The Hanover Insurance Group, Inc.

Definitive Agreement to Sell Chaucer

To be read in conjunction with the conference call to be held at 9:00 a.m. ET on September 13, 2018

The Hanover Insurance Group®

Forward-Looking Statements

Cautionary Statement

There can be no assurances that: the proposed sale of Chaucer will be consummated; if the transaction is consummated, it will be done in accordance with the terms of the announced agreement and in the timeframe projected; The Hanover insurance Group, Inc. (the “Company”) will realize the value of the consideration projected or other benefits of the transaction; or any proceeds of the transaction will be deployed in a particular manner.

Forward-Looking Statements

The proposed sale of Chaucer by the Company is subject to numerous conditions, including approval from shareholders of China Reinsurance (Group) Corporation (“China Re” or the “Buyer”). The proposed sale is subject to satisfaction of conditions set forth in the agreement, including receipt of regulatory approvals, including those from the Prudential Regulation Authority (“PRA”), the Society and Corporation of Lloyd’s (“Lloyd’s), and regulators in The People’s Republic of China (“PRC”).

Certain statements in the attached materials (or in the conference call for which this presentation was provided) constitute or may constitute forward-looking statements for purposes of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Use of the words “believes,” “anticipates,” “expects,” “projects,” “forecast,” “outlook,” “should,” “could,” “plan,” “guidance,” “on track to,” “committed to,” “looking ahead,” “ability to,” “will,” and other similar expressions is intended to identify forward-looking statements. The Company cautions investors that such forward-looking statements are estimates and projections that involve significant judgement and that neither historical results and trends nor forward-looking statements are guarantees or necessarily indicative of future performance. Actual results may differ materially.

In particular, “forward-looking statements” include statements in this presentation or in such conference call regarding the proposed transaction, including: the likelihood the sale will be consummated; expected benefits of such sale; ability to continue to work successfully with Chaucer through the transition; ability to close the sale by the end of the year or in the first quarter of 2019; attainment of necessary approvals from the Buyer’s shareholder or certain regulators, including approvals from the PRA, Lloyd’s, and regulatory authorities in the PRC; ability to attain and implement a reinsurance contract to lock in all or a portion of the additional or contingent consideration; amount of the gain reported in discontinued operations; amount of deployable proceeds from the transaction; projected expenses, taxes and indemnified liabilities; expected total proceeds of $950 million; ability to recover the $57.4 million break fee from the Buyer if the China Re shareholder or required PRC approvals are not obtained; ability to successfully allocate capital to profitable growth initiatives (organic or inorganic); and uses of potential proceeds, including for regular dividend increases, share repurchases, debt repurchase and/or special dividends.

In addition, this presentation and conference call contain forward-looking statements regarding expectations for the Company’s domestic-only businesses. Such statements include comments on future adjusted returns on equity; the future economic performance, finances, earnings, profitability, premium growth, strategic plans and prospects of the Company’s domestic-only operations; ability to generate and allocate capital to maximize shareholder value; the likelihood the sale will enhance the Company’s investor value proposition, including growing market share with independent agents, leveraging specialized capabilities, driving innovation to improve analytics, book value growth and assembling a world class team; the ability to improve long-term return on equity, be a premier insurance company in the independent agency space or a leading player in the core commercial lines marketplace; ability to continue specialty lines growth; aspiration for domestic business to produce 13-14% returns on equity (excluding proceeds from the proposed transaction) and net premiums growth of 6-7%. Statements regarding the company’s financial guidance excluding Chaucer for 2018 and its long-term targets are forward-looking statements.

Forward-Looking Statements

Investors should consider the risks and uncertainties related to a transaction of this nature and the Company's business that may affect the likelihood of the transaction closing and the realization of the projected benefits and such estimates and future performance. Risks to the transaction include the possibility that the Buyer shareholders' approval, or one or more regulatory or other consents, including any within or without the PRC, will not be obtained. There are numerous other conditions and closing deliverables that must be satisfied for the transaction to occur, including that the Company's and the Buyer's representations, warranties, covenants and other agreements, are true and satisfied. The failure of any such promises or inability to obtain such approvals may result in the termination of the agreement, a delay in closing or inability to collect the break fee, and subject the Company to a reduction in the consideration to be received or the incurrence of liabilities pursuant to indemnification and other contractual undertakings. In the event of any failure of a condition or undertaking, or a default by the Buyer, there can be no assurance that the break fee or other amounts will be payable or collectible. The break fee is only payable in certain circumstances described in the agreement. The transactions contemplated by the agreement are subject to geopolitical risks. The amount of additional (contingent) consideration, if any, will depend on the occurrence and severity of covered catastrophe risks in 2018.

With respect to forward-looking statements regarding the Company's domestic businesses, investors should also consider (i) the inherent difficulties in arriving at various estimates, particularly with respect to current and prior accident year results and loss reserve development or with respect to lines of business which are more volatile, or with respect to which historical losses are less predictive of future losses, or "longer tail" products such as commercial liability; (ii) the complexity of estimating losses from large catastrophe events or with respect to emerging issues where circumstances may delay reporting of the existence, nature or extent of losses or where "demand surge," regulatory assessments, litigation, coverage and technical complexities or other factors may significantly impact the ultimate amount of such losses; (iii) the difficulties of estimating the impact of the current competitive financial, economic and political environment and lower federal income taxes on rates, investment income, product demand, losses and competitor actions; (iv) the uncertainties of future rating agency requirements, which could affect the company, as well as the company's investment portfolio; (v) inherent volatility with respect to certain businesses, as a result of man-made or natural catastrophes or otherwise; and (vi) the inherent uncertainties of predicting future loss and pricing trends.

