

The Hartford Financial Services Group, Inc.

4Q24: Strong underlying results but unfavorable PYD leaves some concern

Operating EPS beat fueled by better than expected margins in Personal Lines and Commercial Lines, while unfavorable prior year development in Commercial Lines raises concerns about sustainability.

Summary: Operating EPS came in at \$2.94 vs our estimate of \$2.18 and Street's estimate of \$2.62. The beat came on the back of strong underlying loss and combined ratios which was partly offset by unfavorable PYD of \$101 million. NPW growth came in light of our expectation at 7.3% y/y vs. our 9.7% and the Street at 9.2%. NII provided a tailwind coming in at \$708 million vs. our \$666 million and the Street at \$671 million. Operating ROE xAOCI was 17.7%, meaningfully higher than our estimate of 13.2% and Street's estimate of 16.3%. Following this quarter's results, we look forward to the earnings call to gain some color on the reported underlying loss ratios given the outsized unfavorable PYD they took in some lines, specifically general liability. Overall a strong print with an outsized EPS beat that was fueled by strong underlying in P&C and favorable cats, although the elevated unfavorable PYD in general liability is something to note.

Prior-Year-Development: Hartford reported \$101 million of unfavorable PYD for the quarter which compares to our \$155 million estimate and the Street at \$135 million. This comes after three quarters of favorable PYD totaling \$221 million and compares to a \$92 million charge that was taken a year ago. The bulk of the unfavorable PYD came from their general liability line and from an asbestos charge to the tune of \$130 million and \$141 million, respectively. Workers' comp posted another quarter of material favorable PYD at \$70 million, however, it was not enough to offset the two aforementioned charges. We want to point out the dynamic between the unfavorable PYD and the strong underlying ratios that has transpired this quarter. While underlying loss ratios have improved substantially across the board, we do wonder whether this is a bit too aggressive given the outsized unfavorable PYD taken in general liability.

Property & Casualty: HIG's P&C segment was the major driver behind the company's bottom line out performance this quarter which was mainly attributed to a stronger underlying loss ratio of 57.6% vs. our estimate of 59.3% and the Street at 59%. Both personal lines and commercial lines posted strong results in the quarter helping contribute to the bottom line beat. Commercial contributed to the beat posting operating earnings of \$358 million which outpaced our estimate of \$225 million while the underlying loss ratio of 56.0% was also below our estimate of 57.1%. The homeowners segment within personal lines was a main contributor

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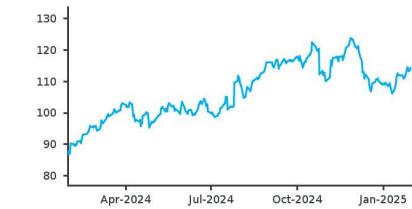
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HIG	OVERWEIGHT
	Unchanged
North America Insurance/ Non-Life	NEUTRAL
	Unchanged
Price Target	USD 135.00
	Unchanged
Price (30-Jan-25)	USD 114.26
Potential Upside/Downside	+18.2%
Source: Bloomberg, Barclays Research	

Market Cap (USD mn)	33122
Shares Outstanding (mn)	289.89
Free Float (%)	99.51
52 Wk Avg Daily Volume (mn)	1.6
Dividend Yield (%)	1.82
Return on Equity TTM (%)	20.06
Current BVPS (USD)	57.30
Source: Bloomberg	

Price Performance	Exchange-NYSE
52 Week range	USD 124.90-85.34



Source: IDC
[Link to Barclays Live for interactive charting](#)

North America Insurance/Non-Life

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to the impressive underlying loss ratio as homeowner's underlying came in at 35.1% which compares to our 45% estimate. Additionally, auto within personal lines underlying loss ratio came in at 76.5% vs. our 77.5% estimate. Consolidated P&C combined ratio of 87.6% beat our 89.9% and the Street's 89.4%. Reported catastrophe losses also came in much better than expected at \$80 million vs. our estimate of \$220 million and the Street at \$185 million. The combination of underlying beats in all three segments as well as weaker cats helped HIG post strong bottom line results for the quarter.

