**Table of Contents**

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, D.C. 20549**

# FORM 10-Q

**(Mark One)**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2009**

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number 1-13754**

# THE HANOVER INSURANCE GROUP, INC.

**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware** | **04-3263626** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |

**440 Lincoln Street, Worcester, Massachusetts 01653**

**(Address of principal executive offices) (Zip Code)**

**(508) 855-1000**

**(Registrant s telephone number, including area code)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer x | Accelerated filer ¨ |
| Non-accelerated filer ¨ (Do not check if a smaller reporting company) | Smaller reporting company ¨ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The number of shares outstanding of the registrant s common stock was 50,032,721 as of November 1, 2009.

**Table of Contents**

## TABLE OF CONTENTS

Table of Contents

## PART I - FINANCIAL INFORMATION

## ITEM 1 - FINANCIAL STATEMENTS

## THE HANOVER INSURANCE GROUP, INC.

## CONSOLIDATED STATEMENTS OF INCOME

| (In millions) | (Unaudited) Quarter Ended September 30, 2009 | 2008 | (Unaudited) Nine Months Ended September 30, 2009 | 2008 |
|---|---|---|---|---|
| REVENUES | | | | |
| Premiums | **$ 637.4** | $ 621.1 | **$ 1,899.4** | $ 1,858.1 |
| Net investment income | **62.1** | 65.5 | **188.3** | 193.9 |
| Net realized investment losses: | | | | |
| Total other-than-temporary impairment losses on securities | **(4.5)** | (53.1) | **(39.1)** | (66.7) |
| Portion of loss recognized in other comprehensive income | **(1.6)** | | **9.8** | |
| Net other-than-temporary impairment losses on securities recognized in earnings | **(6.1)** | (53.1) | **(29.3)** | (66.7) |
| Realized gains from sales and other | **6.1** | 0.3 | **19.6** | 6.0 |
| Total net realized investment losses | | (52.8) | **(9.7)** | (60.7) |
| Fees and other income | **9.0** | 8.3 | **25.8** | 25.7 |
| Total revenues | **708.5** | 642.1 | **2,103.8** | 2,017.0 |
| LOSSES AND EXPENSES | | | | |
| Losses and loss adjustment expenses | **403.0** | 474.2 | **1,225.1** | 1,239.7 |
| Policy acquisition expenses | **146.8** | 139.7 | **434.7** | 416.1 |
| Gain from retirement of corporate debt | **(0.2)** | | **(34.5)** | |
| Other operating expenses | **91.4** | 77.2 | **281.1** | 247.1 |
| Total losses and expenses | **641.0** | 691.1 | **1,906.4** | 1,902.9 |
| Income (loss) before federal income taxes | **67.5** | (49.0) | **197.4** | 114.1 |
| Federal income tax expense (benefit): | | | | |
| Current | **17.8** | (1.1) | **42.8** | 40.6 |
| Deferred | **1.1** | (4.4) | **22.7** | 11.8 |
| Total federal income tax expense (benefit) | **18.9** | (5.5) | **65.5** | 52.4 |
| Income (loss) from continuing operations | **48.6** | (43.5) | **131.9** | 61.7 |
| Discontinued operations (See Notes 3 and 4 ): | | | | |
| Gain (loss) from discontinued FAFLIC business (net of income tax benefit (expense) of $0.3 and $(1.7) for the quarters ended September 30, 2009 and 2008 and $0.3 and $(1.3) for the nine months ended September 30, 2009 and 2008), including loss on assets held-for-sale of $6.1 and $72.2 for the quarter and nine months ended September 30, 2008 | **0.4** | (21.7) | **6.3** | (92.9) |
| | **0.7** | | **(2.4)** | |

| | | | | |
|---|---|---|---|---|
| Gain (loss) from operations of discontinued accident and health business (net of income tax expense of $0.4 and $0.5 for the quarter and nine months ended September 30, 2009) | | | | |
| Income from operations of AMGRO (net of income tax benefit of $1.3 for the nine months ended September 30, 2008), including gain on disposal of $11.1 in 2008 | | | | 10.1 |
| Gain on disposal of variable life insurance and annuity business (net of income tax benefit of $2.6 and $3.0 for the quarter and nine months ended September 30, 2008) | | 2.7 | **4.1** | 8.1 |
| Other discontinued operations | | 0.7 | | (0.5) |
| Net income (loss) | **$ 49.7** | $ (61.8) | **$ 139.9** | $ (13.5) |