Investors are further cautioned to consider the risks and uncertainties in the Company's business that may affect future performance (which includes re-estimations of current or past performance) and that are discussed in the Company's Annual Report on Form 10-K and other documents filed by the Company with the Securities and Exchange Commission ("SEC") and which are also available at www.hanover.com under "Investors." These uncertainties include the possibility of adverse catastrophe experiences (including terrorism) and severe weather; the uncertainty in estimating weather-related losses, and property and casualty losses (particularly with respect to products with longer tails or involving emerging issues and with respect to losses incurred as the result of new lines of business or reinsurance contracts and reinsurance recoverables); litigation and the possibility of adverse judicial decisions, including those which expand policy coverage beyond its intended scope or award "bad faith" or other non-contractual damages; the ability to increase or maintain certain property and casualty insurance rates; the impact of new product introductions and expansion in new geographic areas; the impact of future acquisitions; adverse loss and loss adjustment expense development from prior years and adverse trends in mortality and morbidity and medical costs; changes in frequency and loss trends; the ability to increase renewal rates and new property and casualty policy counts; investment impairments (which may be affected by, among other things, the Company's ability and willingness to hold investment assets until they recover in value) and credit and interest rate risk; the impact of competition and consolidation in the industry and among agents and brokers; the economic environment; adverse state and federal legislation or regulation; financial ratings actions; operational and technology risks and technological innovations, including the risk of cyber-security breaches; uncertainties in estimating indemnification liabilities recorded in conjunction with obligations undertaken in connection with the sale of various businesses (including under the agreement with China Re); and uncertainties in general economic conditions (including inflation, particularly in various sectors such as healthcare) and in investment and financial markets, which, among other things, could result in increased impairments of fixed income investments, reductions in market values as the result of increases in interest rates, and the inability to collect from reinsurers; and the performance of the discontinued voluntary pools business.

Non-GAAP Financial Measures

Non-GAAP Financial Measures
The discussion in this presentation of the Company's financial performance includes reference to financial measures that are not derived from generally accepted accounting principles ("GAAP") such as operating income (and operating return on allocated equity), operating income before taxes (and interest expense), combined ratios and loss ratios, excluding catastrophes and/or prior-year development and accident year loss ratios, excluding catastrophes, and equity, excluding the impact of goodwill and intangible assets. This presentation also includes pro forma information regarding equity allocated to the Chaucer segment (which sometimes includes the $85 million in dividends paid prior to the June 30, 2018 balance sheet date), and financial information disregarding Chaucer's allocated equity or earnings and is presented as the Company's "Domestic operations", consisting of the Commercial Lines, Personal Lines and Other segments combined (and which also sometimes excludes the $85 million in dividends received prior to the June 30, 2018 balance sheet date, since such funds are characterized as "deployable proceeds" and disregarded for purposes of calculating potential adjusted return on equity), and which are also non-GAAP financial measures.

A reconciliation of non-GAAP measures to the closest GAAP measure, to the extent practicable, is included in the end notes to this presentation. Current accident year loss ratio and combined ratio excluding catastrophes, non-GAAP measures, are reconciled to the most directly comparable GAAP measures, total loss ratio and combined ratio, respectively. Operating income (operating income per diluted share) is a non-GAAP measure. It is defined as net income excluding the after-tax impact of net realized and unrealized investment gains and losses, as well as results from discontinued operations divided by, in the case of per share reported figures, the average number of diluted shares of common stock. Book value per share, excluding net unrealized appreciation (depreciation) on fixed maturity investments, is also a non-GAAP measure. It is calculated as total shareholders' equity excluding the after-tax effect of unrealized investment gains and losses on fixed maturities, divided by the number of common shares outstanding. Tangible equity is also a non-GAAP measure. It is calculated as total shareholders' equity excluding goodwill and intangible assets. The definition of other financial measures and terms can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 on pages 80-83.

Management believes these non-GAAP measures and the presentation of pro forma information, which in some cases consists of estimated allocations, provide it and investors with additional information and a means to evaluate the financial condition and operating performance of the businesses of the Company with and without the Chaucer business, and in calculating potential operating return on equity, such calculation without consideration for undeployed proceeds which may be received from the transaction (including the $85 million in pre-closing dividends received in the second quarter of 2018). Management understands that some investors and financial analysts find this information helpful in analyzing the Company's financial and operational performance and comparing this to performance of peer companies and competitors. However, such information is not a substitute for, and should not be confused with, GAAP information.

