



# CNA Financial: Our Path to Underwriting Excellence

Investor Presentation

Q4 2024



# CNA Today



**One of the largest U.S. commercial lines insurers**  
with roots going back to 1897  
Net written premium: **\$10.2b<sup>1</sup>**  
Gross written premium ex captives: **\$12.2b<sup>1</sup>**



Core Business Segments:  
**Commercial**  
**Specialty**  
**International**



**Specialized underwriting**  
capabilities with industry  
segment focus



Meaningful presence in  
**U.S., Canada,**  
**UK and Europe**



**Financial  
Strength  
Ratings<sup>2</sup>**

S&P: **A+** (Stable)  
A.M. Best: **A+** (Stable)  
Moody's: **A2** (Positive)  
Fitch: **A+** (Stable)



Evolution to top quartile  
underpinned by  
**underwriting discipline**

**Consistently stronger operating performance, high degree of financial stability, robust financial strength ratings**

# CNA Story: Improved quality and consistency of earnings

**Effective portfolio management through increased specialization**

**Meaningful expense ratio reduction**

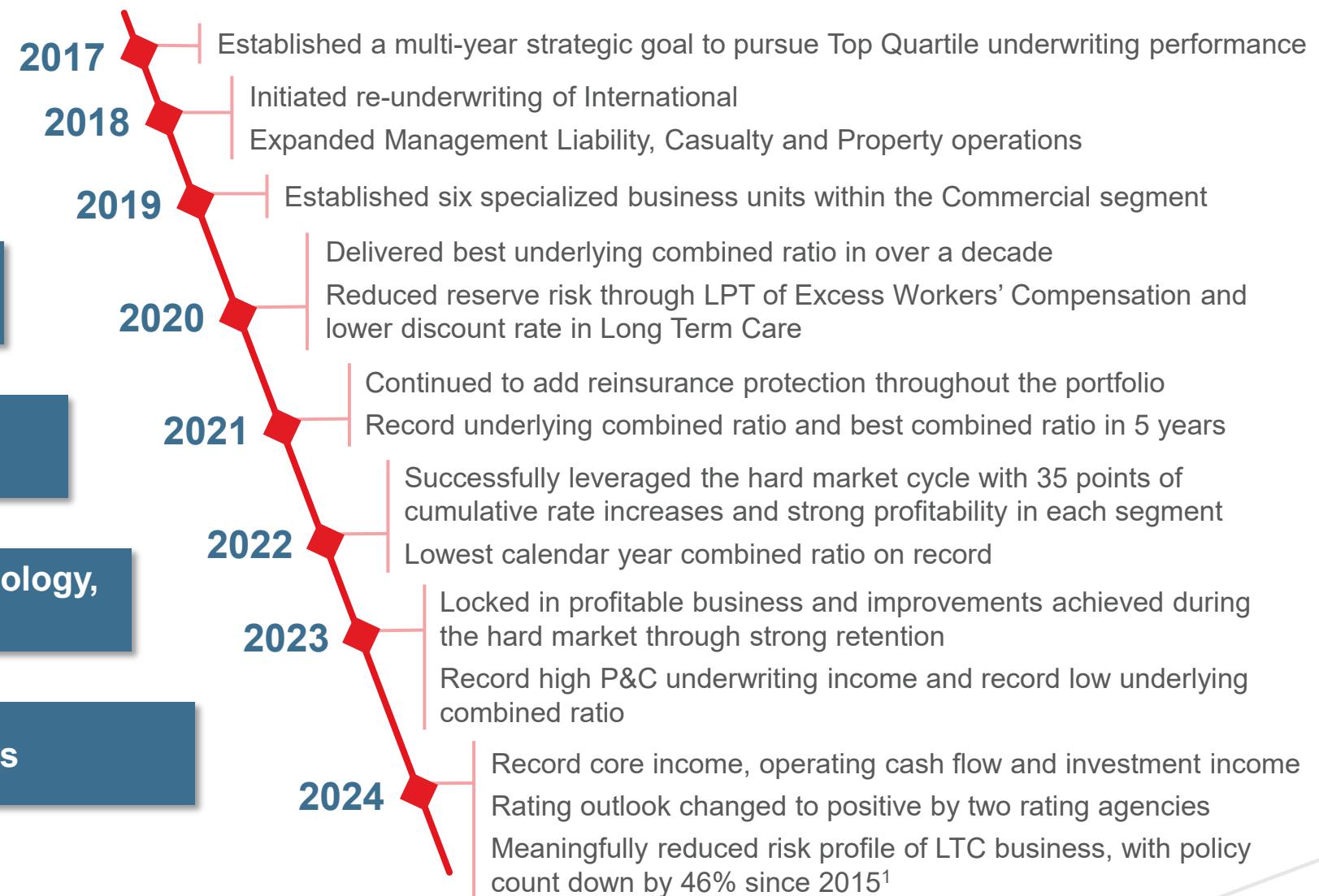
**Sustained improvement in underlying combined ratio in all P&C segments**