Group Benefits: Group Benefits' reported operating earnings of \$139 million beat our estimate of \$134 million which was driven by a solid core margin of 7.9% vs our estimate of 7.4%. Premium growth was below our estimate at 0.6% vs our estimate 2.3%. Lower than expected benefit ratio adjusted for interest boosted the business (73.1% vs our estimate of 74.6%).

Hartford Funds: The mutual funds business recorded operating earnings of \$51 million which was slightly above our estimate of \$48 million. AUM came in at \$128,054 million compared to our estimate of \$131,464 million due to a significant \$3,108 million change in market value. With that being said, net flows for the quarter were a positive \$796 million which compares to our - \$1,021 million estimate. It is the first quarter of positive net flows since 4Q21.

FIGURE 1. HIG - Summary Financial Information

	1Q24	2Q24	3Q24	4Q24	1Q25E			2Q25E			2025E			2026E			2027E		
	Actual	Actual	Actual	Actual	BARCe	Street	Diff	BARCe	Street	Diff	BARCe	Street	Diff	BARCe	Street	Diff	BARCe	Street	Diff
Summary Financial Information																			
Operating income:																			
Property & Casualty	586	561	577	714	722	690	4.7%	674	645	4.6%	2,715	2,672	1.6%	2,933	2,840	3.3%	3,058	3,013	1.5%
Group Benefits	107	178	154	139	109	120	(9.0%)	165	152	8.4%	604	580	4.2%	640	586	9.2%	668	587	13.8%
Hartford Funds	41	43	47	51	47	46	2.0%	49	48	2.8%	194	190	2.0%	203	196	3.4%	99	159	(37.8%)
Corporate	(25)	(32)	(26)	(39)	(37)			(38)			(153)			(155)			(155)		
Operating income	709	750	752	865	841	798	5.4%	851	810	5.1%	3,359	3,280	2.4%	3,621	3,479	4.1%	3,671	3,663	0.2%
Net Investment Income	589	597	654	708	739	700	5.6%	741	710	4.5%	2,992	2,863	4.5%	3,146	2,995	5.0%	3,313	3,264	1.5%
Net Income	748	733	761	848	861	763	12.8%	870	794	9.6%	3,426	3,128	9.5%	3,621	3,306	9.5%	3,669	3,731	(1.7%)
Operating EPS	\$2.34	\$2.50	\$2.53	\$2.94	\$2.89	\$2.81	2.9%	\$2.95	\$2.88	2.6%	\$11.71	\$11.64	0.6%	\$13.18	\$12.81	2.9%	\$13.98	\$13.77	1.5%
BVPS	\$52.1	\$53.3	\$58.5	\$57.2	\$59.1	\$58.9	0.2%	\$61.0	\$60.6	0.7%	\$64.8	\$64.6	0.3%	\$73.3	\$72.7	0.7%	\$82.3	\$79.3	3.8%
BVPS xAOCI	\$62.2	\$63.8	\$65.4	\$67.2	\$69.2	\$66.1	4.7%	\$71.2	\$67.8	5.0%	\$75.2	\$71.1	5.8%	\$84.2	\$78.7	7.0%	\$93.8	\$88.2	6.3%
Operating ROE on BVPS xAOCI	15.2%	15.9%	15.7%	17.7%	16.9%	16.8%	0.1pp	16.8%	17.2%	(0.4pp)	16.4%	16.8%	(0.3pp)	16.5%	17.1%	(0.6pp)	15.7%	16.5%	(0.8pp)