Table of Contents

**THE HANOVER INSURANCE GROUP, INC.**

**CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)**

| | (Unaudited) Quarter Ended September 30, 2009 | 2008 | (Unaudited) Nine Months Ended September 30, 2009 | 2008 |
|---|---|---|---|---|
| PER SHARE DATA | | | | |
| Basic | | | | |
| Income (loss) from continuing operations | **$ 0.96** | $ (0.85) | **$ 2.59** | $ 1.20 |
| Discontinued operations: | | | | |
| Gain (loss) from discontinued FAFLIC business (net of income tax benefit (expense) of $0.01 and $(0.03) for the quarters ended September 30, 2009 and 2008 and $0.01 and $(0.03) for the nine months ended September 30, 2009 and 2008), including loss on assets held-for-sale of $0.12 and $1.39 for the quarter and nine months ended September 30, 2008 | **0.01** | (0.42) | **0.12** | (1.81) |
| Gain (loss) from operations of discontinued accident and health business (net of income tax expense of $0.01 for the quarter and nine months ended September 30, 2009) | **0.01** | | **(0.04)** | |
| Income from operations of AMGRO (net of income tax benefit of $0.03 for the quarter and nine months ended September 30, 2008), including gain on disposal of $0.21 in 2008 | | | | 0.20 |
| Gain on disposal of variable life insurance and annuity business (net of income tax benefit of $0.05 and $0.06 for the quarter and nine months ended September 30, 2008) | | 0.05 | **0.08** | 0.16 |
| Other discontinued operations | | 0.01 | | (0.01) |
| Net income (loss) per share | **$ 0.98** | $ (1.21) | **$ 2.75** | $ (0.26) |
| Weighted average shares outstanding | **50.7** | 51.0 | **51.0** | 51.3 |
| Diluted | | | | |
| Income (loss) from continuing operations | **$ 0.95** | $ (0.85) | **$ 2.57** | $ 1.19 |
| Discontinued operations: | | | | |
| Gain (loss) from discontinued FAFLIC business (net of income tax benefit (expense) of $0.01 and $(0.03) for the quarters ended September 30, 2009 and 2008 and $0.01 and $(0.03) for the nine months ended September 30, 2009 and 2008), including loss on assets held-for-sale of $0.12 and $1.39 for the quarter and nine months ended September 30, 2008 | **0.01** | (0.42) | **0.12** | (1.80) |
| Gain (loss) from operations of discontinued accident and health business (net of income tax expense of $0.01 for the quarter and nine months ended September 30, 2009) | **0.01** | | **(0.05)** | |
| Income from operations of AMGRO (net of income tax benefit of $0.03 for the quarter and nine months ended September 30, 2008), including gain on disposal of $0.21 in 2008 | | | | 0.20 |
| Gain on disposal of variable life insurance and annuity business (net of income tax benefit of $0.05 and $0.06 for the quarter and nine months ended September 30, 2008) | | 0.05 | **0.08** | 0.16 |
| Other discontinued operations | | 0.01 | | (0.01) |
| Net income (loss) per share | **$ 0.97** | $ (1.21) | **$ 2.72** | $ (0.26) |
| Weighted average shares outstanding | **51.2** | 51.0 | **51.4** | 51.8 |

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

THE HANOVER INSURANCE GROUP, INC.

