KBW Insurance Conference

Company Participants

- Beth Costello, EVP & CFO
- Chris Swift, Chairman & CEO
- Meyer Shields, Analyst

Presentation

Meyer Shields {BIO 4281064 <GO>}

Good morning, everyone. It's Meyer Shields from KBW. We are thrilled to have our next session. It's Hartford Financial Services Chairman and CEO, Chris Swift; and CFO, Beth Costello. It's been an interesting year for everyone. It's been an interesting year, I want to say for Hartford because of all the stuff that's going on. I'm going to pause briefly and ask Chris and Beth for some introductory comments. Then we're going to jump into Q&A. (Operator Instructions) So with that, let me stop and turn the floor over to Chris and Beth.

Chris Swift {BIO 3683719 <GO>}

Thank you, Meyer. It's great to be with you. It's good to see you. Sorry we can't be in person. But this is the next best thing to connect with you digitally. It's always a pleasure to participate in your investor conferences.

What I would just share at a high level, just in the opening comments here is I'm very pleased with the way The Hartford is performing through the 6-month mark. We've had an interesting 18 months with COVID and other marketplace activities, but it really hasn't deterred our focus on performance and execution and the things that we've been building over a longer period of time.

So as we sit here today Meyer, I am extremely confident in our ability to deliver on a lot of the results that we foreshadowed over the next 12 to 18 months, whether it be our growth plans, whether it be our ROE plans, whether it be our efficiency programs, with our expense savings. Beth will talk about buying back our shares and returning excess capital to shareholders.

But I just think we're in a good place, and it's really a culmination of a lot of hard work over many years by many talented teammates that we have here at The Hartford. So -- that's what I would just share at the opening.

Questions And Answers

A - Meyer Shields {BIO 4281064 <GO>}

Yes. fantastic. Beth, do you want to add anything to that?

A - Beth Costello {BIO 15349374 <GO>}

No. I think Chris covered it very well. I share his enthusiasm really with the path that we're on. We've laid out some, I think very clear goals as to where we're headed, and we're executing to get ourselves there.

A - Meyer Shields {BIO 4281064 <GO>}

So let me jump in with that. You have laid out, I would say an ambitious -- but we've described as ambitious and achievable -- set of goals for The Hartford over the next couple of years.

I was hoping you could talk a little bit about the macroeconomic assumptions that are baked into, let's say the commercial premium growth goal. What are you expecting in the broader economy as a backdrop for what Hartford is targeting to achieve?

A - Chris Swift {BIO 3683719 <GO>}

Sure. Yes. I think again at a summary level, there are tailwinds that we're going to benefit from, particularly our employment-centric businesses as the economy heals, as people get back to work, as there's some wage inflation. So I think the backdrop is just really constructive to many industry participants with growing economies, exposure is growing, wages growing is all part of the equation that we saw pricing still remains robust, at least in my judgment because there's still a lot of need for price in certain aspects of our product. But I would characterize it, to answer your question directly, as we do expect above trend, economic growth through '22. It's hard to predict '23 at this point in time. But again with all the stimulus that is out there from old stimulus programs, potentially new stimulus programs that the policymakers are talking about. I still believe we're in above trend economic growth, at least for the next 18 months.

A - Meyer Shields {BIO 4281064 <GO>}

I guess the corollary to that, just to make sure that we're not seeing anything with the Delta variant and hesitation that would jeopardize your expectations.

A - Chris Swift {BIO 3683719 <GO>}

Well I think the fact that life is Delta or other variants are going to be with us probably for the foreseeable future as these types of virus run their course particularly given this is a global virus these days. So I mean we might have, I'll call it, fits and stops and starts. You could look to August in some of the travel data, the restaurant data. I know you monitor a lot of data, Meyer, I mean there is a slowdown, no doubt as people hunker down a little bit.

But on the positive side, we think COVID is -- Delta is peaking as we speak. It might continue a little bit into October. But I think that's just going to be sort of the nature of this virus that there is going to be sort of peaks and valleys to it. That said, I don't think it disrupts an overall trend line that we're going to outperform historical trend from an economic side. But there might be slow patches.

