The Hanover Insurance Group, Inc.

The Hanover: Investor Presentation

Data as of March 31, 2012

(unless otherwise noted)

June 2012

Forward-Looking Statements and Non-GAAP Financial Measures

Forward-Looking Statements: Certain statements in this presentation, including responses to questions, contain or may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Use of the words "believes," "anticipates," "expects," "projections," "outlook," "should," "plan," "confident," "guidance," "on track to," "promise," "line of sight," "will" and similar expressions are intended to identify forward-looking statements. In particular, this presentation and related earnings call includes or may include forward-looking statements with respect to the ability to continue to improve our financial performance; underlying loss ratio trends; guidance on 2012 segment income per share; improved market and economic conditions; building momentum in Personal and Commercial Lines profitability improvement; the pricing environment and the company's ability to increase rates in domestic P&C and in Lloyd's businesses; the impact of foreign exchange fluctuations; competitive position, including with respect to agents; net written premium growth and retention; new business growth; future prior year reserve development and reserve adequacy; the impact of seasonality; the impact of various agency and exposure management actions on net written premiums and segment income; GAAP and accident year loss ratios; expense ratio and expense improvements from improving scale; adequacy of capital to rating agency expectations; product margins, including with respect to specialty businesses; expected contribution of Chaucer Holdings plc ("Chaucer") to consolidated earnings, including expected segment earnings for the full year 2012, and Chaucer's earnings accretion; net investment income and the effect of lower yields on future net investment income; product- geographic- and account- based mix changes on future growth and profitability; and may also include forward looking statements on underwriting conditions, capital levels, ratings, the number of shares outstanding, investment impairments and net investment income.

The company cautions investors that neither historical results and trends nor forward-looking statements are guarantees of or necessarily indicate future performance, and actual results could differ materially. Investors are directed to consider the risks and uncertainties in our business that may affect future performance and that are discussed in readily available documents, including the company's earnings press release dated April 30, 2012 and the Annual Report and other documents filed by The Hanover with the Securities and Exchange Commission, which are available at www.hanover.com under "Investors." We assume no obligation to update this presentation, which, unless otherwise noted, speaks as of March 31, 2012.

These uncertainties include the uncertain U.S. and global economic environment, the possibility of adverse catastrophe experience (including terrorism) and severe weather, the uncertainties in estimating catastrophe and non-catastrophe weather-related losses, the uncertainties in estimating property and casualty losses, accident year picks, and incurred, but not reported loss and LAE reserves, the ability to increase or maintain certain property and casualty insurance rates, the impact of new product introductions, adverse loss and LAE development for prior years, changes in frequency and loss trends, the ability to improve renewal rates and increase new property and casualty policy counts, adverse selection in underwriting activities, investment impairments, the impact of competition (including rate pressure), adverse and evolving state, federal and, with respect to Chaucer, international, legislation or regulation, adverse regulatory or litigation actions, financial ratings actions, the risks that the company will not achieve the benefits from the Chaucer transaction and those inherent in Chaucer's business.

Basis of Presentation: Prior periods were restated for the effect of the company's adoption of the new Deferred Acquisition Cost ("DAC") methodology. See Book Value and Other Items on page 6 of the press release dated April 30, 2012 for more detail.

Non-GAAP Measures: The discussion in this presentation of The Hanover's financial performance includes reference to certain financial measures that are not derived from generally accepted accounting principles, or GAAP, such as total segment income, segment income after taxes, combined ratios and loss ratios excluding catastrophes and/or development and accident year loss ratios excluding catastrophes. A reconciliation of non-GAAP measures to the closest GAAP measure is included in either the press release or statistical supplement, which are posted on our website. The reconciliation of accident year loss ratio and combined ratio excluding catastrophes to the nearest GAAP measure, total loss ratio and combined ratio, is found on pages 6, 8 and 10 of the statistical supplement. Segment income after-tax (segment income after tax per diluted share) is a non-GAAP measure. It is defined as net income excluding the after-tax impact of net realized investment gains (losses), as well as results from discontinued operations for a period divided by the average number of diluted shares of common stock. The definition of other financial measures and terms can be found in the Annual Report on pages 80-82.

Market Information

at June 7, 2012

Exchange/Ticker	NYSE: THG
Share price	$38.94
Shares outstanding	44.7 million
Market cap	$1.8 billion
Annual dividend per share	$1.20
	Yield: 3.0%
GAAP Equity	$2,579 billion
Book value per share	$57.65
2011 Net premium written	$3.6 billion

Analyst Coverage:

- Dan Farrell, Sterne Agee
- Cliff Gallant, KBW
- Matt Carletti, JMP Securities
- Joe Christiana, Dowling & Partners
- Meyer Shields, Stifel Nicolaus
- Larry Greenberg, Janney
- Ray Iardella, Macquarie Securities
- Jay Gelb, Barclays Capital

We Are Focused On Delivering Top-Quartile Performance Through The Cycle

Our
VISION

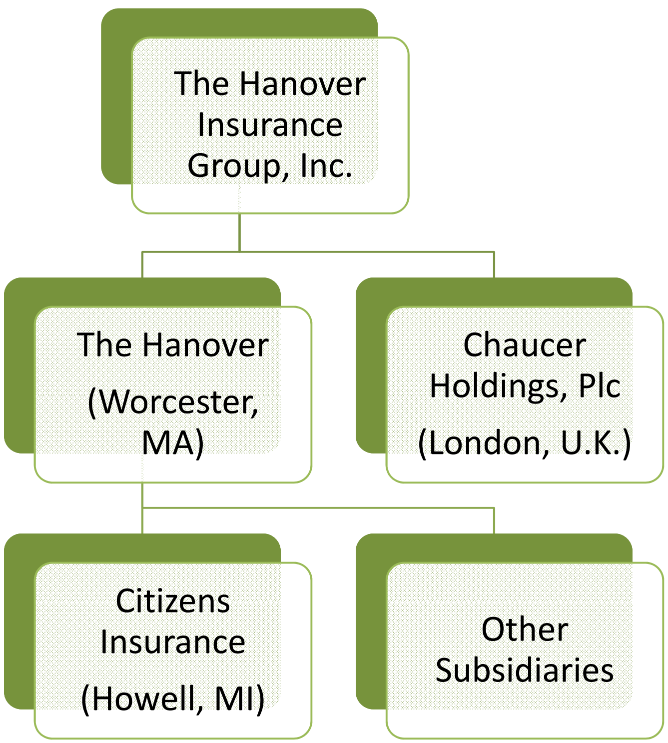
Our Focus:

- ✓ Financial flexibility, strength and expertise to capture opportunities
- ✓ A more differentiated product portfolio in more attractive areas of the industry
- ✓ A more distinctive market position in our businesses with strong underwriting acumen and risk management expertise
- ✓ A value proposition that creates a strong differentiated position with winning agents and brokers

Since 2003, we have rebuilt the company

- We have been in the P&C insurance business for 160 years
- After its IPO in 1995, The Hanover (formerly Allmerica Financial) focused primarily on growing sales of its universal life and individual variable annuity products
- After the stock market declined in 2002, management divested the majority of Life operations in 2005, with the remainder sold in January 2009
- Since 2003, we:
    - ✓ Fully divested Life operations
    - ✓ Strengthened our balance sheet
    - ✓ Built a powerful distribution system
    - ✓ Developed a unique product suite relevant to the agent
    - ✓ Substantially improved business mix
    - ✓ Upgraded technology and are now on par with national carriers

Today, we are a national company with global reach…



Worldwide Operating Platform

Domestic:
- Write Commercial Lines premium countrywide
- Write Personal Lines premium primary in states east of the Mississippi River

Chaucer:
- International operations through Lloyd's, headquartered in London, with offices in Whistable (U.K.), Copenhagen, Singapore, Buenos Aires, and Houston

