	$ 38,212	$ 41,484

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.

Derivative Financial Instruments

The Company holds an embedded derivative on a funds withheld liability with a notional value of $163 million and $167 million as of March 31, 2018 and December 31, 2017 and a fair value of $1 million and $(3) million as of March 31, 2018 and December 31, 2017 . The embedded derivative on the funds withheld liability is accounted for separately and reported with the funds withheld liability in Other liabilities on the Condensed Consolidated Balance Sheets.

Investment Commitments

As of March 31, 2018 , the Company had committed approximately $428 million to future capital calls from various third-party limited partnership investments in exchange for an ownership interest in the related partnerships.

As of March 31, 2018 , the Company had mortgage loan commitments of $47 million representing signed loan applications received and accepted.

The Company invests in various privately placed debt securities, including bank loans, as part of its overall investment strategy and has committed to additional future purchases, sales and funding. Purchases and sales of privately placed debt securities are recorded once funded. As of March 31, 2018 , the Company had commitments to purchase or fund additional amounts of $198 million and sell $162 million under the terms of such securities.

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, iv) deep dives, where the Company performs an independent analysis of the inputs and assumptions used to price individual securities and v) pricing validation, where prices received are compared to prices independently estimated by the Company.

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 U.S. Treasury, government-sponsored enterprises and foreign governments and redeemable preferred stock.

March 31, 2018 (In millions)	**Level 1**	**Level 2**	**Level 3**	**Total Assets/Liabilities at Fair Value**
Assets				
Fixed maturity securities:				
Corporate bonds and other	$ 167	$ 18,917	$ 100	$ 19,184
States, municipalities and political subdivisions	—	12,876	1	12,877
Asset-backed	—	7,919	279	8,198
Total fixed maturity securities	167	39,712	380	40,259
Equity securities:				
Common stock	83	—	4	87
Non-redeemable preferred stock	67	602	14	683
Total equity securities	150	602	18	770
Short term and other	156	978	—	1,134
Total assets	$ 473	$ 41,292	$ 398	$ 42,163
Liabilities				
Other liabilities	$ —	$ (1)	$ —	$ (1)
Total liabilities	$ —	$ (1)	$ —	$ (1)

December 31, 2017 (In millions)	**Level 1**	**Level 2**	**Level 3**	**Total Assets/Liabilities at Fair Value**
Assets				
Fixed maturity securities:				
Corporate bonds and other	$ 128	$ 19,148	$ 98	$ 19,374
States, municipalities and political subdivisions	—	14,026	1	14,027
Asset-backed	—	7,751	335	8,086
Total fixed maturity securities	128	40,925	434	41,487
Equity securities:				
Common stock	23	—	4	27
Non-redeemable preferred stock	68	584	16	668
Total equity securities	91	584	20	695
Short term and other	396	958	—	1,354
Total assets	$ 615	$ 42,467	$ 454	$ 43,536
Liabilities				
Other liabilities	$ —	$ 3	$ —	$ 3
Total liabilities	$ —	$ 3	$ —	$ 3

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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)	Corporate bonds and other	States, municipalities and political subdivisions	Asset-backed	Equity securities	Derivative financial instruments	Total
Balance as of January 1, 2018	$ 98	$ 1	$ 335	$ 20	$ —	$ 454
Total realized and unrealized investment gains (losses):						
Reported in Net realized investment gains (losses)	(1)	—	7	(2)	—	4
Reported in Net investment income	—	—	—	—	—	—
Reported in Other comprehensive income	—	—	(5)	—	—	(5)
Total realized and unrealized investment gains (losses)	(1)	—	2	(2)	—	(1)
Purchases	—	—	30	—	—	30
Sales	—	—	(72)	—	—	(72)
Settlements	(2)	—	(6)	—	—	(8)
Transfers into Level 3	5	—	—	—	—	5
Transfers out of Level 3	—	—	(10)	—	—	(10)
Balance as of March 31, 2018	$ 100	$ 1	$ 279	$ 18	$ —	$ 398
Unrealized gains (losses) on Level 3 assets and liabilities held as of March 31, 2018 recognized in Net income (loss)	$ —	$ —	$ —	$ (2)	$ —	$ (2)

Level 3 (In millions)	Corporate bonds and other	States, municipalities and political subdivisions	Asset-backed	Equity securities	Derivative financial instruments	Life settlement contracts	Total
Balance as of January 1, 2017	$ 130	$ 1	$ 199	$ 19	$ —	$ 58	$ 407
Total realized and unrealized investment gains (losses):							
Reported in Net realized investment gains (losses)	—	—	—	—	1	—	1
Reported in Other revenues	—	—	—	—	—	6	6
Reported in Other comprehensive income	1	—	2	1	—	—	4
Total realized and unrealized investment gains (losses)	1	—	2	1	1	6	11
Purchases	5	—	38	1	—	—	44
Sales	(1)	—	—	(2)	(1)	(13)	(17)
Settlements	(14)	—	(6)	—	—	(5)	(25)
Transfers into Level 3	—	—	28	—	—	—	28
Transfers out of Level 3	—	—	(5)	—	—	—	(5)
Balance as of March 31, 2017	$ 121	$ 1	$ 256	$ 19	$ —	$ 46	$ 443
Unrealized gains (losses) on Level 3 assets and liabilities held as of March 31, 2017 recognized in Net income (loss)	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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. During the three months ended March 31, 2018 there were $29 million of transfers from Level 2 to Level 1 and no transfers from Level 1 to Level 2. During the three months ended March 31, 2017 there were no transfers between Level 1 and Level 2. The Company's policy is to recognize transfers between levels at the beginning of quarterly reporting periods.

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 and exchange traded bonds and redeemable preferred stock, 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 inputs that are not market observable.

Equity Securities

Level 1 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 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 commercial paper, 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, 2018 and December 31, 2017 , there were approximately $ 42 million and $39 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.

Life Settlement Contracts

The Company sold its life settlement contracts to a third party in 2017. The valuation of the life settlement contracts was based on the terms of sale. The contracts were classified as Level 3 as there was not an active market for life settlement contracts.

Derivative Financial Investments

Level 2 investments primarily include the embedded derivative on the funds withheld liability. The embedded derivative on funds withheld liability is valued using the change in fair value of the assets supporting the funds withheld liability, which are fixed maturity securities valued with observable inputs.

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.

March 31, 2018	Estimated Fair Value (In millions)	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Fixed maturity securities	$ 133	Discounted cash flow	Credit spread	1% - 12% (3%)

December 31, 2017	Estimated Fair Value (In millions)	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Fixed maturity securities	$ 136	Discounted cash flow	Credit spread	1% - 12% (3%)

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, 2018	Carrying Amount	Estimated Fair Value			
(In millions)		Level 1	Level 2	Level 3	Total
Assets					
Mortgage loans	$ 864	$ —	$ —	$ 856	$ 856
Note receivable	34	—	—	34	34
Liabilities					
Short term debt	$ 30	$ —	$ 30	$ —	$ 30
Long term debt	2,679	—	2,786	—	2,786

December 31, 2017	Carrying Amount	Estimated Fair Value			
(In millions)		Level 1	Level 2	Level 3	Total
Assets					
Mortgage loans	$ 839	$ —	$ —	$ 844	$ 844
Note receivable	46	—	—	46	46
Liabilities					
Short term debt	$ 150	$ —	$ 150	$ —	$ 150
Long term debt	2,708	—	2,896	—	2,896

The following methods and assumptions were used to estimate the fair value of these financial assets and liabilities.

The fair values of mortgage loans were based on the present value of the expected future cash flows discounted at the current interest rate for origination of similar quality loans, adjusted for specific loan risk.

The fair value of the note receivable was based on the present value of the expected future cash flows discounted at the current interest rate for origination of similar notes, adjusted for specific credit risk.

The Company's senior notes and debentures were valued based on observable market prices. The fair value for other debt was estimated using discounted cash flows based on current incremental borrowing rates for similar borrowing arrangements.

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

The Company's property and casualty insurance 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 such historical patterns as claim reserving trends and settlement practices, loss payments, pending levels of unpaid claims and product mix, as well as court decisions, economic conditions, including 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. 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 the Company's results of operations and/or equity. The Company reported catastrophe losses, net of reinsurance, of $34 million for the three months ended March 31, 2018 and 2017 . Net catastrophe losses in the first quarter of 2018 and 2017 related primarily to U.S. weather-related events.

Liability for Unpaid Claim and Claim Adjustment Expenses Rollforward

The following table presents a reconciliation between beginning and ending claim and claim adjustment expense reserves, including claim and claim adjustment expense reserves of the Life & Group segment.

For the three months ended March 31 (In millions)	**2018**	**2017**
Reserves, beginning of year:		
Gross	$ 22,004	$ 22,343
Ceded	3,934	4,094
Net reserves, beginning of year	18,070	18,249
Net incurred claim and claim adjustment expenses:		
Provision for insured events of current year	1,246	1,207
Decrease in provision for insured events of prior years	(34)	(82)
Amortization of discount	47	48
Total net incurred (1)	1,259	1,173
Net payments attributable to:		
Current year events	(91)	(68)
Prior year events	(1,219)	(1,184)
Total net payments	(1,310)	(1,252)
Foreign currency translation adjustment and other	(9)	14
Net reserves, end of period	18,010	18,184
Ceded reserves, end of period	4,057	4,076
Gross reserves, end of period	$ 22,067	$ 22,260

(1) Total net incurred above 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 and loss deductible receivables, and benefit expenses related to future policy benefits, 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.

For the three months ended March 31 (In millions)	**2018**	**2017**
Pretax (favorable) unfavorable development:		
Specialty	$ (30)	$ (12)
Commercial	(9)	(43)
International	—	(2)
Corporate & Other	—	—
Total pretax (favorable) unfavorable development	$ (39)	$ (57)

Specialty

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

Three months ended March 31		
(In millions)	**2018**	**2017**
Pretax (favorable) unfavorable development:		
Medical Professional Liability	$ 20	$ 20
Other Professional Liability and Management Liability	(34)	(32)
Surety	(15)	—
Warranty	—	—
Other	(1)	—
Total pretax (favorable) unfavorable development	$ (30)	$ (12)

2018

Unfavorable development for medical professional liability was primarily due to higher than expected severity in accident years 2014 and 2017 in our hospitals business.

Favorable development in other professional liability and management liability was primarily due to lower than expected claim frequency in accident years 2013 through 2015 related to financial institutions.

Favorable development for surety was due to lower than expected loss emergence for accident years 2015 and prior.

2017

Favorable development in other professional liability and management liability was primarily due to favorable settlements on closed claims and lower than expected frequency of large losses related to professional liability in accident years 2011 through 2016.

Unfavorable development in medical professional liability was primarily due to continued higher than expected frequency in aging services.

Commercial

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

Three months ended March 31 (In millions)	2018	2017
Pretax (favorable) unfavorable development:		
Commercial Auto	$ (1)	$ (26)
General Liability	(8)	(18)
Workers' Compensation	(6)	—
Property and Other	6	1
Total pretax (favorable) unfavorable development	$ (9)	$ (43)

2018

Favorable development for general liability was primarily due to lower than expected frequency and severity in accident years 2015 and prior for our middle market construction business.

2017

Favorable development for commercial auto was primarily due to lower than expected severity in accident years 2013 through 2015.

Favorable development for general liability was due to lower than expected severity in life sciences.

International

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

Three months ended March 31 (In millions)	2018	2017
Pretax (favorable) unfavorable development:		
Medical Professional Liability	$ 1	$ —
Other Professional Liability	1	(1)
Liability	—	—
Property & Marine	(2)	1
Other	—	(2)
Total pretax (favorable) unfavorable development	$ —	$ (2)

Asbestos and Environmental Pollution (A&EP) Reserves

In 2010, Continental Casualty Company (CCC) together with several of the Company’s other 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 .

Subsequent to the effective date of the LPT, the Company recognized adverse prior year development on its A&EP reserves which resulted in additional amounts ceded under the LPT. As a result, the cumulative amounts ceded under the LPT 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 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 Statement of Operations.

The following table presents the impact of the Loss Portfolio Transfer on the Condensed Consolidated Statements of Operations.

Three months ended March 31		
(In millions)	**2018**	**2017**
Additional amounts ceded under LPT:		
Net A&EP adverse development before consideration of LPT	$ 113	$ 60
Provision for uncollectible third-party reinsurance on A&EP	(16)	—
Total additional amounts ceded under LPT	97	60
Retroactive reinsurance benefit recognized	(57)	(40)
Pretax impact of deferred retroactive reinsurance	$ 40	$ 20

Based upon the Company's annual A&EP reserve review, net unfavorable prior year development of $113 million and $60 million was recognized before consideration of cessions to the LPT for the three months ended March 31, 2018 and 2017 . Additionally, in 2018 , the Company released a portion of its provision for uncollectible third party reinsurance. The 2018 unfavorable development was driven by higher than anticipated defense costs on direct asbestos environmental accounts and paid losses on assumed reinsurance exposures. The 2017 unfavorable development was driven by modestly higher anticipated payouts on claims from known sources of asbestos exposure. While the unfavorable development was ceded to NICO under the LPT, the Company’s Net income in the periods was negatively affected due to the application of retroactive reinsurance accounting.

As of March 31, 2018 and December 31, 2017 , the cumulative amounts ceded under the LPT were $3.0 billion and $2.9 billion . The unrecognized deferred retroactive reinsurance benefit was $366 million and $326 million as of March 31, 2018 and December 31, 2017 .

