

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

or

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

For the transition period from _____ to _____

Commission File Number 1-13754

THE HANOVER INSURANCE GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

04-3263626
(I.R.S. Employer
Identification No.)

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value	THG	New York Stock Exchange

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

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

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

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

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

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

The number of shares outstanding of the registrant's common stock was 34,820,221 as of July 27, 2026.

TABLE OF CONTENTS

PART I.	FINANCIAL INFORMATION	2
Item 1.	Financial Statements	2
	Consolidated Statements of Income	2
	Consolidated Statements of Comprehensive Income	3
	Consolidated Balance Sheets	4
	Consolidated Statements of Shareholders' Equity	5
	Consolidated Statements of Cash Flows	6
	Notes to Interim Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	27
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	44
Item 4.	Controls and Procedures	45
PART II.	OTHER INFORMATION	46
Item 1.	Legal Proceedings	46
Item 1A.	Risk Factors	46
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	48
Item 5.	Other Information	48
Item 6.	Exhibits	49
	SIGNATURES	50

PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS
THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
<i>(In millions, except per share data)</i>				
Revenues				
Premiums	\$ 1,597.6	\$ 1,545.3	\$ 3,168.2	\$ 3,053.8
Net investment income	119.6	105.5	246.5	211.6
Net realized and unrealized investment gains (losses):				
Net realized losses from sales and other	(5.4)	(4.6)	(10.3)	(23.4)
Net change in fair value of equity securities and other	10.5	5.0	15.1	6.0
Impairments on investments:				
Credit-related impairments	(1.4)	(2.5)	(3.0)	(2.5)
Losses on intent to sell securities	(0.9)	(0.4)	(1.3)	(0.4)
Total impairments on investments	(2.3)	(2.9)	(4.3)	(2.9)
Total net realized and unrealized investment gains (losses)	2.8	(2.5)	0.5	(20.3)
Fees and other income	6.2	6.1	12.4	12.5
Total revenues	1,726.2	1,654.4	3,427.6	3,257.6
Losses and expenses				
Losses and loss adjustment expenses	962.5	957.2	1,920.1	1,912.5
Amortization of deferred acquisition costs	338.0	319.0	671.2	632.9
Interest expense	10.1	8.6	20.9	17.1
Other operating expenses	171.0	170.8	333.7	336.2
Total losses and expenses	1,481.6	1,455.6	2,945.9	2,898.7
Income from continuing operations before income taxes	244.6	198.8	481.7	358.9
Income tax expense (benefit):				
Current	55.0	46.4	106.6	76.4
Deferred	(1.8)	(4.5)	(3.1)	(2.6)
Total income tax expense	53.2	41.9	103.5	73.8
Income from continuing operations	191.4	156.9	378.2	285.1
Discontinued operations (net of taxes):				
Income from discontinued life businesses	0.2	0.2	0.2	0.2
Net income	\$ 191.6	\$ 157.1	\$ 378.4	\$ 285.3
Earnings per common share:				
Basic:				
Income from continuing operations	\$ 5.48	\$ 4.37	\$ 10.78	\$ 7.93
Discontinued operations (net of taxes):				
Income from discontinued life businesses	—	—	0.01	0.01
Net income per share	\$ 5.48	\$ 4.37	\$ 10.79	\$ 7.94
Weighted average shares outstanding	35.0	35.9	35.1	35.9
Diluted:				
Income from continuing operations	\$ 5.37	\$ 4.30	\$ 10.57	\$ 7.80
Discontinued operations (net of taxes):				
Income from discontinued life businesses	0.01	—	0.01	—
Net income per share	\$ 5.38	\$ 4.30	\$ 10.58	\$ 7.80
Weighted average shares outstanding	35.6	36.5	35.8	36.6

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

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

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income	\$ 191.6	\$ 157.1	\$ 378.4	\$ 285.3
Other comprehensive income (loss), net of tax:				
Available-for-sale securities:				
Changes in net unrealized gains (losses) on investment securities:				
Having no credit losses recognized in the Consolidated Statements of Income	(19.2)	56.2	(87.9)	167.5
Having credit losses recognized in the Consolidated Statements of Income	0.5	0.1	0.3	—
Total available-for-sale securities	(18.7)	56.3	(87.6)	167.5
Pension and postretirement benefits:				
Net amount recognized as net periodic benefit cost	1.3	1.3	2.7	2.7
Long-duration insurance contracts:				
Net change in market risk	(0.4)	(0.1)	0.6	(1.1)
Total other comprehensive income (loss), net of tax	(17.8)	57.5	(84.3)	169.1
Comprehensive income	\$ 173.8	\$ 214.6	\$ 294.1	\$ 454.4

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

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

<i>(In millions, except share data)</i>	June 30, 2026	December 31, 2025
Assets		
Investments:		
Fixed maturities, at fair value (amortized cost of \$10,320.6 and \$9,685.7)	\$ 10,061.1	\$ 9,536.5
Equity securities, at fair value	203.3	184.8
Other investments	637.6	661.4
Total investments	10,902.0	10,382.7
Cash and cash equivalents	266.1	1,122.7
Accrued investment income	88.0	80.1
Premiums and accounts receivable, net	1,950.1	1,861.3
Reinsurance recoverable on paid and unpaid losses and unearned premiums	2,078.9	2,011.1
Deferred acquisition costs	716.2	703.0
Deferred income tax asset	108.7	83.3
Goodwill	178.8	178.8
Other assets	490.5	439.3
Assets of discontinued businesses	84.6	83.6
Total assets	\$ 16,863.9	\$ 16,945.9
Liabilities		
Loss and loss adjustment expense reserves	\$ 8,001.7	\$ 7,755.2
Unearned premiums	3,479.6	3,440.4
Expenses and taxes payable	716.2	806.7
Reinsurance premiums payable	45.1	45.2
Short-term debt	50.1	375.0
Long-term debt	793.9	843.3
Liabilities of discontinued businesses	104.8	108.6
Total liabilities	13,191.4	13,374.4
Commitments and contingencies		
Shareholders' Equity		
Preferred stock, par value \$0.01 per share; 20.0 million shares authorized; none issued	—	—
Common stock, par value \$0.01 per share; 300.0 million shares authorized; 60.5 million shares issued	0.6	0.6
Additional paid-in capital	2,032.0	2,013.5
Accumulated other comprehensive loss	(255.7)	(171.4)
Retained earnings	4,052.5	3,741.6
Treasury stock at cost (25.6 and 25.1 million shares)	(2,156.9)	(2,012.8)
Total shareholders' equity	3,672.5	3,571.5
Total liabilities and shareholders' equity	\$ 16,863.9	\$ 16,945.9

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

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

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Preferred Stock				
Balance at beginning and end of period	\$ —	\$ —	\$ —	\$ —
Common Stock				
Balance at beginning and end of period	0.6	0.6	0.6	0.6
Additional Paid-in Capital				
Balance at beginning of period	2,016.0	1,978.3	2,013.5	1,973.6
Employee and director stock-based awards and other	16.0	15.6	18.5	20.3
Balance at end of period	2,032.0	1,993.9	2,032.0	1,993.9
Accumulated Other Comprehensive Income (Loss), net of tax				
Net Unrealized Appreciation (Depreciation) on Investments:				
Balance at beginning of period	(185.2)	(292.3)	(116.3)	(403.5)
Net appreciation (depreciation) on available-for-sale securities	(18.7)	56.3	(87.6)	167.5
Balance at end of period	(203.9)	(236.0)	(203.9)	(236.0)
Defined Benefit Pension and Postretirement Plans:				
Balance at beginning of period	(52.9)	(53.8)	(54.3)	(55.2)
Net amount recognized as net periodic benefit cost	1.3	1.3	2.7	2.7
Balance at end of period	(51.6)	(52.5)	(51.6)	(52.5)
Long Duration Insurance Contracts:				
Balance at beginning of period	0.2	1.4	(0.8)	2.4
Net change in market risk	(0.4)	(0.1)	0.6	(1.1)
Balance at end of period	(0.2)	1.3	(0.2)	1.3
Total accumulated other comprehensive loss	(255.7)	(287.2)	(255.7)	(287.2)
Retained Earnings				
Balance at beginning of period	3,894.5	3,306.8	3,741.6	3,209.6
Cumulative effect of accounting change, net of taxes	—	—	—	1.9
Balance at beginning of period, as adjusted	3,894.5	3,306.8	3,741.6	3,211.5
Net income	191.6	157.1	378.4	285.3
Dividends to shareholders	(33.6)	(32.7)	(67.5)	(65.6)
Balance at end of period	4,052.5	3,431.2	4,052.5	3,431.2
Treasury Stock				
Balance at beginning of period	(2,102.8)	(1,896.6)	(2,012.8)	(1,885.7)
Shares purchased at cost	(55.4)	(27.6)	(142.9)	(38.6)
Net shares reissued at cost under employee stock-based compensation plans and other	1.3	2.0	(1.2)	2.1
Balance at end of period	(2,156.9)	(1,922.2)	(2,156.9)	(1,922.2)
Total shareholders' equity	\$ 3,672.5	\$ 3,216.3	\$ 3,672.5	\$ 3,216.3

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

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

<i>(In millions)</i>	Six Months Ended June 30,	
	2026	2025
Cash Flows From Operating Activities		
Net income	\$ 378.4	\$ 285.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized and unrealized investment (gains) losses	(0.3)	20.6
Net amortization and depreciation	(2.8)	(2.1)
Stock-based compensation expense	18.1	17.8
Amortization of defined benefit plan costs	3.4	3.3
Deferred income tax benefit	(3.0)	(2.5)
Change in deferred acquisition costs	(13.2)	(11.7)
Change in premiums receivable, net of reinsurance premiums payable	(88.9)	(81.7)
Change in loss, loss adjustment expense and unearned premium reserves	282.7	225.6
Change in reinsurance recoverable	(67.8)	15.6
Change in expenses and taxes payable	(123.6)	(150.2)
Other, net	(51.9)	(74.5)
Net cash provided by operating activities	331.1	245.5
Cash Flows From Investing Activities		
Proceeds from disposals and maturities of fixed maturities	1,185.8	1,476.4
Proceeds from disposals of equity securities and other investments	66.0	57.8
Purchase of fixed maturities	(1,792.1)	(1,818.9)
Purchase of equity securities and other investments	(53.3)	(46.2)
Capital expenditures	(6.4)	(3.5)
Net cash used in investing activities	(600.0)	(334.4)
Cash Flows From Financing Activities		
Proceeds from exercise of employee stock options	12.1	12.2
Dividends paid to shareholders	(66.6)	(64.7)
Repayment of debt	(375.0)	—
Repurchases of common stock	(141.9)	(38.6)
Other financing activities	(16.3)	(11.7)
Net cash used in financing activities	(587.7)	(102.8)
Net change in cash and cash equivalents	(856.6)	(191.7)
Net change in cash related to discontinued operations	—	0.3
Cash and cash equivalents, beginning of period	1,122.7	435.5
Cash and cash equivalents, end of period	\$ 266.1	\$ 244.1

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

THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****1. Basis of Presentation and Principles of Consolidation**

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

The interim consolidated financial statements of THG include the accounts of The Hanover Insurance Company and Citizens Insurance Company of America, THG’s principal property and casualty companies, and other insurance and non-insurance subsidiaries. These legal entities conduct their operations through several reporting segments discussed in Note 9 – “Segment Information.” All intercompany accounts and transactions have been eliminated.

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

In the opinion of the Company’s management, the accompanying interim consolidated financial statements reflect all adjustments, consisting of normal recurring items, necessary for a fair presentation of the financial position and results of operations. The results of operations for the six months ended June 30, 2026 are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the Company’s 2025 Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 20, 2026.

2. New Accounting Pronouncements***Recently Implemented Standards***

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

Recently Issued Standards

In September 2025, the FASB issued ASC Update No. 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*. This Update eliminates the traditional three-stage sequential software development model (preliminary, application development, and post-implementation) and instead requires capitalization to begin once management has authorized and commits funding to each software project, and completion of the software for its intended use is probable. The guidance states that the “probable-to-complete” recognition threshold is not met until significant development uncertainty has been resolved. Additionally, disclosure requirements for internal-use software have been updated to align with those for property, plant, and equipment under ASC 360-10, *Property, Plant and Equipment - Overall*, regardless of whether the software is classified as intangible or tangible. This Update is effective for interim and annual reporting periods beginning after December 15, 2027, with early adoption permitted. This guidance may be implemented either on a prospective, modified, or retrospective basis. The Company is currently assessing the impact of this guidance to its financial position and results of operations.

In November 2024, the FASB issued ASC Update No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)*. This Update requires entities to disclose, at each interim and annual reporting period, specified information about certain costs and expenses in the notes to financial statements. Entities must disclose the amounts, in a tabular format, of relevant expense captions presented on the face of the income statement within continuing operations that contain expenses associated with employee compensation, depreciation, and intangible asset amortization. Additionally, the Update requires qualitative disclosure of amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and the disclosure of total selling expenses, among other items. This Update is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods, as clarified in ASC Update No. 2025-01, beginning after December 15, 2027, with early adoption permitted. This guidance may be implemented either on a prospective or retrospective basis. The Company does not expect implementation of this guidance to have a material effect on its financial position or results of operations, as the Update is disclosure related.

3. Investments

A. Fixed maturities

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

(in millions)	June 30, 2026					
	Amortized Cost	Allowance for Credit Losses	Amortized Cost, Net of Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury and government agencies	\$ 476.7	\$ —	\$ 476.7	\$ 0.6	\$ 42.4	\$ 434.9
Foreign governments	17.5	—	17.5	0.1	0.3	17.3
Municipals	1,072.8	—	1,072.8	2.2	71.9	1,003.1
Corporates	4,560.6	(0.3)	4,560.3	29.1	74.2	4,515.2
Residential mortgage-backed	2,308.1	—	2,308.1	17.2	89.3	2,236.0
Commercial mortgage-backed	829.9	—	829.9	—	27.9	802.0
Other asset-backed	1,055.3	—	1,055.3	2.0	4.7	1,052.6
Total fixed maturities	<u>\$ 10,320.9</u>	<u>\$ (0.3)</u>	<u>\$ 10,320.6</u>	<u>\$ 51.2</u>	<u>\$ 310.7</u>	<u>\$ 10,061.1</u>

(in millions)	December 31, 2025					
	Amortized Cost	Allowance for Credit Losses	Amortized Cost, Net of Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury and government agencies	\$ 491.3	\$ —	\$ 491.3	\$ 2.4	\$ 38.2	\$ 455.5
Foreign governments	2.5	—	2.5	0.2	—	2.7
Municipals	910.8	—	910.8	4.1	67.2	847.7
Corporates	4,239.3	(0.2)	4,239.1	71.4	57.0	4,253.5
Residential mortgage-backed	2,472.2	—	2,472.2	32.4	82.8	2,421.8
Commercial mortgage-backed	610.2	—	610.2	1.0	21.3	589.9
Other asset-backed	959.6	—	959.6	6.5	0.7	965.4
Total fixed maturities	<u>\$ 9,685.9</u>	<u>\$ (0.2)</u>	<u>\$ 9,685.7</u>	<u>\$ 118.0</u>	<u>\$ 267.2</u>	<u>\$ 9,536.5</u>

The Company enters into various agreements that may require its fixed maturities to be held as collateral by others. At June 30, 2026 and December 31, 2025, fixed maturities with fair values of \$341.4 million and \$339.2 million, respectively, were held as collateral for the Federal Home Loan Bank (“FHLB”) collateralized borrowing program. Additionally, the Company deposits funds with various state governmental authorities and trustees. For a discussion of the Company’s deposits with these state governmental authorities and trustees, see Note 2 – “Investments” in the Notes to Consolidated Financial Statements in the Company’s 2025 Annual Report on Form 10-K.