We are focused on our goal to be a top-quartile P&C company

Enhanced Product Mix and Distinctiveness	✓ More distinctive and diversified product offering ✓ Commercial Lines now makes up more than 50% of domestic WP ✓ Significant specialty product capabilities
Improved financial strength	✓ Grew book value per share to highest level at December 31, 2011 ✓ Industry-leading growth; maintained accident year loss ratios ✓ Strong balance sheet ✓ Significantly improved cost of capital
Built Strong Position With Partners	✓ Position with winning agents and brokers strong and growing significantly ✓ Responsiveness and expertise aligned to improve agency economics ✓ National footprint established
Established Strong Risk Management and Underwriting Acumen	✓ Exceptional underwriting and risk management talent ✓ Rated top quartile risk management by S&P ✓ Focus on exposure management, taking expense risk before loss risk

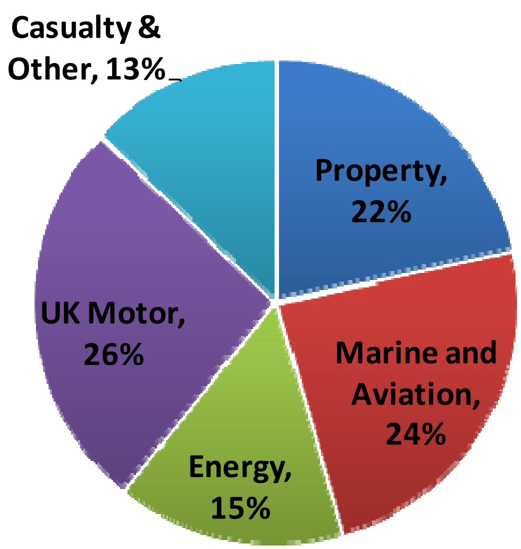
We've made important progress on all critical strategic levers

Our Chaucer segment provides diversification, scale and spread of risk

Our Specialist Underwriting Portfolio

Chaucer provides healthy return potential, capital diversification, volatility management and long-term protection of our underwriting capabilities

Net Written Premiums by Division**

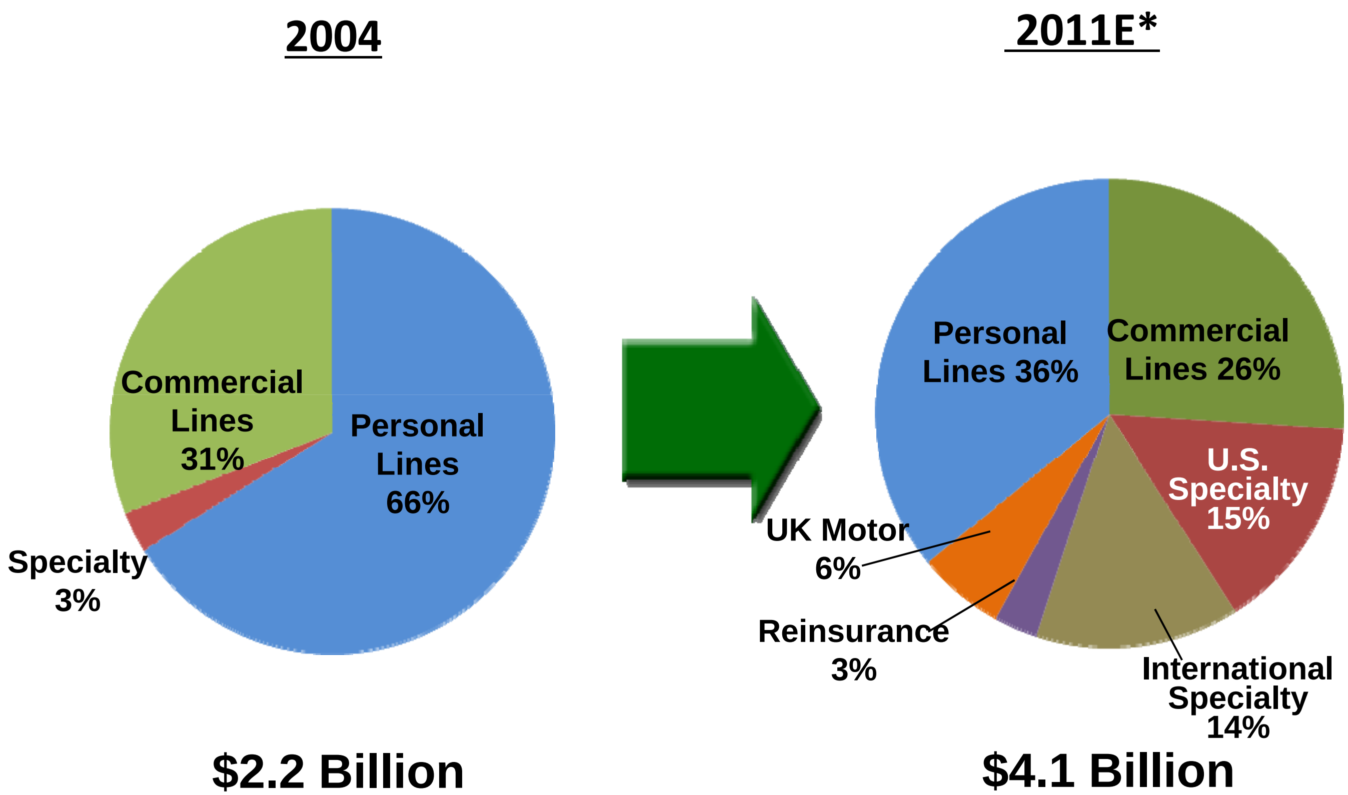


* Based on IFRS and US GAAP
** 2011 Pro Form Net Written Premiums

- A capital efficient underwriting portfolio
  - Balance global marine, aviation, energy, and property with UK motor and nuclear
  - Total underwriting interests of $1.1 billion for 2012
  - Capital requirements of $502 million or 46%
- A healthy average combined ratio
  - A reported 2004-11 cross cycle average of 94.7%*
- Underwriting operations provide strong investment float
  - $2.4 billion portfolio at 31 December 2011
- Together, these produce a healthy return on capital
  - A reported 2004-11 cross cycle average of 12.9%*

We Have A More Balanced And Diversified Book Of Business

Net Written Premium



* Chaucer annualized

We have substantially improved our geographic diversification

$ in millions

2004			2011		
State	DWP ($)	% of Total DWP	State	DWP ($)	% of Total DWP
Michigan	$ 954	38%	Michigan	$ 826	19%
Massachusetts	403	16%	Massachusetts	332	8%
New York	217	9%	New York	310	7%
New Jersey	196	8%	California	212	5%
Florida	88	3%	New Jersey	194	4%
Louisiana	82	3%	Illinois	139	3%
Maine	74	3%	Florida	115	3%
Indiana	72	3%	Connecticut	113	3%
Illinois	64	3%	Texas	108	2%
Connecticut	58	2%	Maine	100	2%
All Other Domestic	331	13%	All Other Domestic	1,037	24%
Chaucer	-	-	Chaucer*	915	21%
Total DWP	$ 2,541		Total DWP*	$ 4,401	

- Through exposure management actions, growth and acquisitions, we have decreased our concentration in the "Top 4" states from 71% in 2004 to 39% in 2011
- We have made considerable progress growing in states targeted for growth, such as Commercial Lines California business
- We have exited Florida homeowners and substantially reduced Louisiana homeowners
- Chaucer had a strong diversifying effect on our mix and earnings

*Chaucer premium is net written premium.