Executive Summary

Transaction Overview and Rationale

- Successful transaction with total proceeds of $950 million, comprised of cash consideration and a pre-signing dividend
- Implied multiple of 1.66x the $520 million of Chaucer tangible equity(1) as of June 30, 2018 (Total consolidated Hanover shareholders' equity of $2,939.8 million, as of June 30, 2018)
- Expected to close late this year or in the first quarter of 2019, subject to receipt of regulatory and shareholder approvals
- The Hanover to focus on continued expansion of its distinctive domestic business

The Hanover Pro-Forma Without Chaucer

- More focused enterprise with enhanced returns:
  - Strong earnings profile with 13% operating return on equity ("ROE")(2) potential (excluding transaction proceeds)
  - $4.3 billion in annualized(3) 2018 net premiums written, split among Core Commercial, Specialty and Personal Lines businesses
  - Total proceeds of $950 million to be reduced by customary transaction costs, taxes and potential unpaid portion of the contingent consideration; expected net proceeds in the range of $825 to $875 million. Deployable proceeds expected to be in a similar range
  - Clear capital management framework

The Hanover Going Forward

- Investor value proposition and strategy are enhanced by this transaction. Components of the strategy remain essentially unchanged:
  - Carrier of choice for agents
  - Leading specialized capabilities
  - Growth through innovation
- Domestic 2018 guidance fundamentally unchanged
- Domestic aspirational long-term targets remain in line with those previously provided, with after-tax income augmented by the lower U.S. tax rate and a focus on our higher-return domestic business

(1) See information about this and other non-GAAP measures and definitions used throughout this presentation on the final pages of this document.

Transaction Rationale

- Enhances focus on U.S. domestic business strategy
- Improves long-term operating ROE potential
- Provides additional capital flexibility
- Reduces catastrophe and tail risk exposure
- Provides attractive return on investment for shareholders
- Win-win transaction: Chaucer will gain a strategic partner seeking international specialty markets expansion

Transaction Overview

Transaction	• The Hanover to sell 100% of the entities comprising Chaucer Holdings Ltd ("Chaucer"), its International Specialty business, including Lloyd's syndicates and Dublin and Australian subsidiaries to China Reinsurance (Group) Corporation ("China Re") • Transfer of risks and rewards of Chaucer ownership post-first quarter 2018 ("locked box" structure as of March 31, 2018)

Consideration	• Total proceeds of $950 million, comprised of:
	  • $865 million of total cash consideration
	    • $820 million in initial cash proceeds
	    • $45 million in additional contingent cash proceeds in escrow, subject to a dollar-for-dollar reduction if Chaucer's 2018 current accident year catastrophe losses are above 10% of its net earned premiums (4.3%[4] through June 30, 2018)
	  • $85 million in a pre-signing dividend received in the second quarter of 2018, following the locked box date

Closing	• Closing expected late this year or in the first quarter of 2019 • Break fee of $57 million from China Re if it fails to obtain shareholder or the People's Republic of China ("PRC") approvals
Major Required Approvals	• Regulatory approvals of the Prudential Regulatory Authority ("PRA") and Lloyd's of London ("Lloyds") • Regulatory approvals of the PRC • Approval from China Re's shareholders; China Re's board of directors has approved the transaction
Reporting	• Chaucer operations to be reported as discontinued operations for all periods presented starting in Q3 2018 • GAAP gain on sale to be recorded in discontinued operations at closing

Transaction Economics

- Beneficial transaction for our shareholders:
  - Implied multiple of 1.66x Chaucer tangible equity of $520 million as of June 30, 2018 (Total consolidated Hanover shareholders' equity of $2,939.8 million, as of June 30, 2018)
  - Locked box transaction with an expected net after-tax gain; the gain will vary until close dependent upon:
    - Interplay between Chaucer's earnings and the ultimate gain on the transaction
    - Contingent consideration related to catastrophe losses
    - Final tax and expense impacts and other items
  - Added capital flexibility
  - Minimal to no stranded overhead or post-transaction dis-synergies
- Chaucer return over the seven-year holding period:
  - 2.0x multiple over original consideration paid for Chaucer in June of 2011
  - Over $450 million of capital distributions from Chaucer
  - ~20% internal rate of return

The Hanover Insurance Group, Preliminary Pro Forma Excluding Chaucer

See detailed preliminary pro forma of The Hanover domestic stand-alone results starting on page 20 of this presentation for years 2013-2018YTD

The Hanover excluding Chaucer

Improved operating performance and growth momentum

- Strong current domestic operating returns, as demonstrated by the first half of 2018 results:
  - NPW growth of 7.6% through the first six months of 2018, with annualized NPW of ~$4.3 billion
  - Combined ratio of 96.1%, and 90.2%, excluding catastrophes(5)
  - Adjusted Return on Equity of 13%, excluding Chaucer equity* (see page 11 and endnote 2)

($ in millions, *except for ratios and per share data)*	Six Months Ended June 2018 Consolidated	Six Months Ended June 2018 Pro Forma - Domestic **
Underwriting Metrics		
Net Premium Written	$2,628.3	$2,162.9
Net Premium Written Growth	*6.7%*	*7.6%*
Losses and LAE Ratio, Ex-Cats(6)	*56.6%*	*58.0%*
Catastrophes Losses	*5.3%*	*5.9%*
Expense Ratio(7)	*34.3%*	*32.2%*
Combined Ratio	*96.2%*	*96.1%*
Combined Ratio, Ex-cats	*90.9%*	*90.2%*
Operating Metrics		
Operating Income Before Interest and Taxes(8)	$246.4	$200.6
Interest Expense	($24.0)	($22.7)
Income Taxes on Operating Income	($43.8)	($35.4)
Operating Income After Income Taxes and Interest Expense	$178.6	$142.5
Operating Return on Equity	*12.4%*	9.9%
Adjusted Domestic Operating Return on Equity		*13.0%* *

*Adjusted for Chaucer's equity excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax as of June 30, 2018. Pre-signing dividend of $85M paid in the second quarter of 2018 included in Chaucer equity for these purposes and excluded from adjusted domestic equity as they are considered part of expected "deployable proceeds".