CONSOLIDATED BALANCE SHEETS

| (In millions, except per share data) | (Unaudited) September 30, 2009 | December 31, 2008 |
|---|---|---|
| ASSETS | | |
| Investments: | | |
| Fixed maturities, at fair value (amortized cost of $4,696.3 and $4,382.0 ) | **$ 4,805.1** | $ 4,140.9 |
| Equity securities, at fair value (cost of $109.8 and $97.6) | **122.0** | 76.2 |
| Mortgage loans | **20.4** | 31.1 |
| Other long-term investments | **16.7** | 18.4 |
| Total investments | **4,964.2** | 4,266.6 |
| Cash and cash equivalents | **233.2** | 397.7 |
| Accrued investment income | **53.4** | 52.3 |
| Premiums, accounts and notes receivable, net | **616.7** | 578.5 |
| Reinsurance receivable on paid and unpaid losses, benefits and unearned premiums | **1,111.3** | 1,129.6 |
| Deferred policy acquisition costs | **285.3** | 264.8 |
| Deferred federal income taxes | **216.4** | 285.6 |
| Goodwill | **170.0** | 169.9 |
| Other assets | **309.7** | 315.7 |
| Assets of discontinued operations | **128.4** | 1,769.5 |
| Total assets | **$ 8,088.6** | $ 9,230.2 |
| LIABILITIES | | |
| Policy liabilities and accruals: | | |
| Losses and loss adjustment expenses | **$ 3,084.8** | $ 3,201.3 |
| Unearned premiums | **1,322.6** | 1,246.3 |
| Contractholder deposit funds and other policy liabilities | **1.5** | 1.8 |
| Total policy liabilities and accruals | **4,408.9** | 4,449.4 |
| Expenses and taxes payable | **645.1** | 622.3 |
| Reinsurance premiums payable | **63.4** | 61.3 |
| Long-term debt | **433.8** | 531.4 |
| Liabilities of discontinued operations | **130.3** | 1,678.6 |
| Total liabilities | **5,681.5** | 7,343.0 |
| Commitments and contingencies (Note 14) | | |
| SHAREHOLDERS EQUITY | | |
| Preferred stock, $0.01 par value, 20.0 million shares authorized, none issued | | |
| Common stock, $0.01 par value, 300.0 million shares authorized, 60.5 million shares issued | **0.6** | 0.6 |
| Additional paid-in capital | **1,807.8** | 1,803.8 |
| Accumulated other comprehensive loss | **(10.8)** | (384.8) |
| Retained earnings | **1,121.4** | 949.8 |
| Treasury stock at cost (10.4 and 9.6 million shares) | **(511.9)** | (482.2) |

| | | |
|---|---|---|
| Total shareholders equity | **2,407.1** | 1,887.2 |
| Total liabilities and shareholders equity | **$ 8,088.6** | $ 9,230.2 |

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

**THE HANOVER INSURANCE GROUP, INC.**

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY**

| (In millions) | (Unaudited) Nine Months Ended September 30, 2009 | 2008 |
|---|---|---|
| Preferred Stock | | |
| Balance at beginning and end of period | **$** | $ |
| Common Stock | | |
| Balance at beginning and end of period | **0.6** | 0.6 |
| Additional Paid-In Capital | | |
| Balance at beginning of period | **1,803.8** | 1,822.6 |
| Tax benefit from stock options | | 0.6 |
| Employee and director stock-based awards | **4.0** | (21.7) |
| Balance at end of period | **1,807.8** | 1,801.5 |
| Accumulated Other Comprehensive Loss | | |
| Net Unrealized (Depreciation) Appreciation on available for sale securities and Derivative Instruments: | | |
| Balance at beginning of period | **(276.1)** | 5.5 |
| Cumulative effect of change in accounting principle | **(33.3)** | |
| Balance at beginning of period, as adjusted | **(309.4)** | 5.5 |
| Net appreciation (depreciation) during the period: | | |
| Net appreciation (depreciation) on available-for-sale securities and derivative instruments | **428.8** | (197.4) |
| (Provision) benefit for deferred federal income taxes | **(30.2)** | 2.2 |
| | **398.6** | (195.2) |
| Balance at end of period | **89.2** | (189.7) |
| Defined Benefit Pension and Postretirement Plans: | | |
| Balance at beginning of period | **(108.7)** | (25.9) |
| Amounts arising in the period | **(1.6)** | (0.8) |
| Amortization during the period: | | |
| Amount recognized as net periodic benefit cost | **14.9** | (2.7) |
| (Provision) benefit for deferred federal income taxes | **(4.6)** | 1.2 |
| | **8.7** | (2.3) |
| Balance at end of period | **(100.0)** | (28.2) |
| Total accumulated other comprehensive loss | **(10.8)** | (217.9) |
| Retained Earnings | | |

| | | |
|---|---|---|
| Balance at beginning of period | **949.8** | 946.9 |
| Cumulative effect of change in accounting principle | **33.3** | |
| Balance at beginning of period, as adjusted | **983.1** | 946.9 |
| Net income (loss) | **139.9** | (13.5) |
| Treasury stock issued for less than cost and other | **(4.1)** | (9.4) |
| Recognition of share-based compensation | **2.5** | 14.7 |
| Balance at end of period | **1,121.4** | 938.7 |
| Treasury Stock | | |
| Balance at beginning of period | **(482.2)** | (450.7) |
| Shares purchased at cost | **(36.2)** | (58.5) |
| Net shares reissued at cost under employee stock-based compensation plans | **6.5** | 26.4 |
| Balance at end of period | **(511.9)** | (482.8) |
| Total shareholders equity | **$ 2,407.1** | $ 2,040.1 |

The accompanying notes are an integral part of these consolidated financial statements.