We Have Created A More Distinctive Position In Most Of Our Businesses

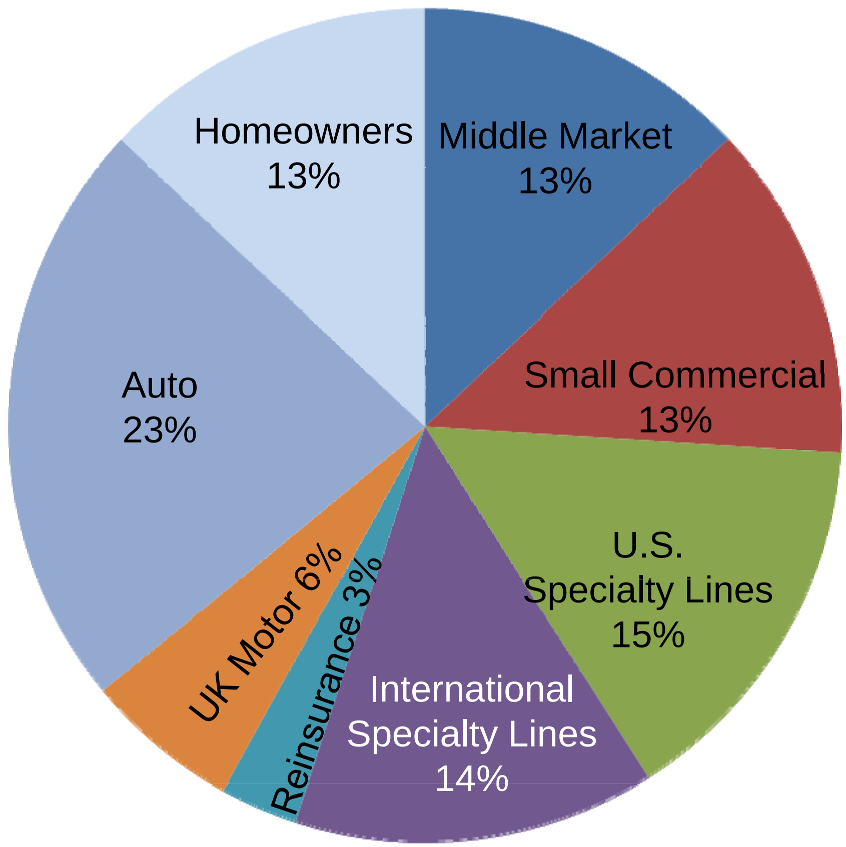
U.S. Personal Lines – 36%

- Strong offering for attractive account segment
- Consistent delivery of required pricing while holding retention
- Growing attractive business segment nicely in growth markets

International Specialty – 23%

- Portfolio of Specialty business with distinctive position, plus U.K. motor
- Strong performance track record
- 80% of business currently achieving pricing increases

2011 Business Profile



$4.1 Billion*

U.S. Commercial Lines – 26%

Small Commercial
- Building leading position for Main Street accounts
- Unique operating model and best positioned for consolidation

Middle Market
- Distinctive industry solution for lower-end middle market
- Franchise value driving significant share shift

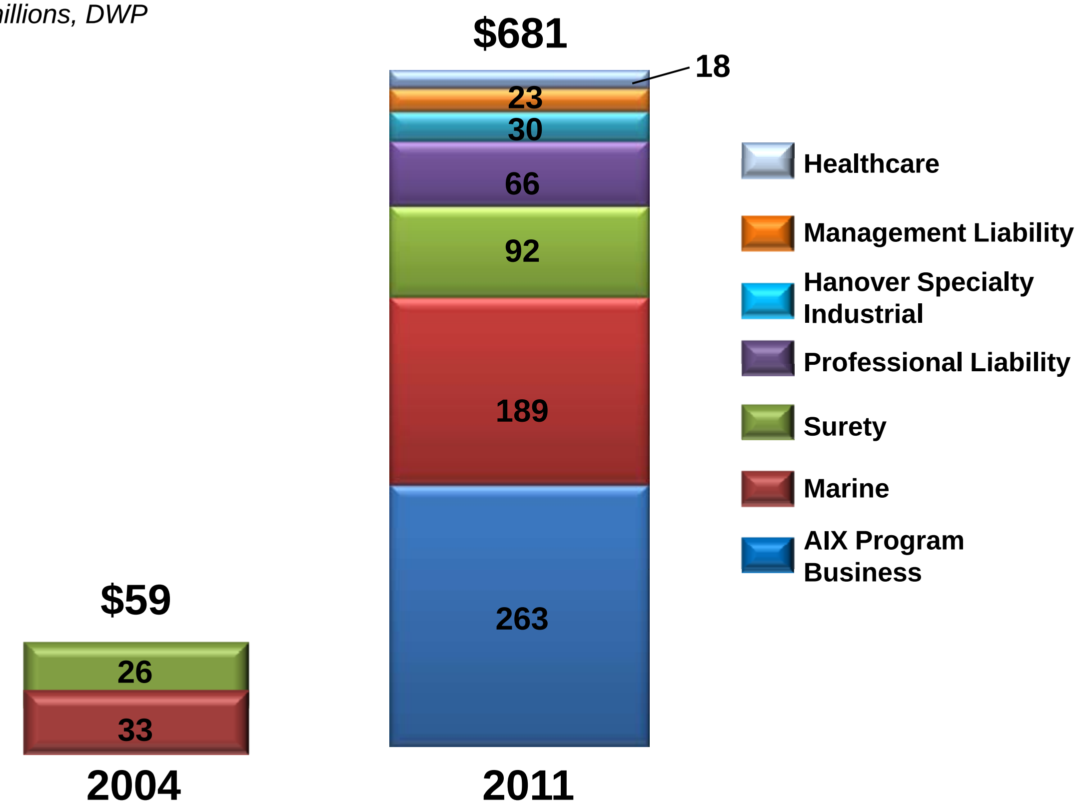
U.S. Specialty – 15%

- Strong and growing portfolio of attractive Specialty lines
- Operating model geared to enhance retail agent economics

* Net written premium with Chaucer pro forma assuming acquisition of Chaucer at January 1, 2011.

Specialty has been a key to growth and will be key to Commercial Lines overall success