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

(in millions)	June 30, 2026	
	Amortized Cost, Net of Allowance for Credit Losses	Fair Value
Due in one year or less	\$ 184.7	\$ 184.3
Due after one year through five years	2,473.7	2,417.4
Due after five years through ten years	2,959.6	2,888.3
Due after ten years	509.3	480.5
	<u>6,127.3</u>	<u>5,970.5</u>
Mortgage-backed and other asset-backed securities	4,193.3	4,090.6
Total fixed maturities	<u>\$ 10,320.6</u>	<u>\$ 10,061.1</u>

B. Fixed maturity securities in an unrealized loss position

The following tables provide information about the Company's available-for-sale fixed maturity securities that were in an unrealized loss position at June 30, 2026 and December 31, 2025, including the length of time the securities have been in an unrealized loss position:

(in millions)	June 30, 2026					
	12 months or less		Greater than 12 months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Investment grade:						
U.S. Treasury and government agencies	\$ 0.5	\$ 60.4	\$ 41.9	\$ 304.6	\$ 42.4	\$ 365.0
Foreign governments	0.3	14.6	—	—	0.3	14.6
Municipals	5.0	317.6	66.9	495.5	71.9	813.1
Corporates	18.2	1,639.4	49.8	554.1	68.0	2,193.5
Residential mortgage-backed	4.9	703.5	84.4	486.3	89.3	1,189.8
Commercial mortgage-backed	8.6	568.2	18.5	221.5	27.1	789.7
Other asset-backed	4.4	562.5	0.3	5.2	4.7	567.7
Total investment grade	41.9	3,866.2	261.8	2,067.2	303.7	5,933.4
Below investment grade:						
Foreign governments	—	0.7	—	—	—	0.7
Corporates	3.1	130.0	3.1	30.5	6.2	160.5
Residential mortgage-backed	—	0.9	—	—	—	0.9
Commercial mortgage-backed	—	—	0.8	4.7	0.8	4.7
Other asset-backed	—	2.4	—	—	—	2.4
Total below investment grade	3.1	134.0	3.9	35.2	7.0	169.2
Total fixed maturities	\$ 45.0	\$ 4,000.2	\$ 265.7	\$ 2,102.4	\$ 310.7	\$ 6,102.6

(in millions)	December 31, 2025					
	12 months or less		Greater than 12 months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Investment grade:						
U.S. Treasury and government agencies	\$ —	\$ 11.9	\$ 38.2	\$ 319.7	\$ 38.2	\$ 331.6
Municipals	0.6	56.3	66.6	550.3	67.2	606.6
Corporates	1.0	271.3	51.2	704.2	52.2	975.5
Residential mortgage-backed	0.5	128.7	82.3	521.7	82.8	650.4
Commercial mortgage-backed	0.5	122.5	20.0	284.3	20.5	406.8
Other asset-backed	0.5	82.9	0.2	24.3	0.7	107.2
Total investment grade	3.1	673.6	258.5	2,404.5	261.6	3,078.1
Below investment grade:						
Corporates	2.2	37.5	2.6	34.8	4.8	72.3
Commercial mortgage-backed	—	—	0.8	4.9	0.8	4.9
Other asset-backed	—	1.3	—	—	—	1.3
Total below investment grade	2.2	38.8	3.4	39.7	5.6	78.5
Total fixed maturities	\$ 5.3	\$ 712.4	\$ 261.9	\$ 2,444.2	\$ 267.2	\$ 3,156.6

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

C. Proceeds from sales

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

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Proceeds from sales	\$ 353.9	\$ 486.1	\$ 788.0	\$ 902.0
Gross gains	0.5	0.9	2.8	1.3
Gross losses	6.4	5.8	15.3	25.2

D. Impairments

For the three months ended June 30, 2026, the Company recognized impairment losses of \$2.3 million, consisting of \$1.3 million on mortgage loans and \$1.0 million on fixed maturities. For the six months ended June 30, 2026, the Company recognized impairment losses of \$4.3 million, consisting of \$2.8 million on mortgage loans and \$1.5 million on fixed maturities. For both the three and six months ended June 30, 2025, the Company recognized net impairments of \$2.9 million, consisting primarily of \$2.6 million and \$2.7 million on mortgage loans, respectively.

At June 30, 2026 and December 31, 2025, the allowance for credit losses on mortgage loans was \$9.0 million and \$8.1 million, respectively. At June 30, 2026 and December 31, 2025, the allowance for credit losses on available-for-sale debt securities was not material.

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

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Allowance for credit losses as of the beginning of the period	\$ 8.5	\$ 5.7	\$ 8.1	\$ 5.7
Additional credit losses on investments for which an allowance was previously recognized	1.3	2.5	2.8	2.6
Reductions for disposals	(0.8)	(0.2)	(1.9)	(0.3)
Allowance for credit losses as of the end of the period	\$ 9.0	\$ 8.0	\$ 9.0	\$ 8.0

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

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

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

E. Equity securities

Pre-tax net realized and unrealized gains on equity securities recognized in income included the following:

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net realized and unrealized gains on equity securities recognized in income:				
On securities still held	\$ 10.0	\$ 3.9	\$ 13.7	\$ 4.9
On securities sold during the period	0.8	0.2	2.3	0.6
Total net realized and unrealized gains on equity securities recognized in income	\$ 10.8	\$ 4.1	\$ 16.0	\$ 5.5

4. Fair Value

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

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

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

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

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

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

Fixed Maturities

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

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

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

[Table of Contents](#)

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

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

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

Equity Securities

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

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

Other Investments

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

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

	June 30, 2026		December 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>(in millions)</i>				
Financial Assets carried at:				
<i>Fair Value through Accumulated Other Comprehensive Loss:</i>				
Fixed maturities	\$ 10,061.1	\$ 10,061.1	\$ 9,536.5	\$ 9,536.5
<i>Fair Value through Net Income:</i>				
Equity securities	203.3	203.3	184.8	184.8
Other investments	78.1	78.1	80.9	80.9
<i>Amortized Cost/Cost:</i>				
Other investments	239.2	232.2	282.8	274.5
Cash and cash equivalents	266.1	266.1	1,122.7	1,122.7
Total financial instruments	<u>\$ 10,847.8</u>	<u>\$ 10,840.8</u>	<u>\$ 11,207.7</u>	<u>\$ 11,199.4</u>
Financial Liabilities carried at:				
<i>Amortized Cost:</i>				
Debt	<u>\$ 844.0</u>	<u>\$ 827.8</u>	<u>\$ 1,218.3</u>	<u>\$ 1,206.6</u>

[Table of Contents](#)

The Company has processes designed to ensure that the values received from its third-party pricing services are accurately recorded, that the data inputs and valuation approaches and techniques utilized are appropriate and consistently applied, and that the assumptions are reasonable and consistent with the objective of determining fair value. The Company reviews the pricing services' policies describing its methodology, processes, practices and inputs, including various financial models, used to value securities. For assets carried at fair value, the Company performs a review of the fair value hierarchy classifications and of prices received from its pricing services on a quarterly basis. Also, the Company reviews the portfolio pricing, including a process for which securities with changes in prices that exceed a defined threshold are verified to independent sources, if available. If upon review, the Company is not satisfied with the validity of a given price, a pricing challenge would be submitted to the applicable pricing service along with supporting documentation for its review. The Company does not adjust quotes or prices obtained from the pricing services unless the pricing service agrees with the Company's challenge. During the first six months of 2026 and 2025, the Company did not adjust any prices received from its pricing services.

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

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

(in millions)	June 30, 2026			
	Total	Level 1	Level 2	Level 3
Fixed maturities:				
U.S. Treasury and government agencies	\$ 434.9	\$ 321.2	\$ 113.7	\$ —
Foreign governments	17.3	—	17.3	—
Municipals	1,003.1	—	996.4	6.7
Corporates	4,515.2	—	4,515.2	—
Residential mortgage-backed, U.S. agency backed	1,771.6	—	1,771.6	—
Residential mortgage-backed, non-agency	464.4	—	464.4	—
Commercial mortgage-backed	802.0	—	797.3	4.7
Other asset-backed	1,052.6	—	1,052.6	—
Total fixed maturities	10,061.1	321.2	9,728.5	11.4
Equity securities	203.3	183.0	—	20.3
Other investments	16.9	—	13.5	3.4
Total investment assets at fair value	\$ 10,281.3	\$ 504.2	\$ 9,742.0	\$ 35.1

(in millions)	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Fixed maturities:				
U.S. Treasury and government agencies	\$ 455.5	\$ 331.1	\$ 124.4	\$ —
Foreign governments	2.7	—	2.7	—
Municipals	847.7	—	840.3	7.4
Corporates	4,253.5	—	4,253.5	—
Residential mortgage-backed, U.S. agency backed	1,903.2	—	1,903.2	—
Residential mortgage-backed, non-agency	518.6	—	518.6	—
Commercial mortgage-backed	589.9	—	585.0	4.9
Other asset-backed	965.4	—	965.4	—
Total fixed maturities	9,536.5	331.1	9,193.1	12.3
Equity securities	184.8	164.3	—	20.5
Other investments	16.8	—	13.4	3.4
Total investment assets at fair value	\$ 9,738.1	\$ 495.4	\$ 9,206.5	\$ 36.2

Limited partnerships measured at fair value using the NAV based on an ownership interest in partners' capital have not been included in the hierarchy tables. At June 30, 2026 and December 31, 2025, the fair values of these investments were \$61.2 million and \$64.1 million, respectively, and were less than 1% of total investment assets.

[Table of Contents](#)

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

(in millions)	June 30, 2026			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 266.1	\$ 266.1	\$ —	\$ —
Other investments	232.2	—	6.1	226.1
Total financial instruments	<u>\$ 498.3</u>	<u>\$ 266.1</u>	<u>\$ 6.1</u>	<u>\$ 226.1</u>
Liabilities:				
Debt	\$ 827.8	\$ —	\$ 827.8	\$ —

(in millions)	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 1,122.7	\$ 1,122.7	\$ —	\$ —
Other investments	274.5	—	6.1	268.4
Total financial instruments	<u>\$ 1,397.2</u>	<u>\$ 1,122.7</u>	<u>\$ 6.1</u>	<u>\$ 268.4</u>
Liabilities:				
Debt	\$ 1,206.6	\$ —	\$ 1,206.6	\$ —

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

	Fixed Maturities			Equities and Other	Total Assets
(in millions)	Municipals	Commercial mortgage-backed	Total		
Three Months Ended June 30, 2026					
Balance April 1, 2026	\$ 7.1	\$ 4.8	\$ 11.9	\$ 24.0	\$ 35.9
Total losses included in net realized and unrealized investment gains (losses)	—	—	—	(0.1)	(0.1)
Issuance	—	—	—	0.1	0.1
Settlements	(0.4)	(0.1)	(0.5)	(0.3)	(0.8)
Balance June 30, 2026	<u>\$ 6.7</u>	<u>\$ 4.7</u>	<u>\$ 11.4</u>	<u>\$ 23.7</u>	<u>\$ 35.1</u>
Three Months Ended June 30, 2025					
Balance April 1, 2025	\$ 7.6	\$ 5.1	\$ 12.7	\$ 24.6	\$ 37.3
Total gains:					
Included in net realized and unrealized investment gains (losses)	—	—	—	0.9	0.9
Included in other comprehensive income (loss) - changes in net unrealized gains (losses) on investment securities	—	0.1	0.1	—	0.1
Settlements	(0.1)	(0.1)	(0.2)	—	(0.2)
Balance June 30, 2025	<u>\$ 7.5</u>	<u>\$ 5.1</u>	<u>\$ 12.6</u>	<u>\$ 25.5</u>	<u>\$ 38.1</u>
Changes in net unrealized gains (losses) for the period included in other comprehensive income (loss) for assets held at the end of the period	<u>\$ —</u>	<u>\$ 0.1</u>	<u>\$ 0.1</u>	<u>\$ —</u>	<u>\$ 0.1</u>

[Table of Contents](#)

	Fixed Maturities				
	Municipals	Commercial mortgage-backed	Total	Equities and Other	Total Assets
(in millions)					
Six Months Ended June 30, 2026					
Balance January 1, 2026	\$ 7.4	\$ 4.9	\$ 12.3	\$ 23.9	\$ 36.2
Total gains included in net realized and unrealized investment gains (losses)	—	—	—	0.1	0.1
Purchase	—	—	—	0.3	0.3
Issuance	—	—	—	0.1	0.1
Settlements	(0.7)	(0.2)	(0.9)	(0.7)	(1.6)
Balance June 30, 2026	<u>\$ 6.7</u>	<u>\$ 4.7</u>	<u>\$ 11.4</u>	<u>\$ 23.7</u>	<u>\$ 35.1</u>
Six Months Ended June 30, 2025					
Balance January 1, 2025	\$ 7.6	\$ 5.9	\$ 13.5	\$ 24.7	\$ 38.2
Total gains:					
Included in net realized and unrealized investment gains (losses)	—	—	—	0.8	0.8
Included in other comprehensive income (loss) - changes in net unrealized gains (losses) on investment securities	0.2	0.2	0.4	—	0.4
Settlements	(0.3)	(1.0)	(1.3)	—	(1.3)
Balance June 30, 2025	<u>\$ 7.5</u>	<u>\$ 5.1</u>	<u>\$ 12.6</u>	<u>\$ 25.5</u>	<u>\$ 38.1</u>
Changes in net unrealized gains (losses) for the period included in other comprehensive income (loss) for assets held at the end of the period	\$ 0.2	\$ 0.2	\$ 0.4	\$ —	\$ 0.4

There were no securities transferred between Level 2 and Level 3 during the three and six months ended June 30, 2026 and 2025. The Company held no Level 3 liabilities for the six months ended June 30, 2026 and 2025.

The following table provides quantitative information about the significant unobservable inputs used by the Company in the fair value measurements of Level 3 assets. Valuation of \$11.3 million for equity securities based on dealer quotes for which there was lack of transparency as to inputs used to develop the valuation have been excluded.