A - Meyer Shields {BIO 4281064 <GO>}

Great. This is -- it's a general question, and I'm hoping the answer will be more specific. But there's always a balance when we've gone through a period of compounding rate increases of balancing exposure unit growth against additional rate. Can you talk us through the questions and the considerations that Hartford is contemplating for that balance?

A - Chris Swift {BIO 3683719 <GO>}

Yes. I think if you put it in context of what we and other industry participants being able to achieve over at least the last two to three years. We needed to take rate, and we've had some compounding effect, as you said, that has gotten at least what we think most of our product lines are closer to rate adequate. I wouldn't say we're completely there in certain lines, and that has to do with inflationary forces that are hard to predict beyond the short term when you think in terms of social inflation and things along those lines. So there's always a balance, but I think the weight has to go to make sure you're getting adequate pricing for the exposures you're taking on at that point in time.

Then you can worry about, I'll call it, growth new business growth, you could begin to see some pickup in exposures that will provide a natural lift. So all that is happening right now. If you look at our Second Quarter numbers, we have returned to growing our book of business, particularly after coming out of a difficult retraction in 2020 due to COVID. There is going to be some natural expansion of insured values, whether it be workers' comp, disability, property values, more equipment being deployed in manufacturing. All this will have the impact of exposures growing, which would then provide an additional lift, Meyer.

A - Meyer Shields {BIO 4281064 <GO>}

Fantastic. I'm trying to make sure that I'm on the quick draw hitting the mute and unmute buttons. I'm probably not going to get it perfectly over the course of the session.

One element of the story has also been the re-underwriting initiatives within middle market, global specialty. Can you talk us through what you've done and the current status of those individual segments in terms of profitability? Then maybe looking forward, what should we expect for these segments over the cycle?

A - Chris Swift {BIO 3683719 <GO>}

Yes. It's a great question. We've talked about it in the past on some of our forms. I would say that both middle and in global, particularly really since we closed the Navigators acquisition, we've been re-underwriting the book of business. We've been shedding certain aspects of the book of business, adopting our standards from an ROE and targeted return side. So Global Specialty has really gone through a fundamental transformation, which I think you're beginning to see the fruits of our labor emerge with combined ratios in the low 90s. I expect that they will go lower from here as a lot of that rate gets earned in.

Middle market, maybe less dramatic. But still, over the last two or three years, there were certain aspects of the book in our general industries category, we would say Meyer, that needed to be pruned a little bit, needed some rate in certain aspects, both comp and general liability. So after a period of a little bit of shrinking and retooling, again I was equally pleased and excited to see that the growth is starting to return in our middle market book of business. If you look at, again underlying combined ratios, they have drifted down into the low 90s, which is very good. I expect, again a lot of that to continue as additional rate is earned in.

So yes, we're pretty bullish on both of those segments. I know there was a little bit of controversy with some shareholders when we did the Navigators transaction. But looking back in hindsight, I think it was perfectly timed. It is producing the returns that we expected.

A - Meyer Shields {BIO 4281064 <GO>}

No. Phenomenal. We've certainly commented a lot on the timing of the deal as well because that makes things a little bit easier. On workers' compensation, there's a lot going on and maybe a lot not going on. I don't know that we're seeing dramatic price increases there. But we are seeing wage inflation. We're seeing people come back to work. What are you seeing in terms of the attractiveness of this line of business?

And if we can take a step back, how does Hartford understand the really favorable frequency that we saw before COVID. COVID was its own, hopefully, temporary exception. But what's the sense -- what are the lessons that you've taken from that favorable string of frequency declines that you're applying going (inaudible)

A - Chris Swift {BIO 3683719 <GO>}

Yes. There's a lot to unpack there. So I'll try, and I'll have Beth supplement any of our perspective. So I think the context of this whole discussion and comp, at least for us is -- I mean it's a line of business we have deep, deep expertise in -- We have rich data across multiple segments of our economy from small commercial to middle to even large or we have some deductible programs. So our history and knowledge is very deep, which gives us, I think an advantage both from a data side and ultimately, a claims side. So that's first.