NICO established a collateral trust account as security for its obligations to the Company. The fair value of the collateral trust account was $2.9 billion and $3.1 billion as of March 31, 2018 and December 31, 2017 . 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 Company’s A&EP claims.

Note F . Legal Proceedings, Contingencies and Guarantees

CNA 401(k) Plus Plan Litigation

In September 2016, a class action lawsuit was filed against CCC, Continental Assurance Company (CAC) (a former subsidiary of CCC), CNAF, the Investment Committee of the CNA 401(k) Plus Plan (Plan), The Northern Trust Company and John Does 1-10 (collectively Defendants) related to the Plan. The complaint alleges that Defendants breached fiduciary duties to the Plan and caused prohibited transactions in violation of the Employee Retirement Income Security Act of 1974 when the Plan's Fixed Income Fund's annuity contract with CAC was canceled. The plaintiff alleges he and a proposed class of Plan participants who had invested in the Fixed Income Fund suffered lower returns in their Plan investments as a consequence of these alleged violations and seeks relief on behalf of the putative class. The Plan trustees have provided notice to their fiduciary coverage insurance carriers.

The plaintiff, Defendants and the Plan's fiduciary insurance carriers have agreed on terms to settle this matter. Upon execution of final settlement agreements, plaintiff and Defendants will propose a class settlement for court approval. Based on the executed term sheet, management has recorded its best estimate of the Company's probable loss and does not believe that the ultimate resolution of this matter will have a material impact on the Company's results of operations or financial position.

Small Business Premium Rate Adjustment

In 2016 and 2017, the Company identified rating errors related to its multi-peril package product and workers' compensation policies within its Small Business unit and determined that it would voluntarily issue premium refunds along with interest on affected policies. After the rating errors were identified, written and earned premium have been reported net of any impact from the premium rate adjustments. In the first quarter of 2017, the Company recorded a charge which reduced Earned premium by $38 million and increased Interest expense by $5 million for interest due to policyholders on the premium rate adjustments.

The policyholder refunds for the multi-peril package product were issued in the third quarter of 2017 . The policyholder refunds for workers' compensation policies are expected to be refunded in the second half of 2018 and, as such, an additional $1 million of Interest expense was recorded in the first quarter of 2018. The estimated refund liability, including interest, for the workers' compensation policies as of March 31, 2018 was $60 million .

Other Litigation

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

Guarantees

As of March 31, 2018 and December 31, 2017 , the Company had recorded liabilities of approximately $5 million related to guarantee and indemnification agreements and management believes that it is not likely that any future indemnity claims will be significantly greater than the amounts recorded.

In the course of selling business entities and assets to third parties, the Company agreed to guarantee the performance of certain obligations of previously owned subsidiaries and to indemnify purchasers for losses arising out of breaches of representations and warranties with respect to the business entities or assets sold, including, in certain cases, losses arising from undisclosed liabilities or certain named litigation. Such guarantee and indemnification agreements in effect for sales of business entities, assets and third-party loans may include provisions that survive indefinitely. As of March 31, 2018 , the aggregate amount related to quantifiable guarantees was $375 million and the aggregate amount related to quantifiable indemnification agreements was $252 million . In certain cases, should the Company be required to make payments under any such guarantee, it would have the right to seek reimbursement from an affiliate of a previously owned subsidiary.

In addition, the Company has agreed to provide indemnification to third-party purchasers for certain losses associated with sold business entities or assets that are not limited by a contractual monetary amount. As of March 31, 2018 the Company had outstanding unlimited indemnifications in connection with the sales of certain of its business entities or assets that included tax liabilities arising prior to a purchaser's ownership of an entity or asset, defects in title at the time of sale, employee claims arising prior to closing and in some cases losses arising from certain litigation and undisclosed liabilities. Certain provisions of the indemnification agreements survive indefinitely, while others survive until the applicable statutes of limitation expire, or until the agreed-upon contract terms expire.

The Company also provided guarantees, if the primary obligor fails to perform, to holders of structured settlement annuities provided by a previously owned subsidiary. As of March 31, 2018 , the potential amount of future payments the Company could be required to pay under these guarantees was approximately $1.8 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 G . Benefit Plans

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

Three months ended March 31	**Pension Plans**	
(In millions)	**2018**	**2017**
Net periodic pension cost (benefit)		
Service cost	$ —	$ —
Non-service cost:		
Interest cost on projected benefit obligation	23	26
Expected return on plan assets	(40)	(39)
Amortization of net actuarial loss	9	9
Settlement loss	4	2
Total non-service cost	(4)	(2)
Total net periodic pension cost (benefit)	$ (4)	$ (2)

For the three months ended March 31, 2018 , the Company recognized $1 million of non-service cost in Insurance claims and policyholders' benefits and $3 million of non-service cost in Other operating expenses. For the three months ended March 31, 2017 , the Company recognized $1 million of non-service costs in Insurance claims and policyholders' benefits and $1 million of non-service costs in Other operating expenses.

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Note H . 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 OTTI losses	Net unrealized gains (losses) on other investments	Pension and postretirement benefits	Cumulative foreign currency translation adjustment	Total
Balance as of January 1, 2018, as previously reported	$ 25	$ 750	$ (645)	$ (98)	$ 32
Cumulative effect adjustment from accounting change for adoption of ASU 2018-02 [(1)]	5	137	(130)	—	12
Cumulative effect adjustment from accounting change for adoption of ASU 2016-01 [(1)] net of tax (expense) benefit of $-, $8, $-, $- and $8	—	(28)	—	—	(28)
Balance as of January 1, 2018, as adjusted	30	859	(775)	(98)	16
Other comprehensive income (loss) before reclassifications	(10)	(414)	—	12	(412)
Amounts reclassified from accumulated other comprehensive income (loss) net of tax (expense) benefit of $-, $(4), $3, $- and $(1)	(1)	15	(10)	—	4
Other comprehensive income (loss) net of tax (expense) benefit of $2, $109, $(3), $- and $108	(9)	(429)	10	12	(416)
Balance as of March 31, 2018	$ 21	$ 430	$ (765)	$ (86)	$ (400)

(1) See Note A to the Condensed Consolidated Financial Statements for additional information.

(In millions)	Net unrealized gains (losses) on investments with OTTI losses	Net unrealized gains (losses) on other investments	Pension and postretirement benefits	Cumulative foreign currency translation adjustment	Total
Balance as of January 1, 2017	$ 30	$ 642	$ (647)	$ (198)	$ (173)
Other comprehensive income (loss) before reclassifications	—	85	—	11	96
Amounts reclassified from accumulated other comprehensive income (loss) net of tax (expense) benefit of $(2), $(9), $4, $- and $(7)	4	18	(7)	—	15
Other comprehensive income (loss) net of tax (expense) benefit of $1, $(38), $(4), $- and $(41)	(4)	67	7	11	81
Balance as of March 31, 2017	$ 26	$ 709	$ (640)	$ (187)	$ (92)

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 OTTI losses	Net realized investment gains (losses)
Net unrealized gains (losses) on other investments	Net realized investment gains (losses)
Pension and postretirement benefits	Other operating expenses and Insurance claims and policyholders' benefits

Note I . 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.

Effective January 1, 2018, management changed the segment presentation of the life sciences business and technology and media related errors and omissions business within the Specialty and Commercial business segments. The life sciences business moved from the Specialty business segment to the Commercial business segment and the technology and media related errors and omissions business moved from the Commercial business segment to the Specialty business segment. The new management responsibility for these businesses better aligns with line of business underwriting expertise and the manner in which the products are sold. Prior period information has been conformed to the new segment presentation.

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, 2017 . 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 and Goodwill 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 Realized investment gains or losses are allocated primarily based on each segment's net carried insurance reserves, as adjusted. All significant intersegment income and expense has 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.

Core income (loss), which is derived from certain income statement amounts, is used by management to monitor performance of the Company's insurance operations. 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 i) net realized investment gains (losses), ii) income or loss from discontinued operations, iii) any cumulative effects of changes in accounting guidance and iv) deferred tax asset and liability remeasurement as a result of an enacted U.S. Federal tax rate change. The calculation of core income (loss) excludes net realized investment gains or losses because net realized investment gains or losses are generally driven by economic factors that are not necessarily consistent with key drivers of underwriting performance, and are therefore not considered an indication of trends in insurance 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, 2018 (In millions)	**Specialty**	**Commercial**	**International**	**Life & Group**	**Corporate & Other**	**Eliminations**	**Total**
Operating revenues							
Net earned premiums	$ 672	$ 743	$ 236	$ 134	$ —	$ —	$ 1,785
Net investment income	122	149	14	200	5	—	490
Non-insurance warranty revenue	238	—	—	—	—	—	238
Other revenues	1	8	—	1	1	(1)	10
Total operating revenues	1,033	900	250	335	6	(1)	2,523
Claims, benefits and expenses							
Net incurred claims and benefits	379	468	142	303	41	—	1,333
Policyholders' dividends	1	5	—	—	—	—	6
Amortization of deferred acquisition costs	145	121	30	—	—	—	296
Non-insurance warranty expense	216	—	—	—	—	—	216
Other insurance related expenses	64	127	56	30	—	—	277
Other expenses	11	11	(4)	2	42	(1)	61
Total claims, benefits and expenses	816	732	224	335	83	(1)	2,189
Core income (loss) before income tax	217	168	26	—	(77)	—	334
Income tax (expense) benefit on core income (loss)	(46)	(35)	(3)	14	17	—	(53)
Core income (loss)	$ 171	$ 133	$ 23	$ 14	$ (60)	$ —	281
Net realized investment gains (losses)							12
Income tax (expense) benefit on net realized investment gains (losses)							(2)
Net realized investment gains (losses), after tax							10
Net income							$ 291

March 31, 2018 (In millions)							
Reinsurance receivables	$ 737	$ 690	$ 244	$ 436	$ 2,330	$ —	$ 4,437
Insurance receivables	947	1,140	315	11	1	—	2,414
Deferred acquisition costs	318	241	106	—	—	—	665
Goodwill	117	—	32	—	—	—	149
Insurance reserves							
Claim and claim adjustment expenses	5,696	8,718	1,718	3,501	2,434	—	22,067
Unearned premiums	2,063	1,490	559	145	—	(1)	4,256
Future policy benefits	—	—	—	10,783	—	—	10,783

Three months ended March 31, 2017 (In millions)	Specialty	Commercial	International	Life & Group	Corporate & Other	Eliminations	Total
Operating revenues							
Net earned premiums	$ 654	$ 661	$ 197	$ 133	$ —	$ —	$ 1,645
Net investment income	148	183	12	197	5	—	545
Non-insurance warranty revenue	93	—	—	—	—	—	93
Other revenues	1	9	—	1	—	—	11
Total operating revenues	896	853	209	331	5	—	2,294
Claims, benefits and expenses							
Net incurred claims and benefits	400	423	115	330	21	—	1,289
Policyholders' dividends	1	3	—	—	—	—	4
Amortization of deferred acquisition costs	142	117	46	—	—	—	305
Non-insurance warranty expense	70	—	—	—	—	—	70
Other insurance related expenses	67	128	27	32	—	—	254
Other expenses	10	15	(6)	2	44	—	65
Total claims, benefits and expenses	690	686	182	364	65	—	1,987
Core income (loss) before income tax	206	167	27	(33)	(60)	—	307
Income tax (expense) benefit on core income (loss)	(69)	(56)	(7)	37	23	—	(72)
Core income (loss)	$ 137	$ 111	$ 20	$ 4	$ (37)	$ —	235
Net realized investment gains (losses)							36
Income tax (expense) benefit on net realized investment gains (losses)							(11)
Net realized investment gains (losses), after tax							25
Net income							$ 260

December 31, 2017 (In millions)	Specialty	Commercial	International	Life & Group	Corporate & Other	Eliminations	Total
Reinsurance receivables	$ 671	$ 654	$ 212	$ 438	$ 2,315	$ —	$ 4,290
Insurance receivables	969	1,103	254	8	2	—	2,336
Deferred acquisition costs	318	223	93	—	—	—	634
Goodwill	117	—	31	—	—	—	148
Insurance reserves							
Claim and claim adjustment expenses	5,669	8,764	1,636	3,499	2,436	—	22,004
Unearned premiums	2,020	1,409	472	128	—	—	4,029
Future policy benefits	—	—	—	11,179	—	—	11,179

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

Three months ended March 31 (In millions)	2018	2017
Specialty		
Management & Professional Liability	$ 624	$ 638
Surety	129	124
Warranty & Alternative Risks (1)	280	134
Specialty revenues	1,033	896
Commercial		
Middle Market	504	468
Small Business	119	96
Other Commercial Insurance	277	289
Commercial revenues	900	853
International		
Canada	58	51
CNA Europe	88	72
Hardy	104	86
International revenues	250	209
Life & Group revenues	335	331
Corporate & Other revenues	6	5
Eliminations	(1)	—
Total operating revenues	2,523	2,294
Net realized investment gains (losses)	12	36
Total revenues	$ 2,535	$ 2,330

(1) As of January 1, 2018, the Company adopted ASU 2014-09 *Revenue Recognition (Topic 606): Revenue from Contracts with Customers* . See Note A to the Condensed Consolidated Financial Statements for additional information.