The Hanover Insurance Group®

**See pro forma of The Hanover domestic stand-alone results starting on page 20 of this presentation

Equity Allocation and Earnings Power

Transaction provides opportunity to further invest in higher return businesses

Equity allocation and returns – Six months ended June 30, 2018

($ in millions)	Shareholders' Equity	Average Shareholders' Equity*	Operating Income After Tax and Interest	Annualized Operating ROE
Total Hanover	**$2,939.8**	**$2,890.5**	**$178.6**	**12.4%**
Chaucer	$678.2**	$693.3	$36.1	10.4%
Adjusted Domestic	$2,261.6	$2,197.2	$142.5	13.0%

*Excludes unrealized appreciation (depreciation) on fixed maturity investments, net of tax – see endnote 2 for a reconciliation to the closest GAAP measure

**Chaucer equity in this view includes a pre-signing dividend of $85 million, as well as goodwill and intangibles of $73.2 million as of June 30, 2018, which will be written off at the time of the close and is subject to foreign exchange movements

2018 Operating Guidance Update, Excluding Chaucer

(Chaucer to be reported in discontinued operations)

On track or better in all components of the guidance

	Original Guidance Including Chaucer		Pro Forma Guidance Excluding Chaucer
Net Premiums Written Growth	Mid-single digits	√	Higher end of mid-single digits
Net Investment Income	Flat	↑	Mid-single digit increases
Expense Ratio	Flat	↓	Improvement of 50 basis points, in line with original expectations
Catastrophe Ratio	~5%	√	~5%
Combined Ratio, Ex-Cat	90-91%	↓	Lower end of 90-91% range

Capital Deployment Framework

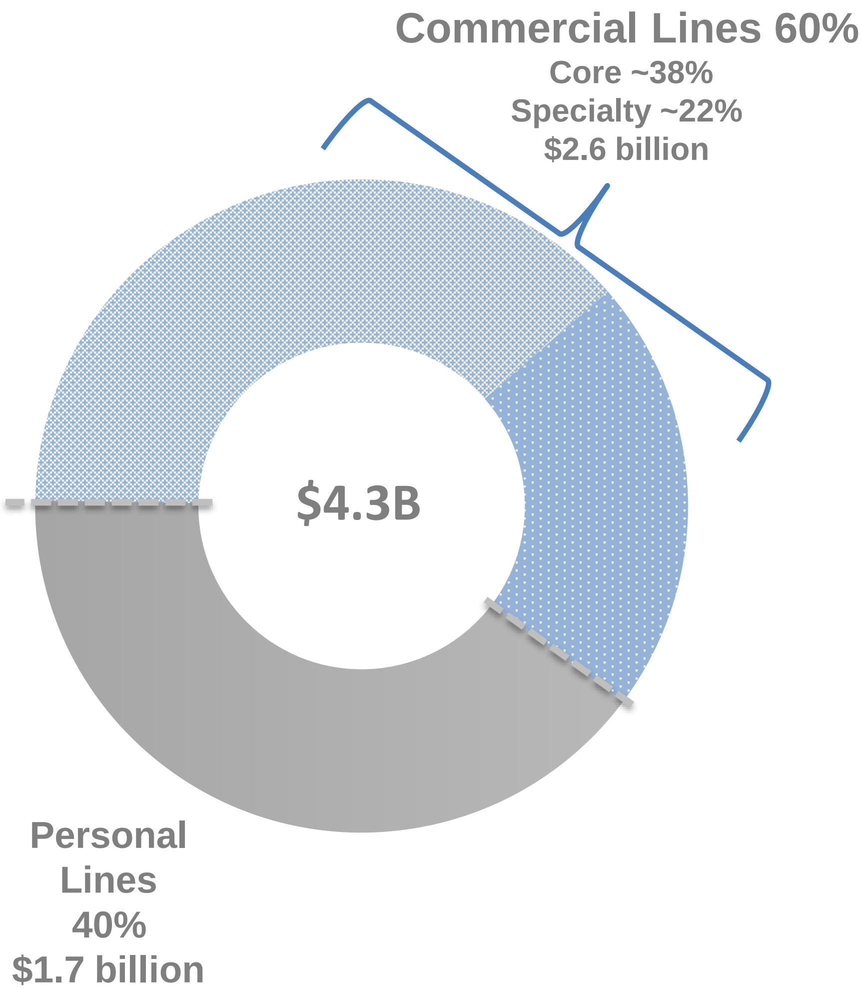
Maximization of shareholder value at the forefront

- Our capital management framework remains unchanged
- First priority continues to be profitable and disciplined growth:
  - Our capital generation is expected to be sufficient to support current business initiatives
  - A part of deployable proceeds may be used to support pursuit of additional organic business opportunities through increased focus on agency partnerships, enhanced specialty and middle market capabilities, as well as innovation
  - Inorganic growth – expect consistent approach with our prior track record of accretive bolt-on acquisitions, specialized hires and renewal rights transactions
- Capital return options:
  - Regular dividends – continue track record of dividend payout and trajectory
  - Share repurchases – execute with known limitations related to float and current valuations
  - Debt repurchase – repayment of higher coupon debt
  - Special dividends – a means to help right-size capital and return capital to shareholders in a timely fashion