**Continued investment in talent, technology, analytics and security**

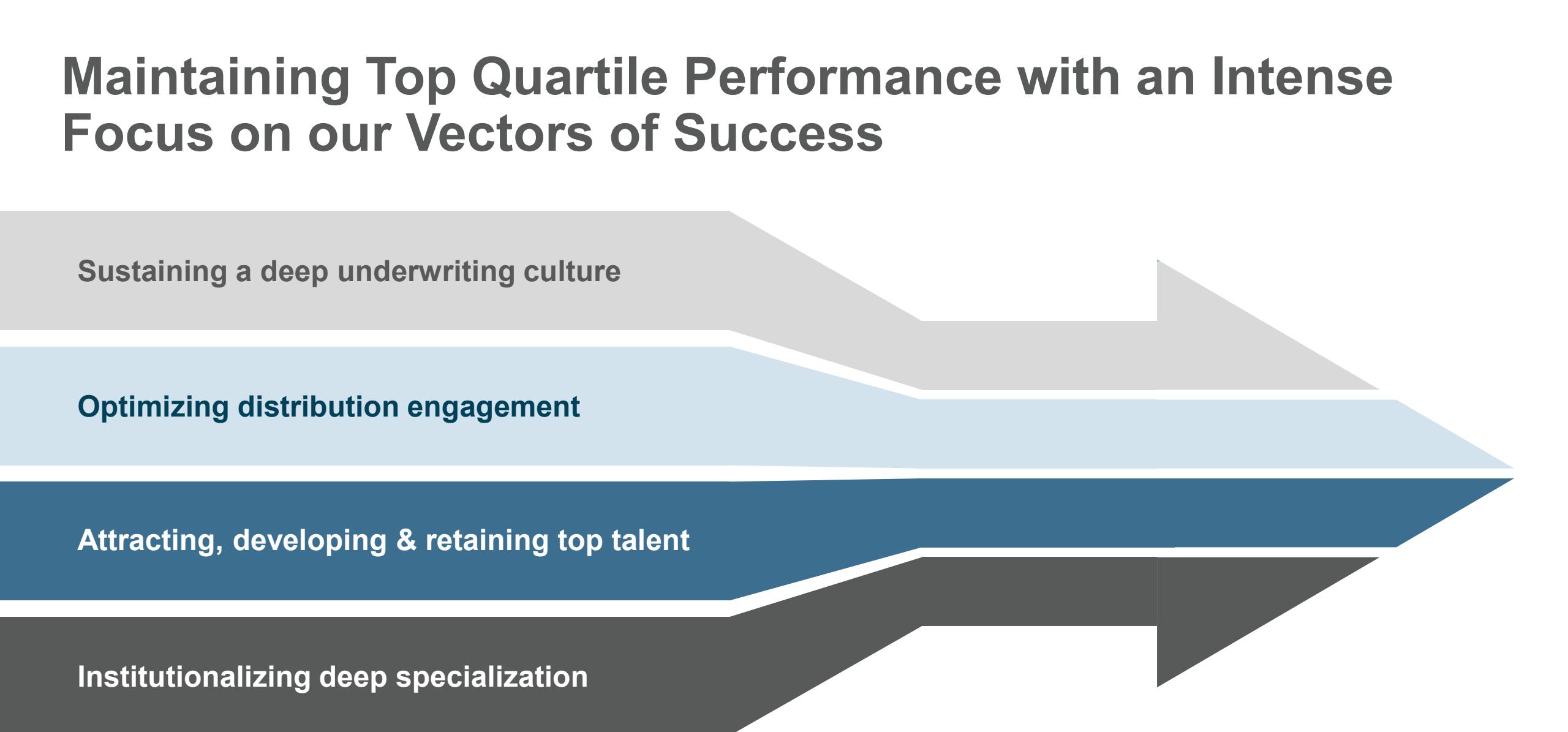
**Strong value creation for shareholders**

**CNA**

1. As of 9/30/2024



# Maintaining Top Quartile Performance with an Intense Focus on our Vectors of Success



Sustaining a deep underwriting culture

Optimizing distribution engagement

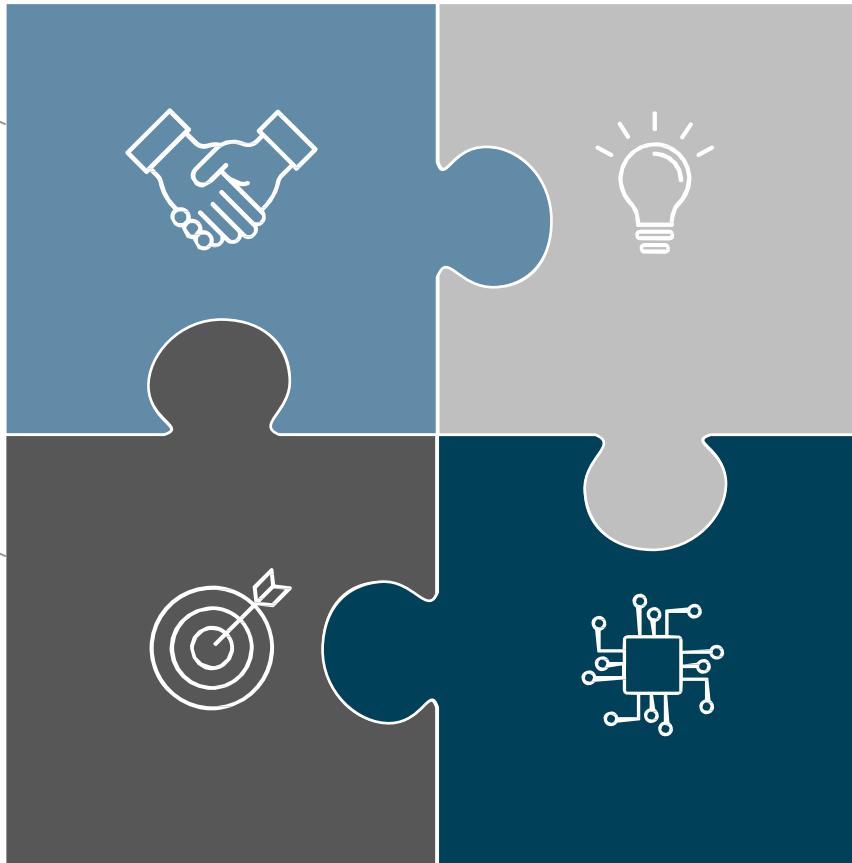
Attracting, developing & retaining top talent

Institutionalizing deep specialization

# Continuing to Focus on Partnerships, Underwriting, Talent, and Technology & Analytics

## Strategic Partnerships

- Strengthened Branch and Business Unit alignment to drive growth
- Enhanced relationships to expand share of wallet with key brokers
- Senior leadership engagement across the distribution network



## Underwriting Excellence

- Strong governance framework across every line of business and geography
- All P&C Business Units generating strong profitability
- Enhanced reinsurance protection

## Talent & Learning

- Continuing to attract, develop and retain experienced industry talent in support of our specialization strategy
- Advancing a culture of inclusion that engages employees and provides them opportunities to learn, grow and achieve their career goals

## Technology & Analytics

- Investing in technologies to advance risk assessment capabilities
- Improving operational efficiency through AI/ML solutions
- Harnessing data in the Cloud to shape insights and inform better decision making

# A Strong and Experienced Leadership Team



**Doug Worman**

Chairman and Chief Executive Officer



**Scott Lindquist**

EVP & Chief Financial Officer



**Elizabeth Aguinaga**

EVP & Chief Human Resources Officer



**Dan Franzetti**

EVP & Chief Administrative Officer



**Bob Hopper**

EVP & Chief Actuary



**Mark James**

EVP & Chief Risk and Reinsurance Officer

**David Hass**

President Global Specialty



**Song Kim**

President Global Commercial Industry Segments



**Mike Nardiello**

President Global Property & Casualty



**Karen Keniff**

President Global Construction



**Troy Mette**

Head of Global Distribution



**Jalil Rehman**

President & CEO, UK and Europe



**Catherine Roe**

President & Chief Agent, CNA Canada

# Broad Property & Casualty Portfolio

## Core P&C Portfolio – \$10.2b Net Written Premium in 2024

### Commercial (54%)

- P&C products and services to small, middle-market and large businesses
- Business Units include:
  - Middle Market
  - Construction
  - Small Business
  - Marine
  - National Accounts Casualty
  - National Accounts Property