(in millions)	Valuation Technique	Significant Unobservable Inputs	June 30, 2026		December 31, 2025	
			Fair Value	Range (Wtd Average)	Fair Value	Range (Wtd Average)
Fixed maturities:						
Municipals	Discounted cash flow	Discount for: Small issue size	\$ 6.7	6.8 - 6.8%	\$ 7.4	6.8 - 6.8%
Commercial mortgage-backed	Discounted cash flow	Discount for: Small issue size Lease structure	4.7	5.0% (5.0%) 0.3% (0.3%)	4.9	5.0% (5.0%) 0.3% (0.3%)
Equity securities	Market comparables	Net tangible asset	1.4	N/A	1.5	N/A
	Internal price based on financing round	Discount for: Market liquidity	7.6	27.0% (27.0%)	7.3	27.0% (27.0%)
Other	Discounted cash flow	Discount rate	3.4	18.6% (18.6%)	3.4	18.6% (18.6%)

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

5. Debt and Credit Arrangements

Debt consists of the following:

<i>(in millions)</i>	June 30, 2026	December 31, 2025
Short-term:		
Subordinated debentures maturing February 3, 2027	50.1	—
Senior debentures maturing April 15, 2026	—	375.0
Total short-term debt	50.1	375.0
Long-term:		
Senior debentures maturing September 1, 2035	500.0	500.0
Senior debentures maturing September 1, 2030	300.0	300.0
Subordinated debentures maturing February 3, 2027	—	50.1
Total long-term debt principal	800.0	850.1
Unamortized debt issuance costs	(6.1)	(6.8)
Total long-term debt	793.9	843.3
Total debt	\$ 844.0	\$ 1,218.3

On January 15, 2026, the Company used a portion of the net proceeds of its August 21, 2025 debt issuance to redeem its outstanding \$375.0 million par value of 4.50% unsecured senior debentures that were issued on April 8, 2016. For a discussion of the August 21, 2025 debt issuance, see Note 5 – “Debt and Credit Arrangements” in the Notes to Consolidated Financial Statements in the Company’s 2025 Annual Report on Form 10-K.

At June 30, 2026, the Company was in compliance with the covenants associated with its debt indentures and credit arrangements.

6. Income Taxes

Income tax expense for the six months ended June 30, 2026 and 2025 has been computed using estimated annual effective tax rates. These rates are revised, if necessary, at the end of each successive interim period to reflect current estimates of the annual effective tax rates.

The tax provision was comprised of U.S. federal and state income tax expense of \$103.5 million and \$73.8 million for the six months ended June 30, 2026 and 2025, respectively.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company and its subsidiaries are subject to U.S. federal and state income tax examinations for years after 2020.

7. Pension Plans

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

<i>(in millions)</i>	Three Months Ended June 30,	
	2026	2025
Interest cost	\$ 4.8	\$ 5.1
Expected return on plan assets	(4.6)	(4.8)
Recognized net actuarial loss	1.6	1.7
Net periodic pension cost	\$ 1.8	\$ 2.0

<i>(in millions)</i>	Six Months Ended June 30,	
	2026	2025
Interest cost	\$ 9.5	\$ 10.2
Expected return on plan assets	(9.2)	(9.5)
Recognized net actuarial loss	3.3	3.3
Net periodic pension cost	\$ 3.6	\$ 4.0

8. Other Comprehensive Income (Loss)

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

(in millions)	Three Months Ended June 30,					
	2026			2025		
	Pre-Tax	Tax Benefit (Expense)	Net of Tax	Pre-Tax	Tax Benefit (Expense)	Net of Tax
Changes in net unrealized gains (losses) on investment securities:						
Net unrealized gains (losses) arising during period for those having no credit losses in Consolidated Statements of Income	\$ (31.0)	\$ 6.6	\$ (24.4)	\$ 66.0	\$ (13.9)	\$ 52.1
Net unrealized gains arising during period for those having credit losses in Consolidated Statements of Income	0.6	(0.2)	0.4	0.2	—	0.2
Amount of losses realized from sales and other recognized in Consolidated Statements of Income	5.7	(1.2)	4.5	5.0	(1.3)	3.7
Amount of credit-related impairments (recoveries) on prior impairments recognized in the Consolidated Statements of Income	0.1	—	0.1	(0.1)	—	(0.1)
Amount of additional impairment losses recognized in the Consolidated Statements of Income	0.9	(0.2)	0.7	0.4	—	0.4
Net unrealized gains (losses)	(23.7)	5.0	(18.7)	71.5	(15.2)	56.3
Pension and postretirement benefits:						
Amortization of net actuarial losses recognized as net periodic benefit cost	1.7	(0.4)	1.3	1.6	(0.3)	1.3
Long-duration insurance contracts:						
Net change in market risk	(0.5)	0.1	(0.4)	(0.1)	—	(0.1)
Other comprehensive (loss) income	<u>\$ (22.5)</u>	<u>\$ 4.7</u>	<u>\$ (17.8)</u>	<u>\$ 73.0</u>	<u>\$ (15.5)</u>	<u>\$ 57.5</u>
(in millions)	Six Months Ended June 30,					
	2026			2025		
	Pre-Tax	Tax Benefit (Expense)	Net of Tax	Pre-Tax	Tax Benefit (Expense)	Net of Tax
Changes in net unrealized gains (losses) on investment securities:						
Net unrealized gains (losses) arising during period for those having no credit losses in Consolidated Statements of Income	\$ (124.0)	\$ 26.1	\$ (97.9)	\$ 188.3	\$ (39.6)	\$ 148.7
Net unrealized gains arising during period for those having credit losses in Consolidated Statements of Income	0.2	(0.1)	0.1	0.2	—	0.2
Amount of losses realized from sales and other recognized in Consolidated Statements of Income	11.5	(2.5)	9.0	23.9	(5.6)	18.3
Amount of credit-related impairments (recoveries) recognized in the Consolidated Statements of Income	0.2	—	0.2	(0.2)	—	(0.2)
Amount of additional impairment losses recognized in the Consolidated Statements of Income	1.3	(0.3)	1.0	0.6	(0.1)	0.5
Net unrealized gains (losses)	(110.8)	23.2	(87.6)	212.8	(45.3)	167.5
Pension and postretirement benefits:						
Amortization of net actuarial losses recognized as net periodic benefit cost	3.4	(0.7)	2.7	3.3	(0.6)	2.7
Long-duration insurance contracts:						
Net change in market risk	0.8	(0.2)	0.6	(1.4)	0.3	(1.1)
Other comprehensive (loss) income	<u>\$ (106.6)</u>	<u>\$ 22.3</u>	<u>\$ (84.3)</u>	<u>\$ 214.7</u>	<u>\$ (45.6)</u>	<u>\$ 169.1</u>

[Table of Contents](#)

Reclassifications out of accumulated other comprehensive (loss) income were as follows:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		Affected Line Item in the Statement Where Net Income is Presented
	2026	2025	2026	2025	
Details about Accumulated Other Comprehensive (Loss) Income Components	Amount Reclassified from Accumulated Other Comprehensive (Loss) Income				
Net unrealized losses on investment securities	\$ (5.7)	\$ (4.9)	\$ (11.3)	\$ (23.7)	Net realized losses from sales and other
	(1.0)	(0.3)	(1.5)	(0.2)	Impairments on investments
	(6.7)	(5.2)	(12.8)	(23.9)	Total before tax
	1.4	1.4	2.8	5.7	Income tax (expense) benefit
	(5.3)	(3.8)	(10.0)	(18.2)	Income from continuing operations
	—	—	(0.2)	(0.2)	Income from discontinued life businesses
	(5.3)	(3.8)	(10.2)	(18.4)	Net of tax
Amortization of defined benefit pension and postretirement actuarial losses	(1.7)	(1.6)	(3.4)	(3.3)	Loss adjustment expenses and other operating expenses ⁽¹⁾
	0.4	0.3	0.7	0.6	Income tax (expense) benefit
	(1.3)	(1.3)	(2.7)	(2.7)	Income from continuing operations
Net change in market risk	0.2	—	0.5	0.3	Income from discontinued life businesses
	—	—	(0.1)	(0.1)	Income tax (expense) benefit
	0.2	—	0.4	0.2	Income from discontinued life businesses
Total reclassifications for the period	\$ (6.4)	\$ (5.1)	\$ (12.5)	\$ (20.9)	Net expense reflected in income, net of tax

(1) The amount reclassified from accumulated other comprehensive loss for the pension and postretirement benefits was allocated approximately 40% to loss adjustment expenses and 60% to other operating expenses for the six months ended June 30, 2026 and 2025.

9. Segment Information

The Company's primary business operations include insurance products and services provided through four reporting segments: Core Commercial, Specialty, Personal Lines and Other. Core Commercial includes commercial multiple peril, commercial automobile, workers' compensation, and other commercial coverages provided to small and mid-sized businesses. Specialty includes four divisions of business: Marine and Industrial Property, Professional and Executive Lines, E&S and Alternative Markets, and Surety and Other. E&S and Alternative Markets includes coverages such as excess and surplus lines, program business (providing commercial insurance to markets with specialized coverage or risk management need related to groups of similar businesses) and specialty general liability coverage. Personal Lines includes personal automobile, homeowners and other personal coverages. The Other segment includes earnings on holding company assets; holding company and other expenses, including certain costs associated with retirement benefits related to employees and agents of the Company's former life insurance subsidiaries; and run-off direct asbestos and environmental business, run-off voluntary assumed property and casualty pools, and run-off product liability business.

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

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

[Table of Contents](#)

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

	Three Months Ended				
	June 30, 2026				
(in millions)	Core Commercial	Specialty	Personal Lines	Other	Total
Operating revenues:					
Premiums	\$ 579.3	\$ 365.8	\$ 652.5	\$ —	\$ 1,597.6
Net investment income	55.3	27.2	33.3	3.8	119.6
Fees and other income	1.3	1.2	3.7	—	6.2
Total operating revenues	\$ 635.9	\$ 394.2	\$ 689.5	\$ 3.8	1,723.4
Net realized and unrealized investment gains					2.8
Total revenues					\$ 1,726.2
Operating income before interest expense and income taxes:					
Net premiums earned	\$ 579.3	\$ 365.8	\$ 652.5	\$ —	\$ 1,597.6
Losses and LAE:					
Current accident year losses and LAE	340.6	188.5	363.1	—	892.2
Prior year favorable development, excluding catastrophes	(0.6)	(10.8)	(10.1)	—	(21.5)
Current year catastrophe losses	34.2	13.2	57.3	—	104.7
Prior year favorable catastrophe development	(7.8)	(3.2)	(1.9)	—	(12.9)
Total losses and LAE	366.4	187.7	408.4	—	962.5
Amortization of deferred acquisition costs and other underwriting expenses ⁽¹⁾	189.7	135.9	174.7	—	500.3
Underwriting income	23.2	42.2	69.4	—	134.8
Net investment income	55.3	27.2	33.3	3.8	119.6
Fees and other income	1.3	1.2	3.7	—	6.2
Other segment items ⁽²⁾	(2.3)	(2.2)	(1.5)	(2.7)	(8.7)
Operating income before interest expense and income taxes	\$ 77.5	\$ 68.4	\$ 104.9	\$ 1.1	251.9
Interest on debt					(10.1)
Operating income before income taxes					241.8
Non-operating income (loss) items:					
Net realized and unrealized investment gains					2.8
Income before income taxes					\$ 244.6

(1) Includes expenses directly incurred by each reporting segment, as well as corporate and other general expenses that are allocated using a consistent and reasonable approach, generally based on net premiums earned.

(2) Other segment items in Core Commercial, Specialty and Personal Lines primarily includes uncollectible premium charge-offs and non-insurance agency operating expenses, whereas other segment items in the Other segment includes operating costs related to certain of THG's former life insurance businesses, including defined benefit pension-related costs, as well as holding company expenses.

[Table of Contents](#)

(in millions)	Three Months Ended				
	June 30, 2025				
	Core Commercial	Specialty	Personal Lines	Other	Total
Operating revenues:					
Premiums	\$ 554.3	\$ 355.9	\$ 635.1	\$ —	\$ 1,545.3
Net investment income	47.7	24.3	30.2	3.3	105.5
Fees and other income	1.3	1.1	3.7	—	6.1
Total operating revenues	\$ 603.3	\$ 381.3	\$ 669.0	\$ 3.3	1,656.9
Net realized and unrealized investment losses					(2.5)
Total revenues					\$ 1,654.4
Operating income (loss) before interest expense and income taxes:					
Net premiums earned	\$ 554.3	\$ 355.9	\$ 635.1	\$ —	\$ 1,545.3
Losses and LAE:					
Current accident year losses and LAE	313.6	174.3	380.0	—	867.9
Prior year favorable development, excluding catastrophes	(3.0)	(12.5)	(2.6)	(0.1)	(18.2)
Current year catastrophe losses	25.2	16.1	72.2	—	113.5
Prior year favorable catastrophe development	(2.5)	(1.5)	(2.0)	—	(6.0)
Total losses and LAE	333.3	176.4	447.6	(0.1)	957.2
Amortization of deferred acquisition costs and other underwriting expenses ⁽¹⁾	183.8	131.7	162.3	—	477.8
Underwriting income	37.2	47.8	25.2	0.1	110.3
Net investment income	47.7	24.3	30.2	3.3	105.5
Fees and other income	1.3	1.1	3.7	—	6.1
Other segment items ⁽²⁾	(2.3)	(2.0)	(1.7)	(6.0)	(12.0)
Operating income (loss) before interest expense and income taxes	\$ 83.9	\$ 71.2	\$ 57.4	\$ (2.6)	209.9
Interest on debt					(8.6)
Operating income before income taxes					201.3
Non-operating income (loss) items:					
Net realized and unrealized investment losses					(2.5)
Income before income taxes					\$ 198.8

(1) Includes expenses directly incurred by each reporting segment, as well as corporate and other general expenses that are allocated using a consistent and reasonable approach, generally based on net premiums earned.

(2) Other segment items in Core Commercial, Specialty and Personal Lines primarily includes uncollectible premium charge-offs and non-insurance agency operating expenses, whereas other segment items in the Other segment includes operating costs related to certain of THG's former life insurance businesses, including defined benefit pension-related costs, as well as holding company expenses.

[Table of Contents](#)

(in millions)	Six Months Ended				
	June 30, 2026				
	Core Commercial	Specialty	Personal Lines	Other	Total
Operating revenues:					
Premiums	\$ 1,143.1	\$ 725.7	\$ 1,299.4	\$ —	\$ 3,168.2
Net investment income	113.6	55.9	68.5	8.5	246.5
Fees and other income	2.7	2.4	7.3	—	12.4
Total operating revenues	\$ 1,259.4	\$ 784.0	\$ 1,375.2	\$ 8.5	\$ 3,427.1
Net realized and unrealized investment gains					0.5
Total revenues					\$ 3,427.6
Operating income before interest expense and income taxes:					
Net premiums earned	\$ 1,143.1	\$ 725.7	\$ 1,299.4	\$ —	\$ 3,168.2
Losses and LAE:					
Current accident year losses and LAE	671.8	365.3	738.8	—	1,775.9
Prior year favorable development, excluding catastrophes	(2.2)	(25.0)	(19.3)	—	(46.5)
Current year catastrophe losses	86.3	28.6	137.5	—	252.4
Prior year favorable catastrophe development	(29.5)	(9.0)	(23.2)	—	(61.7)
Total losses and LAE	726.4	359.9	833.8	—	1,920.1
Amortization of deferred acquisition costs and other underwriting expenses ⁽¹⁾	375.7	267.5	343.9	—	987.1
Underwriting income	41.0	98.3	121.7	—	261.0
Net investment income	113.6	55.9	68.5	8.5	246.5
Fees and other income	2.7	2.4	7.3	—	12.4
Other segment items ⁽²⁾	(5.0)	(4.2)	(3.4)	(5.2)	(17.8)
Operating income before interest expense and income taxes	\$ 152.3	\$ 152.4	\$ 194.1	\$ 3.3	502.1
Interest on debt					(20.9)
Operating income before income taxes					481.2
Non-operating income (loss) items:					
Net realized and unrealized investment gains					0.5
Income before income taxes					\$ 481.7

(1) Includes expenses directly incurred by each reporting segment, as well as corporate and other general expenses that are allocated using a consistent and reasonable approach, generally based on net premiums earned.