The Hanover Going Forward

Premier Insurance Company in the Independent Agency Channel

2018 Annualized Net Premiums Written



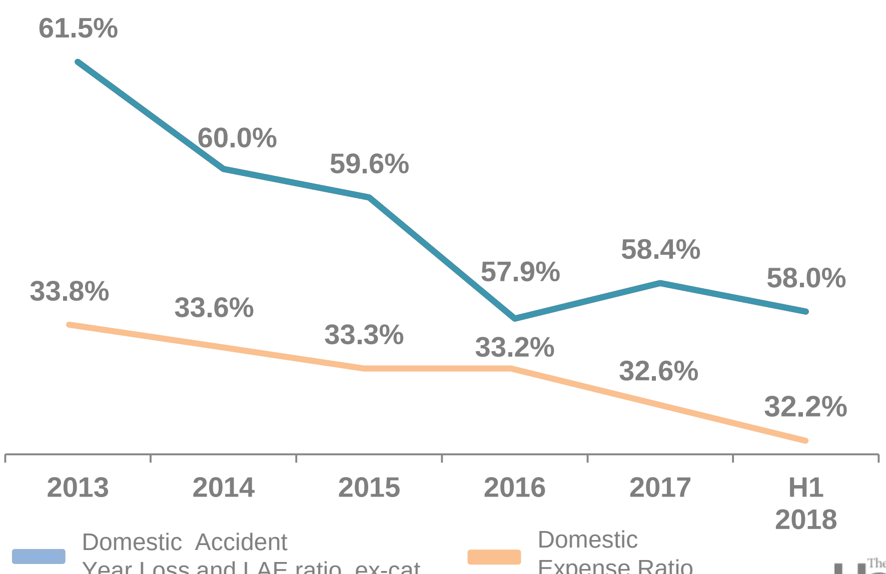
Business Characteristics

- **Core Commercial Lines $1.7 billion –** one of the leading players in the marketplace:
  - Higher-end Small Commercial and lower-end Middle Market focus
  - Distinctive industry specialization
  - Underwriting flexibility: point of sale and non-point of sale capabilities
- **Specialty Lines $0.9 billion –** leading carrier direct to retail agents:
  - Diversified capabilities
  - Focused mainly on the lower-end of the risk and account size spectrum
  - Doubled Domestic Specialty business in seven years using organic and inorganic approaches
- **Personal Lines $1.7 billion** - Whole account, value-oriented offering with high retentive value

Strong and Improving Domestic Business Fundamentals

- Accident year loss and LAE ratio, ex-cat,(9) improvement of ~3.5 points since 2013 driven by:
  - Rate increase implementation, where needed
  - Mix improvement from both underwriting and other initiatives, including geographic shift and product offering
- Expense ratio improvement of ~1.5 points since 2013: expense actions executed in July 2017, as well as fixed cost leverage from continued premium growth, while continuing to invest in the business

Domestic Current Accident Year Performance (as reported)



Domestic Net Premiums Written ($ in Billions) 3

*Represents annualized domestic net premiums written for six months ended June 30 2018
** Represented actual domestic net premium growth for six months ended June 30, 2018

Long-Term Targets

*Domestic aspirational long-term targets remain in line with those previously communicated**

	Previously Communicated	Domestic Post-Transaction Targets
Key Financial Metrics		
Long-Term Return on Equity	11-12%	13-14% underlying ROE - benefitting from tax reform and strong domestic performance
Compound Annual Growth Rate ("CAGR") targets:		
Earnings Per Share	11-13%	Focused on earnings growth - outcome dependent on capital deployment approach
Book Value Per Share ("BVPS")	7-8%	Focused on shareholder value creation – BVPS CAGR dependent on capital deployment approach
Additional Expectations – Premiums		
NPW CAGR	7-9%	6-7% CAGR based on current trajectory of known initiatives – exploring additional growth opportunities with strong financial discipline

*Assumes stable market environment

About The Hanover and Chaucer

The Hanover Insurance Group, Inc. is the holding company for several property and casualty insurance companies, which together constitute one of the largest insurance businesses in the United States. The company provides exceptional insurance solutions in a dynamic world. The Hanover distributes its products through a select group of independent agents and brokers. Together with its agents, The Hanover offers standard and specialized insurance protection for small and mid-sized businesses, as well as for homes, automobiles, and other personal items. For more information, please visit hanover.com.

Headquartered in London, with international hubs for Europe, MENA, Latin America and Asia, Chaucer protects clients in over 200 countries and territories worldwide. The company provides clients the flexibility of both Lloyd's, and the company market through Chaucer Dublin. Through Lloyds, clients enjoy strong financial security with every policy supported by ratings from A.M. Best, Standard & Poor's and Fitch Ratings. Chaucer Dublin has an A- (excellent) rating from Standard & Poor's.

Appendix

Including detailed preliminary pro forma information and end notes

Preliminary Pro Forma Underwriting and Operating Income and Ratios

Reference to The Hanover's "domestic business" consists of Commercial Lines, Personal Lines and Other segments. Information regarding the operating revenues, underwriting income (loss), net investment income and other expenses attributable to these segments on a GAAP basis can be found in Note 8, Segment Information ("Note 8"), to the unaudited consolidated financial statements of the company included in the company's Form 10-Q and the audited financial statements of the company included in the company's Form 10-K filed with the Security and Exchange Commission for the respective periods. Information regarding identifiable assets for the three segments constituting the domestic business is also found in Note 8 and described as "U.S. Companies". Chaucer segment information is also found in Note 8.