Note J . Non-Insurance Revenues from Contracts with Customers

Non-Insurance revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally this occurs over time as obligations are fulfilled. Revenue is measured as the amount of consideration the Company expects to receive in exchange for providing services.

Deferred Non-Insurance Warranty Revenue

Non-insurance warranty revenue is primarily generated from separately-priced service contracts that provide mechanical breakdown and other coverages to vehicle or consumer goods owners. The warranty contracts generally provide coverage from 1 month to 10 years . For warranty products in which the Company acts as the principal in the transaction, Non-insurance warranty revenues are reported on a gross basis, with amounts billed to customers reported as Non-insurance warranty revenue and commissions paid to agents reported as Non-insurance warranty expense. Non-insurance warranty revenue is reported net of any premiums related to contractual liability coverage issued by the Company's insurance operations. Additionally, the Company provides warranty administration services for dealer and manufacturer obligor warranty products, which include limited warranties and guaranteed automobile protection waivers.

The Company recognizes Non-insurance warranty revenues over the service period in proportion to the actuarially determined expected claims emergence pattern. Customers pay in full at the inception of the warranty contract. A liability for deferred revenue is recorded when cash payments are received or due in advance of the Company's performance. The deferred revenue balance includes amounts which are refundable on a pro rata basis upon cancellation.

The Company had deferred non-insurance warranty revenue balances of $2.9 billion and $3.0 billion reported in Other liabilities as of January 1, 2018 and March 31, 2018 . The increase in the deferred revenue balance for the three months ended March 31, 2018 was primarily driven by cash payments received or due in advance of satisfying the Company's performance obligations, offset by cancellations and revenues recognized during the period. For the three months ended March 31, 2018 , the Company recognized $222 million of revenues that were included in the deferred revenue balance at the beginning of the period. For the three months ended March 31, 2018 , 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 $659 million of the deferred revenue in the remainder of 2018, $761 million in 2019, $593 million in 2020, and $1 billion thereafter.

Cost to Obtain and Fulfill Non-Insurance Warranty Contracts with Customers

Dealers, retailers and agents earn commission for assisting the Company in obtaining non-insurance warranty contracts. Additionally, the Company utilizes a third-party to perform warranty administrator services for its consumer good warranties. These costs are deferred and recorded as Other assets. These costs are amortized to Non-insurance warranty expense consistent with how the related revenue is recognized.

A premium deficiency arises to the extent that estimated future costs associated with these contracts exceed unrecognized revenue. The Company evaluates deferred costs for recoverability as part of our premium deficiency assessment. Anticipated investment income is considered in the determination of the recoverability of deferred costs. If necessary, adjustments to deferred costs and a premium deficiency reserve, if any, are recorded in current period results of operations. No premium deficiency was recognized in the three months ended March 31, 2018 .

As of March 31, 2018 , capitalized commission costs were $2.2 billion and capitalized administrator service costs were $17 million . For the three months ended March 31, 2018 , the amount of amortization of capitalized costs was $157 million and there was no impairment loss related to the costs capitalized.

Item 2. Management's Discussion and Analysis (MD&A) of Financial Condition 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. Based on 2016 statutory net written premiums, we are the eighth largest commercial insurer in the United States of America.

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, 2017 .

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 i) net realized investment gains or losses, ii) income or loss from discontinued operations, iii) any cumulative effects of changes in accounting guidance and iv) deferred tax asset and liability remeasurement as a result of an enacted U.S. Federal tax rate change. The calculation of core income (loss) excludes net realized investment gains or losses because net realized investment gains or losses are generally driven by economic factors that are not necessarily consistent with key drivers of underwriting performance, and are therefore not considered an indication of trends in insurance 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. See further discussion regarding how we manage our business in Note I 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 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 expense ratio, the dividend ratio and the 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 expense ratio is the percentage of insurance underwriting and acquisition expenses, including the amortization of deferred acquisition cost, 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. 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. Exposure represents the measure of risk used in the pricing of the insurance product. Retention represents the percentage of premium dollars renewed in comparison to the expiring premium dollars from policies available to renew. Renewal premium change, rate and retention presented for the prior year are updated to reflect subsequent activity on policies written in the period. New business represents premiums from policies written with new customers and additional policies written with existing customers.

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 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 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
- Reinsurance and Insurance Receivables
- Valuation of Investments and Impairment of Securities
- Long Term Care Policies
- Income Taxes

Due to the inherent uncertainties involved with these types of judgments, actual results could differ significantly from estimates and may have a material adverse impact on our results of operations, 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, 2017 for further information.

CONSOLIDATED 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 the core income (loss) financial measure, see the segment discussions within this MD&A. For further discussion of Net investment income and Net realized investment results, see the Investments section of this MD&A.

Three months ended March 31 (In millions)	**2018**	**2017**
Operating Revenues		
Net earned premiums	$ 1,785	$ 1,645
Net investment income	490	545
Non-insurance warranty revenue	238	93
Other revenues	10	11
Total operating revenues	2,523	2,294
Claims, Benefits and Expenses		
Net incurred claims and benefits	1,333	1,289
Policyholders' dividends	6	4
Amortization of deferred acquisition costs	296	305
Other insurance related expenses	277	254
Non-insurance warranty expense	216	70
Other expenses	61	65
Total claims, benefits and expenses	2,189	1,987
Core income before income tax	334	307
Income tax expense on core income	(53)	(72)
Core income	281	235
Net realized investment gains	12	36
Income tax expense on net realized investment gains	(2)	(11)
Net realized investment gains, after tax	10	25
Net income	$ 291	$ 260

Core income increased $46 million for the three months ended March 31, 2018 as compared with 2017 . Excluding the effect of the corporate tax rate change, core income for our Property & Casualty Operations increased approximately $4 million. Improved underwriting results more than offset lower net investment income driven by lower limited partnership returns. Excluding the effect of the Federal corporate income tax rate change, core income for our Life & Group segment improved $22 million while core loss for our Corporate & Other segment increased $12 million.

Net catastrophe losses were $ 34 million for the three months ended March 31, 2018 and 2017 . Favorable net prior year loss reserve development of $39 million and $57 million was recorded in the three months ended March 31, 2018 and 2017 related to our Specialty, Commercial, International and Corporate & Other 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)	2018	2017
Net written premiums	$ 686	$ 670
Net earned premiums	672	654
Net investment income	122	148
Core income	171	137
Other performance metrics:		
Loss and loss adjustment expense ratio	56.3%	61.2%
Expense ratio	31.0	31.9
Dividend ratio	0.2	0.1
Combined ratio	87.5%	93.2%
Rate	2%	1%
Renewal premium change	3	4
Retention	85	88
New business	$ 81	$ 55

Net written premiums for Specialty increased $16 million for the three months ended March 31, 2018 as compared with the same period in 2017 due to higher new business and positive renewal premium change. The increase in net earned premiums was consistent with the trend in net written premiums.

Core income increased $34 million for the three months ended March 31, 2018 as compared with the same period in 2017 . Excluding the effect of the Federal corporate income tax rate change, core income increased approximately $6 million. Improved underwriting results more than offset lower net investment income driven by lower limited partnership returns.

The combined ratio improved 5.7 points for the three months ended March 31, 2018 as compared with the same period in 2017 . The loss ratio improved 4.9 points primarily due to 2.7 points of improvement in the current accident year loss ratio and higher favorable net prior year loss reserve development. Net catastrophe losses were $3 million , or 0.5 points of the loss ratio, for the three months ended March 31, 2018 , as compared to $4 million , or 0.6 points of the loss ratio, for the three months ended March 31, 2017 . The expense ratio decreased 0.9 points for the three months ended March 31, 2018 as compared with the same period in 2017 .

Favorable net prior year loss reserve development of $30 million and $12 million was recorded for the three months ended March 31, 2018 and 2017 . 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, 2018	December 31, 2017
Gross case reserves	$ 1,734	$ 1,742
Gross IBNR reserves	3,962	3,927
Total gross carried claim and claim adjustment expense reserves	$ 5,696	$ 5,669
Net case reserves	$ 1,585	$ 1,600
Net IBNR reserves	3,385	3,407
Total net carried claim and claim adjustment expense reserves	$ 4,970	$ 5,007

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)	**2018**	**2017**
Net written premiums	$ 832	$ 724
Net earned premiums	743	661
Net investment income	149	183
Core income	133	111
Other performance metrics:		
Loss and loss adjustment expense ratio	63.0%	63.9%
Expense ratio	33.5	37.3
Dividend ratio	0.6	0.5
Combined ratio	97.1%	101.7%
Rate	1%	0%
Renewal premium change	3	4
Retention	84	85
New business	$ 181	$ 140

Net written premiums for Commercial were $108 million higher for the three months ended March 31, 2018 as compared with the same period in 2017 . The prior period included an unfavorable premium rate adjustment in Small Business which affected both net written premiums and net earned premiums as more fully discussed in Note F to the Condensed Consolidated Financial Statements under Part 1, Item 1. Excluding the Small Business premium rate adjustment, net written premiums increased $61 million driven by higher new business and positive renewal premium change. The increase in net earned premiums was consistent with the trend in net written premiums.

Core income increased $22 million for the three months ended March 31, 2018 as compared with the same period in 2017 . Excluding the effect of the Federal corporate income tax rate change and the Small Business premium rate adjustment in the prior period, core income decreased approximately $26 million due to improved underwriting results more than offset by lower net investment income driven by lower limited partnership returns.

Excluding the impact of the Small Business premium rate adjustment, the combined ratio increased 0.9 points, driven by 5.0 points of less favorable net prior year loss reserve development largely offset by a 2.4 point improvement in the current accident year loss ratio and a 1.8 point decrease in the expense ratio due to higher net earned premiums. Net catastrophe losses were $29 million , or 3.9 points of the loss ratio, for the three months ended March 31, 2018 , as compared to $27 million , or 3.9 points of the loss ratio, for the three months ended March 31, 2017 .

Favorable net prior year loss reserve development of $9 million and $43 million was recorded for the three months ended March 31, 2018 and 2017 . 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, 2018	December 31, 2017
Gross case reserves	$ 4,327	$ 4,427
Gross IBNR reserves	4,391	4,337
Total gross carried claim and claim adjustment expense reserves	$ 8,718	$ 8,764
Net case reserves	$ 4,008	$ 4,103
Net IBNR reserves	4,058	4,033
Total net carried claim and claim adjustment expense reserves	$ 8,066	$ 8,136

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)	**2018**	**2017**
Net written premiums	$ 295	$ 238
Net earned premiums	236	197
Net investment income	14	12
Core income	23	20
Other performance metrics:		
Loss and loss adjustment expense ratio	60.4%	58.3%
Expense ratio	36.2	36.8
Combined ratio	96.6%	95.1%
Rate	2%	1%
Renewal premium change	8	1
Retention	80	78
New business	$ 93	$ 65

Net written premiums for International increased $57 million for the three months ended March 31, 2018 as compared with the same period in 2017 due to broad based growth across all of our platforms driven by higher new business, positive renewal premium change and higher retention. Excluding the effect of foreign currency exchange rates, net written premiums increased $36 million or 14% for the three months ended March 31, 2018 as compared with the same period in 2017 . The increase in net earned premiums was consistent with the trend in net written premiums.

Core income increased $3 million for the three months ended March 31, 2018 as compared with 2017 . Excluding the effect of the Federal corporate income tax rate change, core income was consistent with the prior period.

The combined ratio increased 1.5 points for the three months ended March 31, 2018 as compared with 2017. The loss ratio increased 2.1 points, primarily due to lower favorable net prior year loss reserve development. Net catastrophe losses were $2 million , or 0.7 points of the loss ratio, for the three months ended March 31, 2018 , as compared to $3 million , or 1.7 points of the loss ratio, for the three months ended March 31, 2017 . The expense ratio decreased 0.6 points for the three months ended March 31, 2018 as compared with the same period in 2017 due to higher net earned premiums.

Favorable net prior year loss reserve development was nil and $2 million for the three months ended March 31, 2018 and 2017 . 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 International.

(In millions)	**March 31, 2018**	**December 31, 2017**
Gross case reserves	$ 841	$ 744
Gross IBNR reserves	877	892
Total gross carried claim and claim adjustment expense reserves	$ 1,718	$ 1,636
Net case reserves	$ 696	$ 640
Net IBNR reserves	782	792
Total net carried claim and claim adjustment expense reserves	$ 1,478	$ 1,432

Life & Group

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

Three months ended March 31 (In millions)	2018	2017
Net earned premiums	$ 134	$ 133
Net investment income	200	197
Core loss before income tax	—	(33)
Income tax benefit on core loss	14	37
Core income	14	4

Core income increased $10 million for the three months ended March 31, 2018 as compared with the same period in 2017 . Excluding the effect of the Federal corporate income tax rate change, core income increased approximately $22 million driven by favorable persistency, and further helped by premium rate increases. The favorable persistency was driven by a high proportion of policyholders choosing to reduce benefits in lieu of premium rate increases.

Corporate & Other

The following table details the results of operations for Corporate & Other.

Three months ended March 31 (In millions)	2018	2017
Net investment income	$ 5	$ 5
Interest expense	34	38
Core loss	(60)	(37)

Core loss increased $23 million for the three months ended March 31, 2018 as compared with the same period in 2017 . Excluding the effect of the Federal corporate income tax rate change, core loss increased approximately $12 million due to higher adverse net prior year reserve development recorded in 2018 for A&EP under the LPT, as compared to the prior year period. This is further discussed 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 Corporate & Other.