$ in millions, DWP



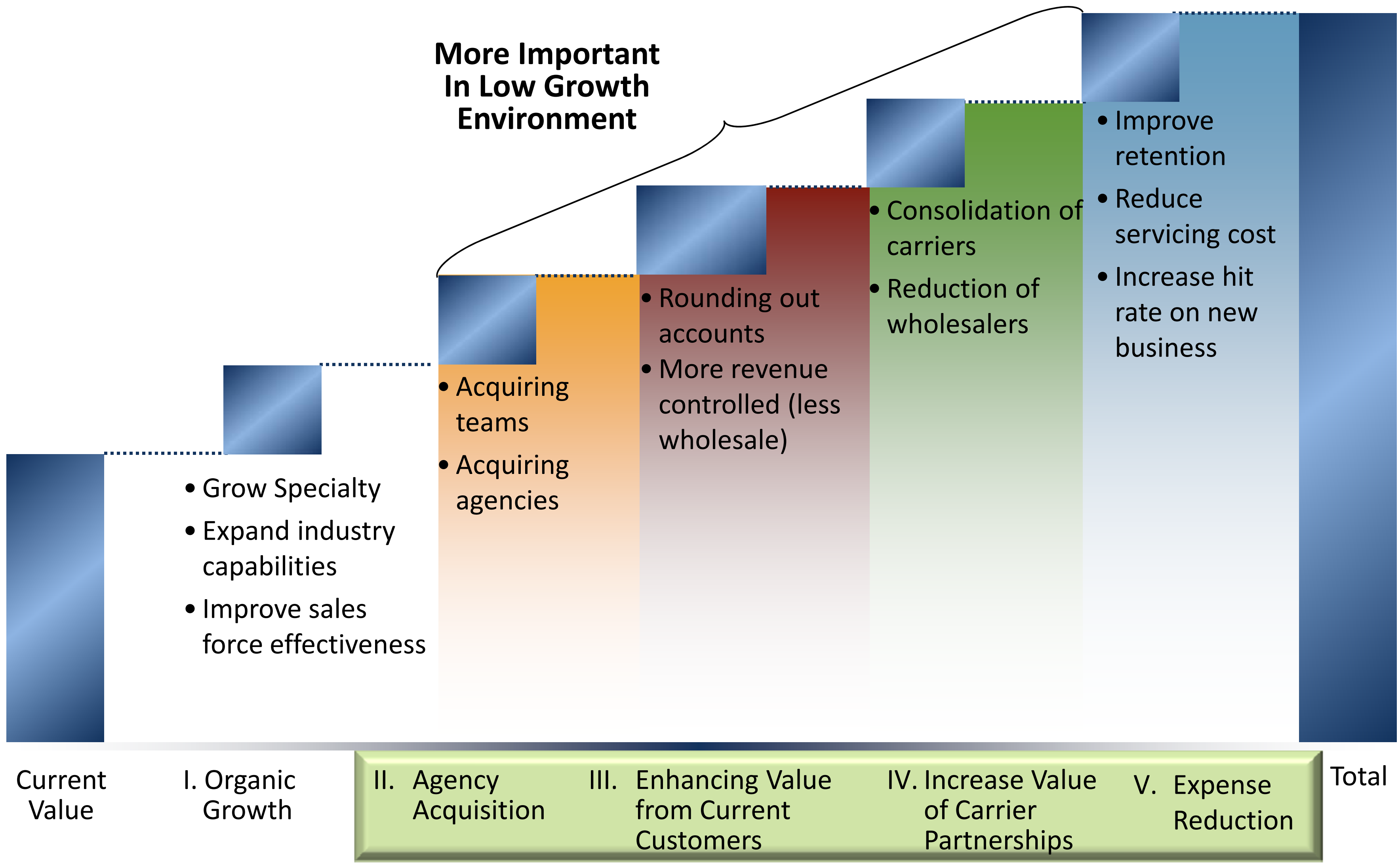
Key Attributes

- Focus towards most attractive segments
- Relevant to most sophisticated agents and brokers
- Heavy casualty orientation diversifies property book in Commercial and Personal Lines
- Growth has been considerable, but measured driven by team and business acquisitions

- Including Niches, our specialized offering in the U.S. is approaching $900 million

Agents Increasingly Focused On Value Levers

Value Levers for Agents and Brokers



Our Momentum With The Best Retail Agents And Brokers Positions Us To Capitalize

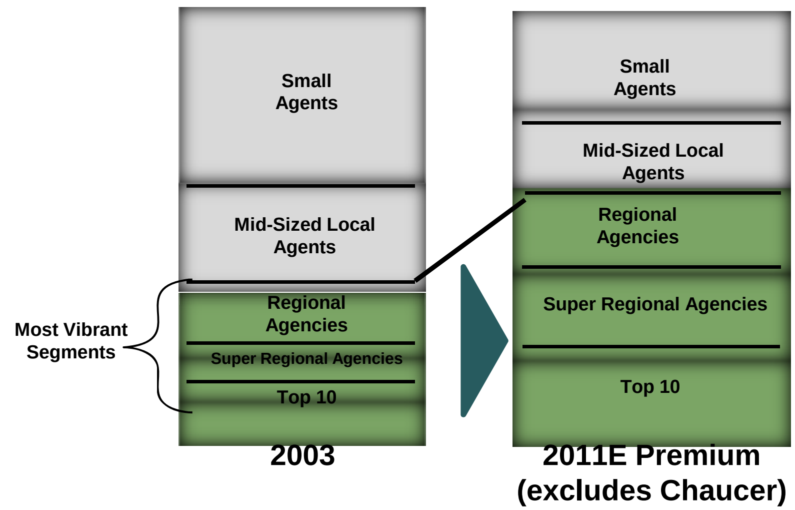
Strength With Best Agent Segments

Segment	# of Agents in U.S.	Share of P&C Market* Small	MM	PL
Top 10 Brokers	10 8	65%	70%	50%
Super Regional Agencies ($100+ M in premium)	~250 160			
Regional Agents ($25-$100M in premium)	~1,500 600			
Mid-Sized Local Agents ($8-$25M in premium)	~8,000 1,000	35%	30%	50%
Small Agents (below $8M in premium)	~27,000 (500 legacy relationships)			

= # of targeted partners; Franchise, Specialty and Heritage

Target segments * Hanover estimates

Improved Product Set and National Disruption Creating Significant Momentum

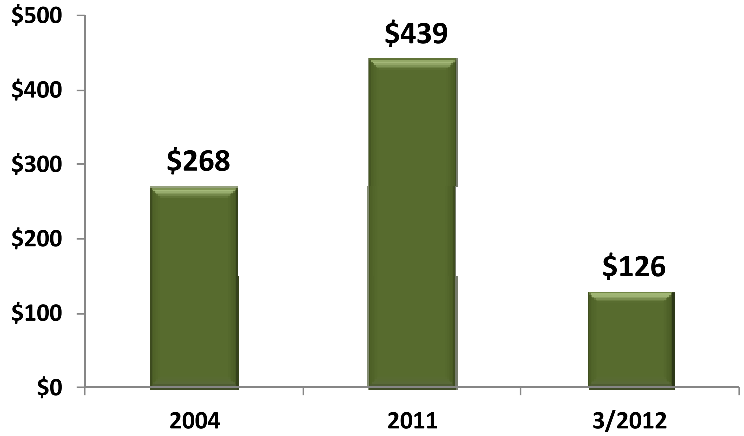


Dramatically improved share with most vibrant agent segments

Substantially Improved All of Our Key Operating Metrics

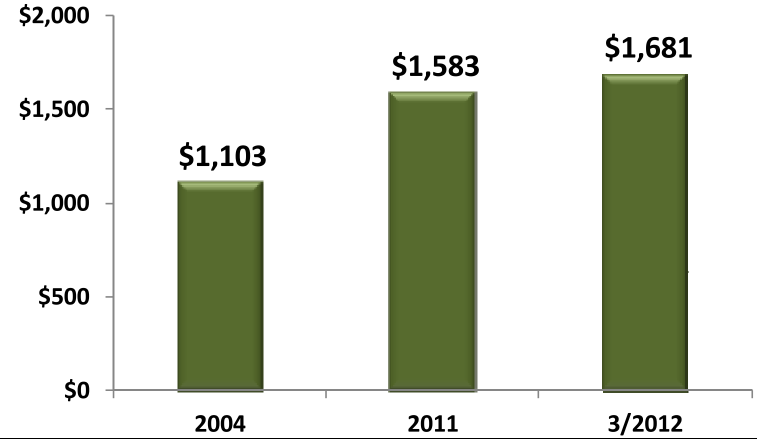
Pre-tax P&C Segment Income Ex-Cat[(1)]

($ in millions)



U.S. P&C Statutory Surplus

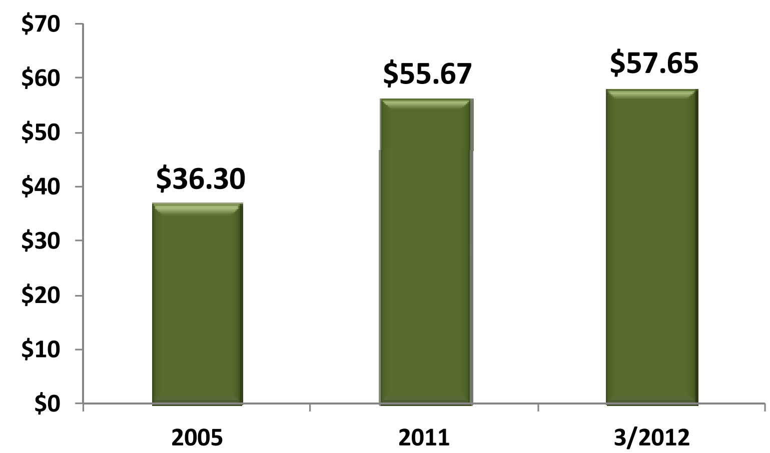
($ in millions)