(2) Other segment items in Core Commercial, Specialty and Personal Lines primarily includes uncollectible premium charge-offs and non-insurance agency operating expenses, whereas other segment items in the Other segment includes operating costs related to certain of THG's former life insurance businesses, including defined benefit pension-related costs, as well as holding company expenses.

[Table of Contents](#)

(in millions)	Six Months Ended				
	June 30, 2025				
	Core Commercial	Specialty	Personal Lines	Other	Total
Operating revenues:					
Premiums	\$ 1,095.3	\$ 695.5	\$ 1,263.0	\$ —	\$ 3,053.8
Net investment income	95.7	48.6	60.7	6.6	211.6
Fees and other income	2.6	2.4	7.4	0.1	12.5
Total operating revenues	\$ 1,193.6	\$ 746.5	\$ 1,331.1	\$ 6.7	3,277.9
Net realized and unrealized investment losses					(20.3)
Total revenues					\$ 3,257.6
Operating income (loss) before interest expense and income taxes:					
Net premiums earned	\$ 1,095.3	\$ 695.5	\$ 1,263.0	\$ —	\$ 3,053.8
Losses and LAE:					
Current accident year losses and LAE	647.8	347.6	752.2	—	1,747.6
Prior year favorable development, excluding catastrophes	(4.3)	(28.4)	(5.4)	(0.1)	(38.2)
Current year catastrophe losses	79.7	33.3	108.1	—	221.1
Prior year favorable catastrophe development	(11.0)	(4.0)	(3.0)	—	(18.0)
Total losses and LAE	712.2	348.5	851.9	(0.1)	1,912.5
Amortization of deferred acquisition costs and other underwriting expenses ⁽¹⁾	365.9	258.0	324.2	—	948.1
Underwriting income	17.2	89.0	86.9	0.1	193.2
Net investment income	95.7	48.6	60.7	6.6	211.6
Fees and other income	2.6	2.4	7.4	0.1	12.5
Other segment items ⁽²⁾	(4.8)	(4.2)	(3.4)	(8.6)	(21.0)
Operating income (loss) before interest expense and income taxes	\$ 110.7	\$ 135.8	\$ 151.6	\$ (1.8)	396.3
Interest on debt					(17.1)
Operating income before income taxes					379.2
Non-operating income (loss) items:					
Net realized and unrealized investment losses					(20.3)
Income before income taxes					\$ 358.9

(1) Includes expenses directly incurred by each reporting segment, as well as corporate and other general expenses that are allocated using a consistent and reasonable approach, generally based on net premiums earned.

(2) Other segment items in Core Commercial, Specialty and Personal Lines primarily includes uncollectible premium charge-offs and non-insurance agency operating expenses, whereas other segment items in the Other segment includes operating costs related to certain of THG's former life insurance businesses, including defined benefit pension-related costs, as well as holding company expenses.

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

(in millions)	June 30, 2026	December 31, 2025
Property and Casualty	\$ 16,779.3	\$ 16,862.3
Assets of discontinued businesses	84.6	83.6
Total	\$ 16,863.9	\$ 16,945.9

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

10. Stock-based Compensation

As of June 30, 2026, there were 1,110,185 and 1,201,874 shares available for grant under The Hanover Insurance Group 2022 Long-Term Incentive Plan and 2023 Employee Stock Purchase plan, respectively.

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

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Stock-based compensation expense	\$ 11.5	\$ 11.2	\$ 18.1	\$ 17.8
Tax benefit	(2.4)	(2.3)	(3.8)	(3.7)
Stock-based compensation expense, net of taxes	<u>\$ 9.1</u>	<u>\$ 8.9</u>	<u>\$ 14.3</u>	<u>\$ 14.1</u>

Stock Options

Information on the Company's stock option activity for the six months ended June 30, 2026 and 2025 is summarized below.

<i>(in whole shares and dollars)</i>	Six Months Ended June 30,			
	2026		2025	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of period	1,094,462	\$ 126.02	1,111,871	\$ 117.43
Granted	148,066	173.56	140,393	161.82
Exercised	(155,825)	105.32	(135,146)	93.86
Outstanding, end of period	<u>1,086,703</u>	<u>135.46</u>	<u>1,117,118</u>	<u>125.86</u>

Restricted Stock Units

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

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

<i>(in whole shares and dollars)</i>	Six Months Ended June 30,			
	2026		2025	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Time-based restricted stock units:				
Outstanding, beginning of period	381,944	\$ 144.61	386,712	\$ 137.44
Granted	138,354	172.36	136,959	160.38
Vested	(129,190)	139.77	(120,844)	139.57
Forfeited	(5,067)	151.31	(6,198)	143.94
Outstanding, end of period	<u>386,041</u>	<u>156.09</u>	<u>396,629</u>	<u>144.61</u>
Performance-based and market-based restricted stock units:				
Outstanding, beginning of period	133,150	\$ 153.78	126,211	\$ 140.47
Granted	59,663	167.54	52,360	178.39
Vested	(55,764)	141.91	(31,052)	141.58
Forfeited	—	—	(14,369)	152.88
Outstanding, end of period	<u>137,049</u>	<u>164.60</u>	<u>133,150</u>	<u>153.78</u>

During the first six months of 2026, the Company granted performance-based restricted stock units totaling 58,111 to certain members of senior management, which are reflected in the table above as performance and market-based restricted stock activity. Vesting of these stock units is based on a performance-based metric (adjusted return on equity), with a market-based modifier determined by relative total shareholder return ("TSR") for a three-year period, as compared to a pre-determined group of Property and Casualty peer companies. The modifier may increase or decrease the payout by up to 20%. The fair value of the 2026 awards was estimated at the date of grant using a valuation model. These units have the potential to range from 0% to 240% of the shares disclosed for grant year 2026.

In the first six months of 2025, the Company granted performance-based restricted stock units totaling 28,868, to certain members of senior management, which are included in the table above as performance and market-based restricted stock activity. The vesting of these stock units is determined using a performance-based metric (adjusted return on equity). The Company also separately granted market-based awards totaling 23,492 in 2025, which are also included in the table above as performance and market-based restricted stock activity. The vesting of these stock units is generally based on the relative TSR of the Company for a three-year period, as compared to a group of pre-determined Property and Casualty peer companies. The fair value of market-based awards was estimated at the date of grant using a valuation model. Units granted in 2025 have the potential to range from 0% to 200% of the shares disclosed.

Shares earned in excess of the 100% target level are reflected as granted in the period following achievement of performance conditions, and shares below the 100% target level are reflected as forfeited. Amounts granted in 2026 and 2025 include 11,296 shares and 5,246 shares, respectively, related to performance-based awards that achieved a payout in excess of 100%, and vested in the first quarter of 2026 and 2025, respectively. No shares were granted or forfeited during the first quarter of 2026 in connection with the vesting of the 2023 market-based awards. Amounts reported as forfeited in the table above in 2025 include 14,369 shares related to 2022 market-based awards that achieved a payout below 100%, and were forfeited in the first quarter of 2025.

11. Earnings Per Share and Shareholders' Equity Transactions

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
<i>(in millions, except per share data)</i>				
Basic shares used in the calculation of earnings per share	35.0	35.9	35.1	35.9
Dilutive effect of securities:				
Employee stock options	0.3	0.3	0.3	0.3
Non-vested stock grants	0.3	0.3	0.4	0.4
Diluted shares used in the calculation of earnings per share	35.6	36.5	35.8	36.6
Per share effect of dilutive securities on income from continuing operations	\$ (0.11)	\$ (0.07)	\$ (0.21)	\$ (0.13)
Per share effect of dilutive securities on net income	\$ (0.10)	\$ (0.07)	\$ (0.21)	\$ (0.14)

Diluted earnings per share for both the three and six months ended June 30, 2026, and both the three and six months ended June 30, 2025, excludes 0.1 million shares of common stock issuable under the Company's stock compensation plans, because their effect would be antidilutive.

On May 13, 2026, the Board of Directors authorized a new stock repurchase program, which provides for aggregate repurchases of the Company's common stock of up to \$700 million, and terminated the existing program. Under the repurchase authorization, the Company may repurchase, from time to time, common stock in amounts, at prices and at such times as the Company deems appropriate, subject to market conditions and other considerations. Repurchases may be executed using open market purchases, privately negotiated transactions, accelerated repurchase programs or other transactions. The Company is not required to purchase any specific number of shares or to make purchases by any certain date under this program. During the first six months of 2026, the Company repurchased approximately 794,000 shares of which approximately 168,000 shares were under the new program and approximately 626,000 were under the prior program. Share repurchases through open market purchases totaled \$142.9 million. Included in the cost of treasury stock acquired pursuant to common share repurchases is the 1% excise tax imposed on common share repurchase activity, net of common share issuances. The Company had approximately \$667 million available for additional repurchases at June 30, 2026.

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

Reserve Rollforward and Prior Year Development

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

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

(in millions)	Six Months Ended June 30,	
	2026	2025
Gross reserve for losses and LAE, beginning of period	\$ 7,755.2	\$ 7,461.2
Reinsurance recoverable on unpaid losses	1,850.3	1,829.8
Net reserve for losses and LAE, beginning of period	5,904.9	5,631.4
Net incurred losses and LAE in respect of losses occurring in:		
Current year	2,028.3	1,968.7
Prior years	(108.2)	(56.2)
Total incurred losses and LAE	1,920.1	1,912.5
Net payments of losses and LAE in respect of losses occurring in:		
Current year	680.6	651.9
Prior years	1,044.5	1,073.5
Total payments	1,725.1	1,725.4
Net reserve for losses and LAE, end of period	6,099.9	5,818.5
Reinsurance recoverable on unpaid losses	1,901.8	1,817.7
Gross reserve for losses and LAE, end of period	\$ 8,001.7	\$ 7,636.2

As a result of continuing trends in the Company’s business, reserves, including catastrophes, have been re-estimated for all prior accident years and were decreased by \$108.2 million and \$56.2 million in 2026 and 2025, respectively.

2026

For the six months ended June 30, 2026, net favorable loss and LAE development was \$108.2 million. Personal Lines favorable loss and LAE development of \$42.5 million was primarily due to lower than expected catastrophe and non-catastrophe losses in the homeowners line. The favorable catastrophe development is related to lower than expected losses related to several convective storms across multiple states for accident year 2025, and to a lesser extent, accident year 2024. Specialty favorable loss and LAE development of \$34.0 million was primarily due to lower than expected non-catastrophe and catastrophe losses in the Surety and Other division and in the Marine and Industrial Property division, and lower non-catastrophe losses in the E&S and Alternative Markets division. Core Commercial favorable loss and LAE development of \$31.7 million was primarily due to lower than expected catastrophe and non-catastrophe losses in the commercial multiple peril line. The lower catastrophe losses were primarily related to several convective storms across multiple states from accident year 2025, and to a lesser extent, accident year 2024.

2025

For the six months ended June 30, 2025, net favorable loss and LAE development was \$56.2 million. Specialty favorable loss and LAE development of \$32.4 million was primarily due to lower than expected non-catastrophe losses in the Professional and Executive Lines division and in the Marine and Industrial Property division. Core Commercial favorable loss and LAE development of \$15.3 million was primarily due to lower than expected catastrophe losses in the commercial multiple peril line related to events from accident years 2023 through 2024, including several convective storms across multiple states and Winter Storm Elliot. Additionally, favorable development was due to lower than expected non-catastrophe losses in the workers’ compensation and commercial multiple peril lines, partially offset by higher than expected losses in the commercial automobile line. Personal Lines favorable loss and LAE development was primarily due to lower than expected catastrophe and non-catastrophe losses in the homeowners line.

13. Commitments and Contingencies

Legal Proceedings

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

Residual Markets

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

14. Subsequent Events

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

PART I
ITEM 2

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

TABLE OF CONTENTS

Introduction	28
Executive Overview	28
Description of Segments	29
Results of Operations - Consolidated	30
Results of Operations - Segments	31
Investments	38
Other Items	41
Income Taxes	42
Critical Accounting Estimates	43
Statutory Surplus of Insurance Subsidiaries	43
Liquidity and Capital Resources	43
Contingencies and Regulatory Matters	44

Introduction

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to assist readers in understanding the interim consolidated results of operations and financial condition of The Hanover Insurance Group, Inc. and its subsidiaries ("THG"). Consolidated results of operations and financial condition are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). This discussion should be read in conjunction with the interim consolidated financial statements and related footnotes included elsewhere in this Quarterly Report on Form 10-Q and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 20, 2026.

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

The following discussion contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may address, among other things, our growth strategy; expected developments in our business, including losses and loss reserves; the impact of our routine reserve reviews; our expectations regarding our investment activities or results; our proposed actions in response to trends in our business; as well as our expectations, intentions and other statements that are not historical facts. Words such as: "believes," "anticipates," "expects," "may," "projections," "outlook," "intends," "should," "could," "will," "plan," "goal," "guidance," "likely," "on track to," "potential," "continue," "targeted," "designed," "positioned," and similar expressions are intended to identify forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. We caution readers that accuracy with respect to forward-looking projections is difficult and subject to risks and uncertainties. Those risks and uncertainties, in some cases, have affected, and in the future could affect, our actual results and could cause our actual results to differ materially from historical results and from those expressed in any of our forward-looking statements. In addition to some of the factors in the discussion below, other important factors that could cause actual results to differ materially from those contained in forward-looking statements, are set forth in "Risk Factors" in Part II – Item 1A of this Quarterly Report on Form 10-Q and in Part I – Item 1A of our 2025 Annual Report on Form 10-K.

Executive Overview

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

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

During the six months ended June 30, 2026, our net income was \$378.4 million, compared to \$285.3 million for the six months ended June 30, 2025, an improvement of \$93.1 million. This favorable change was primarily due to higher after-tax operating income.

Operating income before interest expense and income taxes (a non-GAAP financial measure; see also "Results of Operations – Consolidated – Non-GAAP Financial Measures") was \$502.1 million for the six months ended June 30, 2026, compared to \$396.3 million for the six months ended June 30, 2025, an improvement of \$105.8 million. This increase was primarily due to improvements in current accident year losses, principally in Personal Lines, higher net investment income, earned premium growth and lower catastrophe losses.

Pre-tax catastrophe losses were \$190.7 million for the six months ended June 30, 2026, compared to \$203.1 million during the same period of 2025, a decrease of \$12.4 million. The catastrophe losses in the first six months of 2026 were primarily due to severe convective storms across multiple states. Included in pre-tax catastrophe losses were \$61.7 million and \$18.0 million for the six months ended June 30, 2026 and 2025, respectively, of favorable prior year catastrophe reserve development. The favorable development in the first six months of 2026 largely related to 2025 catastrophe events. Net favorable development on prior years' non-catastrophe loss reserves was \$46.5 million for the six months ended June 30, 2026, compared to \$38.2 million for the six months ended June 30, 2025, an increase of \$8.3 million.

Core Commercial

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

[Table of Contents](#)

Net premiums written increased 5.7% in the first six months of 2026, compared to the same period in 2025, primarily due to renewal price increases and, to a lesser extent, an increase in new business volume. Operating income before interest expense and income taxes increased in the first six months of 2026, compared to the same period in 2025, primarily due to higher net investment income, improvements in current accident year underwriting results and lower catastrophe losses. The competitive nature of the Core Commercial market requires us to be highly disciplined in our underwriting process to ensure that we write business at acceptable margins, and we continue to seek rate increases across many lines of business, as appropriate.