\$ millions except per share data

Source: Barclays Research, Bloomberg

FIGURE 2. HIG - Summary Financial Data

	1Q24	2Q24	3Q24	4Q24	1Q25E			2Q25E			2025E			2026E			2027E		
	Actual	Actual	Actual	Actual	BARCe	Street	Diff	BARCe	Street	Diff	BARCe	Street	Diff	BARCe	Street	Diff	BARCe	Street	Diff
Summary Financial Information																			
Operating income:																			
Property & Casualty	586	561	577	714	722	690	4.7%	674	645	4.6%	2,715	2,672	1.6%	2,933	2,840	3.3%	3,058	3,013	1.5%
Group Benefits	107	178	154	139	109	120	(9.0%)	165	152	8.4%	604	580	4.2%	640	586	9.2%	668	587	13.8%
Hartford Funds	41	43	47	51	47	46	2.0%	49	48	2.8%	194	190	2.0%	203	196	3.4%	99	159	(37.8%)
Corporate	(25)	(32)	(26)	(39)	(37)			(38)			(153)			(155)			(155)		
Operating income	709	750	752	865	841	798	5.4%	851	810	5.1%	3,359	3,280	2.4%	3,621	3,479	4.1%	3,671	3,663	0.2%
Net Investment Income	589	597	654	708	739	700	5.6%	741	710	4.5%	2,992	2,863	4.5%	3,146	2,995	5.0%	3,313	3,264	1.5%
Net Income	748	733	761	848	861	763	12.8%	870	794	9.6%	3,426	3,128	9.5%	3,621	3,306	9.5%	3,669	3,731	(1.7%)
Operating EPS	\$2.34	\$2.50	\$2.53	\$2.94	\$2.89	\$2.81	2.9%	\$2.95	\$2.88	2.6%	\$11.71	\$11.64	0.6%	\$13.18	\$12.81	2.9%	\$13.98	\$13.77	1.5%
BVPS	\$52.1	\$53.3	\$58.5	\$57.2	\$59.1	\$58.9	0.2%	\$61.0	\$60.6	0.7%	\$64.8	\$64.6	0.3%	\$73.3	\$72.7	0.7%	\$82.3	\$79.3	3.8%
BVPS xAOCI	\$62.2	\$63.8	\$65.4	\$67.2	\$69.2	\$66.1	4.7%	\$71.2	\$67.8	5.0%	\$75.2	\$71.1	5.8%	\$84.2	\$78.7	7.0%	\$93.8	\$88.2	6.3%
Operating ROE on BVPS xAOCI	15.2%	15.9%	15.7%	17.7%	16.9%	16.8%	0.1pp	16.8%	17.2%	(0.4pp)	16.4%	16.8%	(0.3pp)	16.5%	17.1%	(0.6pp)	15.7%	16.5%	(0.8pp)