**Table of Contents**

**THE HANOVER INSURANCE GROUP, INC.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

| | (Unaudited) Quarter Ended September 30, | | (Unaudited) Nine Months Ended September 30, | |
|---|---|---|---|---|
| **(In millions)** | **2009** | **2008** | **2009** | **2008** |
| Net income (loss) | **$ 49.7** | $ (61.8) | **$ 139.9** | $ (13.5) |
| Other comprehensive income (loss): | | | | |
| Available-for-sale securities: | | | | |
| Net appreciation (depreciation) during the period | **189.4** | (117.4) | **428.8** | (197.5) |
| (Provision) benefit for deferred federal income taxes | **(30.4)** | 0.1 | **(30.2)** | 2.2 |
| Total available-for-sale securities | **159.0** | (117.3) | **398.6** | (195.3) |
| Derivative instruments: | | | | |
| Net appreciation during the period | | 0.5 | | 0.1 |
| Provision for deferred federal income taxes | | (0.1) | | |
| Total derivative instruments | | 0.4 | | 0.1 |
| | **159.0** | (116.9) | **398.6** | (195.2) |
| Pension and postretirement benefits: | | | | |
| Amounts arising in the period | | | **(1.6)** | (0.8) |
| Amortization recognized as net periodic benefit costs: | | | | |
| Net actuarial loss | **6.8** | 0.7 | **20.4** | 2.2 |
| Prior service cost | **(1.5)** | (1.2) | **(4.3)** | (3.7) |
| Transition asset | **(0.4)** | (0.4) | **(1.2)** | (1.2) |
| Total amortization recognized as net periodic benefit costs | **4.9** | (0.9) | **14.9** | (2.7) |
| (Provision) benefit for deferred federal income taxes | **(1.7)** | 0.3 | **(4.6)** | 1.2 |
| Total pension and postretirement benefits | **3.2** | (0.6) | **8.7** | (2.3) |
| Other comprehensive income (loss) | **162.2** | (117.5) | **407.3** | (197.5) |
| Comprehensive income (loss) | **$ 211.9** | $ (179.3) | **$ 547.2** | $ (211.0) |

The accompanying notes are an integral part of these consolidated financial statements.

**Table of Contents**

**THE HANOVER INSURANCE GROUP, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| **(In millions)** | **(Unaudited) Nine Months Ended September 30, 2009** | **2008** |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | **$ 139.9** | $ (13.5) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Gain on disposal of variable life insurance and annuity business | **(4.1)** | (8.1) |
| (Gain) estimated loss from sale of FAFLIC | **(6.3)** | 72.2 |
| Gain on sale of AMGRO, Inc. | | (11.1) |
| Loss on sale from other discontinued operations | | 0.5 |
| Gain from retirement of corporate debt | **(34.5)** | |
| Net realized investment losses | **13.0** | 83.7 |
| Net amortization and depreciation | **9.0** | 14.1 |
| Stock-based compensation expense | **8.9** | 8.9 |
| Amortization of deferred benefit plan costs | **14.9** | (3.5) |
| Deferred federal income taxes | **22.7** | 33.3 |
| Change in deferred acquisition costs | **(20.4)** | (16.2) |
| Change in premiums and notes receivable, net of reinsurance premiums payable | **(35.1)** | 44.4 |
| Change in accrued investment income | **(1.2)** | (1.1) |
| Change in policy liabilities and accruals, net | **(36.5)** | (60.0) |
| Change in reinsurance receivable | **27.2** | 111.4 |
| Change in expenses and taxes payable | **(80.8)** | (102.9) |
| Other, net | **10.2** | 22.4 |
| Net cash provided by operating activities | **26.9** | 174.5 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposals and maturities of available-for-sale fixed maturities | **1,749.2** | 646.4 |
| Proceeds from disposals of equity securities and other investments | **1.4** | 7.9 |
| Proceeds from mortgages sold, matured or collected | **10.7** | 14.6 |
| Proceeds from collections of installment finance and notes receivable | | 192.2 |
| Proceeds from the sale of FAFLIC | **105.8** | |
| Cash transferred with sale of FAFLIC | **(108.1)** | |
| Net cash used to acquire Verlan Holdings, Inc | | (26.4) |
| Purchase of available-for-sale fixed maturities | **(2,078.4)** | (594.6) |
| Purchase of equity securities and other investments | **(31.0)** | (24.8) |
| Capital expenditures | **(6.6)** | (7.4) |
| Disbursements to fund installment finance and notes receivable | | (178.6) |
| Other investing items | **1.5** | 0.7 |
| Net cash (used in) provided by investing activities | **(355.5)** | 30.0 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Withdrawals from trust instruments supported by funding obligations | | (21.0) |
| Exercise of options | **1.6** | 7.9 |
| Change in collateral related to securities lending program | **75.8** | 8.5 |
| Proceeds from long-term debt borrowing | **125.0** | |
| Repurchase of long-term debt | **(125.9)** | |
| Treasury stock purchased at cost | **(36.1)** | (58.5) |
| Other financing activities | **0.1** | 0.1 |