### Specialty (34%)

- Professional, financial and other specialty products and services
- Business Units include:
  - Affinity
  - Financial & Management Liability
  - Surety
  - Healthcare
  - Warranty

### International (12%)

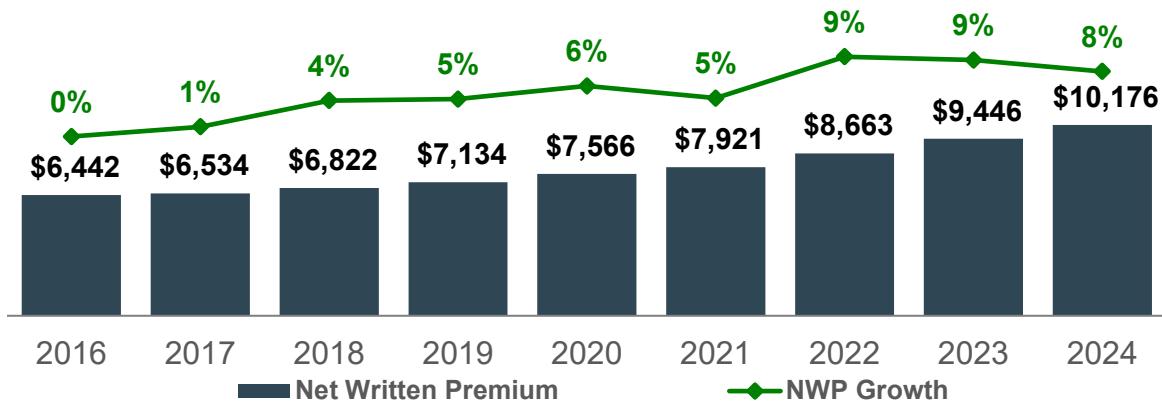
- P&C and Specialty products and services
- Operates across four platforms:
  - Canada
  - UK
  - Lloyd's
  - Continental Europe

# Sustaining Improved Performance on Strong Capital Base

## Summary

- Achieving strong growth in core P&C business
- Sustaining improvement in underlying combined ratio, with 6.4pts improvement since 2016
- Significantly improved expense ratio is 4.7pts lower than in 2016
- Maintaining a robust balance sheet and conservative capital structure

## P&C premium, \$m

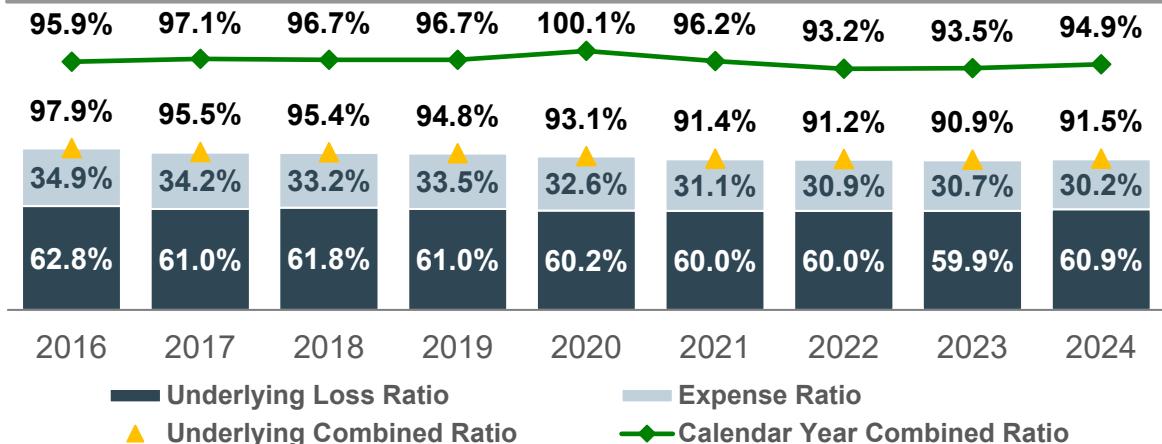


## Capital Structure (as of 12/31/2024)

|                        |         |
|------------------------|---------|
| Equity                 | \$10.5b |
| Equity ex. AOCI        | \$12.5b |
| Debt                   | \$3.0b  |
| Total Capital          | \$13.5b |
| Total Capital ex. AOCI | \$15.5b |
| Statutory Surplus      | \$11.2b |

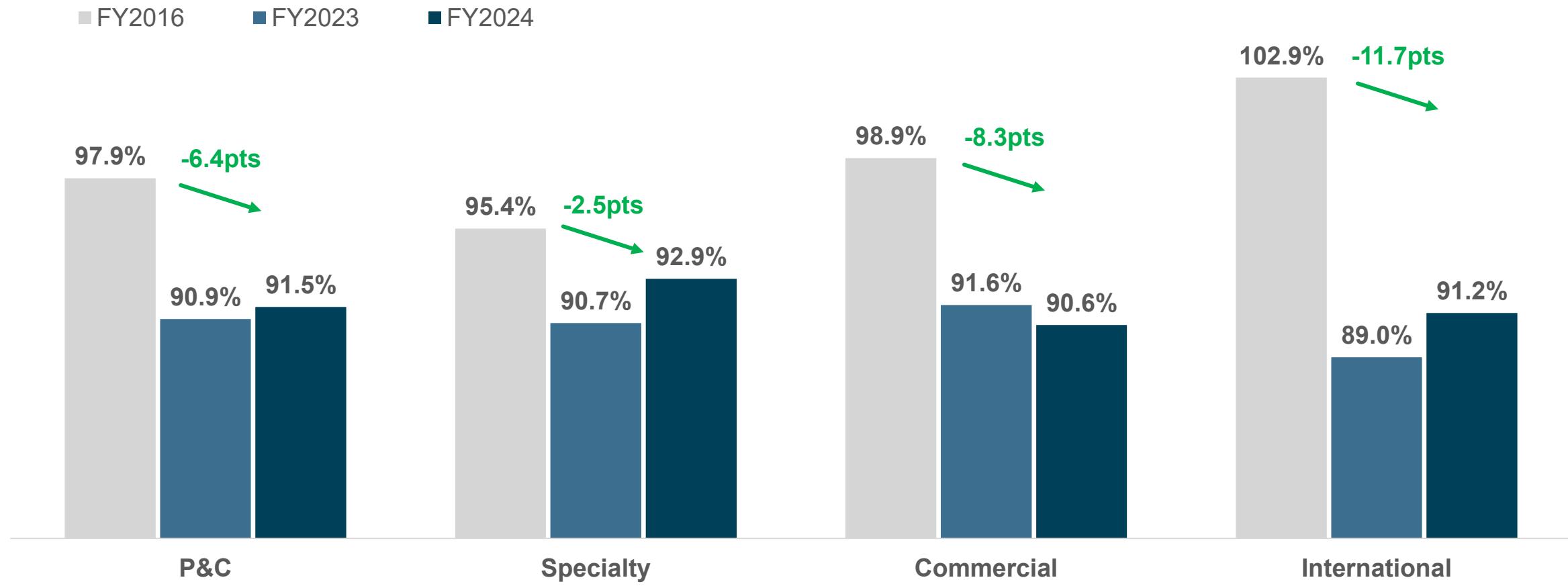
19.2%  
Debt-to-Capital  
ex. AOCI

## P&C Combined Ratios<sup>1</sup>



1. Underlying combined ratio excludes catastrophe losses and development-related items. Underlying and calendar year combined ratios include dividends (not shown).