Second, I think even during sort of this declining price environment over multiple years, we've been able to manage to a great outcome. It is still a very highly profitable line of business for us, strong ROEs well in excess of our cost of capital. So we've been able to perform during, I'll call it, robust rate environments and now rate environments that have been challenged. You would say well, why were the rate environments challenged for the last four or five years, and you would have to say that the line has performed well, both from a frequency side and a severity side. So again our powerful insights and data analytics, we have our arms around our frequencies and severities by SIC code by region. We know what to watch and we know what levers to pull.

So I put it all together. So where we are right now, there isn't anything new, Meyer. And maybe that's unsatisfying to you because you're looking for a headline, but there's no breaking news here, is that line continues to perform well. Obviously during COVID, we saw frequencies really come down. I give Beth a lot of credit for being transparent on what we did with our frequencies and the benefit that we took. Then more importantly, what was the incremental COVID-related losses that we put up over the last 18 months.

And I think on balance, that was prudent, probably a little conservative compared to where we sit here today but you'd rather be in that position as opposed to being caught short. So that's what I would say as far as where we're at today. And Doug Elliott commented last quarter that pricing and workers comp turned slightly positive. It's hard to predict, and we're not going to predict here today Meyer, where pricing is going to go in '22 and '23. Particularly at this time of the year, it's critical as we work with NCCI or other rating bureaus to really determine the levels of rate next year. So we're cautiously optimistic, but there's still a lot to manage, but we had our arms around the levers, and we've had for a long period of time to produce a good outcome for our shareholders. Beth, what would you add?

A - Beth Costello {BIO 15349374 <GO>}

I think you covered off on all the pieces very well. I'll just to reiterate, it's a very profitable line for us, one that, as Chris said, we have deep expertise in and has allowed us to produce the returns that we've seen. So even with some of the pricing dynamics that have been there and that Chris mentioned, still see it as highly profitable and very pleased with our overall results.

A - Meyer Shields {BIO 4281064 <GO>}

Great. I certainly am always looking for a headline. But if there is no change, then I need to know that, too. So I appreciate the --

A - Chris Swift {BIO 3683719 <GO>}

Well -- and not to talk past to close on that topic. But I mean there is a little bit of wage of fleshing that's occurring in a lot of the service sectors of the economy and the whole inflation discussion in my mind, you really got to get down to a macro level because there's a lot of cross currents and signals that are pointing in a different way whether it be commodities, whether it be auto parts and chips, whether it be labor and then how you match that specific SIC codes. But generally, as we've said in previous discussions, Meyer, a little wage inflation should provide a little tailwind to us also.

A - Meyer Shields {BIO 4281064 <GO>}

Right. No, completely understood. We're definitely seeing that. So that will be interesting. I take your point because the expertise will be critical here because it's not something that's uniformly applied across SIC codes or across CPI indices, however you want to frame that.

I want to move on to another segment, personal lines, because here, again we've got this macro picture of the economy more or less coming back with some volatility and people driving more. But Hartford's book of business fairly specific. Can you talk about what you're seeing, both in terms of pricing to the extent that you can talk about that and the competitive environment? Then on the loss side, frequency and severity?

A - Chris Swift {BIO 3683719 <GO>}

Sure. Yes. I think again the context here is our personal lines book is primarily ARP members, and we've always described that as a preferred class of business as much as we're trying to grow with AARP in the 50- to 65-year-olds. Some of that growth will come as we've refreshed our products and rolling out new technology, supported by Duck Creek. We have a new contract with AARP that we're thinking about marketing and digital activities totally differently, telematics.

