The Hanover Insurance Group

Annual Meeting of Shareholders

May 11, 2021

The Hanover Insurance Group®

Agenda

- Competitive Position and Strategic Focus
- Recent Performance
- Our mission to be the premier P&C franchise

The Hanover Insurance Group®

2020 was a Year of Unprecedented Challenge



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Our Team Rose to the Occasion

- Strengthening our business
- Providing high-quality products and services
- Delivering value for our investors, agents and customers
- Making a difference in the communities we call home



The Hanover Insurance Group®

We are Prepared and Positioned to Succeed

- Strong financial foundation
- Proven and distinctive strategy
- Agile, responsive business model
- Broad and deep partnerships
- Experienced and committed team

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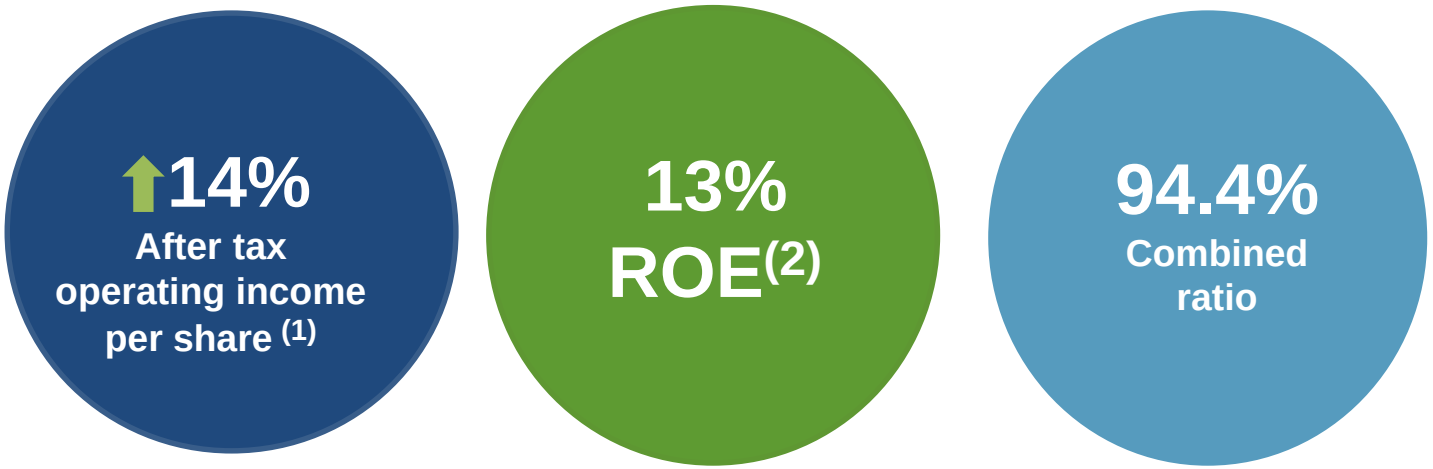
We Generated Strong 2020 Earnings and Returns ...



- Grew net premiums written in spite of challenging market conditions
- Achieved our cost management and efficiency targets
- Increased dividend for 15th consecutive year
- Repurchased 2.2 million shares of common stock