\$ in millions except for share data

Source: Barclays Research, Bloomberg

FIGURE 3. HIG - P&C Underwriting

	1Q24	2Q24	3Q24	4Q24	1Q25E			2Q25E			2025E			2026E			2027E		
	Actual	Actual	Actual	Actual	BARCe	Street	Diff												
P&C Underwriting																			
Net premiums written																			
Net premiums written	4,206	4,453	4,245	4,045	4,545	4,526	0.4%	4,803	4,779	0.5%	18,289	18,257	0.2%	19,604	19,435	0.9%	20,998	20,424	2.8%
% Growth YoY	9.1%	11.9%	9.6%	7.3%	8.1%	7.6%	0.5pp	7.9%	7.3%	0.5pp	7.9%	7.7%	0.2pp	7.2%	6.5%	0.7pp	7.1%	5.1%	2.0pp
Net premiums earned	3,861	3,970	4,134	4,209	4,225	4,308	(1.9%)	4,349	4,390	(0.9%)	17,582	17,697	(0.6%)	18,904	18,882	0.1%	20,250	19,839	2.1%
% Growth YoY	10.2%	8.9%	10.7%	9.6%	9.4%	11.6%	(2.2pp)	9.5%	10.6%	(1.0pp)	8.7%	9.4%	(0.7pp)	7.5%	6.7%	0.8pp	7.1%	5.1%	2.1pp
Loss Ratio	62.3%	63.3%	64.4%	61.9%	61.5%	62.4%	(0.9pp)	63.1%	64.1%	(1.0pp)	63.2%	63.6%	(0.4pp)	63.3%	63.6%	(0.3pp)	63.6%	64.2%	(0.5pp)
Expense Ratio	30.2%	30.1%	29.9%	30.0%	30.5%	30.5%	0.0pp	30.6%	29.9%	0.6pp	30.6%	29.9%	0.7pp	30.6%	29.9%	0.7pp	30.7%	30.6%	0.1pp
Combined Ratio	92.5%	93.4%	94.2%	91.9%	92.0%	92.5%	(0.5pp)	93.7%	94.0%	(0.3pp)	93.8%	93.5%	0.3pp	94.0%	93.5%	0.4pp	94.3%	94.7%	(0.4pp)
Loss Ratio ex cats & PYD	59.6%	59.1%	59.6%	57.6%	58.4%	58.5%	(0.1pp)	58.5%	58.1%	0.4pp	58.6%	58.7%	(0.1pp)	58.7%	58.7%	0.0pp	58.9%	59.5%	(0.5pp)
Combined Ratio ex Cats and PYD	89.8%	89.2%	89.5%	87.6%	88.9%	89.0%	(0.1pp)	89.1%	88.0%	1.0pp	89.2%	88.6%	0.6pp	89.3%	88.6%	0.7pp	89.6%	90.0%	(0.4pp)
Catastrophes (\$mn)	161	280	247	80	162	190	(14.7%)	233	262	(11.2%)	780	871	(10.3%)	838	929	(9.8%)	896	936	(4.2%)
Catastrophes (pts)	4.2%	7.1%	6.0%	1.9%	3.8%	4.4%	(0.6pp)	5.4%	6.0%	(0.6pp)	4.4%	4.9%	(0.5pp)	4.4%	4.9%	(0.5pp)	4.4%	4.7%	(0.3pp)
Reserve development (\$m)	(56)	(115)	(50)	101	(32)	(21)	54.5%	(33)	(19)	69.3%	33	52	(36.1%)	35	64	(45.4%)	62	98	(37.4%)
Reserve development (pts)	(1.5%)	(2.9%)	(1.2%)	2.4%	(0.8%)	(0.5%)	(0.3pp)	(0.8%)	(0.4%)	(0.3pp)	0.2%	0.3%	(0.1pp)	0.2%	0.3%	(0.2pp)	0.3%	0.5%	(0.2pp)