But the simple fact is that we're still in a preferred class of business, and it is historically and even during COVID and as things have begun to recover, at least all our internal metrics on frequencies and severities, we're still outperforming a general mass market population, which you would expect if you're highly preferred and have generally safer drivers that aren't working during working hours and community as much. I think the outcome is pretty self-evident.

That said, I mean things are coming back to normal. So even in our book, we're seeing frequencies rise. We're seeing some elevated severity, particularly dealing with the auto parts supply issue. But nothing that I would say is on a pattern from what we generally expected, nothing out of pattern from what our loss picks were at the beginning of the year, we established. Beth could comment there that I think our loss picks were prudent. And had a little bit -- not a little bit, had a reversion to the mean and normalization in them.

So as we sit here today again there's no news. There is anything outlier that we should call out, either from a positive side or a nonpositive side. So -- but we're going to have to watch our rate increases. I think we've been disciplined during the COVID process where we've done only one refund. We haven't enrolled back rates during this process because we knew eventually, there would be a reversion to the mean. We wanted a little bit more predictability with our customers as opposed to moving rates and filings around on them. The same thing for the homeowners business. The homeowners business is about $1 billion book of business that we'd like to bundle within auto. We lead with auto and then bundle or home where it makes sense. So that's what I would say. Beth, what would you add?

A - Beth Costello {BIO 15349374 <GO>}

You always say everything, Chris, and asked me to add. I think you covered it very well. Yes, as you said, when we made our loss picks for the year, we expected to see uptick in activity as it relates to auto. We definitely have been seeing that, and we're watching closely some of the other trends that Chris mentioned.

A - Meyer Shields {BIO 4281064 <GO>}

Okay. We've seen Hartford, and this is something that you 'put in the supplement, which just as an aside, the amount of detail that you provide is tremendously helpful. So I do want to give you kudos for that. where you've been taking a little bit more rate on the homeowner side, both before and during this period where building materials and labor costs have been going up. Can you talk about what's informing that pursuit of rate on the homeowner side?

A - Chris Swift {BIO 3683719 <GO>}

Yes. So I appreciate the question. So again the context I said in most of those homes are AARP members. We might have some independent agent business still on the books. But I think the context of your question is how are you managing cat, how are you managing -- changing climate patterns these days? And I would say we've been very proactive over many, many years, but particularly the last four or five in dealing with wildfire in our West Coast exposure. So my heart and emotions go out to the millions of people dealing with wildfires from Seattle to Oregon to California to Arizona to Colorado.

It's devastating to see the pictures and watch the human toll. But I think we've managed our exposures down where we did have some concentrations three, four years ago in fire-related areas. We've taken a risk review of our existing in forces and where risk has changed and the property instituted, I think the appropriate action of either getting off the risk or re-underwriting it. So again being proactive. Our philosophy generally has been more stable and predictable. And as you said, Meyer, if you look back over say the 5-year period of time, we probably averaged 6 to 7 points in that book just because we felt that it needed it. We felt the climate was changing in certain areas. Tornado, hail, still continues to be our largest peril in our homeowners book and that activity has been up over a number of years, but it's not a large book. We've improved our models on these perils, both primary and somewhat secondary these days. So we feel like we've gotten our arms around it, and that's dictated -- the rate actions that we've taken in the book fairly consistently over the last 5-year period.

A - Meyer Shields {BIO 4281064 <GO>}

Okay. Perfect. Question is coming from one of our clients, and I'm sure it's a question that you've heard a bunch of times. If we look at the various segments, and I'll make this point, feel free to correct me, although I'm not sure you will. It doesn't look like Hartford's valuation reflects the returns in maybe some of the non-P&C segments, whether it's mutual funds or group benefits. How do you think about the ideal business mix, particularly when you've got this undervaluation compared to what maybe you might be able to get in the market if there was a divestiture of some of these segments?

A - Chris Swift {BIO 3683719 <GO>}

Yes. It's a question we challenge ourselves all the time. So I don't mind addressing it, hopefully, to your satisfaction that, again when we do strategic planning and analyze our portfolio. We're always challenging ourselves what's good and where do we need to continue to improve? How can we add to the potential portfolio through organic means? Primarily are there things that we should considering? So that's routine in our practices.