| | | | |
|---|---|---|---|
| Net cash provided by (used in) financing activities | **40.5** | | (63.0) |
| Net change in cash and cash equivalents | **(288.1)** | | 141.5 |
| Net change in cash related to discontinued operations | **123.6** | | (37.8) |
| Cash and cash equivalents, beginning of period | **397.7** | | 210.6 |
| Cash and cash equivalents, end of period | **$ 233.2** | | $ 314.3 |

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

**THE HANOVER INSURANCE GROUP, INC.**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**1. Basis of Presentation and Principles of Consolidation**

The accompanying unaudited consolidated financial statements of The Hanover Insurance Group, Inc. ( THG or the Company ) have been prepared in accordance with generally accepted accounting principles for interim financial information and with the requirements of Form 10-Q.

The interim consolidated financial statements of THG include the accounts of The Hanover Insurance Company ( Hanover Insurance ), and Citizens Insurance Company of America ( Citizens ), THG s principal property and casualty companies; and certain other insurance and non-insurance subsidiaries. These legal entities conduct their operations through several business segments discussed in Note 11. All significant intercompany accounts and transactions have been eliminated. The Company s results of operations also included the results of First Allmerica Financial Life Insurance Company ( FAFLIC ) through December 31, 2008. On January 2, 2009, the Company sold FAFLIC to Commonwealth Annuity and Life Insurance Company ( Commonwealth Annuity ) a subsidiary of the Goldman Sachs Group, Inc. ( Goldman Sachs ). Accordingly, the FAFLIC business was classified as a discontinued operation in accordance with ASC 205, *Presentation of Financial Statements - Discontinued Operations* ( ASC 205 ) (formerly included under Statement of Financial Accounting Standards No. 144 *Accounting for the Impairment or Disposal of Long-Lived Assets* ( Statement No. 144 )) and prior periods in the consolidated Statements of Income have been reclassified to conform to this presentation. Additionally, as of December 31, 2008, a portion of FAFLIC s accounts were classified as assets and liabilities of discontinued operations in the consolidated Balance Sheets (See Note 3 Discontinued Operations of FAFLIC Business).

The accompanying interim consolidated financial statements reflect, in the opinion of the Company s management, all adjustments necessary for a fair presentation of the financial position and results of operations. The results of operations for the nine months ended September 30, 2009 are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the Company s 2008 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Certain prior year amounts have been reclassified to conform to current year presentation.

**2. New Accounting Pronouncements**

***Recently Implemented Standards***

ASC 105, *Generally Accepted Accounting Principles* ( ASC 105 ) (formerly Statement of Financial Accounting Standards No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162*) reorganized by topic existing accounting and reporting guidance issued by the Financial Accounting Standards Board ( FASB ) into a single source of authoritative generally accepted accounting principles ( GAAP ) to be applied by nongovernmental entities. All guidance contained in the Accounting Standards Codification ( ASC ) carries an equal level of authority. Rules and interpretive releases of the Securities and Exchange Commission ( SEC ) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. Accordingly, all other accounting literature will be deemed non-authoritative . ASC 105 is effective on a prospective basis for financial statements issued for interim and annual periods ending after September 15, 2009. The Company has implemented the guidance included in ASC 105 as of July 1, 2009. The implementation of this guidance changed the Company s references to GAAP authoritative guidance but did not impact the Company s financial position or results of operations.