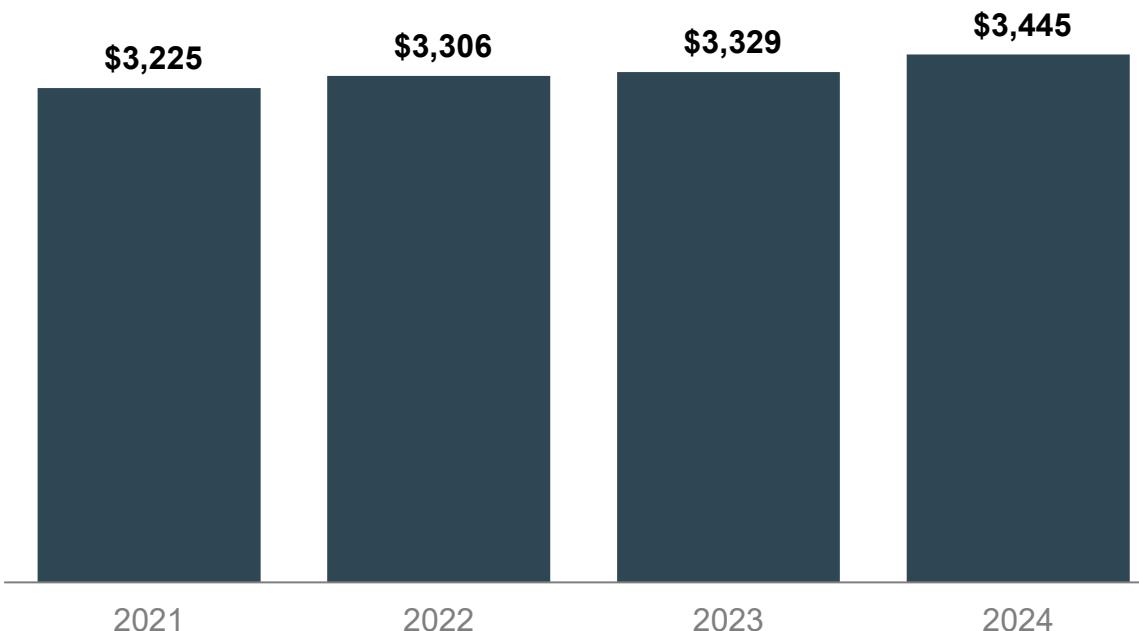
# Meaningfully Improved Underlying Combined Ratios Have Been Sustained in Each of Our P&C Segments