	Six months ended June 30, 2018			Twelve months ended December 31, 2017		
	Consolidated	Chaucer	Domestic	Consolidated	Chaucer	Domestic
Net premiums written	$ 2,628.3	$ 465.4	$ 2,162.9	$ 4,958.2	$ 849.1	$ 4,109.1
Net premiums earned	2,536.5	435.8	2,100.7	4,833.4	853.0	3,980.4
Current accident year, excluding catastrophe losses	1,453.4	236.0	1,217.4	2,774.3	452.1	2,322.2
Prior accident year unfavorable (favorable) reserve development, excluding catastrophe losses	(18.8)	(19.2)	0.4	(32.9)	(34.1)	1.2
Current accident year catastrophe losses	150.1	18.7	131.4	408.1	155.2	252.9
Prior accident year favorable catastrophe loss development	(15.3)	(8.2)	(7.1)	(25.5)	(24.1)	(1.4)
Total loss and LAE	1,569.4	227.3	1,342.1	3,124.0	549.1	2,574.9
Amortization of deferred acquistion costs and other underwriting expenses	877.5	193.1	684.4	1,663.1	349.3	1,313.8
GAAP underwriting profit (loss)	$ 89.6	$ 15.4	$ 74.2	$ 46.3	$ (45.4)	$ 91.7
Loss and LAE ratio:						
Current accident year, excluding catastrophe losses	57.3 %	54.2 %	58.0 %	57.4 %	53.0 %	58.4 %
Prior accident year unfavorable (favorable) reserve development, excluding catastrophe losses	(0.7)%	(4.4)%	-	(0.7)%	(4.0)%	-
Current accident year catastrophe losses	5.9 %	4.3 %	6.2 %	8.4 %	18.2 %	6.3 %
Prior accident year favorable catastrophe loss development	(0.6)%	(1.9)%	(0.3)%	(0.5)%	(2.8)%	-
Total loss and LAE ratio	61.9 %	52.2 %	63.9 %	64.6 %	64.4 %	64.7 %
Expense ratio	34.3 %	44.2 %	32.2 %	34.1 %	40.9 %	32.6 %
Combined ratio	96.2 %	96.4 %	96.1 %	98.7 %	105.3 %	97.3 %
Combined ratio, excluding catastrophe losses	90.9 %	94.0 %	90.2 %	90.8 %	90.0 %	91.0 %

Preliminary Pro Forma Underwriting and Operating Income and Ratios

	Twelve months ended December 31, 2016			Twelve months ended December 31, 2015		
	Consolidated	Chaucer	Domestic	Consolidated	Chaucer	Domestic
Net premiums written	$ 4,698.8	$ 816.1	$ 3,882.7	$ 4,754.2	$ 1,026.7	$ 3,727.5
Net premiums earned	4,628.1	838.6	3,789.5	4,704.8	1,051.2	3,653.6
Current accident year, excluding catastrophe losses	2,699.3	506.0	2,193.3	2,797.1	619.5	2,177.6
Prior accident year unfavorable (favorable) reserve development, excluding catastrophe losses	140.3	(95.3)	235.6	(94.3)	(120.1)	25.8
Current accident year catastrophe losses	160.0	45.5	114.5	203.1	49.7	153.4
Prior accident year favorable catastrophe loss development	(34.9)	(37.5)	2.6	(21.8)	(32.9)	11.1
Total loss and LAE	2,964.7	418.7	2,546.0	2,884.1	516.2	2,367.9
Amortization of deferred acquistion costs and other underwriting expenses	1,612.1	338.6	1,273.5	1,631.8	401.8	1,230.0
GAAP underwriting profit (loss)	$ 51.3	$ 81.3	$ (30.0)	$ 188.9	$ 133.2	$ 55.7
Loss and LAE ratio:						
Current accident year, excluding catastrophe losses	58.4 %	60.4 %	57.9 %	59.4 %	58.9 %	59.6 %
Prior accident year unfavorable (favorable) reserve development, excluding catastrophe losses	3.0 %	(11.4)%	6.2 %	(2.0)%	(11.4)%	0.7 %
Current accident year catastrophe losses	3.5 %	5.5 %	3.0 %	4.4 %	4.7 %	4.2 %
Prior accident year favorable catastrophe loss development	(0.8)%	(4.5)%	0.1 %	(0.5)%	(3.1)%	0.3 %
Total loss and LAE ratio	64.1 %	50.0 %	67.2 %	61.3 %	49.1 %	64.8 %
Expense ratio	34.5 %	40.4 %	33.2 %	34.4 %	38.2 %	33.3 %
Combined ratio	98.6 %	90.4 %	100.4 %	95.7 %	87.3 %	98.1 %
Combined ratio, excluding catastrophe losses	95.9 %	89.4 %	97.3 %	91.8 %	85.7 %	93.6 %