\$ millions except per share data

Source: Barclays Research, Bloomberg

FIGURE 4. HIG - Segment Details

	1Q24				2Q24				3Q24				4Q24				1Q25E			2Q25E			2025E			2026E			2027E		
	Actual	Actual	Actual	Actual	BARCe	Street	Diff	BARCe	Street	Diff	BARCe	Street	Diff	BARCe	Street	Diff	BARCe	Street	Diff	BARCe	Street	Diff	BARCe	Street	Diff	BARCe	Street	Diff			
Segment Details																															
Net premiums written:																															
Commercial Lines	3,362	3,540	3,275	3,174	3,628	3,612	0.4%	3,820	3,793	0.7%	14,406	14,394	0.1%	15,515	15,339	1.1%	16,694	16,172	3.2%												
Personal Lines	844	913	970	871	918	914	0.4%	983	986	(0.3%)	3,883	3,863	0.5%	4,089	4,096	(0.2%)	4,294	4,252	1.0%												
Personal Lines - Auto	600	617	649	590	648	645	0.5%	666	665	0.2%	2,652	2,648	0.2%	2,785	2,794	(0.3%)	2,924	2,958	(1.2%)												
Personal Lines - Home	244	296	321	281	270	267	0.9%	317	318	(0.4%)	1,230	1,205	2.1%	1,304	1,283	1.7%	1,370	1,349	1.5%												
NPW growth:																															
Commercial Lines	8.1%	11.4%	9.1%	6.2%	7.9%	7.4%	0.5pp	7.9%	7.1%	0.8pp	7.9%	7.8%	0.1pp	7.7%	6.6%	1.1pp	7.6%	5.4%	2.2pp												
Personal Lines	13.0%	13.8%	11.6%	11.7%	8.7%	8.3%	0.4pp	7.7%	8.0%	(0.3pp)	7.9%	7.4%	0.6pp	5.3%	6.0%	(0.7pp)	5.0%	3.8%	1.2pp												
Personal Lines - Auto	13.4%	13.6%	8.9%	8.3%	8.0%	7.5%	0.5pp	8.0%	7.8%	0.2pp	8.0%	#VALUE!	#VALUE!	5.0%	5.5%	(0.5pp)	5.0%	5.9%	(0.9pp)												
Personal Lines - Home	11.9%	14.3%	17.6%	19.6%	10.5%	9.5%	1.0pp	7.0%	7.4%	(0.4pp)	7.7%	5.5%	2.2pp	6.0%	6.4%	(0.4pp)	5.0%	5.2%	(0.2pp)												
Commercial Lines:																															
Loss Ratio	58.3%	58.4%	61.0%	56.3%	60.0%	60.1%	(0.1pp)	60.5%	60.8%	(0.3pp)	59.8%	60.2%	(0.5pp)	60.1%	60.5%	(0.4pp)	60.7%	60.9%	(0.2pp)												
Expense Ratio	31.5%	31.0%	30.9%	30.9%	31.8%	31.3%	0.5pp	31.8%	31.2%	0.6pp	31.8%	31.1%	0.6pp	31.8%	31.1%	0.6pp	31.8%	31.3%	0.4pp												
Combined Ratio	89.8%	89.5%	91.9%	87.1%	91.8%	91.4%	0.4pp	92.3%	92.0%	0.2pp	91.5%	91.4%	0.1pp	91.9%	91.6%	0.2pp	92.5%	91.5%	1.0pp												
Combined Ratio ex Cats & PYD	88.1%	87.1%	88.2%	86.8%	89.0%	88.3%	0.6pp	89.0%	88.2%	0.8pp	88.8%	88.2%	0.7pp	89.1%	88.3%	0.8pp	89.4%	88.8%	0.6pp												
Catastrophes	109	155	155	67	126	140	(10.3%)	147	169	(12.8%)	524	586	(10.6%)	565	628	(10.1%)	608	637	(4.5%)												
Personal Lines:																															
Loss Ratio	76.3%	81.0%	76.8%	59.3%	66.4%	71.1%	(4.7pp)	72.1%	75.7%	(3.6pp)	70.6%	72.9%	(2.3pp)	70.3%	72.5%	(2.3pp)	70.2%	72.3%	(2.1pp)												
Expense Ratio	25.3%	26.4%	25.6%	26.5%	25.8%	26.3%	(0.5pp)	26.0%	26.5%	(0.5pp)	26.1%	26.4%	(0.3pp)	26.3%	26.4%	(0.1pp)	26.3%	26.4%	(0.1pp)												
Combined Ratio	101.6%	107.4%	102.5%	85.8%	92.2%	97.4%	(5.2pp)	98.1%	102.2%	(4.1pp)	96.7%	99.3%	(2.6pp)	96.6%	98.9%	(2.4pp)	96.5%	98.7%	(2.1pp)												
Combined Ratio ex Cats & PYD	96.1%	96.7%	93.7%	90.2%	88.6%	92.2%	(3.6pp)	89.2%	92.7%	(3.5pp)	90.2%	92.1%	(1.9pp)	89.9%	91.6%	(1.7pp)	89.9%	91.5%	(1.7pp)												
Catastrophes	52	125	92	13	36	50	(27.4%)	86	94	(8.2%)	257	285	(9.9%)	273	304	(10.2%)	288	299	(3.7%)												

Source: Barclays Equity Research, Consensus = Bloomberg

\$ millions except per share data

Source: Barclays Research, Bloomberg

HIG: Quarterly and Annual EPS (USD)