I would say specifically on mutual funds, I think we've described the asset between Beth and myself in different forms, and I give her credit for phrasing it this way. It's a good investment. It's an investment that continues to grow in value. It's been innovative, produces strong ROEs, IRRs, cash flows, dividends to the parent. I think they've been remaining relevant in a highly competitive place. It's a unique model. So some might say well, yes, why don't you just sell it, but a sub-advised model where you have two strong strategic partners that have contributed to that value creation over a longer period of time, a mutual fund board of trustees that has fiduciary duties to the mutual fund shareholders, not The Hartford shareholders, adds a complexity to just saying, yes, it's easy to monetize because everyone wants to be in a mutual fund business and scale matters. I'd point that out to you. I think it's self-evident that those are just considerations. It's not a driving force.

But there isn't, I'll call it, a broad-based demand for a model that we have. That's why we'd like to continue to grow it because we think harvesting the cash and creating that value does make sense. But we will always challenge ourselves, Meyer, are we the best owner of that business over the long term? Every -- annually, when we challenge ourselves with that, we've always concluded -- yes, we're still an owner. We like the investment as long as it continues to perform according to our expectations.

On group benefits, it's a different equation, I would say because, obviously as the second or third largest provider in the group benefit space, we have scale. We have great capabilities. We have great customers. We have all the products, I think we need in that space to compete. I think it's more we can maybe improve the way we characterize that business to make sure all our investors and analysts understand the nature of this business being more akin to the P&C business as opposed to life insurance. And as you of all people know that life insurance is usually you sell a product, and you've got to be very precise with all your assumptions that go into it. Here, I mean if we get a chance to reprice our products, generally every two to three years. We have great claims synergies with comp and disability claims. They're in the same genre.

We've built a voluntary benefit capability, which are more in demand these days. So I think our growth potential is higher in the future. So I just think we need to continue to tell a compelling story to investors of why these businesses belong together. In addition to -- remember, our distribution, 45% of our distribution partners have some form of benefits in their portfolio. So there is a blurring on the distribution side that only continues to accelerate between P&C and benefits, and we like our position. We like our ability to cross-sell both disability and comp going forward.

We've rolled out some integrated product capabilities that are only available to policyholders that uses on the disability and comp side, which we think are value added. We're just going to continue to try to tell our story the best of why this is a highly profitable low-volatility business, except during a global pandemic. We still like how these businesses fit together, Meyer.

A - Meyer Shields {BIO 4281064 <GO>}

Yes. That makes perfect sense to me. I think one of the points that you made that I find particularly compelling is that some of the upside from the group benefits is the information flow to workers' compensation because those lines are so complementary to one another, makes a little tricky to just isolate the financial return on equity within group benefits and say well, that's not the entire upside, but I think it's an important point even if I need to do a better job of broadcasting that.

I do want to spend some time talking about Hartford Dex because it's an important -- it's an ambitious program. Let me start with sort of a simple question. So when you cut expenses, there are a number of opportunities that, that provides. You could reinvest, you could pass along in terms of lower pricing, you could keep it in terms of expanded margins. How are you balancing those considerations and any of the other ones that you may not be thinking of?

A - Beth Costello {BIO 15349374 <GO>}

Do you want me to take that? Yes. I'll take that.

A - Chris Swift {BIO 3683719 <GO>}

I don't want to steal your thunder.

A - Beth Costello {BIO 15349374 <GO>}

No. Well it's a great question. And any time that you start talking about expense programs like this, that's always the question is where does it show up, which is why when we announced the program and we described the dollars that we were anticipating to save, we also translated that into what we were going to see from an expense ratio perspective because we do expect to see some margin expansion coming from the program. We're always looking to invest in our businesses, and that was contemplated when we sort of put those markers out there. And as you've seen from a performance perspective on the dollar side, we've increased our expectations since we announced the program a year ago in July. So I've been very pleased to see that and extending that into 2023.