Preliminary Pro Forma Underwriting and Operating Income and Ratios

	Twelve months ended December 31, 2014			Twelve months ended December 31, 2013		
	Consolidated	Chaucer	Domestic	Consolidated	Chaucer	Domestic
Net premiums written	$ 4,810.1	$ 1,231.4	$ 3,578.7	$ 4,552.7	$ 1,117.5	$ 3,435.2
Net premiums earned	4,710.3	1,221.8	3,488.5	4,450.5	1,037.9	3,412.6
Current accident year, excluding catastrophe losses	2,803.6	709.0	2,094.6	2,697.4	597.9	2,099.5
Prior accident year unfavorable (favorable) reserve development, excluding catastrophe losses	(99.1)	(104.6)	5.5	(76.3)	(94.6)	18.3
Catstrophe losses	223.0	28.8	194.2	140.0	34.4	105.6
Total loss and LAE	2,927.5	633.2	2,294.3	2,761.1	537.7	2,223.4
Amortization of deferred acquistion costs and other underwriting expenses	1,649.6	464.4	1,185.2	1,558.5	390.8	1,167.7
GAAP underwriting profit (loss)	$ 133.2	$ 124.2	$ 9.0	$ 130.9	$ 109.4	$ 21.5
Loss and LAE ratio:						
Current accident year, excluding catastrophe losses	59.6 %	58.0 %	60.0 %	60.6 %	57.6 %	61.5 %
Prior accident year unfavorable (favorable) reserve development, excluding catastrophe losses	(2.1)%	(8.6)%	0.2 %	(1.7)%	(9.1)%	0.5 %
Catastrophe losses	4.7 %	2.4 %	5.6 %	3.1 %	3.3 %	3.1 %
Total loss and LAE ratio	62.2 %	51.8 %	65.8 %	62.0 %	51.8 %	65.2 %
Expense ratio	34.7 %	38.0 %	33.6 %	34.7 %	37.7 %	33.8 %
Combined ratio	96.9 %	89.8 %	99.4 %	96.7 %	89.5 %	99.0 %
Combined ratio, excluding catastrophe losses	92.2 %	87.4 %	93.8 %	93.6 %	86.2 %	95.9 %

Preliminary Pro Forma Reconciliation of Operating Income to Net Income

(in millions)	Segment Income Six months ended June 30, 2018		
	As Reported	Adjustment for Sale of Chaucer	Pro Forma
Operating income (loss) before interest expense and income taxes:			
Commercial Lines	$ 143.5	$ 0.3	$ 143.2
Personal Lines	61.7	0.2	61.5
Chaucer	44.8	44.8	-
Other	(3.6)	0.5	(4.1)
Total	246.4	45.8	200.6
Interest expense	(24.0)	(1.3)	(22.7)
Operating income before income taxes	222.4	44.5	177.9
Income tax expense on operating income	(43.8)	(8.4)	(35.4)
Operating income after income taxes	178.6	36.1	142.5
Non-operating items:			
Net realized investment (losses)	(19.7)	(2.8)	(16.9)
Other	(2.2)	(0.5)	(1.7)
Income tax benefit on non-operating items	10.3	0.7	9.6
Income from continuing operations before	167.0	33.5	133.5
Discontinued operations			
Income from operations of discontinued Chaucer business, net of taxes	-	(33.5)	33.5
Net income	$ 167.0	$ -	$ 167.0

End Notes

(1) Tangible shareholders' equity ("tangible equity") is a non-GAAP measure. See the disclosure on the use of non-GAAP measures throughout this presentation under the heading "Forward-Looking Statements and Non-GAAP Financial Measures." Total Shareholders' equity is the most directly comparable GAAP measure and is reconciled below:

	Period ended June 30, 2018		
	Consolidated	Domestic & Other	Chaucer
Total shareholders' equity	$ 2,939.8	$ 2,346.6	$ 593.2
Less:			
Goodwill and intangible assets	278.0	204.8	73.2
Tangible shareholders' equity	$ 2,661.8	$ 2,141.8	$ 520.0

Excluding $85 million pre-sale dividend which was transferred to "Domestic & Other". This dividend is excluded for purposes of calculating the "implied multiple" on page 5 since it is also excluded from assets transferred to the Buyer.

(2) Operating return on average equity ("operating ROE") is a non-GAAP measure. Operating ROE is calculated by dividing annualized operating income after tax for the applicable period, by average shareholders' equity, excluding unrealized appreciation (depreciation) on fixed maturity investments, net of tax, for the stated period. Annualized operating income (loss) after tax is also a non-GAAP measure. Income from continuing operations is the closest GAAP measure and is reconciled on page 22 of this presentation. Average shareholders' equity, excluding unrealized appreciation (depreciation) on fixed maturity investments, net of tax, is also a non-GAAP measure. Total shareholders' equity is the most directly comparable GAAP measure, and is reconciled below:

	Period ended December 31, 2017			Period ended June 30, 2018		
	Chaucer	Domestic & Other	Consolidated	Chaucer	Domestic & Other	Consolidated
Total shareholders' equity	$683.4	$2,314.3	$2,997.7	$678.2	$2,261.6	$2,939.8
Less: net unrealized appreciation (depreciation) on fixed maturity investments, net of tax	($0.8)	$206.2	$205.4	($24.2)	($24.6)	($48.8)
Shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax (non-GAAP)	$684.2	$2,108.1	$2,792.3	$702.4	$2,286.2	$2,988.6
Average shareholders' equity				$680.8	$2,288.0	$2,968.8
Average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax (non-GAAP)				$693.3	$2,197.2	$2,890.5

Shareholders' equity for Chaucer has been adjusted to include the pre-signing dividend of $85 million, which is excluded from "Domestic & Other".

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End Notes (continued)

(2) Continued.