	2024			2025			2026			Change y/y	
	FY Dec	Actual	Old	New	Cons	Old	New	Cons	2025	2026	
Q1		2.34A	2.85E	2.89E	2.82E	3.21E	3.22E	3.14E	24%	11%	
Q2		2.50A	2.92E	2.95E	2.88E	3.30E	3.32E	3.13E	18%	13%	
Q3		2.53A	2.84E	2.87E	2.92E	3.21E	3.22E	3.20E	13%	12%	
Q4		2.94A	3.00E	3.01E	3.01E	3.42E	3.42E	3.38E	2%	14%	
Year		10.31A	11.61E	11.71E	11.66E	13.14E	13.18E	12.83E	14%	13%	
P/E		11.1		9.8				8.7			

Consensus numbers are from Bloomberg received on 30-Jan-2025; 13:50 GMT

Source: Barclays Research

North America Insurance/Non-Life						NEUTRAL	
The Hartford Financial Services Group, Inc. (HIG)						OVERWEIGHT	
Income statement (\$mn)	2024A	2025E	2026E	2027E	CAGR	Price (30-Jan-2025)	USD 114.26
Net premiums earned	16,174	17,582	18,904	20,250	7.8%	Price Target	USD 135.00
Net investment income (NII)	2,548	2,992	3,146	3,313	9.1%	Why OVERWEIGHT?	
Underwriting income	1,092	1,058	1,111	1,123	0.9%	We like Hartford's balance sheet strength and favorable distribution positioning in the small to medium end of the commercial P&C business. However, we see the significant improvement in valuation already and ongoing underlying margin pressure from workers' compensation as reasons that we have an Equal Weight view.	
Operating income	3,076	3,359	3,621	3,671	6.1%	Upside case Our upside case assumes ROE expectations increase by 50bps to 16.8% driven by release of favorable development and strong growth in small to middle commercial, increasing the premium to the regression line to 15%.	USD 145.00
Net income	3,090	3,426	3,621	3,669	5.9%		
Effective tax rate (%)	19.2	18.9	18.9	18.8	-0.6%		
Combined ratio (%)	93.0	93.8	94.0	94.3	0.5%		
Combined ratio (ex cats & py development) (%)	89.0	89.2	89.3	89.6	0.2%		
Per share data (\$)	2024A	2025E	2026E	2027E	CAGR		
EPS (adj)	10.31	11.71	13.18	13.98	10.7%	Downside case Our downside case assumes 50bps decrease in ROE to 15.8% as medical cost inflation accelerates and exerts near term pressure on profitability as pricing is unable to reflect real-time, and the stock trades at a 5% discount to the regression line.	USD 103.00
EPS (reported)	10.36	11.94	13.18	13.97	10.5%		
DPS	1.88	1.92	2.10	2.28	6.7%		
BVPS	57.19	64.76	73.27	82.29	12.9%		
BVPS (ex AOCI)	67.22	75.23	84.21	93.77	11.7%		
Diluted shares (mn)	298	287	275	263	-4.2%		
Balance sheet and capital return (\$mn)	2024A	2025E	2026E	2027E	CAGR	Upside/Downtime scenarios	
Total investments	59,210	61,668	64,205	66,703	4.1%		
Common shareholders' equity (ex AOCI)	19,333	20,747	22,203	23,583	6.8%		
Share buybacks	1,500	1,470	1,600	1,700	4.3%		
Dividends paid	553	542	565	588	2.1%		
Balance sheet and capital return metrics	2024A	2025E	2026E	2027E	Average		
Debt leverage (%)	18.4	17.4	16.4	15.6	17.0	Price History Prior 12 months High 124.90 Current 114.26 Low 85.34	Price Target Next 12 months Upside 145.00 Target 135.00 Downside 103.00
Financial leverage (%)	18.4	17.4	16.4	15.6	17.0		
Total capital return as a % of op. earnings	66.8	59.9	59.8	62.3	62.2		
Valuation metrics	2024A	2025E	2026E	2027E	Average		
P/BV (ex AOCI) (x)	1.70	1.52	1.36	1.22	1.45		
P/E (adj) (x)	11.1	9.8	8.7	8.2	9.4		
Dividend yield (%)	1.6	1.7	1.8	2.0	1.8		
ROE (%)	19.0	19.6	19.1	18.0	18.9		
ROE (operating ex AOCI) (%)	16.1	16.4	16.5	15.7	16.2		

Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research

Model Updates

We updated our estimates to reflect the reported results and refined our projections. The primary adjustments were related to our loss ratios assumptions in the Personal Lines segment to reflect strong underlying margins while the company sees the impact of increased pricing flow through to higher earnings, in addition to immaterial changes. These changes resulted in our 2025E/2026E/2027E EPS estimates changing from \$11.61/\$13.14/\$13.98 to \$11.71/\$13.18/\$13.98. We remain Overweight and our target price is maintained at \$135.

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Primary Stocks (Ticker, Date, Price)

The Hartford Financial Services Group, Inc. (HIG, 30-Jan-2025, USD 114.26), Overweight/Neutral, CD/CE/D/E/J/K/L/M/N

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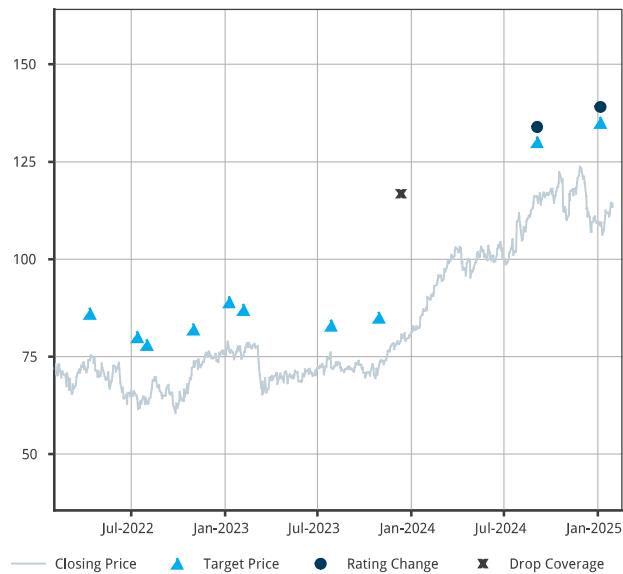
Stock Rating: **OVERWEIGHT**

Industry View: **NEUTRAL**

Closing Price: **USD 114.26** (30-Jan-2025)

Rating and Price Target Chart - USD (as of 30-Jan-2025)

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

Publication Date	Closing Price*	Rating	Adjusted Price Target
06-Jan-2025	109.04	Overweight	135.00
04-Sep-2024	116.10	Equal Weight	130.00
05-Dec-2023	78.63	Coverage Dropped	
30-Oct-2023	70.41		85.00
28-Jul-2023	76.07		83.00
06-Feb-2023	74.77		87.00
09-Jan-2023	78.90		89.00
31-Oct-2022	72.16		82.00
01-Aug-2022	64.47		78.00
13-Jul-2022	64.93		80.00
11-Apr-2022	74.13		86.00

On 31-Jan-2022, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 85.00.

Source: Bloomberg, Barclays Research

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Valuation Methodology: Our price target of \$135 reflects a 1.8x P/BVPS xAOCI multiple on our 2Q25E BVPS xAOCI estimate which we derive from a P/BV vs ROE regression and assuming HIG trades at a 7% premium to the regression line.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Upside Risks: We see outperformance from HIG in the scenario where medical cost inflation remains one of the more benign areas of CPI and the company is able to have substantial reserve release from the WC reserves. This would put HIG in a favorable position from a capital standpoint to then be able to lean into growth in the small to medium commercial insurance market. Downside Risks: We see the main downside risk being ongoing pricing pressure on workers compensation insurance while loss cost trend is showing some signs of beginning to increase vs the more flattish performance of WC loss trend over the past several years due to low severity and favorable frequency trends.

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