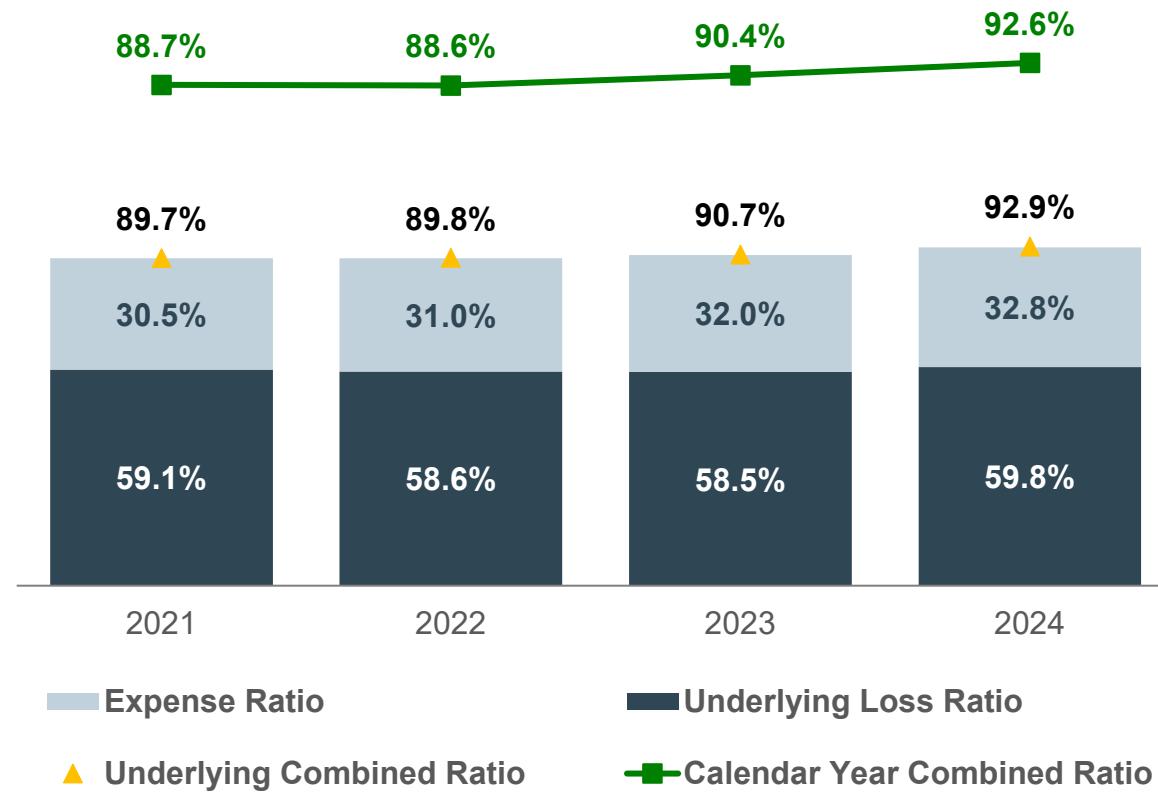
# Specialty

Continues to generate consistent underwriting results

Net Written Premium, \$m



Combined Ratios<sup>1</sup>



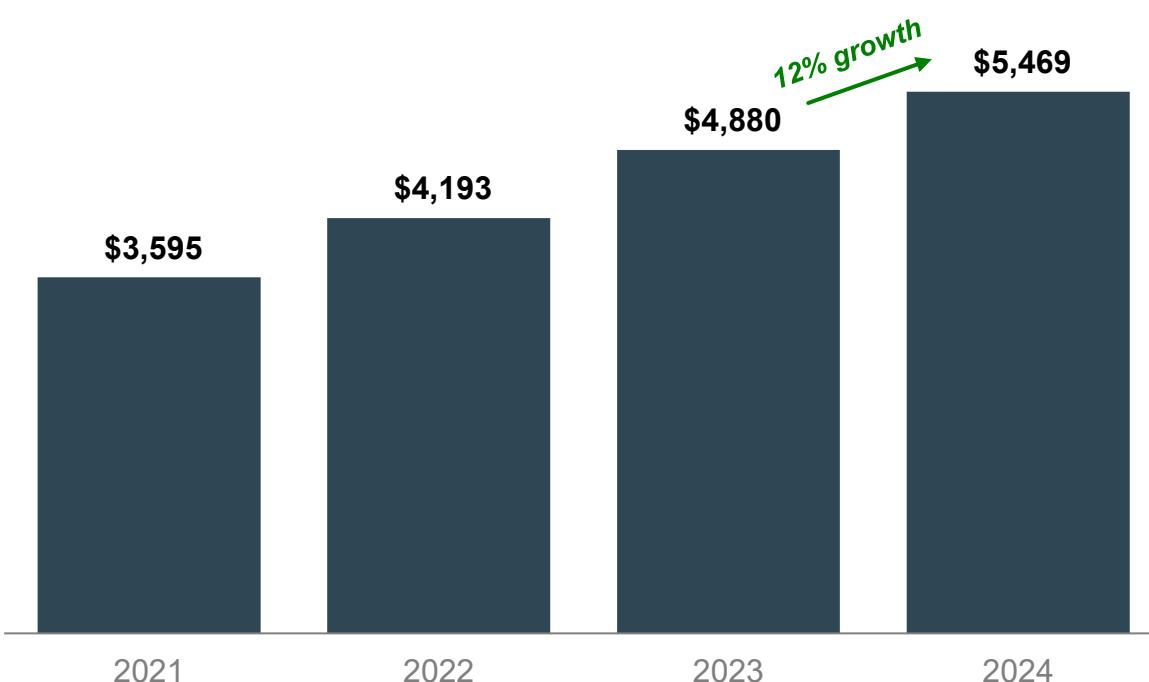
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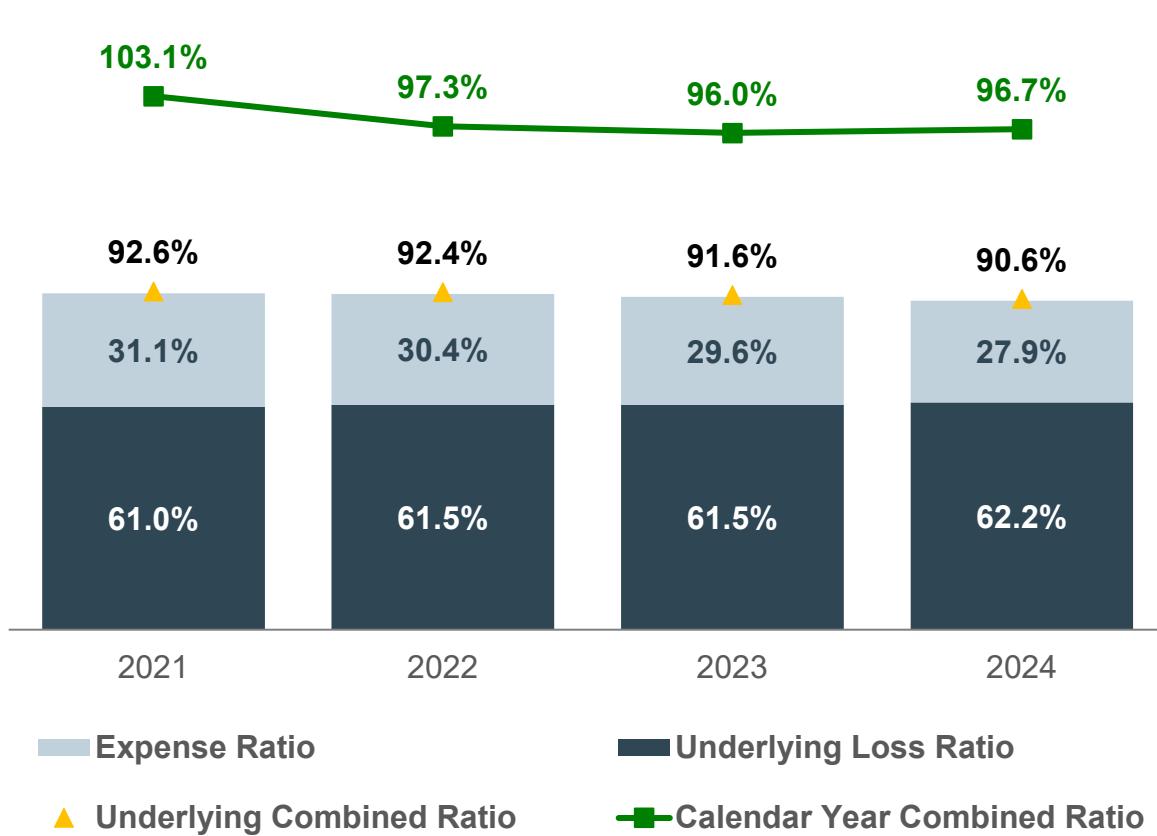
# Commercial

Growing with increasingly consistent underwriting profitability following several years of targeted portfolio management actions