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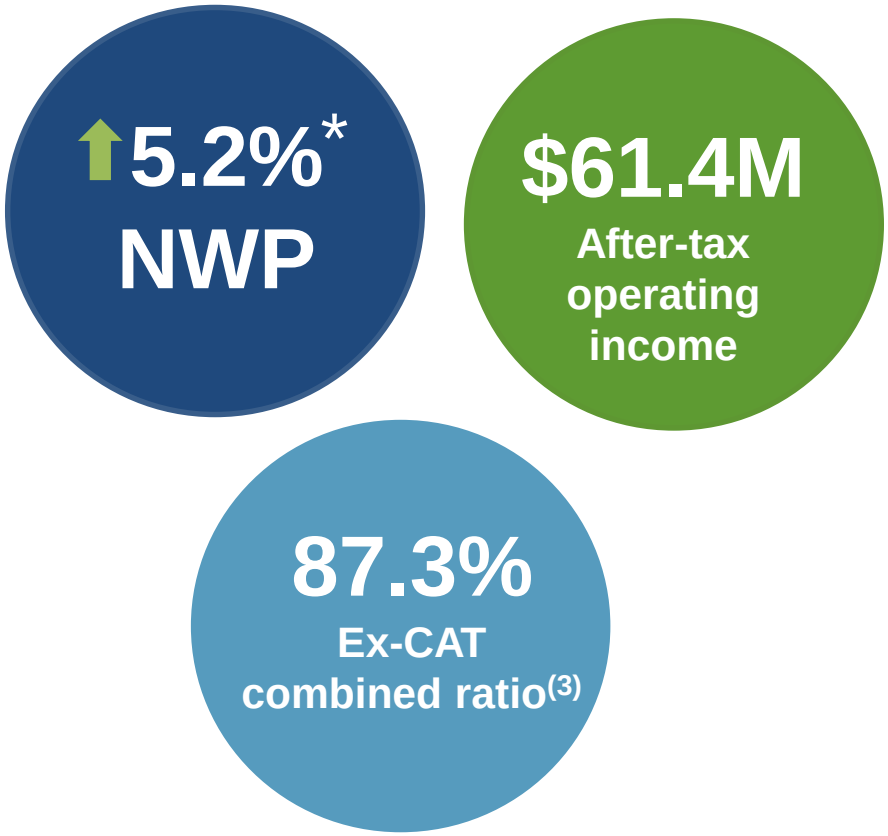
(1) See information about this and other non-GAAP measures and definitions used throughout this presentation on the final pages of the document

... Maintained Positive Momentum in Q1 ...



Strategic Progress:

- Strengthened agency relationships
- Enhanced product and service capabilities
- Doubled down on customer centric approach
- Invested in innovation, technology, data and analytics

*Unless otherwise stated, net premiums written growth and other growth comparisons are to the same period of the prior year

... While Advancing Our Mission and Strategy

To be the premier P&C franchise in the independent agency channel - delivering relevant and innovative risk management solutions to help agents transform the way customers value and experience our products and services.



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Our 2020 Performance Sets the Stage for Future Success



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Our Culture is a Distinct Competitive Advantage

Forbes 2021
AMERICA'S BEST MIDSIZE EMPLOYERS
POWERED BY STATISTA



HUMAN RIGHTS CAMPAIGN FOUNDATION
BEST PLACES TO WORK
2020 for LGBTQ Equality
100% CORPORATE EQUALITY INDEX™

CORPORATE SOCIAL RESPONSIBILITY

GLOBAL REPORTING INITIATIVE (GRI) INDEX

The Hanover is committed to openness in our environmental, social and governance policies and programs, and we are pleased to share our progress through our Global Reporting Initiative (GRI) Index.

Read now

RESPONSIBLE INVESTMENT POLICY

At The Hanover, we incorporate ESG factors in our decision-making as part of our fundamental investment research process. Learn more in our Responsible Investment Policy.

Read now

ENVIRONMENTAL

We are deeply committed to managing our business and our facilities in an environmentally responsible way. Through investments in green technology, energy efficiency and other programs, we conserve natural resources and reduce waste. As a property and casualty insurer, we appreciate the risk environmental catastrophes pose to our business and seek ways to capitalize on environmental opportunities.

SOCIAL

We are intently focused on making a difference where we live and work. As a dynamic and growing property and casualty insurance company, we offer an innovative and collaborative environment where employees can gain new experiences and grow their careers. Our company also supports a wide range of causes in our home communities, with a special emphasis on youth and education. We take pride in the development of our workforce and fostering an atmosphere where our employees can be involved corporate citizens.

GOVERNANCE

For more than 165 years, we have governed our actions with integrity. Our governance practices and code of conduct hold the entire organization accountable for honest, truthful business practices.

The Hanover Insurance Group®

We Look Forward with Confidence

- Prepared for the challenges ahead
- Aligned around a shared vision
- Determined to deliver superior value







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About The Hanover

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 through a select group of independent agents and brokers. Together with its agent partners, 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.*

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Forward-Looking Statements and Additional Risks and Uncertainties

Forward-Looking Statements

Certain statements in this document and comments made by management (or responses to questions) may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as, but not limited to, "believes," "anticipates," "expects," "may," "projects," "projections," "plan," "likely," "potential," "targeted," "forecasts," "should," "could," "continue," "outlook," "guidance," "modeling," "moving forward" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. The company cautions investors that any such forward-looking statements are estimates, beliefs, expectations and/or projections that involve significant judgement, and that historical results, trends and forward-looking statements are not guarantees and are not necessarily indicative of future performance. Actual results could differ materially from those anticipated.