(In millions)	March 31, 2018	December 31, 2017
Gross case reserves	$ 1,210	$ 1,371
Gross IBNR reserves	1,224	1,065
Total gross carried claim and claim adjustment expense reserves	$ 2,434	$ 2,436
Net case reserves	$ 93	$ 94
Net IBNR reserves	110	111
Total net carried claim and claim adjustment expense reserves	$ 203	$ 205

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 and non-redeemable preferred stock.

Three months ended March 31 (In millions)	**2018**	**2017**
Fixed income securities:		
Taxable fixed income securities	$ 350	$ 348
Tax-exempt fixed income securities	105	108
Total fixed income securities	455	456
Limited partnership and common stock investments	31	90
Other, net of investment expense	4	(1)
Pretax net investment income	$ 490	$ 545
Fixed income securities, after tax	$ 377	$ 331
Net investment income, after tax	405	389
Effective income yield for the fixed income securities portfolio, pretax	4.7%	4.8%
Effective income yield for the fixed income securities portfolio, after tax	3.9%	3.4%

Pretax net investment income decreased $55 million for the three months ended March 31, 2018 as compared with the same period in 2017 . The decrease was driven by limited partnership investments, which returned 1.2% in 2018 as compared with 3.8% in the prior year period. However, despite the decline in limited partnership income, net investment income, after tax, increased $16 million for the three months ended March 31, 2018 as compared with the same period in 2017 given stable fixed income returns and the lower Federal corporate income tax rate.

Net Realized Investment Gains (Losses)

The components of Net realized investment results are presented in the following table.

Three months ended March 31 (In millions)	**2018**	**2017**
Fixed maturity securities:		
Corporate bonds and other	$ 19	$ 30
States, municipalities and political subdivisions	20	6
Asset-backed	(21)	(4)
Total fixed maturity securities	18	32
Non-redeemable preferred stock	(15)	—
Short term and other	9	4
Net realized investment gains	12	36
Income tax expense on net realized investment gains	(2)	(11)
Net realized investment gains, after tax	$ 10	$ 25

Pretax net realized investment gains decreased $24 million for the three months ended March 31, 2018 as compared with the same period in 2017 . The decrease was driven by the decline in fair value of non-redeemable preferred stock and lower net realized gains on sales of securities.

Further information on our realized gains and losses, including our OTTI losses, is set forth in Note C to the Condensed Consolidated Financial Statements included under Part I, 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.

	March 31, 2018		December 31, 2017	
(In millions)	Estimated Fair Value	Net Unrealized Gains (Losses)	Estimated Fair Value	Net Unrealized Gains (Losses)
U.S. Government, Government agencies and Government-sponsored enterprises	$ 4,491	$ (52)	$ 4,514	$ 21
AAA	3,265	259	1,954	152
AA	7,096	576	8,982	914
A	9,168	702	9,643	952
BBB	13,413	699	13,554	1,093
Non-investment grade	2,826	84	2,840	140
Total	$ 40,259	$ 2,268	$ 41,487	$ 3,272

As of March 31, 2018 and December 31, 2017 , only 2% of our fixed maturity portfolio was rated internally.

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

	March 31, 2018	
(In millions)	Estimated Fair Value	Gross Unrealized Losses
U.S. Government, Government agencies and Government-sponsored enterprises	$ 2,997	$ 82
AAA	451	12
AA	754	11
A	1,579	33
BBB	3,379	79
Non-investment grade	881	29
Total	$ 10,041	$ 246

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.

	March 31, 2018	
(In millions)	Estimated Fair Value	Gross Unrealized Losses
Due in one year or less	$ 113	$ 4
Due after one year through five years	1,779	41
Due after five years through ten years	6,569	164
Due after ten years	1,580	37
Total	$ 10,041	$ 246

Duration

A primary objective in the management of the investment portfolio is to optimize return relative to 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 and 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 maturity securities, non-redeemable preferred stock 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.

	March 31, 2018			December 31, 2017		
(In millions)		Estimated Fair Value	Effective Duration (In years)		Estimated Fair Value	Effective Duration (In years)
Investments supporting Life & Group	$	16,413	8.3	$	16,797	8.4
Other investments		25,656	4.5		26,817	4.4
Total	$	42,069	6.0	$	43,614	5.9

The duration of the total portfolio is aligned with the cash flow characteristics of the underlying liabilities.

The investment portfolio is periodically analyzed for changes in duration and related price risk. 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, 2017 .

Short Term Investments

The carrying value of the components of the Short term investments are presented in the following table.

(In millions)		March 31, 2018		December 31, 2017
Short term investments:				
Commercial paper	$	946	$	905
U.S. Treasury securities		134		355
Money market funds		23		44
Other		127		132
Total short term investments	$	1,230	$	1,436

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Our primary operating cash flow sources are premiums and investment income from our insurance subsidiaries. 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, 2018 , net cash provided by operating activities was $218 million as compared with $282 million for the same period in 2017 . The decrease in cash provided by operating activities was driven by a lower level of distributions on limited partnerships partially offset by an increase in premiums collected.

Cash flows from investing activities include the purchase and disposition of available-for-sale financial instruments and may include the purchase and sale of businesses, land, buildings, equipment and other assets not generally held for resale.

Net cash provided by investing activities was $489 million for the three months ended March 31, 2018 , as compared with $354 million for the same period in 2017 . The cash flow from investing activities is affected by various factors such as the anticipated payment of claims, financing activity, asset/liability management and individual security buy and sell decisions made in the normal course of portfolio management.

Cash flows from financing activities may include proceeds from the issuance of debt and equity securities, outflows for stockholder dividends or repayment of debt and outlays to reacquire equity securities.

For the three months ended March 31, 2018 , net cash used by financing activities was $781 million as compared with $609 million for the same period in 2017 . In the first quarter of 2018, we redeemed the $150 million outstanding aggregate principal balance of our 6.950% senior notes due January 15, 2018.

Common Stock Dividends

A quarterly dividend of $0.30 per share and a special dividend of $2.00 per share of our common stock were declared and paid in the first quarter of 2018 . On April 27, 2018 , our Board of Directors declared a quarterly dividend of $0.30 per share, payable May 30, 2018 to stockholders of record on May 14, 2018 . 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

Later this year, management intends to pay down the $30 million of subordinated variable rate debt of Hardy due September 15, 2036. 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 FHLBC.

Dividends from 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 (the Department), 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, 2018 CCC was in a positive earned surplus position. The maximum allowable dividend CCC could pay during 2018 that would not be subject to the Department's prior approval is $1,073 million, less dividends paid during the preceding twelve months measured at that point in time. CCC paid dividends of $280 million during the nine months ended December 31, 2017 and $670 million during the three months ended March 31, 2018 . As of March 31, 2018 CCC is able to pay approximately $123 million of dividends that would not be subject to prior approval of the Department. 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 automatic shelf registration statement under which we may publicly issue debt, equity or hybrid securities from time to time.

ACCOUNTING STANDARDS UPDATE

For a discussion of Accounting Standards Updates adopted in the current period and that will be adopted in the future, 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 for A&EP and other mass tort claims which 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 are conducting; our expectations concerning our revenues, earnings, expenses and investment activities; volatility in investment returns; expected cost savings and other results from our expense reduction activities; 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 statement. We cannot control many of these risks and uncertainties. These risks and uncertainties include, but are not limited to, the following:

Company-Specific Factors

- the risks and uncertainties associated with our insurance reserves, as outlined in the Critical Accounting Estimates and the Reserves - Estimates and Uncertainties sections of our 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 transaction in which, subject to certain limitations, we ceded our legacy A&EP liabilities will not fully perform their obligations to CNA, the uncertainty in estimating loss reserves for A&EP liabilities and the possible continued exposure of CNA to liabilities for A&EP claims that are not covered under the terms of the transaction;
- the performance of reinsurance companies under reinsurance contracts with us; and
- the risks and uncertainties associated with potential acquisitions and divestitures, including the consummation of such transactions, the successful integration of acquired operations and the potential for subsequent impairment of goodwill or intangible assets.

Industry and General Market Factors

- 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 and decline or non-renew underpriced accounts, to achieve premium targets and profitability and to realize growth and retention estimates;
- general economic and business conditions, including recessionary conditions that may decrease the size and number of our insurance customers and create additional losses to our lines of business, especially those that provide management and professional liability insurance, as well as surety bonds, to businesses engaged in real estate, financial services and professional services and inflationary pressures on medical care costs, construction costs and other economic sectors that increase the severity of claims;
- conditions in the capital and credit markets, including continuing 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 Factors

- regulatory initiatives and compliance with governmental regulations, judicial interpretations within the regulatory framework, including interpretation of policy provisions, decisions regarding coverage and theories of liability, legislative actions that increase claimant activity, 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; and
- 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.

Impact of Catastrophic Events and Related Developments

- weather and other natural physical events, including the severity and frequency of storms, hail, snowfall and other winter conditions, natural disasters such as hurricanes and earthquakes, as well as climate change, including effects on global weather patterns, greenhouse gases, sea, land and air temperatures, sea levels, 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; and
- the occurrence of epidemics.

Referendum on the United Kingdom's Membership in the European Union

- in 2016, the United Kingdom (U.K.) held a referendum in which voters approved an exit from the European Union (E.U.), commonly referred to as "Brexit." As a result of the referendum, in 2017 the British government formally commenced the process to leave the E.U. and began negotiating the terms of treaties that will govern the U.K.'s future relationship with the E.U. Although the terms of any future treaties are unknown, we believe changes in our international operating platform will be required to allow us to continue to write business in the E.U. after the completion of Brexit. Therefore, we have begun the process of establishing a new European subsidiary in Luxembourg. As a result of these changes, the complexity and cost of regulatory compliance of our European business is likely to increase.

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, 2018 . 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, 2017 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, 2018 , 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 Exchange Act Rules 13a-15(e) and 15d-15(e)). Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures are effective as of March 31, 2018 .

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, 2018 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 F 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: April 30, 2018	By	/s/ D. Craig Mense
		D. Craig Mense **Executive Vice President and** **Chief Financial Officer**

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2018 CNA Non-qualified Savings Plan, Restated as of January 1, 2018	10.1
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	101.INS
XBRL Taxonomy Extension Schema	101.SCH
XBRL Taxonomy Extension Calculation Linkbase	101.CAL
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EXHIBIT 10.1

CNA NON-QUALIFIED SAVINGS PLAN

Restated as of January 1, 2018

CNA NON-QUALIFIED SAVINGS PLAN

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CNA NON-QUALIFIED SAVINGS PLAN
ARTICLE I
GENERAL PROVISIONS

1.1 Purpose. The purpose of this CNA Non-Qualified Savings Plan (the "Plan") is to enable selected Employees and former Employees of CNA Financial Corporation (the "Company") or its subsidiaries (the "Employers") to elect to defer additional compensation, and receive additional matching and other Company contributions, to compensate them for the limitations imposed upon their benefits under the CNA 401(k) Plus Plan in order to comply with the requirements of the Internal Revenue Code (the "Code"), and also to permit the Employers to provide additional amounts of deferred compensation for other key Employees and former Employees. The Plan was originally adopted jointly by the Company and Continental Casualty Company, one of the Employers, effective as of January 1, 1987, under the name CNA Employees' Supplemental Savings Plan, and has been amended from time to time. The Plan was most recently restated as of January 1, 2009, pursuant to which restatement the Company was granted the authority to adopt further amendments to the Plan. The Plan is hereby further amended to incorporate certain amendments made since the last restatement, and to make other changes.

1.2 Effective Date. The Plan was originally effective as of January 1, 1987, and was most recently restated as of January 1, 2009, in order to comply with the final regulations under §409A of the Code. This amendment and restatement of the Plan shall be effective as of January 1, 2018. Except as otherwise explicitly provided below, the rights of a Participant whose employment terminated, or who otherwise became entitled to receive benefits, under the Plan prior to January 1, 2018, shall be determined under the terms of the Plan as in effect at such time.

1.3 Company and Employers. The Plan is adopted for the benefit of selected Employees and former Employees of the Company and the Employers. As of the effective date of this restatement, Continental Casualty Company is the only Employer participating in the Plan. The Administrator may permit any other company that is an affiliate or subsidiary of the Company to participate in the Plan in such manner as the Administrator may determine. Each Employer is liable for the payment of benefits to a Participant that is or was an Employee of such Employer. The Company is the sponsor of the Plan for purposes of ERISA and the issuer of all interests in the Plan for securities laws purposes.

1.4 Plan Year. The Plan Year of the Plan shall coincide with the calendar year, except as the Administrator shall otherwise determine.

1.5 Definitions and Rules of Construction. As used in this Plan, certain capitalized terms shall have the meanings set forth below. Capitalized terms not defined herein shall have the meaning set forth in the CNA 401(k) Plus Plan, if applicable. Nouns and pronouns which are of one gender shall be construed to include all genders, and the singular shall include the plural and vice-versa, except as the context otherwise clearly requires. Article and Section headings are for ease of reference only and shall have no substantive meaning.

(a) "Account" means the separate bookkeeping account maintained on the books of a Participant's Employer to reflect the amount owed to him pursuant to this Plan. Each Account shall be divided into the following subaccounts:

(i) The Deferred Account shall include the amounts deferred by the Participant pursuant to Section 2.2 and the income attributable thereto.