At the time we announced the program, we said that we anticipated the expense ratio in our P&C business would improve 2 to 2.5 points using 2019 sort of as the anchor point. We would see that benefit in 2022. We're well on our way to achieving that. When you look between commercial lines and personal lines, it's definitely more weighted towards commercial lines because of some of the investments that we're doing in personal lines. But again when you put the two together, we're at that 2 to 2.5. On group benefits, it was 1.5 to 2 points. I would and group benefits, a combination of some of the investments that we're making as well as just some of what we've been experiencing on the top line perspective. We're probably going to achieve that kind of on a run rate basis, kind of going towards the end of 2022 into 2023. So maybe a little bit more delayed than we originally thought. But I'll also just comment that all of that was contemplated in the financial projections that we provided back in April.

So all of those things were taken into consideration as we laid out our expectations of achieving that 13% to 14% ROE. So overall, very pleased with the program. I think we do have the right balance as we think about where we want to harvest savings, but it is important to continue to invest obviously in our businesses and our capabilities because that drives a lot of the growth that we expect to achieve over the period as well.

A - Meyer Shields {BIO 4281064 <GO>}

Great. Thank you. If I can switch topics a little bit. We touched earlier on your thoughts on looking back on the Navigators deal. You've also been, I think very consistent in saying that you have the product portfolio that you're looking for. So we're not expecting any sort of transformative M&A going forward. I want to talk a little bit about past and future bolt-on acquisitions. So in the past, we've had wire risk, which is sort of an interesting, I'll call it, a tech-related play. I was hoping to get an update on how that's performing? And how we should think about maybe other similar small bolt-on acquisition opportunities as part of the capital deployment strategy?

A - Chris Swift {BIO 3683719 <GO>}

You were just cutting out a little bit, but I understood the question. So I think the overarching theme, Meyer, is we're focused on organic growth. As we've said, colloquially, we have all the capabilities and products in the house today. We're trying to mature them. We're trying to expand them maybe into different industry verticals, broader parts of the economy. But I really do fundamentally believe with what we've built organically over the years and what Navigators has brought to us. We have a fulsome set of products. I think with each quarter, our agency and brokerage partners become more familiar with them. I think that will have a self-fulfilling prophecy of just higher growth and capturing more business from them or maybe we weren't able to fully serve their needs many years back. So organic focus.

You mentioned Y-Risk. Just a little color there. I mean that was a small acquisition of really of a team of eight to 10 folks out in Farmington here. We're so glad that they're part of the organization because it's helping us learn important aspects of the sharing economy. It's not a lot of premium yet, honestly. It's probably less than $20 million of premium. But I think what's important that Bernie and his team are going to bring to the group is we're using sharing economy in on-demand insurance now in sort of the same group. So I think both will have important components to our economy going forward, but they've brought a lot of sharing economy. but we've also charged them with more of the on-demand type of coverages that could be for sharing economies or just sort of broad-based economies. So that's that.

I would say though, honestly, we're aware of what's happening in the marketplace, particularly with dispositions, nothing appeals to us at this point in time. We spend a little time in the fintech space. But again I think we have a road map, particularly in small commercial that is robust and really cutting edge, and that's all I'll say that anything that's available in the fintech space is already predominantly in our road map going forward. So with our data and analytics, with our tools, with our core systems capability that we've invested over a longer period in, I really do think we control our destiny and can build things that we think we need for the future. So again M&A is just not on my radar screen these days.

A - Meyer Shields {BIO 4281064 <GO>}

Okay. Fantastic. Delving a little bit more into group benefits if we can. What does the -- I'm a little premature in saying this, but the post-COVID group benefits operating environment, what does that look like? What are the key issues that we on the outside should be focused on in terms of anticipating returns?