Positive Ratings

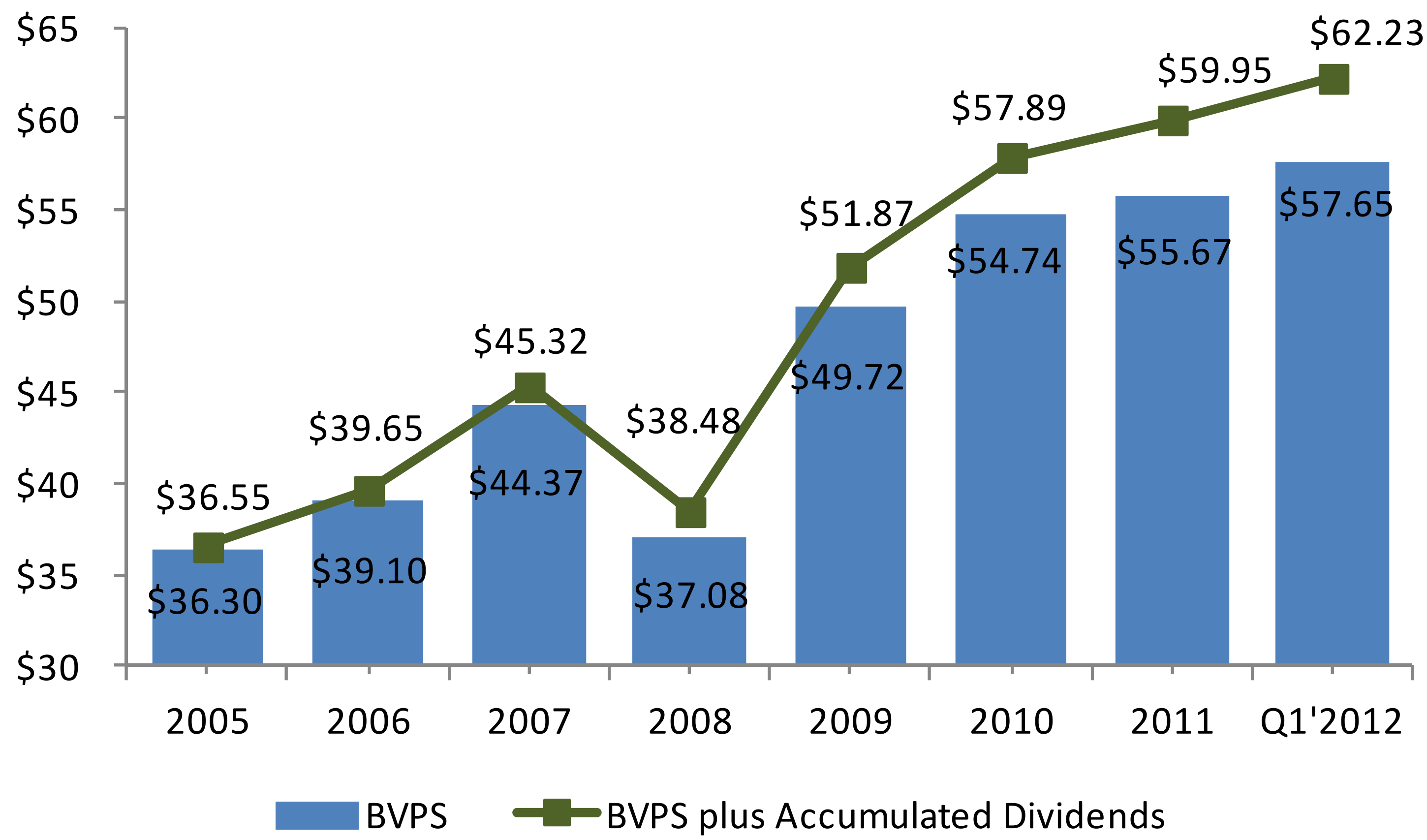
	2003 FSR	Current FSR	Current Senior Debt Ratings	Date of Most Recent Upgrade/ Outlook Change
A.M. Best	B++	A	bbb	May 2009 - Upgrade
Moody's	Baa2	A3	Baa3	January 2008 – Upgrade
S&P	BBB+	A-	BBB-	May 2008 – Upgrade 2010– Upgraded ERM rating April 2011 – Stable Outlook

Book Value Per Share[(2)]



(1) Non-GAAP measure. See forward looking statement and appendix. These measures are used throughout this presentation.
(2) Book value per share for 2011 and onward have been restated to reflect the adoption of the DAC accounting change.

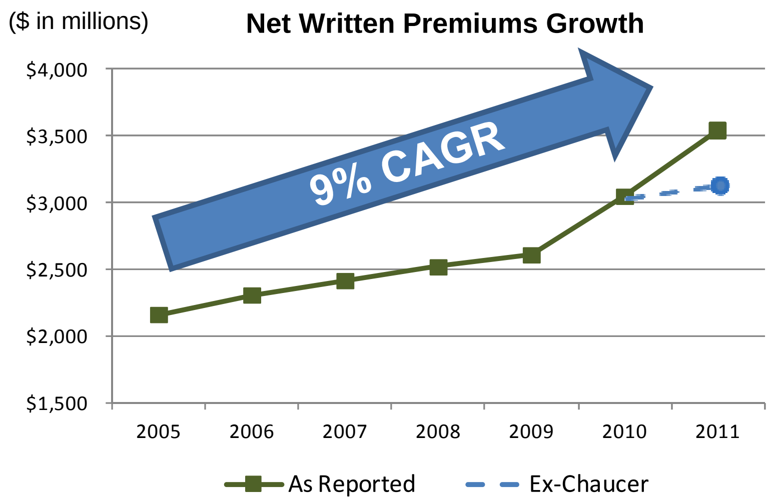
Growth in Book Value Per Share Plus Accumulated Dividends

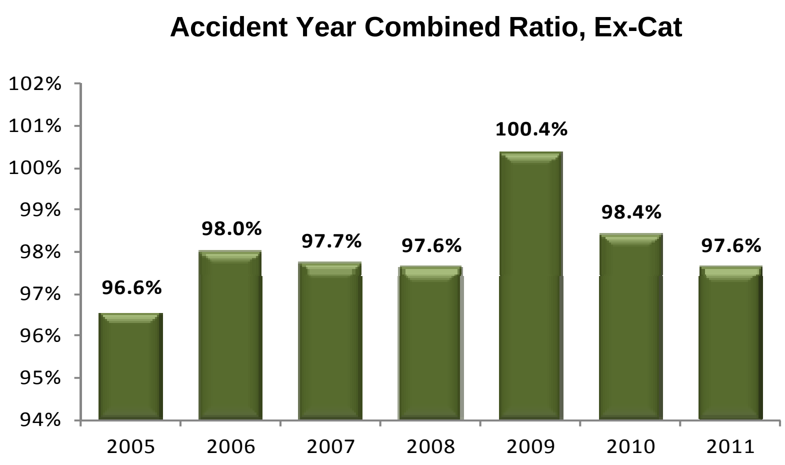


8.6% Compound Annual Growth in Dividend Adjusted BVPS through December 31, 2011

Note: BVPS as of December 31, unless noted. BVPS for 2010 and onward have been restated to reflect the adoption of the DAC accounting change.

Above industry growth and improving profitability driven by better business mix





- Growing with a limited number of strong partners, minimizing new business penalty
- Building out specialty capabilities – underwriting higher margin businesses
- Writing differentiated value added products in Business Insurance; geographic mix improvement:
  - 2010 renewal rights arrangement with OneBeacon provided expanded product capabilities in Small Commercial and Middle Market segments and significantly added to our geographic penetration, particularly in the West
- Dramatic improvement in mix and geographic spread in Personal Lines
- Chaucer further diversifies our business mix and geographic spread

Product capabilities and portfolio expansion allows us to focus on higher margin opportunities while releasing underperforming business