Net Written Premium, \$m



Combined Ratios<sup>1</sup>



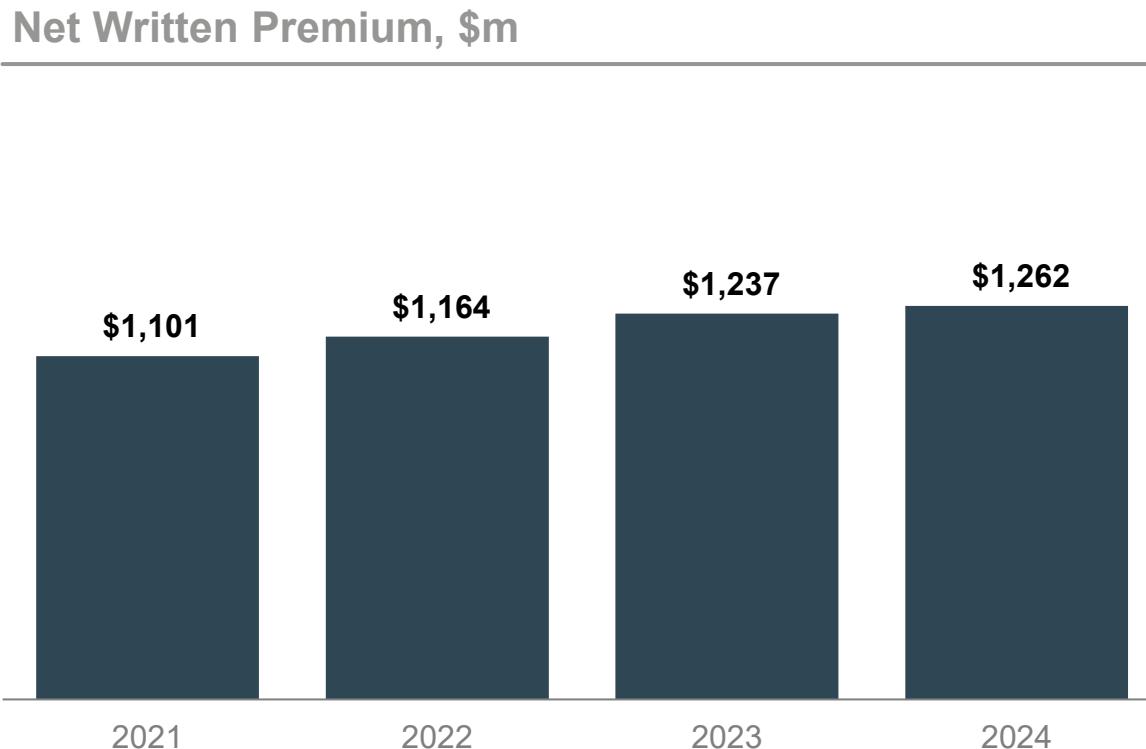
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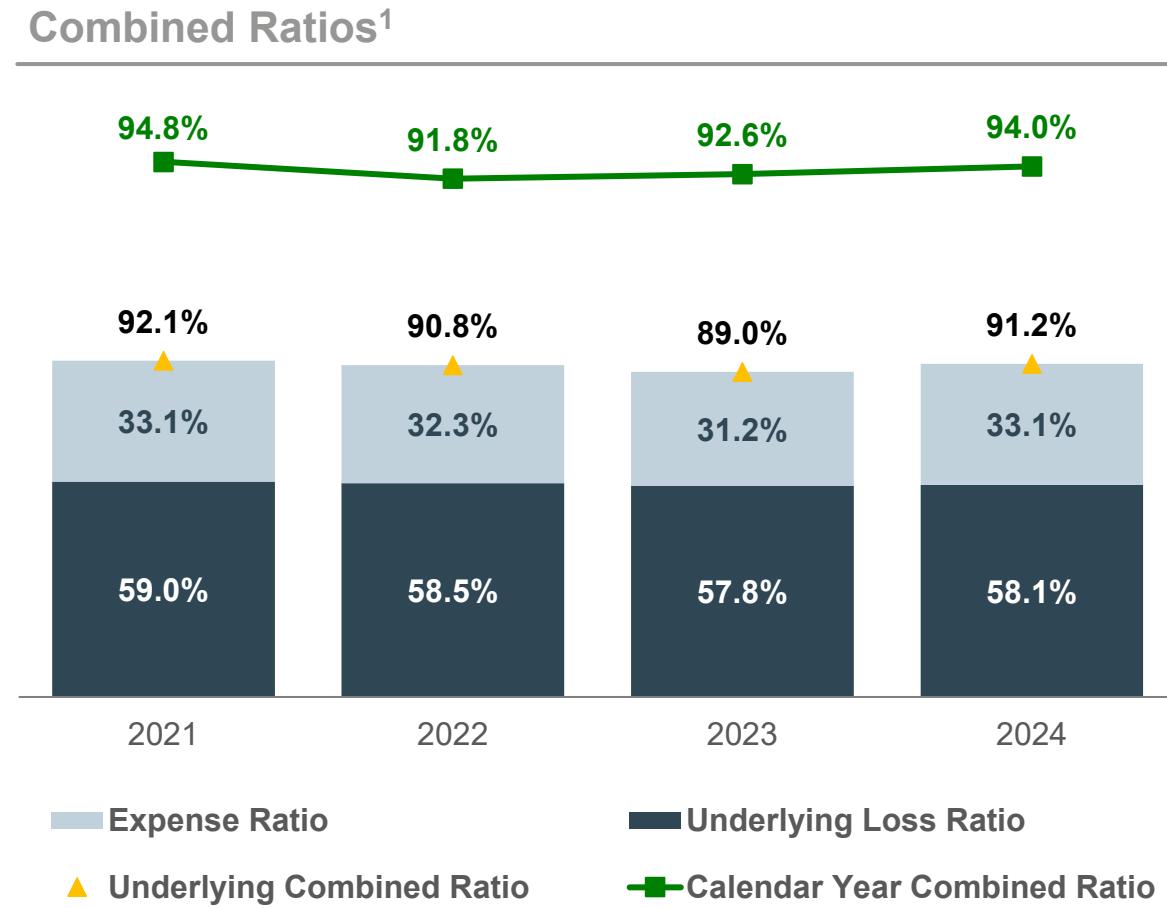
# International

Portfolio management actions have meaningfully improved underwriting profitability and reduced volatility

Net Written Premium, \$m



Combined Ratios<sup>1</sup>



1. Underlying combined ratio excludes catastrophe losses and development-related items. Underlying and calendar year combined ratios include dividends (not shown).