These statements include, but are not limited to, the company's statements regarding:

- The company's outlook and its ability to achieve components or the sum of the respective period guidance on its future results of operations including: the combined ratio, excluding or including both prior-year reserve development and/or catastrophe losses; catastrophe losses; net investment income; growth of net premiums written and/or net premiums earned in total or by line of business; expense ratio; operating return on equity; and/or the effective tax rate;
- The impact of the COVID-19 outbreak and subsequent global pandemic ("Pandemic") and related economic conditions on the company's operating and financial results, including, but not limited to, the impact on the company's investment portfolio, declining claims frequency as a result of reduced economic activity, severity from higher cost of repairs due to, among other things, supply chain disruptions, declines in premium as a result of, among other things, credits or returns to the company's customers, lower submissions, changes in renewals and policy endorsements, public health guidance, and the impact of government orders and restrictions in the states and jurisdictions in which the company operates;
- Uses of capital for share repurchases, special or ordinary cash dividends, business investments or growth, or otherwise, and outstanding shares in future periods as a result of various share repurchase mechanisms, capital management framework, especially in the current environment, and overall comfort with capital levels;
- Variability of catastrophe losses due to risk concentrations, changes in weather patterns including climate change, wildfires, terrorism, civil unrest, riots or other events, as well as the complexity in estimating losses from large catastrophe events due to delayed 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;
- Current accident year losses and loss selections ("picks"), excluding catastrophes, and prior accident year loss reserve development patterns, particularly in complex "longer-tail" liability lines, as well as the inherent variability in short-tail property and non-catastrophe weather losses;
- The confidence or concern that the current level of reserves is adequate and/or sufficient for future claim payments, whether due to losses that have been incurred but not reported, circumstances that delay the reporting of losses, business complexity, adverse judgments or developments with respect to case reserves, the difficulties and uncertainties inherent in projecting future losses from historical data, changes in replacement and medical costs, as well as complexities related to the Pandemic, including legislative, regulatory or judicial actions that expand the intended scope of coverages, or other factors;
- Characterization of some business as being "more profitable" in light of inherent uncertainty of ultimate losses incurred, especially for "longer-tail" liability businesses;
- Efforts to manage expenses, including the company's long-term expense savings targets, while allocating capital to business investment, which is at management's discretion;
- Mix improvement, underwriting initiatives, coverage restrictions and pricing segmentation actions, among others, to grow businesses believed to be more profitable or reduce premiums attributable to products or lines of business believed to be less profitable; balance rate actions and retention; offset long-term and/or short-term loss trends due to increased frequency; increased "social inflation" from a more litigious environment and higher average cost of resolution, increased property replacement costs, and/or social movements;
- The ability to generate growth in targeted segments through new agency appointments; rate increases (as a result of its market position, agency relationships or otherwise), retention improvements or new business; expansion into new geographies; new product introductions; or otherwise; and
- Investment returns and the effect of macro-economic interest rate trends and overall security yields, including the macro-economic impact of the Pandemic and corresponding governmental initiatives taken in response, and geopolitical circumstances on new money yields and overall investment returns.

Additional Risks and Uncertainties (continued)

Additional Risks and Uncertainties

Investors are further cautioned and should consider the risks and uncertainties in the company's business that may affect such estimates and future performance that are discussed in the company's most recently filed reports on Form 10-K and Form 10-Q and other documents filed by The Hanover Insurance Group, Inc. with the Securities and Exchange Commission ("SEC") and that are also available at www.hanover.com under "Investors." These risks and uncertainties include, but are not limited to:

- The severity, duration and long-term impact related to the Pandemic, including, but not limited to, actual and possible government responses, legislative, regulatory and judicial actions, changes in frequency and severity of claims in both Commercial and Personal Lines, impacts to distributors (including agent partners), and the possibility of additional premium adjustments, including credits and returns, for the benefit of insureds;
- Changes in regulatory, legislative, economic, market and political conditions, particularly in response to COVID-19 and the Pandemic (such as legislative or regulatory actions that would retroactively require insurers to cover business interruption or other types of claims irrespective of terms, exclusions or other conditions included in the contractual terms of the policies that would otherwise preclude coverage, mandatory returns and other rate-related actions, as well as presumption legislation in regards to workers' compensation);
- Heightened investment market volatility, fluctuations in interest rates (which have a significant impact on the market value of the investment portfolio and thus book value), U.S. Federal Reserve actions, inflationary pressures, default rates, prolonged global market conditions and other factors that affect investment returns from the investment portfolio;
- Adverse claims experience, including those driven by large or increased frequency of catastrophe events (including those related to terrorism, riots and civil unrest), and severe weather;
- The uncertainty in estimating weather-related losses or the long-term impacts of the Pandemic, and the limitations and assumptions used to model other property and casualty losses (particularly with respect to products with longer-tail liability lines, such as casualty and bodily injury claims, or involving emerging issues related to losses incurred as the result of new lines of business, such as cyber or financial institutions coverage, or reinsurance contracts and reinsurance recoverables), leading to potential adverse development of loss and loss adjustment expense reserves;
- Litigation and the possibility of adverse judicial decisions, including those which expand policy coverage beyond its intended scope and/or award "bad faith" or other non-contractual damages, and the impact of "social inflation" affecting judicial awards and settlements;
- The ability to increase or maintain insurance rates in line with anticipated loss costs and/or governmental action, including mandates by state departments of insurance to either raise or lower rates or provide credits or return premium to insureds;
- 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, as well as credit and interest rate risk and general financial and economic conditions;
- Disruption of the independent agency channel, including the impact of competition and consolidation in the industry and among agents and brokers;
- Competition, particularly from competitors who have resource and capability advantages;
- The global macroeconomic environment, including actions taken in response to the Pandemic, inflation, global trade wars, energy market disruptions, equity price risk, and interest rate fluctuations, which, among other things, could result in reductions in market values of fixed maturities and other investments;
- Adverse state and federal regulation, legislative and/or regulatory actions (including recent significant revisions to Michigan's automobile personal injury protection system and related litigation, and various regulations, orders and proposed legislation related to business interruption and workers' compensation coverages, premium grace periods and returns, and rate actions);
- Financial ratings actions, in particular, downgrades to the company's ratings;
- Operational and technology risks and evolving technological and product innovation, including risks created by remote work environments, and the risk of cyber-security attacks or breaches on the company's systems or resulting in claim payments (including from products not intended to provide cyber coverage);
- Uncertainties in estimating indemnification liabilities recorded in conjunction with obligations undertaken in connection with the sale of various businesses and discontinued operations; and
- The ability to collect from reinsurers, reinsurance pricing, reinsurance terms and conditions, and the performance of the run-off voluntary property and casualty pools business (including those in the Other segment or in Discontinued operations).

Investors should not place undue reliance on forward-looking statements, which speak only as of the date they are made, and should understand the risks and uncertainties inherent in or particular to the company's business. The company does not undertake the responsibility to update or revise such forward-looking statements.

Non-GAAP Financial Measures

Non-GAAP Financial Measures

The discussion in this presentation includes reference to certain financial measures that are not derived from generally accepted accounting principles, or GAAP, such as operating income, operating income before interest expense and income taxes, operating income per share, and the combined ratio, excluding catastrophes and/or prior-year development. A reconciliation of non-GAAP measures to the closest GAAP measure are included in the end notes to this presentation. The definition of other financial measures and terms can be found in the 2020 Annual Report on pages 67-70.