ASC 855, *Subsequent Events* ( ASC 855 ) (formerly Statement of Financial Accounting Standards No. 165, *Subsequent Events*) includes guidance that was issued by the FASB in May 2009, and is consistent with current auditing standards in defining a subsequent event. Additionally, the guidance provides for disclosure regarding the existence and timing of a company s evaluation of its subsequent events. ASC 855 defines two types of subsequent events, recognized and non-recognized . Recognized subsequent events provide additional evidence

**THE HANOVER INSURANCE GROUP, INC.**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

about conditions that existed at the date of the balance sheet and are required to be reflected in the financial statements. Non-recognized subsequent events provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date and, therefore; are not required to be reflected in the financial statements. However, certain non-recognized subsequent events may require disclosure to prevent the financial statements from being misleading. This guidance was effective prospectively for interim or annual financial periods ending after June 15, 2009. The Company implemented the guidance included in ASC 855 as of April 1, 2009. The effect of implementing this guidance was not material to the Company s financial position or results of operations.

ASC 944, *Financial Services Insurance* ( ASC 944 ) contains guidance that was previously issued by the FASB in May 2008 as Statement of Financial Accounting Standards No. 163, *Accounting for Financial Guarantee Insurance Contracts an interpretation of FASB Statement No. 60* that provides for changes to both the recognition and measurement of premium revenues and claim liabilities for financial guarantee insurance contracts that do not qualify as a derivative instrument in accordance with ASC 815, *Derivatives and Hedging* (formerly included under Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities)*. This financial guarantee insurance contract guidance also expands the disclosure requirements related to these contracts to include such items as a company s method of tracking insured financial obligations with credit deterioration, financial information about the insured financial obligations, and management s policies for placing and monitoring the insured financial obligations. ASC 944, as it relates to financial guarantee insurance contracts, was effective for fiscal years beginning after December 15, 2008, except for certain disclosures related to the insured financial obligations, which were effective for the third quarter of 2008. The Company does not have financial guarantee insurance products, and, accordingly, the implementation of this portion of ASC 944 did not have an effect on the Company s results of operations or financial position.

ASC 805, *Business Combinations* ( ASC 805 ) (formerly included under Statement of Financial Accounting Standards No. 141 (revised 2007), *Business Combinations*) contains guidance that was issued by the FASB in December 2007. It requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in a transaction at the acquisition-date fair value, with certain exceptions. Additionally, the guidance requires changes to the accounting treatment of acquisition related items, including, among other items, transaction costs, contingent consideration, restructuring costs, indemnification assets and tax benefits. ASC 805 also provides for a substantial number of new disclosure requirements. ASC 805 also contains guidance that was formerly issued as FSP FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* which was intended to provide additional guidance clarifying application issues regarding initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. ASC 805 was effective for business combinations initiated on or after the first annual reporting period beginning after December 15, 2008. The Company implemented this guidance effective January 1, 2009. Implementing this guidance did not have an effect on the Company s financial position or results of operations; however it will likely have an impact on the Company s accounting for future business combinations, but the effect is dependent upon acquisitions, if any, that are made in the future.

ASC 810, *Consolidation* ( ASC 810 ) includes new guidance issued by the FASB in December 2007 governing the accounting for and reporting of noncontrolling interests (previously referred to as minority interests). This guidance established reporting requirements which include, among other things, that noncontrolling interests be reflected as a separate component of equity, not as a liability. It also requires that the interests of the parent and the noncontrolling interest be clearly identifiable. Additionally, increases and decreases in a parent s ownership interest that leave control intact shall be reflected as equity transactions, rather than step acquisitions or dilution gains or losses. This guidance also requires changes to the presentation of information in the financial statements and provides for additional disclosure requirements. ASC 810 was effective for fiscal years beginning on or after December 15, 2008. The Company implemented this guidance as of January 1, 2009. The effect of implementing this guidance was not material to the Company s financial position or results of operations.