# LTC Progress Focused on Active Management

## Proactive approach to managing block across all dimensions of the business

### Material progress made recently

- 35 rate increase approvals in 2024 with an average rate increase amount of 75%
- Approximately 2,800 policy buyouts, totaling \$91M in cash payments for the full year 2024
- Increased the fixed-income duration for the LTC portfolio to 9.8 years as of December 31, 2024, up by 0.6 year from 2021, taking advantage of the higher interest rate environment; asset and liability durations generally matched
- Strategic investments in foundational capabilities to maintain CNA as a leader in the wellness space

### Ability to withstand stresses

- Prudent reserving assumptions informed by historical experience (no morbidity improvement, 10 years of mortality improvement, minimal future rate actions, ultimate 10 year treasury rate of 3.00%)
- \$1.4b of Statutory reserve margin as of September 30, 2024, following 2024 annual assumption review

### Significantly improved runoff Long Term Care business compared to 2015

- Individual LTC block closed in 2004; Group LTC block closed to new accounts in 2004 and closed to new enrollees in 2016
- 46% reduction in both individual and group policy counts since 2015
- Premium rates are ~50% higher than in 2015 & ~80k policyholders have reduced coverage since 2017
- Normative 10 year risk free rate assumption of 3.00% compared to 2015's assumption of 4.80%

# Long Term Care Block Characteristics

Total LTC policies have declined by over 45% since 2015

## Block Characteristics (as of Q3 2024)

| Benefits                              | ILTC             | GLTC         |
|---------------------------------------|------------------|--------------|
| Average Age                           | 82 years old     | 69 years old |
| Average Max Daily Benefit             | \$287            | \$216        |
| % of policies with Lifetime Benefits  | 39%              | 1%           |
| Average Benefit Period (non-lifetime) | 3.9 years        | 4.5 years    |
| % of policies with Compound Inflation | 44%              | 13%          |
| % of policies with Simple Inflation   | 23%              | 1%           |
| Claims                                | ILTC             | GLTC         |
|                                       | # of Open Claims | 12.9k        |
| Average Age of New Claimant           | 86 years old     | 78 years old |

## Total Inforce ILTC Policies<sup>1</sup> (In thousands)



■ Healthy Policies ■ Open Claims / Disabled Lives

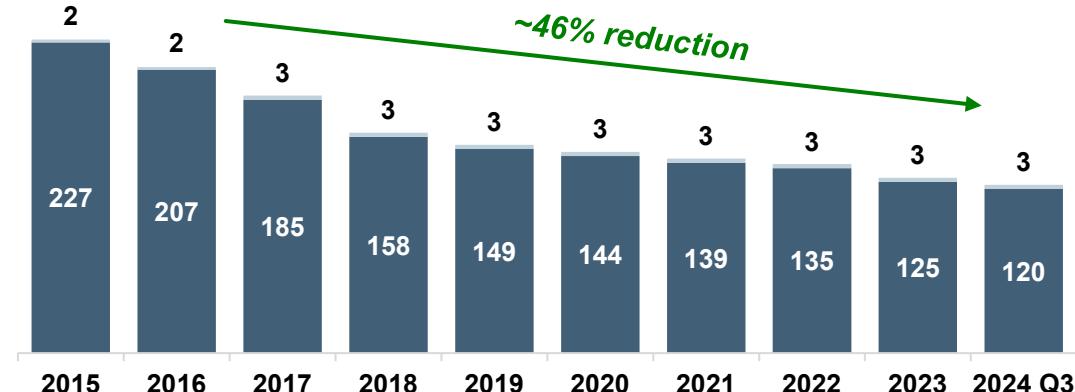
Note: All disclosures as of 9/30/2024 unless otherwise specified

1. ILTC metrics do not include CNA's 50% coinsurance business (27k healthy policies and 3k claims as of Q3 2024). Healthy policies do not include 8k non-forfeiture limited benefit policies as of Q3 2024. | 2. Healthy policies do not include 86k non-forfeiture limited benefit policies as of Q3 2024.

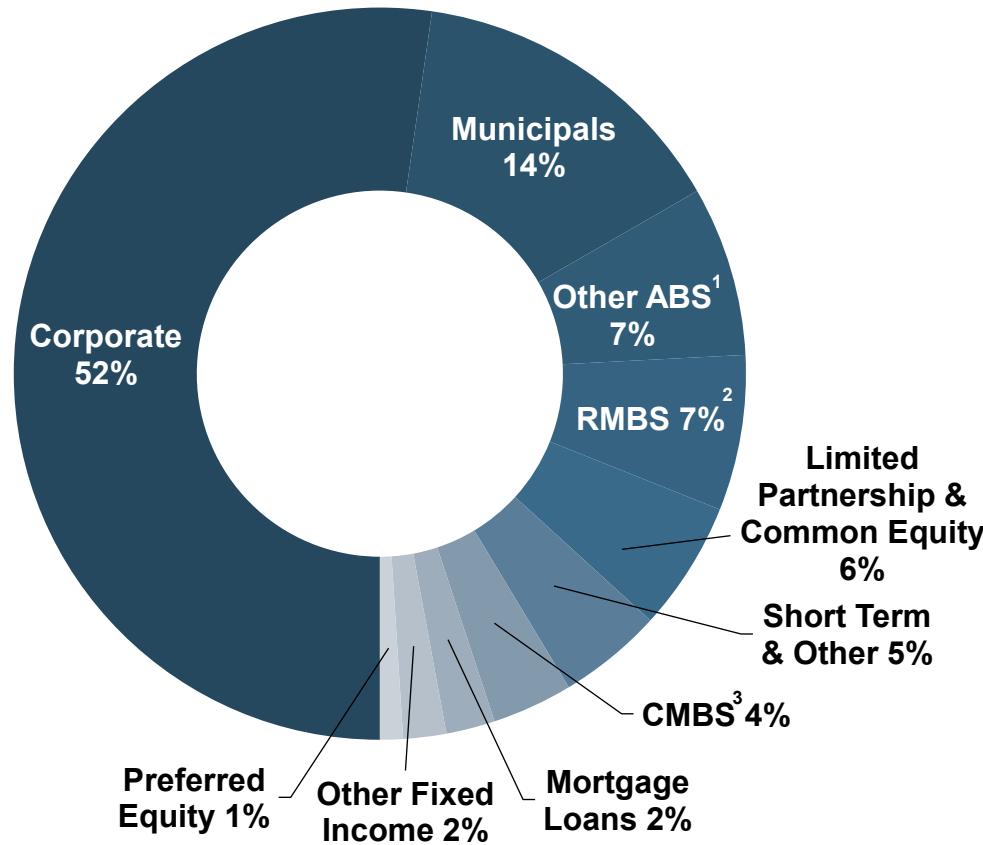
## Commentary

- De-risking of the more mature ILTC block with richer policy benefits is well underway; ILTC reserves have reached inflection point
- Less rich benefits and more appropriately priced Group block, with peak reserves expected to be significantly below ILTC peak reserves

## Total Inforce GLTC Policies<sup>2</sup> (In thousands)



# High-quality, Well Diversified and Liquid Investments



## Percentage of Total Fixed Maturity Securities by Rating

| US Gov. | AAA | AA  | A   | BBB | Non-IG |
|---------|-----|-----|-----|-----|--------|
| 7%      | 7%  | 16% | 25% | 41% | 4%     |