Operating income and operating income per share are non-GAAP measures. They are defined as net income (loss) excluding the after-tax impact of net realized and unrealized investment gains (losses), gains and/or losses on the repayment of debt, other non-operating items, and results from discontinued operations. Net realized and unrealized investment gains (losses), which include changes in the fair value of equity securities still held, are excluded for purposes of presenting operating income, as they are, to a certain extent, determined by interest rates, financial markets and the timing of sales. Operating income also excludes net gains and losses from disposals of businesses, gains and losses related to the repayment of debt, costs to acquire businesses, restructuring costs, the cumulative effect of accounting changes and certain other items. Operating income is the sum of the segment income from: Commercial Lines, Personal Lines, and Other, after interest expense and income taxes. In reference to one of the company's three segments, "operating income" is the segment income before both interest expense and income taxes. The company also uses "operating income per share" (which is after both interest expense and income taxes). It is calculated by dividing operating income by the weighted average number of diluted shares of common stock. The company believes that metrics of operating income and operating income in relation to its three segments provide investors with a valuable measure of the performance of the company's continuing businesses because they highlight the portion of net income (loss) attributable to the core operations of the business. Income (loss) from continuing operations is the most directly comparable GAAP measure for operating income (and operating income before income taxes) and measures of operating income that exclude the effects of catastrophe losses and/or reserve development should not be misconstrued as substitutes for income (loss) from continuing operations or net income (loss) determined in accordance with GAAP. A reconciliation of operating income (loss) to income (loss) from continuing operations and net income (loss) for the relevant periods is included on page 16 of this presentation and in the Financial Supplement.

The company may also provide measures of operating income and combined ratios that exclude the impact of catastrophe losses (which in all respects include prior accident year catastrophe loss development). A catastrophe is a severe loss, resulting from natural or manmade events, including, but is not limited to, hurricanes, tornadoes, windstorms, earthquakes, hail, severe winter weather, freeze events, fire, explosions, civil unrest and terrorism. Due to the unique characteristics of each catastrophe loss, there is an inherent inability to reasonably estimate the timing or loss amount in advance. The company believes a separate discussion excluding the effects of catastrophe losses is meaningful to understand the underlying trends and variability of earnings, loss and combined ratio results, among others.

Prior accident year reserve development, which can either be favorable or unfavorable, represents changes in the company's estimate of costs related to claims from prior years. Calendar year loss and loss adjustment expense ("LAE") ratios determined in accordance with GAAP, excluding prior accident year reserve development, are sometimes referred to as "accident year loss ratios." The company believes a discussion of loss and combined ratios, excluding prior accident year reserve development, is helpful since it provides insight into both estimates of current accident year results and the accuracy of prior-year estimates.

The loss and combined ratios in accordance with GAAP are the most directly comparable GAAP measures for the loss and combined ratios calculated excluding the effects of catastrophe losses and/or reserve development. The presentation of loss and combined ratios calculated excluding the effects of catastrophe losses and/or reserve development should not be misconstrued as substitutes for the loss and/or combined ratios determined in accordance with GAAP.

Operating return on equity ("ROE") is a non-GAAP measure. See end note (2) for a detailed explanation of how this measure is calculated. Operating ROE is based on non-GAAP operating income. In addition, the portion of shareholder equity attributed to unrealized appreciation (depreciation) on fixed maturity investments, net of tax, is excluded. The company believes this measure is helpful in that it provides insight to the capital used by, and results of, the continuing business exclusive of interest expense, income taxes, and other non-operating items. These measures should not be misconstrued as substitutes for GAAP ROE, which is based on net income (loss) and shareholders' equity of the entire company and without adjustments.

End notes

(1) Operating income (loss) and operating income per diluted share are non-GAAP measures. See the disclosure on the use of non-GAAP measures throughout this presentation under the heading “Non-GAAP Financial Measures.” The following table provides the reconciliation of operating income (loss) and operating income per diluted share to the most directly comparable GAAP measures, income (loss) from continuing operations and income (loss) from continuing operations per diluted share, respectively, which are then reconciled to net income (loss) and net income (loss) per diluted share, respectively:

	Three months ended				Years ended			
	March 31, 2020		March 31, 2021		December 31, 2019		December 31, 2020	
(in millions, except per share data)	$ Amount	Per Share*	$ Amount	Per Share Diluted	$ Amount	Per Share Diluted	$ Amount	Per Share Diluted
OPERATING INCOME (LOSS)								
Commercial Lines	$54.6		$2.2		$300.1		$275.4	
Personal Lines	64.9		81.8		144.9		212.5	
Other	(2.4)		1.1		8.6		(3.2)	
Total	117.1		85.1		453.6		484.7	
Interest expense	(9.4)		(8.5)		(37.5)		(37.1)	
Operating income before income taxes	107.7	$2.77	76.6	$2.07	416.1	$10.24	447.6	$11.75
Income tax expense on operating income	(20.9)	(0.54)	(15.2)	(0.41)	(84.5)	(2.08)	(92.6)	(2.43)
Operating income after income taxes	86.8	2.23	61.4	1.66	331.6	8.16	355.0	9.32
Per share adjustment	-	0.04	-	-	-	-	-	-
Non-operating items:								
Net realized gains (losses) from sales and other	3.1	0.08	(1.6)	(0.04)	4.9	0.12	17.9	0.47
Net change in fair value of equity securities	(136.2)	(3.56)	39.1	1.06	106.5	2.62	13.4	0.35
Impairment losses on investments	(28.5)	(0.74)	-	-	(2.0)	(0.05)	(26.3)	(0.69)
Loss from repayment of borrowings	-	-	-	-	-	-	(6.2)	(0.16)
Other non-operating items	-	-	-	-	(3.4)	(0.08)	(1.6)	(0.05)
Income tax benefit (expense) on non-operating items	36.1	0.94	(6.1)	(0.16)	(8.6)	(0.21)	9.8	0.26
Income (loss) from continuing operations, net of taxes	(38.7)	(1.01)	92.8	2.52	429.0	10.56	362.0	9.50
Discontinued Operations (net of taxes):								
Sale of Chaucer business	-	-	-	-	(1.2)	(0.03)	-	-
Income from Chaucer business	-	-	-	-	1.6	0.04	0.4	0.01
Loss from discontinued life businesses	(1.3)	(0.03)	(0.1)	(0.01)	(4.3)	(0.11)	(3.7)	(0.09)
Net income (loss)	($40.0)	($1.04)	$92.7	$2.51	$425.1	$10.46	$358.7	$9.42
Dilutive weighted average shares outstanding		38.9		36.9		40.6		38.1
Basic weighted average shares outstanding		38.3		36.4		40.0		37.7

*Operating income per share metrics are calculated using diluted shares outstanding; prior year non-operating items, loss from continuing and discontinued operations and net loss per share metrics were calculated using basic shares outstanding due to antidilution

End notes continued

(2) Operating Return on Average Equity ("Operating ROE") is a non-GAAP measure. Operating ROE is calculated by dividing annualized operating income after taxes for the applicable period (see under the heading in this presentation "Non-GAAP Financial Measures" and end note (1)), by average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax, for the stated period (end note (4)). Please see end note (4) for a detailed reconciliation of adjusted shareholders' equity with and without net unrealized appreciation (depreciation) on fixed maturity investments, net of tax. Operating ROE should not be misconstrued as a substitute for GAAP ROE. See calculations in table below, including the calculation of net income ROE using net income, annualized, and average shareholders' equity without adjustments:

	Year ended December 31
Net Income ROE (non-GAAP)	2020
Net income (GAAP)	$358.7
Average shareholders' equity (GAAP) (end note (4))	3,016.3
Return on equity (non-GAAP)	11.9%
Operating Income ROE (non-GAAP)	
Operating income, net of tax	$355.0
Average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax, (end note (4))	2,701.6
Operating return on equity	13.1%

End notes continued

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

	Three months ended March 31, 2021
Total combined ratio (GAAP)	98.8%
Less: Catastrophe ratio	11.5%
Combined ratio, excluding catastrophe losses (non-GAAP)	87.3%

(4) Total shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax, is a non-GAAP measure. Total shareholders' equity is the most directly comparable GAAP measure and is reconciled in the table below. For the calculation of Operating ROE, the average of beginning and each included quarter's ending total shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax, is used for the period as shown and reconciled in the table below:

($ in millions)	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Total shareholders' equity (GAAP)	$2,916.2	$2,736.6	$3,071.7	$3,155.0	$3,202.2
Less: net unrealized appreciation (depreciation) on fixed maturity investments, net of tax	216.0	132.8	384.5	412.3	428.1
Total shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax	2,700.2	2,603.8	2,687.2	2,742.7	2,774.1
Average shareholders' equity (GAAP)					$3,016.3
Average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax					$2,701.6

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