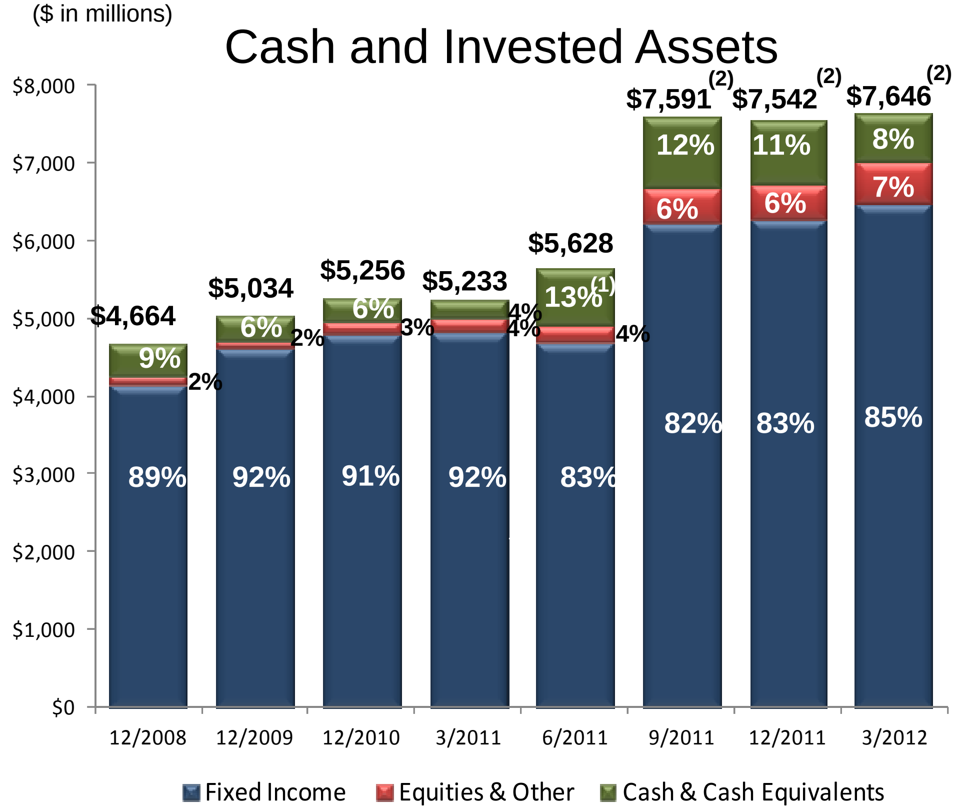
First Quarter Highlights

Overall, first quarter 2012 was characterized by strong underwriting performance, continued rate momentum, higher overall retention, and less favorable development

- Net income of $49.7 million, or $1.09 per share; segment income after tax of $46.0 million, or $1.01 per share
- Combined ratio of 98.1%; ex-catastrophe combined ratio of 94.2%
- Improved non-cat weather and underlying loss ratios in the domestic business year-over-year
- Net premiums written of $1,016.8 million, 35.6% higher than the prior-year quarter driven by:
  - Addition of $200.2 million in net premiums written by Chaucer
  - Commercial Lines growth of 14.8% driven by both core commercial and specialty businesses
- Sixth consecutive quarter of accelerating rate increases across core Commercial Lines

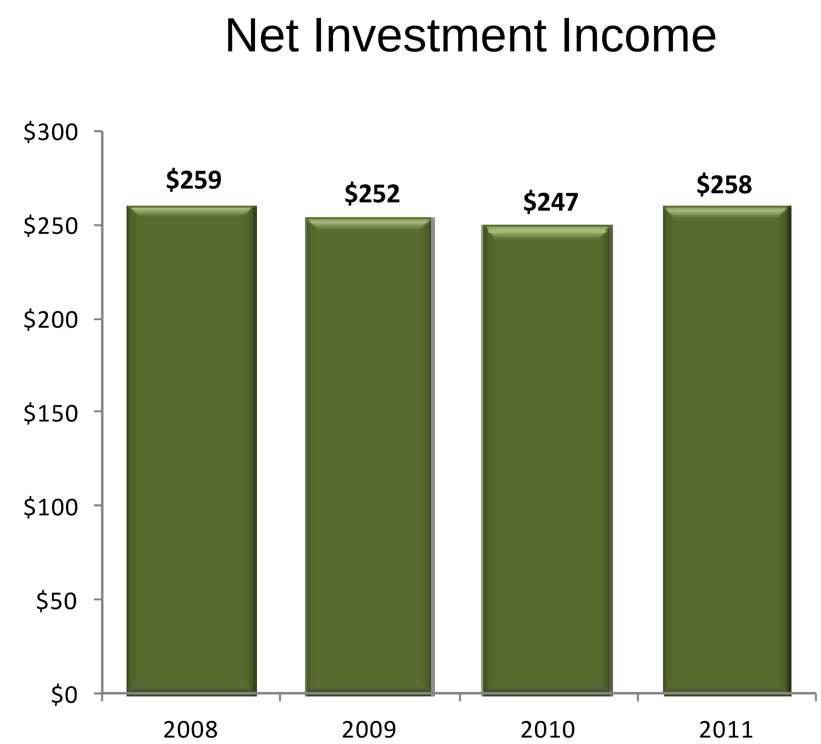
Our Investment Portfolio is a Stable Source of High Quality Earnings

($ in millions)



(1) Includes proceeds from $300 million of debt issued in June 2011.

(2) Includes Chaucer's investment portfolio.

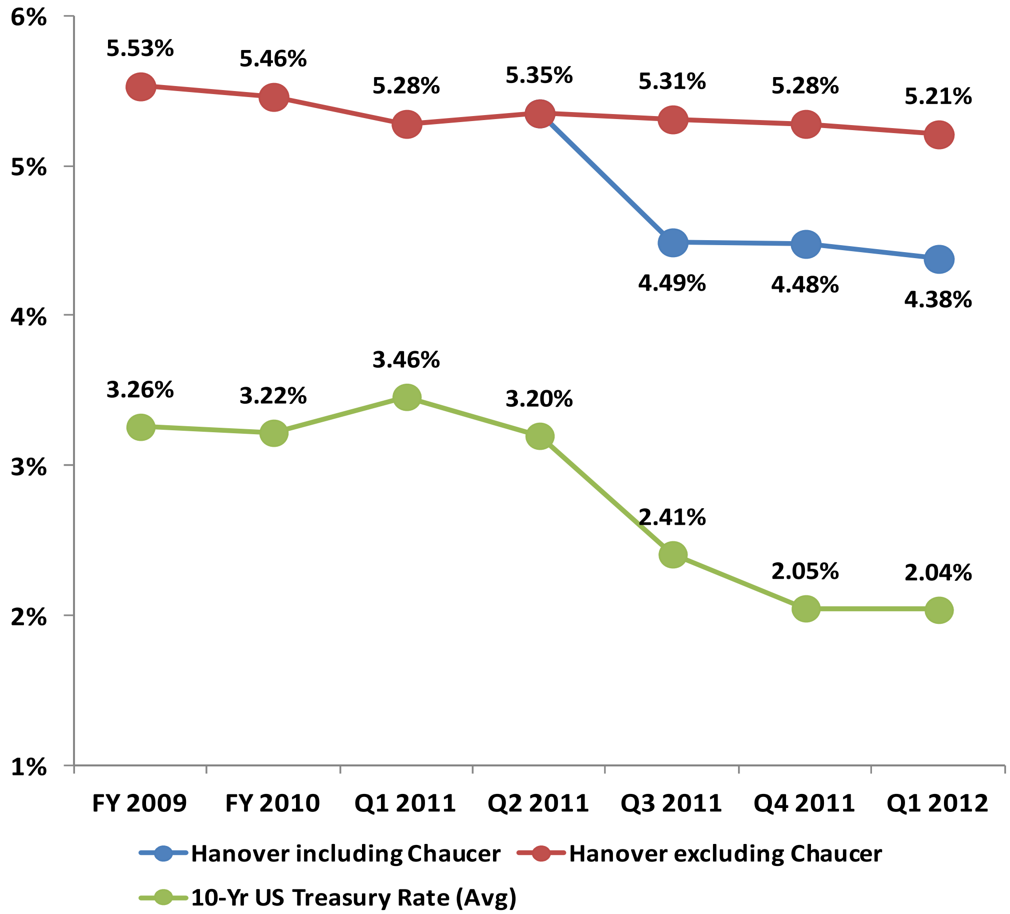


Portfolio Earned Yield	5.45%	5.19%	5.16%	4.39%

Our portfolio served us well through the 2008-2009 financial crisis and is defensively positioned for a lower interest rate environment