- \$47.5 billion in carrying value
- 88% of total invested assets are in fixed income securities
- High-quality portfolio with an average “A” credit rating
- Higher yields on fixed income securities continue to be a significant earnings tailwind
- Separate P&C and L&G investments portfolios to focus on duration management; L&G duration lengthened to 9.8 years at Q4 2024 from 8.9 years at Q1 2022, which reflects strategic repositioning to capitalize on higher rates and reduce reinvestment risk, and better matches duration of investment portfolio to liability duration
- Commercial real estate exposure primarily comprised of high quality, well diversified holdings in fixed income CMBS<sup>3</sup> and REITs<sup>4</sup>, as well as direct mortgage loans

Note: As of Q4 2024

1. Other asset-backed securities | 2. Residential mortgage-backed securities | 3. Commercial mortgage-backed securities. | 4. Real estate investment trusts

# Maintaining a Robust Balance Sheet and Consistent Value Creation for Shareholders

## Capital Management Philosophy

- Hold capital to withstand material stresses
- Growth opportunities (organic and inorganic) are assessed based on potential contribution and alignment to CNA's strategic objectives

## Financial Strength and Liquidity

- Consistent earnings have created a strong capital base
- Total capital excluding AOCI of \$15.5b as of December 31, 2024
  - GAAP equity of \$10.5b, or \$12.5b excluding AOCI
  - \$3.0b debt (next debt maturity of \$500m is due in March 2026)
  - 19.2% debt-to-capital ratio ex AOCI
- Well-balanced debt maturity profile
- Ample liquidity to meet obligations at both holding and operating company levels
- Resilient cash flow with a record-high \$2.6b of annual operating cash flow in 2024
- Additional liquidity through bank credit facility and FHLB membership

## Robust Financial Strength & Debt Ratings

| Rating Agency | Financial Strength | CNAF Senior Debt | Outlook  |
|---------------|--------------------|------------------|----------|
| S&P           | A+                 | A-               | Stable   |
| Moody's       | A2                 | Baa2             | Positive |
| Fitch         | A+                 | BBB+             | Stable   |
| AM Best       | A                  | bbb+             | Positive |

## Strong Track Record of Returning Capital to Shareholders

*Returned over \$7.8b to shareholders from 2016 through 2024*



# CNA Highlights

- ✓ Maintaining Top Quartile performance with an intense focus on our Vectors of Success
- ✓ Meaningfully improved underlying combined ratios have been sustained in each of our P&C segments
- ✓ Earnings power continues to growth with record high core income, operating cash flow and investment income achieved in 2024
- ✓ Significant reduction in LTC exposures and risk profile through active management
- ✓ Highly experienced management team
- ✓ High-quality, well diversified and liquid investment portfolio
- ✓ Financial strength driven by conservative capital structure, strong liquidity profile and solid regulatory capital
- ✓ Consistent value creation for shareholders

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## Forward Looking Statements

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## Non-GAAP Measures

This presentation contains financial measures that are not in accordance with accounting principles generally accepted in the United States of America (GAAP). Management utilizes these financial measures to monitor the Company's insurance operations and investment portfolio. The Company believes the presentation of these measures provides investors with a better understanding of the significant factors that comprise the Company's operating performance. Reconciliations of these measures to the most comparable GAAP measures can be found in the Appendix to this presentation. For additional information, please refer to CNA's filings with the Securities and Exchange Commission, available at [www.cna.com](http://www.cna.com).

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# APPENDIX

# Reconciliation of GAAP Measures to Non-GAAP Measures

## Components to reconcile the combined ratio and loss ratio to the underlying combined ratio and underlying loss ratio

The **underlying loss ratio** excludes the impact of catastrophe losses and development-related items from the loss ratio. The **underlying combined ratio** is the sum of the underlying loss ratio, the expense ratio and the dividend ratio. The underlying loss ratio and the underlying combined ratio are deemed to be non-GAAP financial measures, and management believes some investors may find these ratios useful to evaluate our underwriting performance since they remove the impact of catastrophe losses which are unpredictable as to timing and amount, and development-related items as they are not indicative of our current year underwriting performance.

### Property & Casualty

|   | Results for the Twelve Months<br>Ended December 31 |        |
|---|--|--------|
|   | 2024   | 2023   |
| Loss ratio  | 64.3 %   | 62.5 % |
| Less: Effect of catastrophe impacts                 | 3.6  | 2.6    |
| Less: Effect of favorable development-related items | (0.2)  | —      |
| Underlying loss ratio                               | 60.9 %   | 59.9 % |
|   |  |        |
| Combined ratio                                      | 94.9 %   | 93.5 % |
| Underlying combined ratio                           | 91.5 %   | 90.9 % |

# Reconciliation of GAAP Measures to Non-GAAP Measures

Components to reconcile the combined ratio and loss ratio to the underlying combined ratio and underlying loss ratio

## Specialty

|   | Results for the Twelve Months<br>Ended December 31 |        |
|---|--|--------|
|   | 2024   | 2023   |
| Loss ratio  | 59.5 %   | 58.2 % |
| Less: Effect of catastrophe impacts                 | —  | —      |
| Less: Effect of favorable development-related items | (0.3)  | (0.3)  |
| Underlying loss ratio                               | 59.8 %   | 58.5 % |
|   |  |        |
| Combined ratio                                      | 92.6 %   | 90.4 % |
| Underlying combined ratio                           | 92.9 %   | 90.7 % |

# Reconciliation of GAAP Measures to Non-GAAP Measures

Components to reconcile the combined ratio and loss ratio to the underlying combined ratio and underlying loss ratio

## Commercial

|   | Results for the Twelve Months<br>Ended December 31 |        |
|---|--|--------|
|   | 2024   | 2023   |
| Loss ratio  | 68.3 %   | 65.9 % |
| Less: Effect of catastrophe impacts                 | 6.2  | 4.5    |
| Less: Effect of favorable development-related items | (0.1)  | (0.1)  |
| Underlying loss ratio                               | 62.2 %   | 61.5 % |
|   |  |        |
| Combined ratio                                      | 96.7 %   | 96.0 % |
| Underlying combined ratio                           | 90.6 %   | 91.6 % |

# Reconciliation of GAAP Measures to Non-GAAP Measures

Components to reconcile the combined ratio and loss ratio to the underlying combined ratio and underlying loss ratio

## International

|   | Results for the Twelve Months<br>Ended December 31 |        |
|---|--|--------|
|   | 2024   | 2023   |
| Loss ratio  | 60.9 %   | 61.4 % |
| Less: Effect of catastrophe impacts                               | 3.2  | 2.5    |
| Less: Effect of (favorable) unfavorable development-related items | (0.4)  | 1.1    |
| Underlying loss ratio   | 58.1 %   | 57.8 % |
|   |  |        |
| Combined ratio  | 94.0 %   | 92.6 % |
| Underlying combined ratio   | 91.2 %   | 89.0 % |