Specialty

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

Net premiums written increased 3.4% in the first six months of 2026, compared to the same period in 2025, primarily due to an increase in new business volume and, to a lesser extent, renewal price increases. Operating income before interest expense and income taxes increased in the first six months of 2026 compared to the same period in 2025, primarily due to lower catastrophe losses and higher net investment income. The competitive nature of the Specialty market requires us to be highly disciplined in our underwriting process to ensure that we write business at acceptable margins, and we continue to seek rate increases across many lines of business, as appropriate.

Personal Lines

Personal Lines focuses on working with high quality, value-oriented agencies that deliver consultative selling to customers and stress the importance of total account solutions, which is the conversion of single policy customers to accounts with multiple policies and/or additional coverages, to address customers' broader needs and objectives. Approximately 89% of our policies in force ("PIF") have been issued to customers with multiple policies and/or coverages with us. We are focused on seeking profitable growth opportunities, building a distinctive position in the market in order to meet our customers' needs, and diversifying geographically. We continue to seek appropriate rate increases that meet or exceed underlying loss cost trends, subject to regulatory and competitive considerations.

Net premiums written increased 2.7% in the first six months of 2026, compared to the same period in 2025, primarily due to higher new business and, to a lesser extent, the impact of renewal price increases. Operating income before interest expense and income taxes increased in the first six months of 2026, compared to the same period in 2025, primarily due to improvement in current accident year underwriting results and higher favorable development on prior year reserves.

Description of Segments

Primary business operations include insurance products and services currently provided through four reporting segments: Core Commercial, Specialty, Personal Lines and Other. Core Commercial includes commercial multiple peril, commercial automobile, workers' compensation, and other commercial lines coverages provided to small and mid-sized businesses. Specialty includes four divisions of business: Marine and Industrial Property, Professional and Executive Lines, E&S and Alternative Markets, and Surety and Other. E&S and Alternative Markets includes coverages such as excess and surplus lines, program business (providing commercial insurance to markets with specialized coverage or risk management need related to groups of similar businesses) and specialty general liability coverage. Personal Lines includes personal automobile, homeowners and other personal coverages, such as umbrella. The Other segment includes earnings on holding company assets; holding company and other expenses, including certain costs associated with retirement benefits related to employees and agents of the Company's former life insurance subsidiaries; and our run-off direct asbestos and environmental business, run-off voluntary assumed property and casualty pools, and run-off product liability business.

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

Results of Operations – Consolidated

Consolidated net income for the three months ended June 30, 2026 was \$191.6 million, compared to \$157.1 million for the three months ended June 30, 2025, an increase of \$34.5 million. This increase was primarily due to higher after-tax operating income of \$30.5 million. Operating income before interest expense and income taxes was \$251.9 million for the three months ended June 30, 2026, compared to \$209.9 million for the three months ended June 30, 2025, an increase of \$42.0 million. This increase was primarily due to lower catastrophe losses, higher net investment income and improvements in current accident year underwriting results, driven by Personal Lines.

Consolidated net income for the six months ended June 30, 2026 was \$378.4 million, compared to \$285.3 million for the six months ended June 30, 2025, an increase of \$93.1 million. This increase was primarily due to higher after-tax operating income of \$77.2 million and, to a lesser extent, an improvement in net realized and unrealized investment gains and losses, from losses of \$20.3 million in 2025 to gains of \$0.5 million in 2026. Operating income before interest expense and income taxes was \$502.1 million for the six months ended June 30, 2026, compared to \$396.3 million for the six months ended June 30, 2025, an increase of \$105.8 million. This increase was primarily due to improvements in current accident year losses, principally in Personal Lines, higher net investment income, earned premium growth and lower catastrophe losses.

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

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating income before interest expense and income taxes:				
Core Commercial	\$ 77.5	\$ 83.9	\$ 152.3	\$ 110.7
Specialty	68.4	71.2	152.4	135.8
Personal Lines	104.9	57.4	194.1	151.6
Other	1.1	(2.6)	3.3	(1.8)
Operating income before interest expense and income taxes	251.9	209.9	502.1	396.3
Interest expense on debt	(10.1)	(8.6)	(20.9)	(17.1)
Operating income before income taxes	241.8	201.3	481.2	379.2
Income tax expense on operating income	(52.6)	(42.6)	(103.5)	(78.7)
Operating income	189.2	158.7	377.7	300.5
Non-operating items:				
Net realized and unrealized investment gains (losses)	2.8	(2.5)	0.5	(20.3)
Income tax benefit (expense) on non-operating items	(0.6)	0.7	—	4.9
Income from continuing operations, net of taxes	191.4	156.9	378.2	285.1
Discontinued operations (net of taxes):				
Income from discontinued life businesses	0.2	0.2	0.2	0.2
Net income	\$ 191.6	\$ 157.1	\$ 378.4	\$ 285.3

Non-GAAP Financial Measures

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

Catastrophe losses and prior years’ reserve development are significant components in understanding and assessing the financial performance of our business. Management reviews and evaluates catastrophes and prior years’ reserve development separately from the other components of earnings. References to “current accident year underwriting results” exclude prior accident year reserve development and may also be presented “excluding catastrophes.” Prior years’ reserve development and catastrophes are not predictable as to timing or the amount that will affect the results of our operations and have an effect on each year’s operating and net income. Management believes that providing certain financial metrics and trends excluding the effects of catastrophes and prior years’ reserve development helps investors

[Table of Contents](#)

to understand the variability in periodic earnings and to evaluate the underlying performance of our operations. Discussion of catastrophe losses in this Management's Discussion and Analysis includes development on prior years' catastrophe reserves and, unless otherwise indicated, such development is excluded from discussions of prior year loss and loss adjustment expenses ("LAE") reserve development.

Results of Operations – Segments

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

The following table summarizes the results of operations for our combined reporting segments for the periods indicated:

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating revenues:				
Net premiums written	\$ 1,656.8	\$ 1,583.8	\$ 3,216.5	\$ 3,094.6
Net premiums earned	\$ 1,597.6	\$ 1,545.3	\$ 3,168.2	\$ 3,053.8
Net investment income	119.6	105.5	246.5	211.6
Fees and other income	6.2	6.1	12.4	12.5
Total operating revenues	1,723.4	1,656.9	3,427.1	3,277.9
Losses and operating expenses:				
Losses and LAE	962.5	957.2	1,920.1	1,912.5
Amortization of deferred acquisition costs	338.0	319.0	671.2	632.9
Other operating expenses	171.0	170.8	333.7	336.2
Total losses and operating expenses	1,471.5	1,447.0	2,925.0	2,881.6
Operating income before interest expense and income taxes	\$ 251.9	\$ 209.9	\$ 502.1	\$ 396.3

Three Months Ended June 30, 2026 Compared to Three Months Ended June 30, 2025

Operating income before interest expense and income taxes was \$251.9 million for the three months ended June 30, 2026, compared to \$209.9 million for the three months ended June 30, 2025, an improvement of \$42.0 million. This increase was primarily due to lower catastrophe losses, higher net investment income and improvements in current accident year underwriting results, driven by Personal Lines.

Net premiums written increased \$73.0 million for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. The increase in net premiums written was due to an increase in new business volume and the impact of renewal price increases.

Premium Production and Underwriting Results

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

<i>(dollars in millions)</i>	Three Months Ended June 30, 2026						
	Gross Premiums Written	Net Premiums Written	Net Premiums Earned	Catastrophe Loss Ratios	Loss & LAE Ratios	Expense Ratios	Combined Ratios
Core Commercial	\$ 661.7	\$ 574.8	\$ 579.3	4.6	63.2	32.5	95.7
Specialty	441.3	384.4	365.8	2.7	51.3	37.0	88.3
Personal Lines	725.3	697.6	652.5	8.5	62.6	26.3	88.9
Total	\$ 1,828.3	\$ 1,656.8	\$ 1,597.6	5.7	60.2	31.0	91.2

<i>(dollars in millions)</i>	Three Months Ended June 30, 2025						
	Gross Premiums Written	Net Premiums Written	Net Premiums Earned	Catastrophe Loss Ratios	Loss & LAE Ratios	Expense Ratios	Combined Ratios
Core Commercial	\$ 622.4	\$ 536.0	\$ 554.3	4.1	60.1	32.9	93.0
Specialty	424.4	368.2	355.9	4.1	49.6	36.9	86.5
Personal Lines	705.8	679.6	635.1	11.1	70.5	25.0	95.5
Total	\$ 1,752.6	\$ 1,583.8	\$ 1,545.3	7.0	61.9	30.6	92.5

[Table of Contents](#)

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

(in millions)	Three Months Ended June 30,									
	2026					2025				
	Core Commercial	Specialty	Personal Lines	Other	Total	Core Commercial	Specialty	Personal Lines	Other	Total
Underwriting profit, excluding prior year reserve development and catastrophes	\$ 49.0	\$ 41.4	\$ 114.7	\$ —	\$ 205.1	\$ 56.9	\$ 49.9	\$ 92.8	\$ —	\$ 199.6
Prior year favorable loss and LAE reserve development on non-catastrophe losses	0.6	10.8	10.1	—	21.5	3.0	12.5	2.6	0.1	18.2
Prior year favorable catastrophe development	7.8	3.2	1.9	—	12.9	2.5	1.5	2.0	—	6.0
Current year catastrophe losses	(34.2)	(13.2)	(57.3)	—	(104.7)	(25.2)	(16.1)	(72.2)	—	(113.5)
Underwriting profit	23.2	42.2	69.4	—	134.8	37.2	47.8	25.2	0.1	110.3
Net investment income	55.3	27.2	33.3	3.8	119.6	47.7	24.3	30.2	3.3	105.5
Fees and other income	1.3	1.2	3.7	—	6.2	1.3	1.1	3.7	—	6.1
Other operating expenses	(2.3)	(2.2)	(1.5)	(2.7)	(8.7)	(2.3)	(2.0)	(1.7)	(6.0)	(12.0)
Operating income before interest expense and income taxes	\$ 77.5	\$ 68.4	\$ 104.9	\$ 1.1	\$ 251.9	\$ 83.9	\$ 71.2	\$ 57.4	\$ (2.6)	\$ 209.9

Core Commercial

Core Commercial net premiums written were \$574.8 million for the three months ended June 30, 2026, compared to \$536.0 million for the three months ended June 30, 2025. The \$38.8 million increase in net premiums written was primarily driven by renewal price increases and, to a lesser extent, an increase in new business volume.

Core Commercial underwriting profit for the three months ended June 30, 2026 was \$23.2 million, compared to \$37.2 million for the three months ended June 30, 2025, a decrease of \$14.0 million. Catastrophe losses for the three months ended June 30, 2026 were \$26.4 million, compared to \$22.7 million for the three months ended June 30, 2025, an increase of \$3.7 million.

Core Commercial current accident year underwriting profit, excluding catastrophes, was \$49.0 million for the three months ended June 30, 2026, compared to \$56.9 million for the three months ended June 30, 2025. This \$7.9 million decrease was due to higher current accident year losses in workers' compensation and commercial multiple peril lines of business, partially offset by lower current accident year losses in the commercial automobile line.

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

Specialty

Specialty net premiums written were \$384.4 million for the three months ended June 30, 2026, compared to \$368.2 million for the three months ended June 30, 2025. The \$16.2 million increase in net premiums written was primarily due to an increase in new business volume and, to a lesser extent, renewal price increases.

[Table of Contents](#)

Specialty underwriting profit for the three months ended June 30, 2026 was \$42.2 million, compared to \$47.8 million for the three months ended June 30, 2025, a decrease of \$5.6 million. Catastrophe losses for the three months ended June 30, 2026 were \$10.0 million, compared to \$14.6 million for the three months ended June 30, 2025, a decrease of \$4.6 million.

Specialty current accident year underwriting profit, excluding catastrophes, was \$41.4 million for the three months ended June 30, 2026, compared to \$49.9 million for the three months ended June 30, 2025. This \$8.5 million decrease was primarily driven by higher current accident year losses in our Marine & Industrial Property division, partially offset by lower current accident year losses in our E&S and Alternative Markets division.

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

Personal Lines

Personal Lines net premiums written were \$697.6 million for the three months ended June 30, 2026, compared to \$679.6 million for the three months ended June 30, 2025. The \$18.0 million increase in net premiums written was primarily due to higher new business and, to a lesser extent, the impact of renewal price increases.

Net premiums written in the personal automobile line of business were \$390.7 million for the three months ended June 30, 2026, compared to \$389.3 million for the three months ended June 30, 2025, an increase of \$1.4 million. Personal automobile PIF decreased by 1.5% since June 30, 2025. Net premiums written in the homeowners and other lines of business for the three months ended June 30, 2026 were \$306.9 million, compared to \$290.3 million for the three months ended June 30, 2025, an increase of \$16.6 million. Homeowners PIF decreased by 1.6% since June 30, 2025.

Personal Lines underwriting profit for the three months ended June 30, 2026 was \$69.4 million, compared to \$25.2 million for the three months ended June 30, 2025, an increase of \$44.2 million. Catastrophe losses for the three months ended June 30, 2026 were \$55.4 million, compared to \$70.2 million for the three months ended June 30, 2025, a decrease of \$14.8 million. Net favorable development on prior years' loss reserves for the three months ended June 30, 2026 was \$10.1 million, compared to \$2.6 million for the three months ended June 30, 2025, an increase of \$7.5 million.

Personal Lines current accident year underwriting profit, excluding catastrophes, was \$114.7 million for the three months ended June 30, 2026, compared to \$92.8 million for the three months ended June 30, 2025. This \$21.9 million increase was primarily due to lower current accident year losses in our homeowners and other personal lines and, to a lesser extent, our personal automobile line.

We obtained renewal pricing increases of approximately 11% in our homeowners line and approximately 7% in our personal automobile line during the second quarter of 2026. Consistent with our expectations, PIF was down slightly compared to the end of 2025, and declined as compared to the first six months of 2025, driven by lower policies available to renew year over year from prior margin recapture actions taken. Additionally, our Personal Lines net premiums written may be affected by price competition and the regulatory and overall macroeconomic environment. These factors may also affect our ability to maintain and improve underwriting results.

Other

Our Other segment had operating profit of \$1.1 million for the three months ended June 30, 2026, compared to an operating loss of \$2.6 million for the three months ended June 30, 2025, an increase of \$3.7 million, due to lower expenses.

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Operating income before interest expense and income taxes was \$502.1 million for the six months ended June 30, 2026, compared to \$396.3 million for the six months ended June 30, 2025, an improvement of \$105.8 million. This increase was primarily due to improvements in current accident year losses, principally in Personal Lines, higher net investment income, earned premium growth and lower catastrophe losses.

Net premiums written increased \$121.9 million for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. The increase in net premiums written was due to renewal price increases and an increase in new business volume.