	Six Months ended June 30, 2018		
	Chaucer	Domestic & Other	Consolidated
Operating income before interest and taxes (Non-GAAP)	$45.8	$200.6	$246.4
Less: Interest expense	$1.3	$22.7	$24.0
Operating income before taxes (Non-GAAP)	$44.5	$177.9	$222.4
Income tax expense on operating income	$8.4	$35.4	$43.8
Operating income after tax (Non-GAAP)	$36.1	$142.5	$178.6
Non-operating items			$11.6
Net income (GAAP)			$167.0

Consolidated ($ in millions, except percentages)	GAAP Six months ended June 30, 2018	Annualized Six months ended June 30, 2018
Net income (Annualized = $167.0 multiplied by 2)	$167.0	$334.0
Average shareholders' equity (GAAP)	$2,968.8	$2,968.8
Return on average equity	5.6%	11.3%
Annualized operating income after tax ($178.6 multiplied by 2)		$357.2
Average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax		$2,890.5
Operating return on average equity (non-GAAP)		12.4%

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End Notes (continued)

(2) Continued.

Pro Forma Domestic	
($ in millions, except percentages)	Six months ended June 30, 2018
Annualized operating income after tax ($142.5 multiplied by 2)	$285.0
Average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax	$2,890.5
Operating return on average equity (non-GAAP)	9.9%
Adjusted Domestic	
Annualized operating income after tax ($142.5 multiplied by 2)	$285.0
Average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax (excluding Chaucer equity)	$2,197.2
Adjusted operating return on average equity (non-GAAP)	13.0%

Chaucer	
($ in millions, except percentages)	Six months ended June 30, 2018
Annualized operating income after tax ($36.1 multiplied by 2)	$72.2
Average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax	$693.3
Operating return on average equity (non-GAAP)	10.4%

(3) Domestic net premiums written is a non-GAAP measure which is equal to the sum of the net premiums written for the Commercial Lines and Personal Lines segments. Net premiums written, which includes written premiums of the Chaucer segment, is the most directly comparable GAAP measure. A reconciliation for the annual periods 2013 to 2017 and for the first half of 2018 is provided below. Annualized domestic business 2018 net premiums written determined by multiplying six months domestic net premiums written by two ($2,162.9x2=$4,325.8).

($ in millions)	Twelve months ended					Six months ended
	2013	2014	2015	2016	2017	June 30, 2018
Commercial Lines	$ 2,007.2	$ 2,155.9	$ 2,281.9	$ 2,361.5	$ 2,462.0	$ 1,301.5
Personal Lines	1,428.0	1,422.8	1,445.6	1,521.2	1,647.1	861.4
Domestic (non-GAAP)	3,435.2	3,578.7	3,727.5	3,882.7	4,109.1	2,162.9
Chaucer	1,117.5	1,231.4	1,026.7	816.1	849.1	465.4
Consolidated (GAAP)	$ 4,552.7	$ 4,810.1	$ 4,754.2	$ 4,698.8	$ 4,958.2	$ 2,628.3

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End Notes (continued)

(4) The accident year catastrophe loss ratio, excluding prior-year catastrophe loss development, is a non-GAAP measure. The total loss and LAE ratio ("loss ratio") (which includes prior-year reserve development on accident year losses and catastrophe losses) is the most directly comparable GAAP measure. This measure and measures excluding prior-year reserve development ("current accident-year" ratios) are used throughout this document. The various components of the loss ratio can be found in the pro forma section of this presentation which begins on page 20.

(5) Combined ratio, excluding catastrophes, is a non-GAAP measure, which is equal to the combined ratio, excluding catastrophe losses. The combined ratio (which includes catastrophe losses) is the most directly comparable GAAP measure. The following is a reconciliation of the GAAP combined ratio to the combined ratio, excluding catastrophe losses:

	Six months ended June 30, 2018	
	Consolidated	Domestic
Total combined ratio	96.2%	96.1%
Less: catastrophe losses	5.3%	5.9%
Combined ratio, excluding castrophe losses	90.9%	90.2%

(6) Loss and LAE ratio, excluding catastrophe losses, is a non-GAAP measure, which is equal to the loss and LAE ratio ("loss ratio"), excluding catastrophe losses. The loss ratio (which includes catastrophe losses) is the most directly comparable GAAP measure. The following is reconciliation of the GAAP loss ratio to the loss and LAE ratio, excluding catastrophe losses:

	Six Months ended June 30, 2018	
	Consolidated	Domestic
Total loss and LAE ratio	61.9%	63.9%
Less: catastrophe losses	5.3%	5.9%
Loss and LAE ratio, excluding catastrope losses	56.6%	58.0%

(7) The domestic expense ratio is reduced by installment fee revenues for purposes of the ratio calculation.

(8) Operating income (loss) before interest and taxes is a non-GAAP measure. The reconciliation of operating income to the closest GAAP measures, income from continuing operations is provided as part of endnote (2).

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End Notes (continued)

(9) Current accident year loss and LAE ratio, excluding catastrophe losses, is a non-GAAP measure, which is equal to the loss and LAE ratio (“loss ratio”) excluding prior-year loss reserve development. The loss ratio (which included catastrophe losses and prior-year loss reserve development) is the most directly comparable GAAP measure. The following is a reconciliation of the GAAP loss ratio to the current accident year loss ratio, excluding catastrophe losses:

Domestic	Twelve months ended					Six months ended
	2013	2014	2015	2016	2017	June 30, 2018
Total loss and LAE ratio	65.2%	65.8%	64.8%	67.2%	64.7%	63.9%
Less:						
Prior-year reserve development	0.5%	0.2%	0.7 %	6.2%	-	-
Catastrophe losses	3.1%	5.6%	4.5%	3.1%	6.3%	5.9%
Current accident year loss and LAE ratio, excluding catastrophe losses	61.5%	60.0%	59.6%	57.9%	58.4%	58.0%

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