(ii) The Matching Account shall include any amounts credited to the Participant pursuant to Section 2.3(a) or (b) and the income attributable thereto.

(iii) The Employer Account shall include any amounts credited to the Participant pursuant to Section 2.3(c) and the income attributable thereto.

Each Account of each Participant who participated in the Plan prior to January 1, 2005, shall be divided into a Pre-2005 and a Post-2004 portion, as follows:

(iv) The Pre-2005 portion of the Deferred Account shall consist of all amounts allocated to the Deferred Account on or before December 31, 2004, and any earnings thereon.

(v) The Pre-2005 portion of the Matching Account and the Employer Account shall consist of the vested portions of such Accounts as of December 31, 2004, and any earnings thereon.

(vi) The Post-2004 portion of each Account shall consist of any amount not included in the Pre-2005 Portion.

The Administrator may establish additional subaccounts within a Participant's Account, or may combine two or more subaccounts. The term "Account", when not otherwise specified, shall refer collectively to all of the subaccounts comprising a Participant's Account, and the terms "Pre-2005 Account" and "Post-2004 Account" shall mean, respectively, the Pre-2005 and Post-2004 Portions of a Participant's Accounts.

If a Participant participates in the Plan both as an Employee and subsequently as a former Employee, he or she shall have two separate Accounts, and any election made by him with respect to one Account shall have no effect on the other Account.

(b) "Administrator" means the Company or such other person as the Company shall designate pursuant to Section 4.1.

(c) "Beneficiary" means the person or persons designated to receive the Participant's Account in the event of his or her death pursuant to Section 2.7.

(d) "Board" means the Board of Directors of the Company.

(e) “Code” means the Internal Revenue Code of 1986, and any treasury regulations, rulings or other authoritative administrative pronouncements interpreting the Code. If any provision of the Code specifically referred to herein is amended or replaced, the reference shall be deemed to be to the provision as so amended, or to the new provision, if such reference is consistent with the purposes of the Plan.

(f) “Company” means CNA Financial Corporation, and any successor thereto that assumes the obligations of the Company under this Plan.

(g) “Compensation” means Compensation as defined in Section 2.1(j) of the CNA 401(k) Plus Plan for purposes of determining a Participant’s Before-Tax, After-Tax and Matching Contributions, but without regard to any limits on includable compensation imposed by the Tax Limits.

(h) “Controlled Group” means the Company and all other entities that are part of a controlled group of corporations, or group of trades or businesses under common control, that includes the Company as defined in §414(b) or (c) of the Code; including, for avoidance of doubt, Loews Corporation and its respective 80% owned subsidiaries.

(i) “Deferral Agreement” means an agreement between an Active Participant and his or her Employer specifying that a portion of his or her Compensation shall be withheld and credited to his or her Account in the Plan pursuant to Section 2.2, or providing that additional amounts will be credited to his or her Account pursuant to Section 2.3, or both, and any amendment thereto. To the extent determined by the Administrator, a Deferral Agreement may take the form of an election made by the Participant either in writing or through electronic communications, and a Participant’s election to participate in the CNA 401(k) Plus Plan may be treated as a Deferral Agreement under this Plan in the absence of a contrary election. The term “Deferral Agreement” may also refer to any provision of an employment, consulting, severance, or other agreement for the performance of services that makes specific reference to this Plan and provides for deferred compensation.

(j) “Employee” means any person employed by any Employer and classified as an Employee by such Employer. Except as otherwise provided in Section 2.1(c), the term “Employee” shall not include a person who is retained to provide services for an Employer as an independent contractor, or who provides services for an Employer pursuant to an agreement or understanding, written or unwritten, with a third party that such person shall be treated as an employee of the third party, but who is subsequently determined to be an employee at common law, for purposes of any federal or state tax or employment law, or for any other purpose.

(k) “Employer” means any subsidiary of the Company that adopts the Plan and is the employer or former employer of a Participant.

(l) “ERISA” means the Employee Retirement Income Security Act of 1974, and any Labor Department regulations, rulings or other authoritative administrative pronouncements interpreting ERISA. If any provision of ERISA specifically referred to herein is amended or replaced, the reference shall be deemed to be to the provision as so amended, or to the new provision, if such reference is consistent with the purposes of the Plan.

(m) Excess Benefit Plan" means the separable portion of the Plan contained in Appendix B.

(n) "Participant" means an Employee or former Employee designated to participate in the Plan pursuant to Section 2.1, while he or she has the right to any benefits under the Plan. Participants are divided in Active Participants and Inactive Participants, as described in Section 2.1, and the term "Participant", when not modified, shall refer to both Active and Inactive Participants, unless clearly inconsistent with the context.

(o) "Plan" means this CNA Non-Qualified Savings Plan, as amended from time to time.

(p) "Tax Limits" means the limitations imposed on a Participant's benefits under the Plan to satisfy the requirements of §401(a)(17), §402(g), or §415 of the Code.

(q) "Total Pay" means Total Pay as defined in the 401(K) Plus Plan (and as formerly referred to as "Retirement Plan Compensation") for purposes of determining a Participant's Basic and Performance Contributions, but without regard to any limits on includible compensation imposed by the Tax Limits.

(r) "401(K) Plus Plan" means the CNA 401(k) Plus Plan, as amended from time to time, and, if appropriate, any new plan adopted by the Company to replace the 401(K) Plus Plan. In the case of a Participant who participates in a plan maintained by his or her Employer other than the CNA 401(k) Plus Plan, which plan is qualified under §401(a) of the Code and includes a cash or deferred feature qualified under §401(k) of the Code, the term "401(K) Plus Plan" with respect to such Participant shall mean such other plan.

ARTICLE II
ELIGIBILITY AND BENEFITS

2.1 Eligibility

(a) Only selected management and highly compensated Employees and former Employees who are designated as provided herein shall be eligible to participate in the Plan. The Employees and former Employees who are so designated to participate in the Plan shall be referred to herein as "Active Participants" for so long as they have the right to have additional amounts credited to their Accounts pursuant to Section 2.2 or 2.3. A person who is no longer an Active Participant, but who still has an undistributed Account in the Plan, shall be referred to as an "Inactive Participant."

(b) Unless otherwise determined by the Administrator, only the following Employees who are eligible to participate in the 401(K) Plus Plan are eligible to participate in the Plan:

(i) An Employee whose Compensation for the Plan Year exceeds (or, as determined by the Administrator, is expected to exceed) the limitation of Code §401(a)(17);

(ii) An Employee hired during the Plan Year with a base salary that exceeds the limitation of Code §401(a)(17) (without regard to whether the Employee's total Compensation for the Plan Year is expected to exceed such limitation) shall be eligible to participate on his or her date of hire; provided that such Employee has not participated (other than through accrual of earnings on amounts previously deferred) in any account balance nonqualified deferred compensation arrangement sponsored by the Company or any member of the Controlled Group during the 24 month period prior to the date he or she is hired, unless the employee received a distribution of his or her entire balance in such plan during such 24 month period, and immediately prior to such distribution was not eligible to continue to participate in such plan. An Employee whose Compensation unexpectedly exceeds the limitation of §401(a)(17) during a Plan Year, and who otherwise satisfies the requirements of the preceding sentence (including the receipt of any Basic or Performance Contributions under this Plan during such 24 month period) may, if permitted by the Administrator, be treated as have been hired on the date that his or her Compensation exceeds such limit; and

(iii) An Employee shall be eligible to participate, solely for purposes of being credited with Basic and Performance Contributions, in the first Plan Year in which his or her Total Pay exceeds the limitation of Code §401(a)(17).

Notwithstanding the foregoing, the Administrator may, in its sole discretion, determine at any time that any Employee or group of Employees described in this paragraph (b) shall no longer be eligible to participate.

(c) Any Employer, with the consent of the Administrator, may enter into a Deferral Agreement with a person not described in paragraphs (a) or (b), who may be either an Employee or a former Employee, and such person shall thereby become an Active Participant. To the extent necessary or appropriate, any reference in this Plan to "employment" shall be modified and interpreted in the case of a former Employee or independent consultant in a manner consistent with the intent of the Plan.

(d) Any Employee who becomes a Participant, but who becomes ineligible to enter into a Deferral Agreement for any subsequent Plan Year by reason of a decrease in Compensation, shall remain a Participant, and shall be credited with Employer Contributions pursuant to Section 2.3, for so long as he remains an Employee, unless otherwise determined by the Administrator.

2.2 Elective Deferrals .

(a) Each Active Participant may, for any Plan Year in which he or she is also a participant in the 401(K) Plus Plan, elect in his or her Deferral Agreement to accept a reduction in his or her Compensation from his or her Employer equal to a whole percentage not to exceed the 50% of his or her Compensation. At present, the terms of the 401(K) Plus Plan do not permit a Participant who is participating in the 401(K) Plus Plan during a Plan Year to change his or her Before-Tax or Roth 401(k) Deferral elections during the Plan Year; however, if the 401(K) Plus Plan is amended or terminated, or if for any other reason a Participant is permitted to change his or her 401(K) Plus Plan Before-Tax or Roth 401(k) Deferral election during a Plan Year, the percentage withheld and credited to the Participant's Deferral Account shall be calculated as if the 401(K) Plus Plan Before-Tax or Roth 401(k) Deferral election had not changed. Eligible Participants may make an excess deferral election that does not go into effect until contributions to the 401(K) Plus Plan have been discontinued because of a Tax Limit. Effective January 1, 2018, simultaneous deferral contribution elections were eliminated.

(b) All deferral elections shall be made in accordance with procedures established by the Administrator during the periods described below, and shall be irrevocable after the end of the period during which the election may be made. Except as otherwise provided in procedures established by the Administrator, a deferral election for one Plan Year shall apply to all future Plan Years unless changed by the Participant during the applicable election period:

(i) Except as otherwise provided below, all deferral elections shall be made not later than the last day of the Plan Year immediately preceding the Plan Year to which the deferral election shall apply.

(ii) An Employee who first becomes eligible to participate during a Plan Year pursuant to Section 2.1(b)(ii) may make a deferral election not later than 30 days after he or she becomes eligible, which deferral election shall apply only to Compensation earned after the date of the election.

(c) Any Employer, with the consent of the Administrator, may enter into a Deferral Agreement with an Active Participant (including but not limited to a person described in Section 2.1(b)) which provides for Compensation to be withheld and credited to the Active Participant's Deferral Account on a basis different from that described in paragraph (a). Such a Deferral Agreement may provide for the deferral of forms or amounts of compensation different from those defined as Compensation in Section 1.5(h), including payments to a former Employee or independent contractor, in which event such compensation shall be considered Compensation for all purposes of this Plan. Notwithstanding the foregoing, effective January 1, 2005, if any Deferral Agreement permits a Participant to defer any form of incentive compensation, as defined in Code §409A, that is measured over a period of twelve months or more, the deferral election must be made not less than six months before the end of the measurement period.

(d) Amounts deferred pursuant to paragraph (a) shall be credited to the Active Participant's Deferral Account as of the date on which the deferred Compensation would otherwise have been paid. No election, and no provision of any Deferral Agreement, shall permit a Participant to defer Compensation already earned when the election is made. Effective January 1, 2005, all deferral elections, including those under a Deferral Agreement, must be made not later than December 31 of the immediately preceding year (except as otherwise provided in paragraph (b)(ii), or in paragraph (c) with respect to deferrals of incentive compensation), and may thereafter be revoked or modified only as permitted in regulations issued pursuant to Code §409A.

2.3 Employer Contributions .

(a) For each payroll period, the Employer of an Active Participant shall credit to the Active Participant's Matching Account an amount equal to the amount deferred by the Active Participant for such payroll period under Section 2.2 multiplied by the Fixed Matching Contribution percentage applicable to such Active Participant under the 401(K) Plus Plan. The Company shall also credit to the Matching Account of an Active Participant any Fixed Matching Contribution that relates to a Before-Tax and/or Roth 401(k) contribution made under the 401(K) Plus Plan, but which Fixed Matching Contribution cannot be allocated to such Active Participant's 401(K) Plus Plan account without exceeding the Tax Limits. The total amount of Fixed Matching Contributions credited to an Active Participant's Matching Account under this Section 2.3 for each Plan Year shall not exceed the excess of 6% the Active Participant's total Compensation for the Plan Year reduced by all Fixed Matching Contributions allocated to his or her account in the 401(K) Plus Plan for the same Plan Year.

(b) In addition to the amounts set forth above, at the end of each Plan Year the Employer of an Active Participant shall credit to the Active Participant's Matching Account an amount equal to the amount deferred by the Active Participant for the Plan Year pursuant to Section 2.2, multiplied by the Variable Matching Contribution percentage applicable to such Active Participant under the 401(K) Plus Plan. The Company shall also credit to the Matching Account of an Active Participant any Variable Matching Contribution that relates to a Before-Tax and/or Roth 401(k) Contribution made under the 401(K) Plus Plan, but which Matching Contribution cannot be allocated to such Active Participant's 401(K) Plus Plan account without exceeding the Tax Limits.

(c) In addition to the amounts set forth above, at the end of each Plan Year or pay period, as applicable, the Employer of an Active Participant shall credit to the Active Participant's Employer Contribution Account an amount equal to the portion of the Active Participant's Total Pay that exceeds the Tax Limits multiplied by the applicable Basic and Performance Contribution percentages applicable to such Active Participant under the 401(K) Plus Plan. The Company shall also credit to the Employer Contribution Account of an Active Participant any Basic or Performance Contribution that cannot be allocated to such Active Participant's 401(K) Plus Plan account without exceeding the Tax Limits.