Premium Production and Underwriting Results

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

<i>(dollars in millions)</i>	Six Months Ended June 30, 2026						
	Gross Premiums Written	Net Premiums Written	Net Premiums Earned	Catastrophe Loss Ratios	Loss & LAE Ratios	Expense Ratios	Combined Ratios
Core Commercial	\$ 1,383.5	\$ 1,205.2	\$ 1,143.1	5.0	63.5	32.6	96.1
Specialty	873.7	751.1	725.7	2.7	49.6	36.7	86.3
Personal Lines	1,313.4	1,260.2	1,299.4	8.8	64.2	26.0	90.2
Total	<u>\$ 3,570.6</u>	<u>\$ 3,216.5</u>	<u>\$ 3,168.2</u>	6.0	60.6	30.8	91.4

<i>(dollars in millions)</i>	Six Months Ended June 30, 2025						
	Gross Premiums Written	Net Premiums Written	Net Premiums Earned	Catastrophe Loss Ratios	Loss & LAE Ratios	Expense Ratios	Combined Ratios
Core Commercial	\$ 1,315.5	\$ 1,140.6	\$ 1,095.3	6.3	65.0	33.2	98.2
Specialty	848.8	726.5	695.5	4.2	50.1	36.9	87.0
Personal Lines	1,278.2	1,227.5	1,263.0	8.3	67.5	25.1	92.6
Total	<u>\$ 3,442.5</u>	<u>\$ 3,094.6</u>	<u>\$ 3,053.8</u>	6.7	62.6	30.7	93.3

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

<i>(in millions)</i>	Six Months Ended June 30,									
	2026					2025				
	Core Commercial	Specialty	Personal Lines	Other	Total	Core Commercial	Specialty	Personal Lines	Other	Total
Underwriting profit, excluding prior year reserve development and catastrophes	\$ 95.6	\$ 92.9	\$ 216.7	\$ —	\$ 405.2	\$ 81.6	\$ 89.9	\$ 186.6	\$ —	\$ 358.1
Prior year favorable loss and LAE reserve development on non-catastrophe losses	2.2	25.0	19.3	—	46.5	4.3	28.4	5.4	0.1	38.2
Prior year favorable catastrophe development	29.5	9.0	23.2	—	61.7	11.0	4.0	3.0	—	18.0
Current year catastrophe losses	(86.3)	(28.6)	(137.5)	—	(252.4)	(79.7)	(33.3)	(108.1)	—	(221.1)
Underwriting profit	41.0	98.3	121.7	—	261.0	17.2	89.0	86.9	0.1	193.2
Net investment income	113.6	55.9	68.5	8.5	246.5	95.7	48.6	60.7	6.6	211.6
Fees and other income	2.7	2.4	7.3	—	12.4	2.6	2.4	7.4	0.1	12.5
Other operating expenses	(5.0)	(4.2)	(3.4)	(5.2)	(17.8)	(4.8)	(4.2)	(3.4)	(8.6)	(21.0)
Operating income before interest expense and income taxes	<u>\$ 152.3</u>	<u>\$ 152.4</u>	<u>\$ 194.1</u>	<u>\$ 3.3</u>	<u>\$ 502.1</u>	<u>\$ 110.7</u>	<u>\$ 135.8</u>	<u>\$ 151.6</u>	<u>\$ (1.8)</u>	<u>\$ 396.3</u>

Core Commercial

Core Commercial net premiums written were \$1,205.2 million for the six months ended June 30, 2026, compared to \$1,140.6 million for the six months ended June 30, 2025. The \$64.6 million increase in net premiums written was primarily driven by renewal price increases and, to a lesser extent, an increase in new business.

Core Commercial underwriting profit for the six months ended June 30, 2026 was \$41.0 million, compared to \$17.2 million for the six months ended June 30, 2025, an increase of \$23.8 million. Catastrophe losses for the six months ended June 30, 2026 were \$56.8 million, compared to \$68.7 million for the six months ended June 30, 2025, a decrease of \$11.9 million.

Core Commercial current accident year underwriting profit, excluding catastrophes, was \$95.6 million for the six months ended June 30, 2026, compared to \$81.6 million for the six months ended June 30, 2025. This \$14.0 million increase was primarily driven by earned premium growth and lower current accident year losses. Within current accident year losses, lower large property losses in our commercial multiple peril line were partially offset by higher losses in our workers' compensation line of business.

Specialty

Specialty net premiums written were \$751.1 million for the six months ended June 30, 2026, compared to \$726.5 million for the six months ended June 30, 2025. The \$24.6 million increase in net premiums written was primarily due to an increase in new business volume and renewal price increases.

Specialty underwriting profit for the six months ended June 30, 2026 was \$98.3 million, compared to \$89.0 million for the six months ended June 30, 2025, an increase of \$9.3 million. Catastrophe losses for the six months ended June 30, 2026 were \$19.6 million, compared to \$29.3 million for the six months ended June 30, 2025, a decrease of \$9.7 million.

Specialty current accident year underwriting profit, excluding catastrophes, was \$92.9 million for the six months ended June 30, 2026, compared to \$89.9 million for the six months ended June 30, 2025. This \$3.0 million increase was primarily driven by earned premium growth partially offset by higher current accident year losses. Within current accident year losses, higher losses in our Marine and Industrial Property division were partially offset by lower losses in our E&S and Alternative Markets division.

Personal Lines

Personal Lines net premiums written were \$1,260.2 million for the six months ended June 30, 2026, compared to \$1,227.5 million for the six months ended June 30, 2025. The \$32.7 million increase in net premiums written was primarily due to higher new business and, to a lesser extent, the impact of renewal price increases.

Personal Lines underwriting profit for the six months ended June 30, 2026 was \$121.7 million, compared to \$86.9 million for the six months ended June 30, 2025, an increase of \$34.8 million. Catastrophe losses for the six months ended June 30, 2026 were \$114.3 million, compared to \$105.1 million for the six months ended June 30, 2025, an increase of \$9.2 million.

Personal Lines current accident year underwriting profit, excluding catastrophes, was \$216.7 million for the six months ended June 30, 2026, compared to \$186.6 million for the six months ended June 30, 2025. This \$30.1 million increase was primarily due to lower current accident year losses in our homeowners and other personal lines and, to a lesser extent, our personal automobile line, partially offset by higher performance-based agency compensation expenses.

Other

Our Other segment had operating profit of \$3.3 million for the six months ended June 30, 2026, compared to operating loss of \$1.8 million for the six months ended June 30, 2025, a favorable change of \$5.1 million, due to lower expenses and higher net investment income.

Reserve for Losses and Loss Adjustment Expenses

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

(in millions)	Six Months Ended June 30,	
	2026	2025
Gross reserve for losses and LAE, beginning of period	\$ 7,755.2	\$ 7,461.2
Reinsurance recoverable on unpaid losses	1,850.3	1,829.8
Net reserve for losses and LAE, beginning of period	5,904.9	5,631.4
Net incurred losses and LAE in respect of losses occurring in:		
Current year	2,028.3	1,968.7
Prior year non-catastrophe loss development	(46.5)	(38.2)
Prior year catastrophe loss development	(61.7)	(18.0)
Total incurred losses and LAE	1,920.1	1,912.5
Net payments of losses and LAE in respect of losses occurring in:		
Current year	680.6	651.9
Prior years	1,044.5	1,073.5
Total payments	1,725.1	1,725.4
Net reserve for losses and LAE, end of period	6,099.9	5,818.5
Reinsurance recoverable on unpaid losses	1,901.8	1,817.7
Gross reserve for losses and LAE, end of period	\$ 8,001.7	\$ 7,636.2

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

(in millions)	June 30, 2026	December 31, 2025
Commercial multiple peril	\$ 1,676.8	\$ 1,618.3
Workers' compensation	803.7	779.6
Commercial automobile	623.8	593.5
Other core commercial	933.5	869.9
Total Core Commercial	4,037.8	3,861.3
E&S and Alternative Markets	769.3	797.6
Professional and Executive Lines	671.9	656.0
Marine and Industrial Property	245.9	206.8
Surety and Other	80.2	72.5
Total Specialty	1,767.3	1,732.9
Personal automobile	1,673.0	1,689.3
Homeowners and Other	495.2	442.1
Total Personal Lines	2,168.2	2,131.4
Total Other	28.4	29.6
Total loss and LAE reserves	\$ 8,001.7	\$ 7,755.2

Loss and LAE reserves in our "Other core commercial" lines include monoline general liability, commercial umbrella, and monoline property. "Marine and Industrial Property" division includes marine and specialty industrial and commercial property coverages. "Professional and Executive Lines" division includes management liability, fidelity and crime, professional liability and other property and liability lines for healthcare firms. "E&S and Alternative Markets" division includes excess and surplus lines, program business, and specialty general liability coverages. "Surety and Other" includes contract and commercial surety coverages. Loss and LAE reserves in our "Total Other" segment relate to run-off direct asbestos and environmental, run-off voluntary assumed property and casualty reinsurance pools, and run-off product liability business.

The following table summarizes prior year (favorable) unfavorable development by segment:

(in millions)	Six Months Ended June 30,					
	2026			2025		
	Non-Catastrophe Losses	Catastrophe Losses	Total	Non-Catastrophe Losses	Catastrophe Losses	Total
Core Commercial	\$ (2.2)	\$ (29.5)	\$ (31.7)	\$ (4.3)	\$ (11.0)	\$ (15.3)
Specialty	(25.0)	(9.0)	(34.0)	(28.4)	(4.0)	(32.4)
Personal Lines	(19.3)	(23.2)	(42.5)	(5.4)	(3.0)	(8.4)
Other	—	—	—	(0.1)	—	(0.1)
Total prior year favorable development	\$ (46.5)	\$ (61.7)	\$ (108.2)	\$ (38.2)	\$ (18.0)	\$ (56.2)

[Table of Contents](#)

It is not possible to know whether the factors that affected loss reserves in the first six months of 2026 will also occur in future periods. We encourage you to read our 2025 Annual Report on Form 10-K for more information about our reserving process and the judgments, uncertainties and risks associated therewith.

Catastrophe Loss Development

For the six months ended June 30, 2026, favorable catastrophe loss development was \$61.7 million, primarily due to lower than expected losses related to several convective storms across multiple states from accident year 2025, and to a lesser extent, accident year 2024, impacting our commercial multiple peril line in Core Commercial and our homeowners line in Personal Lines. In 2025, favorable catastrophe development was \$18.0 million, primarily due to lower than expected losses related to events from accident year 2023, and to a lesser extent, accident year 2024, including several convective storms across multiple states and Winter Storm Elliot.

2026 Loss and LAE Development, excluding catastrophes

For the six months ended June 30, 2026, net favorable loss and LAE development, excluding catastrophes, was \$46.5 million. Specialty favorable loss and LAE development of \$25.0 million was primarily due to lower than expected losses in our E&S and Alternative Markets, Marine & Industrial Property, and Surety and Other Specialty Lines divisions. Personal Lines favorable loss and LAE development of \$19.3 million was primarily due to lower than expected losses in our homeowners property coverages.

2025 Loss and LAE Development, excluding catastrophes

For the six months ended June 30, 2025, net favorable loss and LAE development, excluding catastrophes, was \$38.2 million. Specialty favorable loss and LAE development of \$28.4 million was primarily due to lower than expected losses in our Professional and Executive Lines and Marine & Industrial Property divisions. Within Personal Lines, lower than expected losses of \$5.4 million were driven primarily by homeowners coverages. Core Commercial favorable loss and LAE development of \$4.3 million was primarily due to favorable development in the workers' compensation and commercial multiple peril lines, partially offset by unfavorable development in the commercial automobile line.

Asbestos and Environmental Reserves

As of June 30, 2026, we had \$11.2 million of net asbestos and environmental reserves, comprised of \$9.5 million of direct reserves and \$1.7 million of assumed reinsurance pool reserves. This compares to net reserves of \$10.5 million at December 31, 2025, comprised of \$8.3 million of direct reserves and \$2.2 million of assumed reinsurance pool reserves. These assumed reinsurance pool reserves relate to pools in which we have terminated our participation, however, we continue to be subject to claims related to years in which we were a participant. Results of operations from these pools are included in our Other segment.

Reinsurance

We discuss our reinsurance coverage in the Reinsurance section of Part I – Item 1 – Business of our 2025 Annual Report on Form 10-K. Except as discussed below, there have been no material changes to our reinsurance coverage from that reported in our 2025 Annual Report on Form 10-K.

2026 Reinsurance Program

For the first half of 2026, the property per risk excess of loss treaty provided coverage, on a per risk basis, up to \$100 million, less a \$3 million retention, with a co-participation for the second half of 2025 and the first half of 2026 of 45.75% for reinsurance placed in the \$3 million to \$5 million layer, 13.75% for reinsurance in the \$5 million to \$12.5 million layer, and no co-participation for reinsurance layers placed between \$12.5 million and \$100 million. Effective July 1, 2026, the property per risk excess of loss treaty expanded to provide coverage, on a per risk basis, up to \$125 million while maintaining a \$3 million retention. Co-participation declined to 39% for reinsurance placed in the \$3 million to \$5 million layer and to 9.5% for reinsurance in the \$5 million to \$12.5 million layer, and no co-participation for reinsurance layers placed between \$12.5 million and \$125 million.

For the first half of 2026, the core property catastrophe occurrence excess of loss reinsurance program provided coverage up to \$1.9 billion, less a \$200 million retention, with no co-participation. Additionally, coverage extended to \$2.05 billion for Northeast named storm events, less a \$200 million retention, with no co-participation. Effective July 1, 2026, this treaty expanded to provide coverage up to \$2.05 billion, less a \$200 million retention, with no co-participation across the program. A portion of the coverage is secured through reinsurance agreements supported by catastrophe bonds, as described in further detail below.

Catastrophe Bonds

We updated our catastrophe protection for all fifty states of the U.S. and the District of Columbia through an additional per occurrence excess of loss reinsurance agreement (the "2026 Agreement") with Commonwealth Re Ltd. ("Commonwealth Re"), an independent company, licensed as a Special Purpose Insurer in Bermuda, providing coverage effective July 1, 2026. The 2026 Agreement qualifies for reinsurance accounting under applicable accounting guidance for reinsurance contracts. In connection with the 2026 Agreement, Commonwealth Re issued notes (generally referred to as "catastrophe bonds") to unrelated investors. The proceeds of the notes have been deposited in a reinsurance trust account.

[Table of Contents](#)

The 2026 Agreement provides us with coverage of up to \$150.0 million for covered events through June 30, 2029. For a covered event, we are entitled to begin recovering amounts when covered losses in the covered area for a single occurrence reach the applicable attachment point, which is initially \$1.1 billion. The \$150.0 million coverage amount is available for 100% of the covered losses, until such losses reach a maximum level of \$1.25 billion. The attachment level, the maximum level (or exhaustion level) and percentage of coverage under this agreement may be reset annually to adjust the expected loss of the layer within a predetermined range. The 2026 Agreement inures to the benefit of the reinsurance agreement with Commonwealth Re, which provided coverage effective July 1, 2025 (“2025 Agreement”). As such, coverage under the 2026 Agreement will apply first, and coverage under the 2025 Agreement is available once the 2026 Agreement is exhausted.

A reinsurance agreement with Commonwealth Re effective July 1, 2023 expired on June 30, 2026 without any losses incurred under the agreement.

See the “Reinsurance – Catastrophe Bonds” section of “Part I – Item 1 – Business” in our 2025 Annual Report on Form 10-K for more details, including a discussion of the structure of and accounting for Commonwealth Re.