ASC 825, *Financial Instruments* ( ASC 825 ) includes guidance which was issued in February 2007 by the FASB and was previously included under Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115*. The related sections within ASC 825 permit a company to choose, at specified election dates, to measure at fair value certain eligible financial assets and liabilities that are not currently required to be measured at fair value. The specified election dates include, but are not limited to, the date when an entity first recognizes the item, when an entity enters into a firm commitment or when changes in the financial instrument causes it to no longer qualify for fair value accounting under a different accounting standard. An entity may elect the fair value option for eligible items that exist at the effective date. At that date, the difference between the carrying amounts and the fair values of eligible items for which the fair value option is elected should be recognized as a cumulative effect adjustment to the opening balance of retained earnings. The fair value option may be elected for each entire financial instrument, but need not be applied to all similar instruments. Once the fair value option has been

THE HANOVER INSURANCE GROUP, INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

elected, it is irrevocable. Unrealized gains and losses on items for which the fair value option has been elected will be reported in earnings. This guidance was effective as of the beginning of fiscal years that began after November 15, 2007. The Company did not elect to implement the fair value option for eligible financial assets and liabilities as of January 1, 2008.

ASC 820, *Fair Value Measurements and Disclosures* ( ASC 820 ) (formerly included under Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*) includes guidance that was issued by the FASB in September 2006 that created a common definition of fair value to be used throughout generally accepted accounting principles. ASC 820 applies whenever other standards require or permit assets or liabilities to be measured at fair value, with certain exceptions. This guidance established a hierarchy for determining fair value which emphasizes the use of observable market data whenever available. It also required expanded disclosures which include the extent to which assets and liabilities are measured at fair value, the methods and assumptions used to measure fair value and the effect of fair value measures on earnings. ASC 820 also provides additional guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased. The emphasis of ASC 820 is that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants, under current market conditions. ASC 820 also further clarifies the guidance to be considered when determining whether or not a transaction is orderly and clarifies the valuation of securities in markets that are not active. This guidance includes information related to a company s use of judgment, in addition to market information, in certain circumstances to value assets which have inactive markets.

Fair value guidance in ASC 820 was initially effective for fiscal years beginning after November 15, 2007 and for interim periods within those fiscal years for financial assets and liabilities. The effective date of ASC 820 for all non-recurring fair value measurements of nonfinancial assets and nonfinancial liabilities was fiscal years beginning after November 15, 2008. Guidance related to fair value measurements in an inactive market was effective in October 2008 and guidance related to orderly transactions under current market conditions was effective for interim and annual reporting periods ending after June 15, 2009.

The Company applied the provisions of ASC 820 to its financial assets and liabilities upon adoption at January 1, 2008 and adopted the remaining provisions relating to certain nonfinancial assets and liabilities on January 1, 2009. The difference between the carrying amounts and fair values of those financial instruments held upon initial adoption, on January 1, 2008, was recognized as a cumulative effect adjustment to the opening balance of retained earnings and was not material to the Company s financial position or results of operations. The Company implemented the guidance related to orderly transactions under current market conditions as of April 1, 2009, which also was not material to the Company s financial position or results of operations. See further disclosure in Note 6 Fair Value.

***Recently Issued Standards***

In August 2009, the FASB issued ASC Update No. 2009-05, *Fair Value Measurements and Disclosures (Topic 820): Measuring Liabilities at Fair Value* ( ASC Update No. 2009-05 ). This update amends ASC 820, *Fair Value Measurements and Disclosures* and provides further guidance on measuring the fair value of a liability. The guidance establishes the types of valuation techniques to be used to value a liability when a quoted market price in an active market for the identical liability is not available, such as the use of an identical or similar liability when traded as an asset. The guidance also further clarifies that a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are both Level 1 fair value measurements. If adjustments are required to be applied to the quoted price, it results in a level 2 or 3 fair value measurement. The guidance provided in the update is effective for the first reporting period (including interim periods) beginning after issuance. The Company does not expect that the implementation of ASC Update No. 2009-05 will have a material effect on its financial position or results of operations.

In September 2009, the FASB issued ASC Update No. 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)* ( ASC Update No. 2009-12 ). This update sets forth guidance on using the net asset value per share provided by an investee to estimate the fair value of an alternative investment. Specifically, the update permits a reporting entity to measure the fair value of this type of investment on the basis of the net asset value per share of the investment (or its equivalent) if all or substantially all of the underlying investments used in the calculation of the net asset value is consistent with ASC 820. The update also requires additional disclosures by each major category of investment, including, but not limited to, fair value of underlying investments in the major category, significant investment strategies, redemption restrictions, and unfunded commitments related to investments in the major category. The amendments in this update are effective for interim and annual periods ending after December 15, 2009 with early application permitted. The Company does not expect that the implementation of ASC Update No. 2009-12 will have a material effect on its financial position or results of operations.