(d) Anything else contained herein to the contrary notwithstanding, the amount credited to an Active Participant's Matching Account or Employer Contribution Account pursuant to paragraph (a), (b) or (c) for any Plan Year shall not exceed the amount of additional Fixed Matching, Variable Matching, Basic or Performance Contributions, as the case may be, that would have been allocated to the Active Participant's 401(K) Plus Plan account for the same Plan Year if the Tax Limits did not apply.

(e) Any Employer, with the consent of the Administrator, may enter into an employment agreement, or adopt employment policies, with or applicable to an Active Participant (including but not limited to a person described in Section 2.1(b)) which provides for amounts to be credited to the Active Participant's Matching or Employer Account on a basis different from that described in paragraph (a), (b) or (c). Such an agreement or policy shall specify the basis upon which the amount to be so credited shall be determined, and may also specify a vesting schedule different than that specified in Section 2.5.

2.4 Earnings .

(a) Except as otherwise provided in paragraph (b), earnings shall be credited to each Participant's Account at the projected rate of return on the Invesco Stable Value Fund established under the 401(K) Plus Plan. In the event that the Invesco Stable Value Fund is no longer offered as an investment alternative under the 401(K) Plus Plan, the Administrator shall designate a reasonably equivalent investment option under the 401(K) Plus Plan to be used to measure the rate at which earnings shall be credited.

(b) At any time after the effective date of this restatement, the Administrator may designate selected mutual funds or other investment media ("funds"), and each Participant shall have the right to have earnings (including realized and unrealized gains and losses) on his or her Account computed as if it had been invested in such funds in such proportions as the Participant shall elect. The funds may be the same as the Investment Funds designated under the 401(K) Plus Plan, or may exclude some or all of such Investment Funds or include other funds as the Administrator may determine. The portion of each Participant's Account that is deemed to be invested in each fund shall be a whole percentage, and elections may be changed at such intervals and in such manner as the Administrator may determine. The Administrator shall have the authority to select and discontinue funds at any time, to establish a rate at which interest shall be credited on Accounts with respect to which no fund election is in effect, and otherwise to establish rules and procedures with respect to the calculation and crediting of earnings, including changing the intervals at which fund elections may be made or at which earnings are posted, and establishing a minimum or maximum percentage that may be deemed invested in any fund.

(c) Anything else contained herein to the contrary, in no event shall any Participant be allowed to elect a rate of return on his or her Account retroactively, and in all cases earnings shall be computed in such a manner that they shall not be considered additional deferred compensation for purposes of FICA withholding under §3121(v) of the Code.

2.5 Vesting. The balance in a Participant's Deferral Account shall be fully vested and nonforfeitable at all times. The balance in a Participant's Matching Account or Employer Account (or any subaccount thereof) shall be vested at the same times and to the same extent as the Participant's analogous account in the 401(K) Plus Plan (except as otherwise provided in a Deferral Agreement with respect to amounts credited pursuant to Section 2.3(b)); provided, however, that an event that results in the 401(K) Plus Plan accounts of a group of Participants being vested without regard to their years of service, including but not limited to the sale of a business unit or a determination that a partial termination of the 401(K) Plus Plan has occurred, shall apply to this Plan if and only if such event is listed in Appendix A to this Plan. To the extent a Participant's Account is not vested at the time of his or her termination of employment for any reason, the non-vested portion shall be forfeited, and neither the Company nor any Employer shall have any further obligation to him whatsoever with respect to the forfeited portion.

2.6 Time and Form of Payment.

(a) Except as otherwise provided in paragraph (c), the vested balance in a Participant's Account shall be paid to the Participant in one of the following manners, as elected by the Participant in accordance with paragraph (b):

(i) In a single lump sum, paid as soon as practical, but in no event more than 90 days following the Participant's termination of employment;

(ii) In a single lump sum, paid during January of the year following the year that includes the Participant's termination of employment; or

(iii) In a series of not more than 10 annual installments, payable during January of each year commencing with the year following the year that includes the Participant's termination of employment. Each such installment shall be equal to the remaining balance in Participant's Account immediately prior to the payment of such installment divided by the number of installments remaining to be paid.

(b) The time and method of payment shall be elected by the Participant in accordance with the procedures established by the Administrator at the earlier of the following times:

(i) When the Participant enters into his or her first Deferral Agreement or,

(ii) In the case of a newly eligible Participant, not later than 30 days after the date of the paycheck that causes his or her Total Pay to exceed the §401(a) (17) limit in the first year in which his or her Total Pay exceeds such limit.

If the Participant does not specify a time and method of payment, the vested balance in his or her Account shall be distributed in a single lump sum as soon as administratively feasible, but not more than 90 days, following his or her termination of employment. The initial election or deemed election as to the time and form of distribution cannot be changed.

(c) Anything else in this Plan, or a Deferral Agreement, to the contrary notwithstanding:

(i) Except as otherwise provided below, no part of a Participant's Post-2004 Account shall be payable until the Participant has incurred a separation from service as defined in Code §409A.

(ii) No part of a Participant's Post-2004 Account shall be payable to a Participant who is a specified employee, as defined in Code §409A, until the first business day that is at least six months after he or she has incurred a separation from service. The identification of Participants as specified employees shall be made as of December 31 of each year by Loews Corporation based upon the employees of the controlled group of which Loews Corporation is the common parent, and a Participant identified as a specified employee as of any December 31 shall be subject to the provisions of this paragraph (c)(ii) if the Participant incurs a separation from service during the twelve month period commencing on the following April 1.

(iii) In no event shall the distribution of any Post-2004 Account be accelerated to a time earlier than which it would otherwise have been paid, whether by amendment of the Plan, exercise of the Employee Benefits Committee's discretion, or otherwise, except as permitted by regulations issued pursuant to Code §409A.

(iv) In the event that the Administrator, in its sole discretion, determines that any time or form of distribution provided for in the Plan, or the existence of a right to elect a different time or form of distribution, would cause the Plan to fail to meet the requirements of Code §409A, or otherwise cause Participants to be subject to any adverse federal income tax consequences, the Administrator shall adopt procedures modifying or removing the form of distribution or election right, which shall be deemed an amendment to the Plan.

(v) Any Deferral Agreement that provides for a different form or time of payment shall specify the time and manner of payment, without Employer or Participant discretion, at the time the Deferral Agreement is entered into, and shall otherwise comply with the requirements of this paragraph (b); provided that, in addition to a severance from service, a Deferral Agreement may provide for benefits to be paid at a specified time or pursuant to a fixed schedule set forth in the Deferral Agreement, or upon the occurrence of a change in ownership or control of the Participant's Employer, or in a substantial portion of its assets, as defined in Code §409A, and provided further that a Deferral Agreement may permit a Participant to elect to further defer the distribution of his or her Account if the election does not take effect for at least twelve months and the distribution of the Post-2004 Account is deferred by at least five years.

2.7 Death Benefits .

(a) If a Participant dies while still employed, his or her Account shall be fully vested and shall be paid to his or her Beneficiary in a single lump sum. If a Participant dies after his or her employment has been terminated but before his or her Account has been paid in full, the remaining balance in his or her Account shall be paid to his or her Beneficiary in a single lump sum, regardless of whether the Participant has elected payment in installments (and regardless of whether the Participant was a specified employee at the time of his separation from service as provided in Section 2.6(c)(ii)). All payments to Beneficiaries shall be within 90 days following the Participant's death.

(b) A Participant's Beneficiary shall be the person or persons designated by the Participant in his or her Deferral Agreement. A Participant may change his or her Beneficiary from time to time without the consent of the Beneficiary. Subject to rules, procedures, and limitations established by the Administrator, a Beneficiary may be an entity (including a trust or nonprofit organization), and the Participant may designate multiple or contingent Beneficiaries and specify the manner in which his or her Account will be divided among them. All designations of Beneficiaries, and revocations or changes in designations, shall be made in accordance with rules, procedures and limitations prescribed by the Administrator. No designation of a Beneficiary, and no revocation or change in a designation, shall be effective until actually received by the Administrator in writing, and the Administrator's determination of a Participant's Beneficiary, if made in good faith, shall be final and conclusive on all parties.

(c) The determination of the Participant's Beneficiary shall be made at the time of his or her death. If there is no designated Beneficiary living at the time of the Participant's death, his or her Beneficiary shall be the person designated as his or her beneficiary under the 401(K) Plus Plan, or any similar retirement plan which permits the Participant to designate a beneficiary, as determined by the Administrator in its sole discretion (regardless of whether such designation is invalid solely by reason of §401(a)(11) of the Code or Section 205 of ERISA by reason of the failure of the Participant's spouse to consent) or, if no beneficiary is designated under the 401(K) Plus Plan or any such other plan, his or her estate. If the Participant has designated more than one Beneficiary and not specified the manner in which his or her Account shall be divided, it shall be divided among all living Beneficiaries at the time of his or her death, per stirpes.

2.8 Excess Benefit Plan Participants . If an Employee who has been a Participant in the Excess Benefit Plan becomes eligible pursuant to Section 2.1, such Employee shall become a Participant, and his Account under the Excess Benefit Plan shall be transferred to and become a part of his Account under the Plan. Such Participant shall not be eligible to make a new payment election under Section 2.6(b), but any election made by the Participant under the Excess Benefit Plan shall be treated as having been made under Section 2.6(b) and shall apply to his entire Account.

2.9 Former Participants in Surety Plans .

(a) Effective as of December 25, 2011, the employees of Western Surety Company, a subsidiary of CNA Surety Corporation, became employees of Continental Casualty Company. CNA Surety Corporation sponsored two nonqualified deferred compensation plans for the benefit of employees of Western Surety Company: the CNA Surety Corporation Deferred Corporation Plan (the "2000 Surety Plan"), which provided for the deferral of compensation earned prior to 2005, and the CNA Surety Corporation 2005 Deferred Corporation Plan (the "2005 Surety Plan", and, collectively with the 2000 Surety Plan, the "Surety Plans"), which provides for the deferral of compensation earned beginning in 2005. Effective January 3, 2012, each of the Surety Plans was merged with and into the Plan in accordance with the provisions of this Section 2.9.

(b) Effective January 3, 2012, each person who has an account in either of the Surety Plan (a "Surety Participant") became a Participant. Each Surety Participant's account in the applicable Surety Plan, valued as of such date, became an Account in the Plan, and the Plan hereby assumes the obligation to pay such Account, subject to the terms of the Plan. If a Surety Participant had an account in the 2005 Surety Plan, such account became his Account in this Plan, any future contributions shall be credited to such Account, and the entire balance in such Account shall be considered a Post-2004 Account for all purposes of the Plan. If a Surety Participant has an account in the 2000 Surety Plan, whether or not he also has an account in the 2005 Surety Plan, such account shall be treated as a separate Account or subaccount which is a Pre-2005 Account for all purposes of the Plan, and no further contributions shall be allocated to such Account.

(c) Contributions to the Plan on behalf of Surety Participants were determined as follows:

(i) Elective Contributions, Matching Contributions, and Basic Contributions for the final Western Surety Company payroll period ending prior to December 25, 2011, were calculated in accordance with the terms of the 2005 Surety Plan, credited initially to the Surety Participant's account in the 2005 Surety Plan, and were transferred to the Plan on January 3, 2012, as described in Section 2.9(b) above.

(ii) Performance Contributions for 2011 were calculated in accordance with the terms of the 2005 Surety Plan (based upon the 2011 performance of CNA Surety Corporation), and credited to each eligible Surety Participants' Post-2004 Account in this Plan.

(iii) Surety Participants shall be considered Active Participants, and eligible to enter into a Deferral Agreement for 2012 and subsequent years, if and only if they otherwise satisfy the requirements of Section 2.1.

(iv) Surety Participants who became employees of Continental Casualty Company shall be eligible to be credited with employer contributions pursuant to Section 2.3 if they are Active Participants in this Plan, or pursuant to the Excess Benefit Plan set forth in Appendix B if they are not Active Participants.

(d) All Accounts transferred from the Surety Plans shall be credited with earnings in accordance with Section 2.4 beginning on January 3, 2012, and Surety Participants shall have no right to elect investment funds after such date.

(e) The entire Post-2004 Account of a Surety Participant, including any amount transferred from the 2005 Surety Plan and all subsequent contributions, shall be distributed in a single lump sum as soon as reasonably practical after the date that is six months after the Surety Participant incurs a separation from service as defined in Code §409A, in accordance with Article VI of the 2005 Surety Plan.

(f) The Pre-2005 Account of a Surety Plan that was transferred from the 2000 Surety Plan shall be distributed in accordance with the Surety Participant's election made under the terms of the 2000 Plan, in accordance with Article VI of the 2000 Surety Plan.

(g) The right of a Surety Participant to withdraw a portion of his Account by reason of unforeseeable financial emergency pursuant to Section 5.6 of the 2000 Surety Plan or 6.5 of the 2005 Surety Plan shall be governed exclusively by Section 3.3 of the Plan. A Surety Participant whose balance in the 2000 Surety Plan is transferred to a Pre-2005 Account in this Plan shall retain the right to an early distribution pursuant to Section 5.5 of the 2000 Surety Plan, but only with respect to such Pre-2005 Account.