Fixed Income Yields

Earned Yields



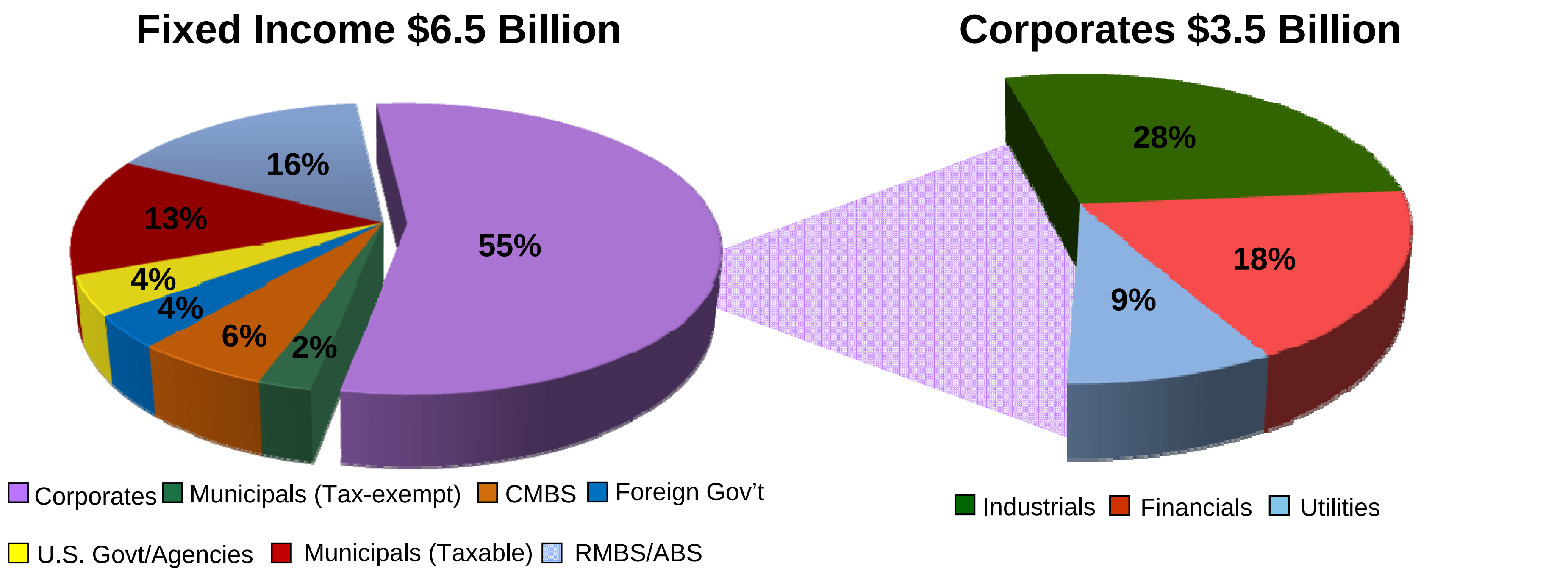
- Hanover has a consistent history of strong earned yields
- Decline in yield reflects addition of Chaucer's investment portfolio:

	3/31/2012	
	Yield	Duration
Hanover	5.21%	4.5
Chaucer	2.17%	2.6
Consolidated	**4.38%**	**4.0**

- Hanover's standalone earned yield decreased only 7 basis points from Q4 2011

Fixed Income Sector Breakdown

as of 3/31/2012



Fixed Income Characteristics:

- 94% of fixed income securities are investment grade
- Weighted average quality A+
- Duration: 4.0 years

Corporate Holding Characteristics:

- 91% Investment Grade
- Weighted average quality BBB+
- Duration 3.8 years

Exposure to European Issuers

(as of 3/31/12)

$ in millions

Sovereign Debt

	Market Value	Book Value	% of Total Portfolio ($7.6B)	Average Quality Rating
United Kingdom	$67	$67	0.9%	Aaa
Germany	6	6	0.1%	Aaa
Denmark	1	1	0.0%	Aaa
Total	**$74**	**$74**	**1.0%**	**Aaa**

Supranational and Foreign Agency

	Market Value	Book Value	% of Total Portfolio ($7.6B)	Average Quality Rating
Supranationals	$68	$68	0.9%	Aaa
Germany	54	54	0.7%	Aaa
Netherlands	13	13	0.2%	Aaa
Norway	3	3	0.0%	Aa1
France	1	1	0.0%	Aaa
Sweden	1	1	0.0%	A1
Total	**$140**	**$140**	**1.8%**	**Aaa**

European Bank Exposure

	Market Value	Book Value	% of Total Portfolio ($7.6B)	Average Quality Rating
United Kingdom				
Term Deposits (UK)	$266	$265	3.5%	Aa2
Debt	74	74	1.0%	A1
Spain				
Term Deposits (Spain)	33	33	0.4%	Aa3
Debt	13	13	0.2%	Aa3
Netherlands	39	38	0.5%	Aaa
Switzerland	21	20	0.3%	Aa3
France	17	18	0.2%	Aa3
Sweden	13	12	0.2%	Aa2
Italy	4	4	0.0%	A3
Norway	3	3	0.0%	Aaa
Total	**$483**	**$480**	**6.3%**	**Aa1**

European Non-Bank Exposure

	Market Value	Book Value	% of Total Portfolio ($7.6B)	Average Quality Rating
United Kingdom	$230	$220	3.0%	A3
Germany	73	70	1.0%	A3
Switzerland	70	65	0.9%	A3
France	56	54	0.7%	Aa3
Spain	33	32	0.4%	Baa1
Italy	17	17	0.2%	Baa1
Belgium	14	13	0.2%	A3
Sweden	13	13	0.2%	Baa1
Luxembourg	13	13	0.2%	Baa3
Netherlands	11	9	0.2%	A2
Portugal	10	11	0.1%	Ba1
Ireland	7	6	0.1%	Baa1
Norway	3	3	0.0%	Aa1
Denmark	1	1	0.0%	Baa2
Total	**$551**	**$527**	**7.2%**	**A3**

Targeting 12% ROE Through the Cycle

- Assembled products and capabilities to take advantage of best opportunities
- Business mix is continuing to improve
- Aggressively adjusting to a higher expectation of weather impact
- Capital and ERM strategies focus resources
- Managing investment portfolio

  to deliver in a low return environment

Mix shift to Specialty and higher margin businesses

Greater scale in U.S. Commercial Lines

Pricing improvement

Greater investment leverage

Chaucer contribution

- Despite headwinds of weather trends and low investment rates, our mix improvement and pricing expectations should deliver improved returns

We are building our business to deliver top quartile performance

APPENDIX

Reconciliation of "Property and Casualty Pre-Tax Segment Income Excluding Catastrophes" to "Income From Continuing Operations."

($ In Millions)	3/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Pre-Tax Contribution (excluding catastrophes)*	126.3	$ 433.4	$ 388.0	$ 369.0	$ 471.9	$ 447.5	$ 418.1	$ 389.5	$ 267.8
Catastrophes Losses and LAE	(40.6)	(361.6)	(160.3)	(98.9)	(169.7)	(65.2)	(107.2)	(276.9)	(99.3)
Reinstatement Premium	-	-	-	-	-	-	-	(27.0)	-
Property and Casualty Segment Income (Loss)	85.7	71.8	227.7	270.1	302.2	382.3	310.9	85.6	168.5
Interest Expense	(16.2)	(55.0)	(44.3)	(35.1)	(39.9)	(39.9)	(39.9)	(39.9)	(39.9)
Segment income (loss) before income taxes	69.5	16.8	183.4	235.0	262.3	342.4	271.0	45.7	128.6
Income tax (expense) benefit on segment income (loss)	23.5	(2.6)	(61.2)	(77.5)	(86.3)	(113.7)	(86.6)	8.9	(20.2)
Segment income (loss) after income taxes	46.0	14.2	122.2	157.5	176.0	228.7	184.4	54.6	108.4
Net realized investment gains (losses)	3.1	28.1	29.7	1.4	(97.8)	(0.9)	(0.2)	7.8	20.1
Gain (loss) from retirement of debt	-	(2.3)	(2.0)	34.5	-	-	-	-	-
Costs related to acquired businesses	(1.5)	(16.4)	-	-	-	-	-	-	-
Net foreign exchange gains (loss)	(0.3)	6.7							
Gain (loss) on derivative instruments		(11.3)	-	-	-	-	-	-	-
Other non-segment items		-	-	-	(0.1)	-	0.2	-	-
Restructuring costs		-	-	-	-	-	-	(0.1)	(3.2)
Income tax settlement		-	-	-	6.4	-	-	-	-
Change in prior years tax reserves		-	-	-	-	-	1.4	-	-
Income tax (expense) benefit on non-segment income (loss)	3.4	12.5	3.3	(5.6)	-	0.5	(2.0)	(2.6)	(6.0)
Income (loss) from continuing operations	$ 50.7	$ 31.5	$ 153.2	$ 187.8	$ 84.5	$ 228.3	$ 183.8	$ 59.7	$ 119.3

Combined Ratio Reconciliation

	3/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Combined ratio excluding catastrophes	94.2%	94.7%	94.5%	94.3%	91.2%	91.2%	92.2%	93.0%	97.1%
Catastrophes losses	3.9%	10.0%	5.6%	3.9%	6.8%	2.7%	4.9%	12.8%	4.4%
Combined Ratio	98.1%	104.7%	100.1%	98.2%	98.0%	93.9%	97.1%	105.8%	101.5%

* Elsewhere referred to as "Pre-tax P&C Segment Income, Ex-Cat".