A - Chris Swift {BIO 3683719 <GO>}

Yes. As we said earlier, there's going to be some element of COVID always with us, right? So I don't -- I can't envision a sort of a pure post-COVID world. In fact, as we've said during our last quarter call, we still expect mortality to decline compared to the second half of the -- compared to the first half of the year. But given this delta spike, I think that decline will probably come more in the Fourth Quarter than in the Third Quarter. If I sit here today we had about $85 million to $90 million of mortality claims in the Second Quarter. I would expect our Third Quarter to be in that similar range today.

Like, the Second Quarter, we had substantial positive prior year -- prior quarter development with our life mortality. We expect some level of modest positive mortality development on prior quarters and prior years. But it's still going to be a little bit of an elevated quarter. That said, I think what we're really focused on is building out our digital capabilities, for our group benefits area, I think more and more customers and their employees want to operate and interact with us on a digital basis.

These platform providers, such like Workday are going to become more important. So we're investing in connectivity between these payroll providers that would allow more digital exchange of data. We've built out our voluntary product capabilities, but it needs a little bit of a refresh going forward to make sure we're being competitive with features and benefits. So those are the things that are top of my mind, and we'll always look at our, I'll call it, technical currency and just making sure that our technology is remaining current. We are running some older base technologies in how we administer a lot of those policies. So there will be a modernization that we'll have to go through and we'll keep you informed on. But those are the drivers that I would ask you just to pay attention to.

A - Meyer Shields {BIO 4281064 <GO>}

Great. Just one quick question on Group Benefits. Is there an accelerated mortality component to it? We've heard that concept in terms of some whole life insurers. I'm just wondering whether that translates into group benefits in any way.

A - Chris Swift {BIO 3683719 <GO>}

Yes. Beth and I and the Benefits team, we debate it quite a bit. Intuitively, I think you're right -- particularly in our retiree book of business, there've probably been a pull forward. But again most of our I'll call it insured values are in actively working people, as I say in the sort of 18 to 65-year-old category.

We have seen an elevation across all age demographics of mortality due to COVID and Delta here, particularly. So I don't know if that's a pull forward or if that's just people's comorbidities and maybe lack of vaccination that are creating that increase. So it's hard to mathematically say that's a pull forward. There's probably some -- but it's probably, again unfortunate that the virus is spreading more rapidly than we all wanted it to.

A - Meyer Shields {BIO 4281064 <GO>}

No, completely understood. I do have a question coming in, and I know this is a sensitive question in terms of what you can answer, but any updates that you can provide on discussions with the Boy Scouts of America or reinsurance protections that Hartford has?

A - Chris Swift {BIO 3683719 <GO>}

Yes. It's probably not best to comment on it other than -- it's -- it would be good to get it behind us.

A - Meyer Shields {BIO 4281064 <GO>}

Fair enough. Then we've got basically one minute left. So I just want to ask your thoughts on capital deployment. I know you laid out a very specific plan with regard to the ROE targets. But if you can just remind us of prioritization in terms of capital deployment, capital return.

A - Chris Swift {BIO 3683719 <GO>}

Beth?

A - Beth Costello {BIO 15349374 <GO>}

Yes. So really nothing has changed on that, as Chris said. Right now we are obviously investing in our businesses and with the capabilities that we have and expanding those. We think right now that the best use of our excess capital is returning it to shareholders. So we are executing on our share repurchase program. We've said that we anticipate using about $1.5 billion of that capacity this year, and we're well on our way to doing that. quarter-to-date. For the Third Quarter, we repurchased about $383 million worth of shares. So that brings us to roughly over $1 billion for the year. So again well on our way towards executing that $1.5 billion this year.

A - Meyer Shields {BIO 4281064 <GO>}

Okay. This has been phenomenal. I appreciate, again information. We recently identified Hartford as I think one of the most compelling investment stories for now, whatever that time frame would be. So I appreciate the information and the time that you spent with us. Thank you very much, Chris and Beth. We look forward to speaking and hearing from you soon.

A - Chris Swift {BIO 3683719 <GO>}

Thank you, Meyer, for having us.

A - Beth Costello {BIO 15349374 <GO>}

Thank you.