(h) The Administrator may treat any Beneficiary of a Surety Participant designated pursuant to one of the Surety Plans as the Participant's Beneficiary under this Plan, subject to each Participant's right to designate a new Beneficiary in accordance with the Plan.

(i) Surety Participants shall be fully vested in their Accounts, including both amounts transferred to the Plan from the Surety Plans, and all subsequent contributions, subject to the provisions of Sections 4.9 of the 2000 Surety Plan and 5.8 of the 2005 Surety Plan relating to forfeiture for misconduct.

(j) Except as otherwise provided herein, Surety Participants shall be considered Participants, and the portion of their Accounts representing amounts transferred from the Surety Plans shall be treated in the same manner as other Accounts, for all purposes of the Plan. Any former employee of Western Surety who was not a Surety Participant, and becomes an employee of Continental Casualty Company on December 25, 2011 or thereafter, shall be treated in the same manner as any newly hired employee for purposes of the Plan, but shall be given credit for Vesting Service earned as an employee of Western Surety Company.

ARTICLE III
PAYMENT OF BENEFITS

3.1 Source of Payment. All payment of benefits under the Plan shall be made directly from the general funds of the Participant's Employer. Each Employer shall establish separate bookkeeping accounts to reflect its liability under the Plan and may, but shall not be obligated to, invest in insurance or annuity contracts or other assets to assure a source of funds for the payment of benefits, but any such bookkeeping account, insurance or annuity contracts, or other investment shall constitute assets solely of such Employer, and Participants shall have no right, title or interest therein prior to payment of their benefits hereunder. The right of any Participant or other person to receive benefit payments under the provisions of this Plan shall be no greater than the right of any unsecured general creditor of the Participant's Employer. This Plan shall not create nor be construed to create a trust or fiduciary relationship in favor of any person whatsoever.

3.2 Establishment of Trust. The Company may, but shall in no event be required to, establish one or more trusts and contribute, or cause Employers to contribute, amounts to such trusts to be used for the payment of benefits under this Plan. Any such trust shall be of the type commonly referred to as a "rabbi trust", and the Company or Employer shall be treated as the owner of the assets of such trust for tax purposes in accordance with §671-§678 of the Code. The assets of any such trust shall remain subject to the claims of creditors of the Company or the Employer contributing such assets, and no Participant or any other person shall have any beneficial interest in or other claim to the assets of any such trust beyond that of a general creditor as provided in Section 3.1. Any payments made to or on behalf of a Participant or Beneficiary from any such trust shall fully discharge the liability of the Company or Employer to such Participant or Beneficiary under the Plan to the extent of the amount so paid. The Administrator shall have the right to select, remove, and replace the trustee thereof at any time in its sole discretion, and shall enter into one or more agreements governing such trust containing such terms as it determines, and may modify, amend or revoke any such agreements, all in its sole discretion. Without limiting the generality of the foregoing, the Administrator is hereby authorized and directed to enter into an agreement with one or more trustees designated by it establishing such a trust to accept the transfer of assets from the trust established by an agreement dated August 1, 2000, between CNA Surety Corporation and First National Bank in Sioux Falls to fund the 2000 Surety Plan (as defined in Section 2.9), and from the trust established by an agreement dated March 28, 2005, between the same parties to fund the 2005 Surety Plan (as defined in Section 2.9), and to commingle such assets into a single trust fund to be used to pay any benefits accrued under the Plan, including but not limited to accounts transferred from the Surety Plans, and to pay expenses of such trust and the Plan.

3.3 Withdrawals for Financial Emergency. A Participant may withdraw part or all of the vested portion of his or her Account if the amount withdrawn is reasonably necessary to satisfy an unforeseeable financial emergency. Any such withdrawals shall be subject to such rules, procedures and limitations as the Administrator may, in its sole discretion, determine. For purposes of this Section 3.3, an unforeseeable financial emergency means a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant, one of his or her dependents (as defined in §152(a) of the Code), or the person designated as the Participant's primary Beneficiary, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. A financial hardship that is foreseeable or within the Participant's control, such as the need or desire to purchase a residence or to send a child to college, shall not be considered an unforeseeable financial emergency. The determination of whether a Participant's need for funds constitutes an unforeseeable financial emergency shall be made in accordance with the requirements of §409A of the Code. The amount withdrawn may not exceed the amount necessary to satisfy the financial hardship (taking into account any tax payable on the withdrawal), determined after taking into account other sources of funds available to the Participant, including but not limited to reimbursement or compensation by insurance or otherwise, and the liquidation of other assets to the extent that such liquidation would not itself cause severe financial hardship. If a Participant has a financial hardship, the Participant's Deferral Agreement, if any, shall be revoked for the Plan Year (and no subsequent Deferral Agreement may be made for the same Plan Year), and the additional income resulting from such revocation shall be taken into account in determining the amount of distribution reasonably necessary to relieve the financial hardship. A Participant shall not be required to take any hardship withdrawal or loan to which he or she is entitled under the 401(K) Plus Plan or any other tax qualified retirement plan as a condition of receiving a distribution pursuant to this Section 3.3, but if a Participant receives a hardship withdrawal from the 401(K) Plus Plan or any other tax-qualified §401(k) plan maintained by an Employer and the terms of such plan require a suspension of the Participant's deferrals for six months following the date of the distribution, then the Participant's Deferral Agreement shall be permanently revoked with respect to any compensation paid or payable to the Participant during such six month period. Upon completion of the six month suspension period, the Participant's Deferral Agreement will be reinstated according to the election made during the most recent annual election period.

3.4 Withholding and Payroll Taxes . The Administrator shall withhold, or shall direct the person making any payment to withhold, from payments made hereunder any taxes required to be withheld from a Participant's wages for the federal or any state or local government. To the extent that benefits hereunder are subject to tax under the Federal Insurance Contributions Act or any other law prior to the time that they become payable, the Administrator may either withhold, or direct the Participant's Employer to withhold, the amount of such taxes from any other compensation or other amounts payable to the Participant, or may deduct the amount of such tax from the Participant's Account in accordance with Section 3.7(c). The Administrator's determination of the amount to be so withheld or deducted shall be final and binding on all parties.

3.5 Payment on Behalf of Disabled or Incompetent Persons . If a Plan benefit is payable to a minor or a person declared incompetent or to a person whom the Administrator, in its sole discretion, determines to be incapable of handling the disposition of property, the Administrator may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person, or to any other person, including any family member, whom the Administrator determines in its sole discretion to be best suited to receive and apply the payment for the benefit of such person. The Administrator may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Company and the Participant's Employer from all liability with respect to such benefit.

3.6 Missing Participants or Beneficiaries . If the Administrator is unable to locate any Participant, Beneficiary or other person entitled to benefits under this Plan, the Administrator may, in its sole discretion, either cause all or a portion of such payment to be forfeited and to reduce its obligations under this Plan, or may pay all or a portion of such benefit to members of the missing person's family or such other person as it may determine in its sole discretion to be fair and equitable. Any payment made pursuant to this Section 3.6 shall fully discharge the obligation of the Company and all Employers under this Plan with respect to the amount so paid.

3.7 Other Permitted Distributions . Notwithstanding the foregoing provisions of this Article III, the Administrator in its sole discretion may provide for all or a portion of the balance in a Participant's Account to be distributed to the Participant, provided that no Participant may be allowed to elect to receive such a distribution:

(a) If the total balance in a Participant's Account does not exceed the limit in effect under §402(g) of the Code, the Administrator may direct that the entire balance be distributed to the Participant in full satisfaction of his or her interest in the Plan, provided that the Participant's entire balance in all other account balance deferred compensation plans maintained by any member of the Controlled Group is also distributed to the Participant (and is taken into account in determining whether the total balance exceeds the limit in effect under §402(g)).

(b) If any portion of a Participant's Account is determined to be includible in the Participant's taxable income by reason of the operation of §409A of the Code, the amount includible in income shall be distributed to the Participant as soon as practical.

(c) The Administrator may direct that the Participant's portion of the FICA tax imposed on amounts deferred under the Plan pursuant to §3121 of the Code be charged to the Participant's Account, provided that the total amount charged to the Account shall not exceed the FICA tax plus income tax withholding on the amount applied to payment of the FICA tax.

3.8 Recovery of Erroneous Distributions . If the Administrator determines that the amount paid to any Participant or Beneficiary exceeded the amount that should have been paid pursuant to the terms of the Plan, the Participant or Beneficiary shall repay the amount of the excess to the Plan upon demand, and the Administrator may, on behalf of the Plan, pursue offset the amount of such excess against any other amount owed by an Employer to the Participant or Beneficiary to the maximum extent permitted by law, or pursue any other remedy available at law or equity for the recovery of such excess. Each Participant or Beneficiary who receives an excess distribution shall hold such distribution in trust for the benefit of the Plan.

ARTICLE IV
ADMINISTRATION

4.1 Administrator. This Plan shall be administered by Continental Casualty Company, which shall be the "administrator" for purposes of Section 3(16)(A) of the Employee Retirement Income Security Act of 1974. The Company may designate one or more persons who may be officers or Employees of any Employer, to exercise any of its authority or carry out any of its duties under the Plan, but such person shall not be considered the "administrator" unless specifically so designated in a resolution of the Board. In the absence of any other designation, the senior officer of Continental Casualty Company responsible for human resources, or persons acting under his or her supervision, shall be so designated. In addition, Continental Casualty Company has established an Employee Benefits Committee to oversee the operation of various retirement plans, and the Employee Benefits Committee shall have the authority on behalf of the Administrator to adopt rules, regulations and procedures, to hear all appeals from denied claims under Section 4.4, and to consider all other issues related to the administration of the Plan referred to it by senior officer of Continental Casualty Company responsible for human resources and his or her delegates.

4.2 Administrator's Powers. The Administrator shall have such powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the following powers, rights and duties:

(a) Interpretation of Plan. The Administrator shall have the power, right and duty to construe and interpret the Plan provisions and to determine all questions arising under the Plan including questions of Plan participation, eligibility for Plan benefits and the rights of Employees, Participants, Beneficiaries and other persons to benefits under the Plan and to determine the amount, manner and time of payment of any benefits hereunder.

(b) Plan Procedures. The Administrator shall have the power, right and duty to adopt procedures, rules, regulations and forms to be followed by Employees, Participants, Beneficiaries and other persons or to be otherwise utilized in the efficient administration of the Plan and as are consistent with the Plan.

(c) Benefit Determinations. The Administrator shall have the power, right and duty to make determinations as to the rights of Employees, Participants, Beneficiaries and other persons to benefits under the Plan and to afford any Participant or Beneficiary dissatisfied with such determination with rights pursuant to a claims procedure adopted by the Administrator in accordance with Section 4.4.

(d) Enforcement of the Plan. The Administrator shall have the power, right and duty to enforce the Plan in accordance with the terms of the Plan and to enforce its procedures, rules or regulations.

(e) Maintenance of Plan Records. The Administrator shall be responsible for preparing and maintaining records necessary to determine the rights and benefits of Employees, Participants and Beneficiaries or other persons under the Plan.

(f) Allocation of Duties. The Administrator shall be empowered to allocate fiduciary responsibilities and the right to employ agents (who may also be Employees of the Company) and to delegate to them any of the administrative duties imposed upon the Administrator.

(g) Correction of Errors. To correct any errors made in the computation of benefits under the Plan, and, if a trust has been established, to recover any contributions made to such trust by mistake of fact or law.

4.3 Binding Effect of Rulings. Any ruling, regulation, procedure or decision of the Administrator, including any interpretation of the Plan, which is made in good faith shall be conclusive and binding upon all persons affected by it. There shall be no appeal from any ruling by Administrator, except as provided in Section 4.4 below. When making a determination or a calculation, the Administrator shall be entitled to rely on information supplied by investment managers, insurance institutions, accountants and other professionals including legal counsel for the Administrator. Any rule or procedure established by the Administrator may alter any provision of this Plan that is ministerial or procedural in nature without the necessity for a formal amendment of the Plan.

4.4 Claims Procedure.

(a) Any Participant or Beneficiary, or any other person asserting the right to receive a benefit under this Plan by virtue of his or her relationship to a Participant or Beneficiary (the “Claimant”), who believes that he or she has the right to a benefit that has not been paid, must file a written claim for such benefit in accordance with the procedures established by the Administrator. All such claims shall be filed not more than one year after the Claimant knows, or with the exercise of reasonable diligence would have known, of the basis for such claim. The preceding sentence shall not be construed to require a Participant or Beneficiary to file a formal claim for the payment of undisputed benefits in the normal course, but any claim that relates to the amount of any benefit shall in any event be filed not more than one year after payment of such benefit commences. The Administrator may retain third party administrators and recordkeepers for the purpose of processing routine matters relating to the payment of benefits, but correspondence between a Participant, Beneficiary or other person and such third parties shall not be considered claims for purposes of this Section, and a person shall not be considered a Claimant until he or she has filed a written claim for benefits with the Administrator.