Reinsurance Recoverables

Reinsurance recoverables were \$2,078.9 million and \$2,011.1 million at June 30, 2026 and December 31, 2025, respectively, of which \$83.0 million and \$62.6 million, respectively, represent billable recoverables. A reinsurance recoverable is billable after an eligible reinsured claim is paid by an insurer. Billable reinsurance recoverables related to the Michigan Catastrophic Claims Association (the “MCCA”) were \$33.9 million and \$30.5 million at June 30, 2026 and December 31, 2025, respectively, and billable non-MCCA reinsurance recoverables totaled \$49.1 million and \$32.1 million at June 30, 2026 and December 31, 2025, respectively. Billed balances outstanding greater than 90 days at June 30, 2026 and December 31, 2025 were not material.

Investments

Investment Results

Net investment income before income taxes was as follows:

<i>(dollars in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Fixed maturities	\$ 114.4	\$ 98.4	\$ 223.6	\$ 191.7
Limited partnerships	3.6	3.5	14.6	11.0
Mortgage loans	2.2	3.0	4.7	5.9
Equity securities	0.9	0.9	1.8	1.8
Other investments	2.4	3.4	9.8	8.7
Investment expenses	(3.9)	(3.7)	(8.0)	(7.5)
Net investment income	\$ 119.6	\$ 105.5	\$ 246.5	\$ 211.6
Earned yield, fixed maturities	4.45%	4.24%	4.44%	4.16%
Earned yield, total portfolio	4.28%	4.11%	4.39%	4.12%

The increase in net investment income for the three and six months ended June 30, 2026 was primarily due to the continued investment of operational cashflows and the impact of reinvesting at higher interest rates in the fixed maturity portfolio.

Investment Portfolio

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

<i>(dollars in millions)</i>	June 30, 2026			December 31, 2025	
	Carrying Value	% of Total Carrying Value		Carrying Value	% of Total Carrying Value
Fixed maturities, at fair value	\$ 10,061.1	90.1 %	\$	9,536.5	82.9 %
Limited partnerships and other investments	432.5	3.9	\$	414.4	3.6
Mortgage and other loans	205.1	1.8	\$	247.0	2.1
Equity securities, at fair value	203.3	1.8	\$	184.8	1.6
Cash and cash equivalents	266.1	2.4	\$	1,122.7	9.8
Total cash and investments	\$ 11,168.1	100.0 %	\$	11,505.4	100.0 %

Cash and Investments

Total cash and investments decreased \$337.3 million, or 2.9%, for the six months ended June 30, 2026 as compared to December 31, 2025. The decrease in total cash and investments was primarily due to the funding of financing activities, including our debt retirement, common stock repurchases and the funding of our dividend payments, as well as to net market value depreciation in our fixed maturity portfolio. These decreases were partially offset by the continued investment of cashflows from operations.

[Table of Contents](#)

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

(in millions) Investment Type	June 30, 2026				
	Weighted Average Quality	Amortized Cost, Net of Allowance for Credit Losses	Fair Value	Net Unrealized Gain (Loss)	Change in Net Unrealized for the Year
U.S. Treasury and government agencies	AA+	\$ 476.7	\$ 434.9	\$ (41.8)	\$ (6.0)
Foreign governments	A+	17.5	17.3	(0.2)	(0.4)
Municipals:					
Taxable	AA	1,048.7	978.2	(70.5)	(6.6)
Tax-exempt	AA	24.1	24.9	0.8	—
Corporates	BBB+	4,560.3	4,515.2	(45.1)	(59.5)
Asset-backed:					
Residential mortgage-backed	AA+	2,308.1	2,236.0	(72.1)	(21.7)
Commercial mortgage-backed	AAA	829.9	802.0	(27.9)	(7.6)
Other asset-backed	AA+	1,055.3	1,052.6	(2.7)	(8.5)
Total fixed maturities	A+	\$ 10,320.6	\$ 10,061.1	\$ (259.5)	\$ (110.3)

The change in net unrealized losses on fixed maturities was primarily driven by higher interest rates.

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

(dollars in millions) NAIC Designation	Rating Agency Equivalent Designation	June 30, 2026				December 31, 2025			
		Amortized Cost, Net of Allowance for Credit Losses	Fair Value	% of Total Fair Value		Amortized Cost, Net of Allowance for Credit Losses	Fair Value	% of Total Fair Value	
1	Aaa/Aa/A	\$ 8,166.4	\$ 7,933.9	78.8 %		\$ 7,647.5	\$ 7,501.7	78.7 %	
2	Baa	1,666.0	1,638.3	16.3		1,592.1	1,581.9	16.6	
3	Ba	279.1	282.2	2.8		248.1	253.8	2.7	
4	B	177.6	177.7	1.8		162.2	165.3	1.7	
5	Caa and lower	30.9	28.7	0.3		35.4	33.8	0.3	
6	In or near default	0.6	0.3	—		0.4	—	—	
Total fixed maturities		\$ 10,320.6	\$ 10,061.1	100.0 %		\$ 9,685.7	\$ 9,536.5	100.0 %	

Based on ratings by the National Association of Insurance Commissioners (“NAIC”), approximately 95% of our fixed maturity portfolio consisted of investment-grade securities at June 30, 2026 and December 31, 2025. The quality of our fixed maturity portfolio remains strong based on ratings, capital structure position, support through guarantees, underlying security, issuer diversification and yield curve position. Our U.S. Treasury and government agencies fixed maturities are directly or indirectly backed by the full faith and credit of the U.S. government. Our municipal bonds include revenue bonds and general obligations of state and local issuers. Corporate fixed maturities include publicly traded and privately placed securities in the industrial, financial, and utility sectors. Residential mortgage-backed securities are structured securities that are collateralized by residential real estate loans and are primarily U.S. agency-backed. Our commercial mortgage-backed securities are structured securities that are collateralized by commercial real estate loans and are well-diversified by geography, property type, expected maturity and vintage year. Our other asset-backed securities are structured securities that are primarily collateralized by consumer and corporate borrowings, including collateralized loan obligations.

Our investment portfolio primarily consists of fixed maturity securities whose fair value is susceptible to market risk, including interest rate changes. See also “Quantitative and Qualitative Disclosures about Market Risk” included in Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our 2025 Annual Report on Form 10-K. Duration is a measurement used to quantify our inherent interest rate risk and analyze invested assets relative to our reserve liabilities.

[Table of Contents](#)

The duration of our fixed maturity portfolio was as follows:

(dollars in millions) Duration	June 30, 2026				December 31, 2025			
	Amortized Cost, Net of Allowance for Credit Losses	Fair Value	% of Total Fair Value		Amortized Cost, Net of Allowance for Credit Losses	Fair Value	% of Total Fair Value	
0-2 years	\$ 1,756.8	\$ 1,755.8	17.4	%	\$ 1,862.2	\$ 1,873.8	19.6	%
2-4 years	2,825.6	2,783.2	27.7		2,514.7	2,523.5	26.5	
4-6 years	2,417.7	2,334.7	23.2		2,538.1	2,470.4	25.9	
6-8 years	2,768.3	2,681.4	26.7		2,309.6	2,246.9	23.6	
8-10 years	331.8	317.6	3.1		331.6	320.3	3.3	
10+ years	220.4	188.4	1.9		129.5	101.6	1.1	
Total fixed maturities	\$ 10,320.6	\$ 10,061.1	100.0	%	\$ 9,685.7	\$ 9,536.5	100.0	%
Weighted average duration		4.5				4.3		

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

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

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

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

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

Impairments

For the three months ended June 30, 2026, we recognized impairment losses of \$2.3 million, consisting of \$1.3 million on mortgage loans and \$1.0 million on fixed maturities. For the six months ended June 30, 2026, we recognized impairment losses of \$4.3 million, consisting of \$2.8 million on mortgage loans and \$1.5 million on fixed maturities. For both the three and six months ended June 30, 2025, we recognized net impairments of \$2.9 million, consisting primarily of \$2.6 million and \$2.7 million on mortgage loans, respectively.

At June 30, 2026 and December 31, 2025, the allowance for credit losses on mortgage loans was \$9.0 million and \$8.1 million, respectively. At June 30, 2026 and December 31, 2025, the allowance for credit losses on available-for-sale debt securities was not material.

The carrying value of fixed maturity securities on non-accrual status at June 30, 2026 was \$2.1 million. The carrying value of mortgage loans on non-accrual status at June 30, 2026 was \$7.1 million. We held no fixed maturities or mortgage loans on non-accrual status at December 31, 2025. The effects on income of non-accruals compared with amounts that would have been recognized in accordance with the original terms of the fixed maturities and mortgage loans were not material for the periods ended June 30, 2026 and December 31, 2025. Any defaults in the fixed maturities or mortgage loan portfolios in future periods may negatively affect investment income.

Unrealized Losses

Gross unrealized losses on fixed maturities at June 30, 2026 were \$310.7 million, an increase of \$43.5 million compared to December 31, 2025. This increase was primarily due to higher interest rates. At June 30, 2026, gross unrealized losses consisted primarily of \$89.3 million on residential mortgage-backed securities, \$74.2 million on corporate fixed maturities, \$71.9 million on municipals, and \$42.4 million on U.S. government securities. See Note 3 – “Investments” in the Notes to Interim Consolidated Financial Statements.

[Table of Contents](#)

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

The following table sets forth gross unrealized losses for fixed maturities by maturity period at June 30, 2026 and December 31, 2025. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations, with or without call or prepayment penalties, or we may have the right to put or sell the obligations back to the issuers.

<i>(in millions)</i>	June 30, 2026	December 31, 2025
Due in one year or less	\$ 0.7	\$ 0.3
Due after one year through five years	69.9	41.6
Due after five years through ten years	87.4	94.6
Due after ten years	30.8	25.9
	188.8	162.4
Mortgage-backed and other asset-backed securities	121.9	104.8
Total fixed maturities	\$ 310.7	\$ 267.2

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

The U.S. economy continued to expand at a solid pace during the second quarter of 2026, reflecting a stable labor market despite continued, elevated inflation. The Federal Reserve maintained the federal funds target at a range of 3.50% to 3.75%. Heightened geopolitical risks continue to impact economic uncertainty, the extent of which is unknown. These risks, among others, may increase the likelihood of defaults on our fixed income investments, particularly with respect to non-investment grade debt securities. Although a rigorous credit analysis of our fixed income investments is performed, it is difficult to identify with specificity which issuers, industries or markets, if any, will be most affected. As a result, the value of our fixed maturity portfolio could change in ways we cannot currently anticipate, and we could incur additional realized and unrealized losses in future periods.

Other Items

Net income also included the following items:

<i>(in millions)</i>	Three Months Ended June 30,						Total
	Core Commercial	Specialty	Personal Lines	Other	Discontinued Operations		
2026							
Net realized and unrealized investment gains (losses)	\$ 1.4	\$ 0.6	\$ 0.9	\$ (0.1)	\$ —	\$ —	\$ 2.8
Discontinued life businesses	—	—	—	—	0.2		0.2

2025							
Net realized and unrealized investment gains (losses)	\$ (1.7)	\$ (0.9)	\$ (1.1)	\$ 1.2	\$ —	\$ —	\$ (2.5)
Discontinued life businesses	—	—	—	—	0.2		0.2

<i>(in millions)</i>	Six Months Ended June 30,						Total
	Core Commercial	Specialty	Personal Lines	Other	Discontinued Operations		
2026							
Net realized and unrealized investment gains (losses)	\$ 0.7	\$ 0.3	\$ 0.5	\$ (1.0)	\$ —	\$ —	\$ 0.5
Discontinued life businesses	—	—	—	—	0.2		0.2

2025							
Net realized and unrealized investment gains (losses)	\$ (9.7)	\$ (4.9)	\$ (6.3)	\$ 0.6	\$ —	\$ —	\$ (20.3)
Discontinued life businesses	—	—	—	—	0.2		0.2

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

Net realized and unrealized investment gains were \$2.8 million for the three months ended June 30, 2026, compared to net realized and unrealized investment losses of \$2.5 million for the three months ended June 30, 2025. For the three months ended June 30, 2026, net realized and unrealized investment gains were primarily due to \$10.8 million of appreciation in the fair value of our equity securities. These net unrealized investment gains were partially offset by \$5.7 million of net realized investment losses from sales of fixed maturities and, to a lesser extent, \$2.3 million related to impairment losses. For the three months ended June 30, 2025, net realized and unrealized investment losses were primarily due to \$4.6 million of net realized losses from sales of investments, primarily lower-yield fixed maturities, in consideration of expiring tax gains from 2022, and, to a lesser extent, from impairment losses on investments, partially offset by changes in the fair value of equity securities.

Net realized and unrealized investment gains were \$0.5 million for the six months ended June 30, 2026, compared to net realized and unrealized investment losses of \$20.3 million for the six months ended June 30, 2025. For the six months ended June 30, 2026, net realized and unrealized investment gains were primarily due to \$16.0 million of appreciation in the fair value of our equity securities. These net unrealized investment gains were partially offset by \$11.3 million of net realized investment losses from sales of fixed maturities and, to a lesser extent, \$4.3 million related to impairment losses. For the six months ended June 30, 2025, net realized and unrealized investment losses were primarily due to \$23.4 million of net realized losses from sales of investments, primarily lower-yield fixed maturities, in consideration of expiring tax gains from 2022, partially offset by changes in the fair value of equity securities.

Income Taxes

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

Three Months Ended June 30, 2026 Compared to Three Months Ended June 30, 2025

The provision for income taxes from continuing operations was an expense of \$53.2 million and \$41.9 million for the three months ended June 30, 2026 and 2025, respectively. These amounts resulted in consolidated effective tax rates of 21.7% and 21.1% on pre-tax income for the three months ended June 30, 2026 and 2025, respectively. These provisions include excess tax benefits, primarily related to stock-based compensation, of \$0.9 million and \$0.7 million for the three months ended June 30, 2026 and 2025, respectively. Absent excess tax benefits, the provision for income taxes would have been an expense of \$54.1 million, or 22.1%, and \$42.6 million, or 21.4%, for the three months ended June 30, 2026 and 2025, respectively. The increase in the effective tax rate for the three months ended June 30, 2026 is primarily due to state income taxes.

The income tax provision on operating results was an expense of \$52.6 million and \$42.6 million for the three months ended June 30, 2026 and 2025, respectively. These provisions resulted in effective tax rates on operating income of 21.8% and 21.2% for the three months ended June 30, 2026 and 2025, respectively. These provisions reflect the aforementioned excess tax benefits related to stock-based compensation. Absent this item, the provision for income taxes would have been an expense of \$53.5 million, or 22.1%, and \$43.1 million, or 21.4%, for the three months ended June 30, 2026 and 2025, respectively. The increase in the effective tax rate for the three months ended June 30, 2026 is primarily due to state income taxes.

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

The provision for income taxes from continuing operations was an expense of \$103.5 million and \$73.8 million for the six months ended June 30, 2026 and 2025, respectively. These amounts resulted in consolidated effective tax rates of 21.5% and 20.6% on pre-tax income for the six months ended June 30, 2026 and 2025, respectively. These provisions include excess tax benefits, primarily related to stock-based compensation, of \$2.9 million and \$3.1 million for the six months ended June 30, 2026 and 2025, respectively. Absent excess tax benefits, the provision for income taxes would have been an expense of \$106.4 million, or 22.1%, and \$76.9 million, or 21.4%, for the six months ended June 30, 2026 and 2025, respectively. The increase in the effective tax rate for the six months ended June 30, 2026 is primarily due to state income taxes.