Loss Ratios and Combined Ratios Excluding Development and CATS

For the Quarter Ended March 31, 2012

	Personal Lines	Commercial Lines	Chaucer(1)	Total
Reported losses and LAE, excluding catastrophe losses and development(2)	63.4%	58.9%	64.1%	61.7%
Favorable loss and LAE development	1.0 %	0.1 %	(9.2)%	(1.7)%
Current year loss and LAE ratios excluding catastrophes	64.4%	59.0%	54.9%	60.0%
Catastrophe losses	6.3%	2.6%	2.7%	3.9%
Total loss and LAE ratio	70.7%	61.6%	57.6%	63.9%
Other underw riting expenses	27.3%	38.7%	36.2%	34.2%
Combined Ratio	98.0%	100.3%	93.8%	98.1%
Combined ratio excluding catastrophes	91.7%	97.7%	91.1%	94.2%
Combined ratio excluding catastrophes and development	90.7%	97.6%	100.3%	95.9%

For the Year Ended December 31, 2011

	Personal Lines	Commercial Lines	Chaucer(1)	Total
Reported losses and LAE, excluding catastrophe losses and development(2)	68.1%	61.3%	59.1%	63.7%
Favorable loss and LAE development	(2.3)%	(2.1)%	(7.0)%	(2.9)%
Current year loss and LAE ratios excluding catastrophes	65.8%	59.2%	52.1%	60.8%
Catastrophe losses	11.3%	9.0%	9.8%	10.0%
Total loss and LAE ratio	77.1%	68.2%	61.9%	70.8%
Other underw riting expenses	27.1%	39.0%	35.7%	33.9%
Combined Ratio	104.2%	107.2%	97.6%	104.7%
Combined ratio excluding catastrophes	92.9%	98.2%	87.8%	94.7%
Combined ratio excluding catastrophes and development	95.2%	100.3%	94.8%	97.6%

For the Year Ended December 31, 2010

	Personal Lines	Commercial Lines	Total
Reported losses and LAE, excluding catastrophe losses and development(2)	67.9%	59.0%	63.6%
Favorable loss and LAE development	(3.3)%	(4.4)%	(3.9)%
Current year loss and LAE ratios excluding catastrophes	64.6%	54.6%	59.7%
Catastrophe losses	6.7%	4.5%	5.6%
Total loss and LAE ratio	71.3%	59.1%	65.3%
Other underw riting expenses	27.8%	42.2%	34.8%
Combined Ratio	99.1%	101.3%	100.1%
Combined ratio excluding catastrophes	92.4%	96.8%	94.5%
Combined ratio excluding catastrophes and development	95.7%	101.2%	98.4%

For the Year Ended December 31, 2009

	Personal Lines	Commercial Lines	Total
Reported losses and LAE, excluding catastrophe losses and development(2)	71.7%	59.7%	66.5%
Favorable loss and LAE development	(2.7)%	(9.5)%	(6.1)%
Current year loss and LAE ratios excluding catastrophes	69.0%	50.2%	60.4%
Catastrophe losses	4.8%	2.6%	3.9%
Total loss and LAE ratio	73.8%	52.8%	64.3%
Other underw riting expenses	28.3%	41.3%	33.9%
Combined Ratio	102.1%	94.1%	98.2%
Combined ratio excluding catastrophes	97.3%	91.5%	94.3%
Combined ratio excluding catastrophes and development	100.0%	101.0%	100.4%

For the Year Ended December 31, 2008

	Personal Lines	Commercial Lines	Total
Reported losses and LAE, excluding catastrophe losses and development(2)	69.7%	58.1%	65.0%
Favorable loss and LAE development	(4.0)%	(9.7)%	(6.4)%
Current year loss and LAE ratios excluding catastrophes	65.7%	48.4%	58.6%
Catastrophe losses	5.8%	8.3%	6.8%
Total loss and LAE ratio	71.5%	56.7%	65.4%
Other underw riting expenses	28.1%	39.1%	32.6%
Combined Ratio	99.6%	95.8%	98.0%
Combined ratio excluding catastrophes	93.8%	87.5%	91.2%
Combined ratio excluding catastrophes and development	97.8%	97.2%	97.6%

For the Year Ended December 31, 2007

	Personal Lines	Commercial Lines	Total
Reported losses and LAE, excluding catastrophe losses and development(2)	68.5%	59.8%	65.2%
Favorable loss and LAE development	(4.7)%	(9.6)%	(6.5)%
Current year loss and LAE ratios excluding catastrophes	63.8%	50.2%	58.7%
Catastrophe losses and LAE	1.8%	4.2%	2.7%
Total loss and LAE ratio	65.6%	54.4%	61.4%
Other underw riting expenses	28.2%	39.4%	32.5%
Combined Ratio	93.8%	93.8%	93.9%
Combined ratio excluding catastrophes and catastrophe LAE	92.0%	89.6%	91.2%
Combined ratio excluding catastrophes, cat LAE and development	96.7%	99.2%	97.7%

For the Year Ended December 31, 2006

	Personal Lines	Commercial Lines	Total
Reported losses and LAE, excluding catastrophe losses and development(2)	66.0%	59.2%	63.5%
Favorable loss and LAE development	(3.4)%	(9.9)%	(5.8)%
Current year loss and LAE ratios excluding catastrophes	62.6%	49.3%	57.7%
Catastrophe losses and LAE	2.6%	8.5%	4.9%
Total loss and LAE ratio	65.2%	57.8%	62.6%
Other underw riting expenses	30.4%	41.4%	34.5%
Combined Ratio	95.6%	99.2%	97.1%
Combined ratio excluding catastrophes and catastrophe LAE	93.0%	90.7%	92.2%
Combined ratio excluding catastrophes, cat LAE and development	96.4%	100.6%	98.0%

For the Year Ended December 31, 2005 (3)

	Personal Lines	Commercial Lines	Total
Reported losses and LAE, excluding catastrophe losses and development(2)	66.1%	63.0%	65.0%
Favorable loss and LAE development	(3.0)%	(5.3)%	(3.6)%
Current year loss and LAE ratios excluding catastrophes	63.1%	57.7%	61.4%
Catastrophe losses and LAE	6.7%	23.7%	12.8%
Total loss and LAE ratio	69.8%	81.4%	74.2%
Other underw riting expenses	28.6%	37.2%	31.6%
Combined Ratio	98.4%	118.6%	105.8%
Combined ratio excluding catastrophes and catastrophe LAE	91.7%	94.9%	93.0%
Combined ratio excluding catastrophes, cat LAE and development	94.7%	100.2%	96.6%

(1) Chaucer's results included only for the period July 1, 2011, the date of its acquisition, to September 30, 2011.

(2) "Reported losses and LAE, excluding catastrophe losses and development" also referred to in presentations as "AY Reported Loss Ratios, Ex-CAT"

(3) Ratios w ere calculated including reinstatement premiums of $17.7 million for Personal Lines and $9.3 million for Commercial Lines

Information related to our total loss ratios and the components of such ratios and ratios including and excluding reinsurance reinstatement premium related to Hurricane Katrina in 2005, is available in our Statistical Supplements for the years ended December 31, 2009, 2008, and 2007 as w ell as our Annual Reports for 2010, 2009, 2008, 2007, 2006 and 2005. These Statistical Supplements and Annual Reports are available on our w ebsite at w w w .hanover.com.