(b) All claims for benefits shall be processed by the Administrator, and the Administrator shall furnish the Claimant within 90 days after receipt of such claim a written notice that specifies the reason for the denial, refers to the pertinent provisions of the Plan on which the denial is based, describes any additional material or information necessary for properly completing the claim and explains why such material or information is necessary, and explains the claim review procedures of this Section 4.4, and the Claimant’s right to bring an action under Section 502 of ERISA, subject to the restrictions of paragraph (e) if the request for review is unsuccessful. The 90 day period may be extended by up to an additional 90 days if the Administrator so notifies the Claimant prior to the end of the initial 90 day period, which notice shall include an explanation of the reason for the extension and an estimate of when the processing of the claim will be complete. If the Administrator determines that additional information is necessary to process the claim, the Claimant shall be given a period not less than 45 days to furnish the information, and the time for responding to the claim shall be tolled during the period of time beginning on the date on which the Claimant is notified of the need for the additional information and the day on which the information is furnished (or if earlier the end of the period for furnishing the information).

(c) If the claim is denied in whole or in part, or if the decision on the claim is otherwise adverse, the Claimant may, within 60 days after receipt of such notice, request a review of the decision in writing. If the claimant requests a review, the Employee Benefits Committee (or such other fiduciary as the Administrator may appoint for such purpose) shall review such decision. The Employee Benefits Committee's decision on review shall be in writing and furnished not more than five days after the meeting at which the review is completed, and shall include specific reasons for the decision, written in a manner calculated to be understood by the Claimant, shall include specific references to the pertinent provisions of the Plan on which the decision is based, and shall advise the Claimant of his or her right to bring an action under Section 502 of ERISA, subject to the limitations of paragraph (e).

(d) The Employee Benefits Committee shall complete its review of the claim not later than its first meeting that is held at least 30 days after the request for review is received. If special circumstances require, the decision may be made by the Employee Benefits Committee not later than its third meeting held after the request for review is received, in which event the Claimant shall be notified of the reason for the delay not later than five days after the meeting at which the review would otherwise have been completed, which notice shall explain the reason for the delay and include an estimate of the time at which the review will be complete. Notwithstanding the foregoing, if at any time the Employee Benefits Committee (or any other fiduciary designated to review appeals) is not scheduled to meet at least quarterly, the decision on review shall be delivered to the Claimant not more than 60 days after the request for review is received, which may be extended to not more than 120 days if special circumstances require and the notice of extension described above is furnished by the end of the initial 60 day period.

(e) No action at law or in equity shall be brought to recover benefits under this Plan until the claim and appeal rights herein provided have been exercised and the Plan benefits requested in such claim and appeal have been denied in whole or in part. After exhaustion of the Plan's claim procedures, any further legal action taken against the Plan or its fiduciaries by a claimant must be filed in a court of law no later than 120 days after the final adverse benefit determination of the Employee Benefits Committee (or other final appeals fiduciary) is communicated to the claimant or his or her legal representative, notwithstanding any other statute of limitations. In the event a claimant wishes to bring a legal action against the Plan or one of its fiduciaries, such legal action must be filed in the United States District Court for the Northern District of Illinois (Eastern Division) and shall be governed by the procedural and substantive laws of the State of Illinois, to the extent such laws are not preempted by ERISA, notwithstanding any conflict of laws principles.

(f) The provisions of this Section are intended to comply with ERISA Section 503 and the Department of Labor regulations issued pursuant thereto, and shall be so construed and applied. Consistent with such regulations, each Claimant shall have the right to have an authorized representative act on his or her behalf, to submit arguments and information in support of his or her claim, and to receive, upon written request and without charge, copies of all documents, records, or other information that either (i) were relied upon in determining his or her benefit under the Plan, (ii) were submitted, considered, or generated in the course of making the benefit determination, even if not relied upon, or (iii) demonstrate compliance with the administrative processes and safeguards of the claim and review procedure.

4.5 Indemnity. To the extent permitted by applicable law and to the extent that they are not indemnified or saved harmless under any liability insurance contracts, any present or former officers, Employees or directors of the Company, and each of them shall be indemnified and saved harmless by the Company from and against any and all liabilities or allegations of liability to which they may be subjected by reason of any act done or omitted to be done in good faith in the administration of the Plan, including all expenses reasonably incurred in their defense in the event that the Company fails to provide such defense after having been requested in writing to do so.

ARTICLE V
AMENDMENT AND TERMINATION OF PLAN

5.1 Amendment. The Company may amend the Plan at any time by action of the Board, or any person to whom the Board may delegate such authority, except that no amendment shall decrease the vested Account balance of any Participant as of the effective date of the amendment. The Board has delegated the authority to amend the Plan, with certain exceptions, to the Executive Vice President and Chief Human Resources Officer of Continental Casualty Company, and any amendment executed by such officer shall be binding on all parties. In addition, the Administrator is authorized pursuant to Section 4.3 to adopt rules and procedures that have the effect of amendment technical, administrative or ministerial provisions of the Plan. By their execution of this amendment and restatement of the Plan, each Employer ratifies and accepts all prior amendments to the Plan, and agrees that in the future the Plan may be amended by action of the Company without consent of the other Employers.

5.2 Termination. The Company may at any time terminate the Plan by action of the Board. Upon termination, no further allocations shall be made to Accounts, but Accounts shall continue to be credited with earnings and shall be paid in accordance with the provisions of the Plan; provided, however, that upon termination, the Company may, but shall not be obligated to, amend the Plan to provide that the Accounts of some or all Participants shall be fully vested and paid to such Participants in a lump sum, which shall fully discharge all obligations owed to such Participants under the Plan; provided that such amendment shall apply to the Post-2004 Accounts only if all such Accounts are fully vested and distributed and the amendment otherwise complies with the requirements of §409A of the Code. Any Employer may at any time withdraw from the Plan by written notice to the Administrator, in which event the Plan shall be considered terminated with respect to the Participants employed by such Employer (or who were so employed at the time of their termination of employment), and the provisions of this Section 5.2 shall apply to such Participants only.

ARTICLE VI
MISCELLANEOUS

6.1 Status of Plan . This Plan is intended to be an unfunded plan maintained primarily to provide retirement benefits for a select group of management Employees or highly compensated Employees within the meaning of Section 201(1), Section 301(a)(3), and §401(a)(1) of ERISA and Department of Labor Regulations 29 C.F.R. Section 2520.104-23, and shall be so construed.

6.2 Nonassignability . Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be nonassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to garnishment, seizure or sequestration for the payment of any debts owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency. Nothing contained herein shall be construed as a waiver of the Company's or any Employer's right of setoff.

6.3 No Contract of Employment . The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Company or any Employer and the Participant, and neither the Participant nor the Participant's Beneficiary shall have any rights against the Company or any Employer except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of the Company or any Employer or to interfere with the right of the Company and each Employer to discipline or discharge him at any time.

6.4 Participant Litigation . In any action or proceeding regarding the Plan, Participants, Employees or former Employees of the Company or an Employer, their Beneficiaries or any other persons having or claiming to have an interest in this Plan shall not be necessary parties and shall not be entitled to any notice or process. Any final judgment which is not appealed or appealable and may be entered in any such action or proceeding shall be binding and conclusive on the parties hereto and all persons having or claiming to have any interest in this Plan. To the extent permitted by law, if a legal action is begun against the Company, an Employer, the Administrator, the trustee of any trust established hereunder, or any person acting on the behalf or under the direction of any of the foregoing persons, by or on behalf of any person and such action results adversely to such person or if a legal action arises because of conflicting claims to a Participant's or other person's benefits, the costs to any such person of defending the action will be charged to the amounts, if any, which were involved in the action or were payable to the Participant or other person concerned. To the extent permitted by applicable law, acceptance of participation in this Plan shall constitute a release of the Company, each Employer, the Administrator and such trustee and their respective agents from any and all liability and obligation not involving willful misconduct or gross neglect.

6.5 Participant and Beneficiary Duties. Persons entitled to benefits under the Plan shall file with the Administrator from time to time such person's post office address and each change of post office address. Each such person entitled to benefits under the Plan also shall furnish the Administrator with all appropriate documents, evidence, data or information which the committee considers necessary or desirable in administering the Plan.

6.6 Governing Law. The provisions of this Plan shall be construed and interpreted according to the laws of the State of Illinois to the extent not pre-empted by the laws of the United States. The Plan is intended to comply with all requirements of §409A, and to the maximum extent permitted by law shall be construed in a manner that is consistent with such intent, provided that in no event shall the Company, any Employer, the Administrator, or any of their respective employees, agents or representatives have any liability to any person for any additional tax imposed upon such person pursuant to §409A of the Code or any comparable federal, state or local income tax law.

6.7 Validity. In case any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

6.8 Notices. Any notice or filing required or permitted to be given to the Administrator or the Company under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Company at its principal executive offices, or to Company's statutory agent. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Any notice required or permitted to be given to a Participant shall be sufficient if in writing and hand delivered or sent by first class mail to the Participant at the last address listed on the records of the Company or such Participant's Employer.

6.9 Successors. The provisions of this Plan shall bind and inure to the benefit of each Employer and its respective successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of an Employer, and successors of any such corporation or other business entity.

IN WITNESS WHEREOF, the Company has caused this amendment and restatement of the Plan to be executed on March 29, 2018

CNA FINANCIAL CORPORATION

By: /s/ Elizabeth Aguinaga

Elizabeth Aguinaga
Executive Vice President & Chief Human Resources Officer, Continental Casualty Company

APPENDIX A

FULL VESTING OF PARTICIPANTS AFFECTED BY CERTAIN EVENTS

A.1 Sales of Business Units

In accordance with Section 2.5, Participants whose employment is terminated in connection with the following sales or other dispositions of business units shall be fully vested in their Account balance regardless of their years of service. Except as otherwise provided below, the Participants who qualify for full vesting with respect to any transaction shall be those, and only those, who qualify as an "Affected Member" with respect to such transaction in accordance with Appendix F of the 401(K) Plus Plan.

Transaction	**Closing Date**	**Exceptions/Special Rules**
Sale of Life Reinsurance Business Unit to MARC	12/31/00	None
Sale of CNA Credit Collection Agency, Inc., to Coface	12/31/02	None
Sale of the unbundled risk management business of RSKCo Services, Inc to Cunningham Lindsey US	6/2/03	None
Sale of Smith System to McFadden Brothers	4/29/03	None
Sale of CNA Group Operations to Hartford Financial Services Group	12/31/03	None
Sale of individual life insurance business to Swiss Re Life & Health America	App. 3/31/04	None

APPENDIX B

EXCESS BENEFIT PLAN

B1. Purpose and Interpretation. The purpose of this Appendix B is to establish a separable portion of the Plan, referred to herein as the "Excess Benefit Plan", solely for the purpose of providing benefits for Employees whose benefits under the 401(K) Plus Plan are restricted by Code §415. Except as otherwise specifically provided in this Appendix B, all provisions of the Plan shall apply to Participants in the Excess Benefit Plan to the same extent and in the same manner such provisions apply to Participants in the Plan. All capitalized terms used in this Appendix B shall have the same meaning as such terms as defined in the Plan. It is the Company's intent that the benefits accrued for Participants solely under this Appendix B shall constitute a separable part of the Plan that constitutes an "excess benefit plan" as defined in §3(36) of ERISA.

B2. Eligibility. The Employees who are eligible to participate in the Excess Benefit Plan shall be those Employees whose benefits under the 401(K) Plus Plan are restricted solely by Code §415, and who are not, and never have been, eligible to participate in the Plan pursuant to Section 2.1 thereof. An Employee shall become a Participant in the Excess Benefit Plan on the first payroll date on which an amount that would otherwise have been credited to his account in the 401(K) Plus Plan cannot be credited solely by reason of Code §415, and shall remain a Participant in the Excess Benefit Plan until either his Account is fully distributed, or he transfers to the Plan pursuant to Section B4 below.

B3. Benefits Credited to Account. The amount credited to the Account of a Participant in the Excess Benefit Plan in each Plan Year shall be equal to the amount that would have been credited to his Account in the Plan pursuant to Section 2.3 (other than the first sentence of Section 2.3(a)) for such Plan Year if he were eligible to participate in the Plan for such Plan Year, but taking into account only the Tax Limit imposed by Code §415. A Participant's Account in the Excess Benefit Plan shall be treated as an Account in the Plan for all purposes of the Plan.

B4. Payment Election. When an Employee first becomes eligible to participate in the Excess Benefit Plan, but not more than 30 days after such date, the Administrator may permit the Employee to make an election as to the form of payment of his benefit in accordance with Section 2.6(b) (provided that the Employee is not described in the provision to Section 2.6(b)(ii)), which election shall thereafter be treated as an election made under Section 2.6(b).

B5. Transfer to Plan. If an Employee who has been a Participant in the Excess Benefit Plan in any Plan Year subsequently becomes eligible to participate in the Plan pursuant to Section 2.1, his Account under the Excess Benefit Plan shall be transferred to the Plan, and he shall thereafter be considered a Participant in the Plan and shall be ineligible to again participate in the Excess Benefit Plan for so long as he remains an Employee, even if he subsequently becomes ineligible to participate in the Plan.

EXHIBIT 31.1

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 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: April 30, 2018

By /s/ Dino E. Robusto

Dino E. Robusto

Chief Executive Officer

EXHIBIT 31.2

SARBANES-OXLEY ACT SECTION 302

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, D. Craig Mense, 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 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:	April 30, 2018	By	/s/ D. Craig Mense
			D. Craig Mense
			Chief Financial Officer

EXHIBIT 32.1

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 quarter ended March 31, 2018 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:	April 30, 2018	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.

EXHIBIT 32.2

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 quarter ended March 31, 2018 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:	April 30, 2018	By	/s/ D. Craig Mense
			D. Craig Mense
			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.