The income tax provision on operating results was an expense of \$103.5 million and \$78.7 million for the six months ended June 30, 2026 and 2025, respectively. These provisions resulted in effective tax rates on operating income of 21.5% and 20.8% for the six months ended June 30, 2026 and 2025, respectively. These provisions reflect the aforementioned excess tax benefits related to stock-based compensation. Absent this item, the provision for income taxes would have been an expense of \$106.3 million, or 22.1%, and \$81.2 million, or 21.4%, for the six months ended June 30, 2026 and 2025, respectively. The increase in the effective tax rate for the six months ended June 30, 2026 is primarily due to state income taxes.

Critical Accounting Estimates

Interim consolidated financial statements have been prepared in conformity with U.S. GAAP and include certain accounting policies that we consider to be critical due to the amount of judgment and uncertainty inherent in the application of those policies. While we believe that the amounts included in our consolidated financial statements reflect our best judgment, the use of different assumptions could produce materially different accounting estimates. As disclosed in our 2025 Annual Report on Form 10-K, we believe the following accounting estimates are critical to our operations and require the most subjective and complex judgment:

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

For a more detailed discussion of these critical accounting estimates, see our 2025 Annual Report on Form 10-K.

Statutory Surplus of Insurance Subsidiaries

The following table reflects statutory surplus for our insurance subsidiaries:

<i>(in millions)</i>	June 30, 2026	December 31, 2025
Total Statutory Capital and Surplus	\$ 3,540.9	\$ 3,337.9

The statutory capital and surplus for our insurance subsidiaries increased \$203.0 million during the first six months of 2026. This increase was primarily due to operating profits, partially offset by the payment of a \$180.0 million dividend to its parent company.

Liquidity and Capital Resources

Liquidity is a measure of our ability to generate sufficient cash flows to meet the cash requirements of the business operations. As a holding company, our primary ongoing source of cash is dividends from our insurance subsidiaries. However, dividend payments to us by our insurance subsidiaries are subject to limitations imposed by regulators, such as prior notice periods and the requirement that dividends in excess of a specified percentage of statutory surplus or prior year's statutory earnings receive prior approval (so called "extraordinary dividends"). During the first six months of 2026, Hanover Insurance provided dividends of \$180.0 million to the holding company.

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

Net cash provided by operating activities was \$331.1 million during the first six months of 2026, as compared to \$245.5 million during the first six months of 2025. The \$85.6 million increase in cash provided was primarily due to an increase in premiums received during the first six months of 2026 compared to the same period in 2025, partially offset by higher income tax payments.

Net cash used in investing activities was \$600.0 million during the first six months of 2026, as compared to \$334.4 million during the first six months of 2025. During the first six months of both 2026 and 2025, cash used in investing activities primarily related to net purchases of fixed maturities.

Net cash used in financing activities was \$587.7 million during the first six months of 2026, as compared to \$102.8 million during the first six months of 2025. During the first six months of 2026, cash used by financing activities primarily resulted from the redemption of \$375.0 million aggregate principal amount of 4.50% senior unsecured debentures, \$141.9 million of payments to repurchase shares of our common stock through the open market and, to a lesser extent, two quarterly dividend payments to our shareholders. During the first six months of 2025, cash used in financing activities primarily resulted from two quarterly dividend payments to our shareholders and, to a lesser extent, from repurchases of our common stock through the open market.

Dividends to common shareholders are subject to quarterly board approval and declaration. During the first six months of 2026, we paid two quarterly dividends to shareholders, each for \$0.95 per share and totaling \$66.6 million. We believe that our holding company assets are sufficient to provide for future shareholder dividends should the Board of Directors declare them.

At June 30, 2026, THG, as a holding company, held approximately \$377.9 million of fixed maturities and cash. We believe our holding company assets will be sufficient to meet our short-term obligations, which we expect to consist primarily of quarterly dividends to our shareholders (as and to the extent declared), redemptions of short-term debt, interest on our senior and subordinated debentures, and certain costs associated with benefits related to employees and agents of our former life insurance subsidiaries. As discussed below, we have, and opportunistically may continue to, repurchase our common stock and debt. We do not expect that it will be necessary to dividend additional funds from our insurance subsidiaries in order to fund short-term holding company obligations; however, we may decide to do so.

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

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

On May 13, 2026, the Board of Directors authorized a new stock repurchase program, which provides for aggregate repurchases of our common stock of up to \$700 million, and terminated the existing program. Under the repurchase authorization, we may repurchase, from time to time, common stock in amounts, at prices and at such times as we deem appropriate, subject to market conditions and other considerations. Repurchases may be executed using open market purchases, privately negotiated transactions, accelerated repurchase programs, or other transactions. We are not required to purchase any specific number of shares or to make purchases by any certain date under this program. During the first six months of 2026, we repurchased approximately 0.8 million shares of which 0.2 million shares were under the new program and 0.6 million shares were under the prior program. Share repurchases totaled \$142.9 million during the first six months of 2026. Included in the cost of treasury stock acquired pursuant to common share repurchases is the 1% excise tax imposed on common share repurchase activity, net of common share issuances. As of June 30, 2026, we had approximately \$667 million available for additional repurchases under this \$700 million program.

We maintain our membership in the Federal Home Loan Bank ("FHLB") to provide access to additional liquidity based on our holdings of FHLB stock and pledged collateral. At June 30, 2026, we had borrowing capacity of \$323.1 million. There were no outstanding borrowings under this short-term facility at June 30, 2026; however, we have borrowed and may continue to borrow, from time to time, through this facility to provide short-term liquidity.

On July 21, 2023, we entered into a credit agreement that provides for a five-year unsecured revolving credit facility not to exceed \$150.0 million at any one time outstanding, with the option to increase the facility up to \$300.0 million (assuming no default and satisfaction of other specified conditions, including the receipt of additional lender commitments). The agreement also includes an uncommitted subfacility of \$50.0 million for standby letters of credit. Borrowings, if any, under this agreement are unsecured and incur interest at a rate per annum equal to, at our election, either (i) the greatest of, (a) the prime commercial lending rate of the administrative agent, (b) the NYFRB Rate plus half a percent, or (c) the one month Adjusted Term SOFR Rate plus one percent; each subject to a margin that ranges from 0.125% to 0.625% depending on our debt rating, or (ii) Adjusted SOFR Rate for the applicable interest period, plus a margin that ranges from 1.125% to 1.625% depending on our debt rating. The agreement also contains certain financial covenants such as maintenance of specified levels of consolidated equity and leverage ratios. During the first six months of 2026, we had no borrowings under this credit agreement.

At June 30, 2026, we were in compliance with the covenants of our debt and credit arrangements.

Contingencies and Regulatory Matters

Information regarding litigation, legal contingencies and regulatory matters appears in Part I – Note 13 "Commitments and Contingencies" in the Notes to Interim Consolidated Financial Statements.

ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our market risks, the ways we manage them, and sensitivity to changes in interest rates, and equity price risk are summarized in Management's Discussion and Analysis of Financial Condition and Results of Operations as of December 31, 2025, included in our Annual Report on Form 10-K for the year ended December 31, 2025. There have been no material changes in the first six months of 2026 to these risks or our management of them.

ITEM 4

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures Evaluation

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

Limitations on the Effectiveness of Controls

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

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

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

Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate “internal control over financial reporting,” as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting, as required by Rule 13a-15(d) of the Exchange Act, to determine whether any changes occurred during the period covered by this quarterly report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that there were no such changes during the quarter ended June 30, 2026, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

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

ITEM 1A – RISK FACTORS

There have been no material changes to the risk factors described under "Risk Factors" in Part I - Item 1A of our 2025 Form 10-K.

This document contains certain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements may address, among other things, our growth strategy; expected developments in our business, including losses and loss reserves; the impact of our routine reserve reviews; our expectations regarding our investment activities or results; our proposed actions in response to trends in our business; as well as our expectations, intentions and other statements that are not historical facts. Words such as: "believes," "anticipates," "expects," "may," "projections," "outlook," "intends," "should," "could," "will," "plan," "goal," "guidance," "likely," "on track to," "potential," "continue," "targeted," "designed," "positioned," and similar expressions are intended to identify forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. We caution readers that accuracy with respect to forward-looking projections is difficult and subject to risks and uncertainties. Those risks and uncertainties, in some cases, have affected, and in the future could affect, our actual results and could cause our actual results for the remainder of 2026 and beyond to differ materially from historical results and from those expressed in any of our forward-looking statements. We operate in a business environment that is continually changing, and as such, new risk factors may emerge over time. We cannot predict these new risk factors, nor can we assess the impact, if any, that they may have on our business in the future.

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

- changes in the demand for our products;
- risks and uncertainties related to our growth and operating strategies, including our ability to attract, grow and retain profitable policies in force, to increase rates commensurate with, or in excess of, loss trends, and to manage expenses and execute strategic initiatives effectively;
- adverse claims experience or changes in our estimates of loss and loss adjustment expense reserves, including those arising from catastrophes, inflationary pressures or global unrest, which may result in lower current year underwriting results or adverse loss development, and which could negatively impact our carried reserves;
- uncertainties with respect to the long-term profitability of our products, including with respect to newer products, or longer-tail products covering casualty losses;
- disruption in our distribution channels, including the loss or disruption of our independent agency channel, and the impact of competition and consolidation in the industry and among agents and brokers;
- changes in frequency and loss severity trends, exacerbated by fluctuations in economic conditions;
- changes in regulatory, legislative, economic, market and political conditions, particularly with respect to rates, policy terms and conditions, the use of artificial intelligence ("AI") and other technologies, privacy and data security, payment flexibility, and regions where we have geographical concentration;
- volatile and unpredictable developments, including severe weather (whether arising from changing climate conditions or weather patterns, or otherwise) and other natural physical events, catastrophes, pandemics, civil unrest, war, global conflicts, and terrorist actions, and the uncertainty in estimating the resulting losses;
- limitations on the ability to adjust claims or the availability of sufficient information to accurately estimate a loss at a point in time and the limitations and assumptions used to model property and casualty losses in general;
- risks related to our business being conducted in competitive markets, exposing us to increased risk from competitive pressures, including actions by competitors that may be larger or have greater financial resources than we do;
- risks and uncertainties with respect to our ability to collect all amounts due from reinsurers and to maintain current levels of reinsurance in the future at commercially reasonable rates, or at all, particularly following large catastrophe events or disruptions in reinsurance markets;

- heightened market volatility, fluctuations in interest rates (which have a significant impact on the market value of our investment portfolio and thus our book value), inflationary pressures, changes in default rates, tariffs, adverse economic, market and political conditions, and other factors that could negatively affect returns on our investment portfolio;
- operating difficulties and other unintended consequences from the introduction of new products and related technology changes and applications, including the use of pricing models and AI, as well as new operating models, particularly as business processes become increasingly more digital;
- changes in our claims-paying and financial strength ratings;
- negative changes in our level of statutory surplus;
- risks and uncertainties relating to our operations and technology, including our information systems, cloud and network infrastructure, information security, and cyber risks (including AI-enabled threats), remote work capabilities, and reliance on third-party or outsourced services, which may negatively impact our ability to conduct business;
- risks, uncertainties or unfavorable developments associated with enacted legislation, litigation matters, social inflation and the possibility of adverse judicial decisions, including those related to exposures to potentially harmful products or substances or those which expand policy coverage beyond its intended scope or award “bad faith,” or other non-contractual damages; and
- other factors described in such forward-looking statements.

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

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

For a more detailed discussion of our risks and uncertainties, see Part I – Item 1A – “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2025.

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

Issuer Purchases of Equity Securities

Shares purchased in the second quarter of 2026 are as follows:

<i>Period</i>	Total Number of Shares Purchased⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs⁽²⁾	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs (in millions)
April 1 - 30, 2026	80,690	\$ 177.89	80,273	\$ 72
May 1 - 31, 2026	120,732	\$ 191.10	107,845	\$ 687
June 1 - 30, 2026	102,655	\$ 196.27	102,655	\$ 667
Total	<u>304,077</u>	<u>\$ 189.34</u>	<u>290,773</u>	<u>\$ 667</u>

- (1) Includes 417 shares and 12,887 shares withheld to satisfy tax withholding amounts due from employees related to the receipt of stock which resulted from the exercise or vesting of equity awards for the months ended April 30 and May 31, respectively.
- (2) In May 2026, the Board authorized a new share repurchase program totaling \$700 million, terminating the previously authorized repurchase program.

ITEM 5 – OTHER INFORMATION

Rule 10b5-1 Trading Plans

On May 21, 2026, Dennis F. Kerrigan, the Company's Executive Vice President, Chief Legal Officer and Corporate Secretary, adopted a trading plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). His 10b5-1 trading plan provides for the exercise, and subsequent sale, of options to purchase an aggregate of 8,655 shares of the Company's common stock. The options were granted in 2020. The 10b5-1 trading plan expires on May 19, 2027, or upon an earlier date if and when all the options are exercised and sold. The amount of shares actually sold will depend on the satisfaction of certain conditions as set forth in his 10b5-1 trading plan.

No other officer or director adopted, modified, or terminated a contract, instruction or written plan for the purchase or sale of the Company's securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or a non-Rule 10b5-1 trading arrangement during the second quarter ended June 30, 2026.

ITEM 6 – EXHIBITS

EX – 31.1	<u>Certification of the Chief Executive Officer, pursuant to 15 U.S.C. 78m, 78o(d), as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.</u>
EX – 31.2	<u>Certification of the Chief Financial Officer, pursuant to 15 U.S.C. 78m, 78o(d), as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.</u>
EX – 32.1	<u>Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.</u>
EX – 32.2	<u>Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.</u>
EX – 101	The following materials from The Hanover Insurance Group, Inc.’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2026 formatted in Inline eXtensible Business Reporting Language (“iXBRL”): (i) Consolidated Statements of Income for the three and six months ended June 30, 2026 and 2025; (ii) Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2026 and 2025; (iii) Consolidated Balance Sheets at June 30, 2026 and December 31, 2025; (iv) Consolidated Statements of Shareholders’ Equity for the three and six months ended June 30, 2026 and 2025; (v) Consolidated Statements of Cash Flows for the six months ended June 30, 2026 and 2025, and (vi) related notes to these financial statements.
EX – 104	The cover page from The Hanover Insurance Group Inc.’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, formatted in iXBRL (embedded within EX – 101).

SIGNATURES

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

The Hanover Insurance Group, Inc.
Registrant

July 29, 2026
Date

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

July 29, 2026
Date

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

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

I, John C. Roche, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Hanover Insurance Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining "disclosure controls and procedures" (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and "internal control over financial reporting" (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2026

/s/ John C. Roche

John C. Roche

President, Chief Executive Officer and Director

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

I, Jeffrey M. Farber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Hanover Insurance Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining "disclosure controls and procedures" (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and "internal control over financial reporting" (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2026

/s/ Jeffrey M. Farber

Jeffrey M. Farber

Executive Vice President and Chief Financial Officer

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

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

- 1) the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2026 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) the information contained in the Company’s Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John C. Roche

John C. Roche

President, Chief Executive Officer and Director

Dated: July 29, 2026

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

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

- 1) the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2026 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) the information contained in the Company’s Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey M. Farber

Jeffrey M. Farber

Executive Vice President and

Chief Financial Officer

Dated: July 29, 2026