**THE HANOVER INSURANCE GROUP, INC.**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In June 2009, FASB issued Statement of Financial Accounting Standards No. 167, *Amendments to FASB Interpretation No. 46(R)* ( Statement No. 167 ). Statement No. 167 amends FASB Interpretation No. 46R, *Consolidation of Variable Interest Entities an interpretation of ARB No. 51* ( FIN 46R ) to require an analysis to determine whether a company has a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has a) the power to direct the activities of a variable interest entity that most significantly impact the entity s economic performance and b) the obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. The statement requires an ongoing assessment of whether a company is the primary beneficiary of a variable interest entity when the holders of the entity, as a group, lose power, through voting or similar rights, to direct the actions that most significantly affect the entity s economic performance. This statement also enhances disclosures about a company s involvement in variable interest entities. Statement No. 167 is effective as of the beginning of the first annual reporting period that begins after November 15, 2009. Although Statement No. 167 has not been incorporated into the Codification, in accordance with ASC 105, the standard shall remain authoritative until it is integrated. The Company does not expect the adoption of Statement No. 167 to have a material impact on its financial position or results of operations.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 166, *Accounting for Transfers of Financial Assets an amendment of FASB Statement No. 140* ( Statement No. 166 ). Statement No. 166 revises FASB Statement of Financial Accounting Standards No. 140, *Accounting for Transfers and Extinguishment of Liabilities a replacement of FASB Statement 125* ( Statement No. 140 ) and requires additional disclosures about transfers of financial assets, including securitization transactions, and any continuing exposure to the risks related to transferred financial assets. It also eliminates the concept of a qualifying special-purpose entity , changes the requirements for derecognizing financial assets, and enhances disclosure requirements. Statement No. 166 is effective prospectively, for annual periods beginning after November 15, 2009, and interim and annual periods thereafter. Although Statement No. 166 has not been incorporated into the Codification, in accordance with ASC 105, the standard shall remain authoritative until it is integrated. The Company does not expect the adoption of Statement No. 166 will have a material impact on its financial position or results of operations.

**3. Discontinued Operations of FAFLIC Business**

On January 2, 2009, THG sold its remaining life insurance subsidiary, FAFLIC, to Commonwealth Annuity, a subsidiary of Goldman Sachs. Approval was obtained from the Massachusetts Division of Insurance for a pre-close dividend from FAFLIC consisting of designated assets with a statutory book value of approximately $130 million. Total proceeds from the sale, including the dividend, were approximately $230 million, net of transaction costs. Additionally, coincident with the sale transaction, Hanover Insurance and FAFLIC entered into a reinsurance contract whereby Hanover Insurance assumed FAFLIC s discontinued accident and health insurance business. THG has also indemnified Commonwealth Annuity for certain litigation, regulatory matters and other liabilities related to the pre-closing activities of the business transferred.

The Company accounted for the disposal of its FAFLIC business as a discontinued operation in accordance with ASC 205. For the year ended December 31, 2008, the Company recognized a $77.3 million loss associated with the sale transaction.

The following table summarizes the results for this discontinued business for the periods indicated:

| | (Unaudited) Quarter Ended September 30, | | (Unaudited) Nine Months Ended September 30, | |
|---|---|---|---|---|
| **(In millions)** | **2009** | **2008** | **2009** | **2008** |
| Gain (loss) from discontinued FAFLIC business, net of taxes | **$ 0.4** | $ (21.7) | **$ 6.3** | $ (92.9) |

For the quarter ended September 30, 2009, the Company recognized income from discontinued operations of $0.4 million, primarily resulting from a tax adjustment relating to the FAFLIC operations in prior tax years. Net losses of $21.7 million in the third quarter of 2008 include net realized investment losses of $15.6 million, primarily resulting from other-than-temporary impairments, principally in the financial services sector. Additionally, the Company recognized an increase to the preliminary estimate of loss associated with the sale transaction of $6.1 million. Total revenues associated with the FAFLIC business in the third quarter of 2008 were $4.7 million. This business also generated a loss before taxes of $13.9 million during that period.

Table of Contents

**THE HANOVER INSURANCE GROUP, INC.**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

For the nine months ended September 30, 2009, the Company recognized income from discontinued operations of $6.3 million, primarily resulting from a change in the Company s estimate of indemnification liabilities related to the sale, the release of sale-related accruals and the aforementioned tax adjustment. Net losses of $92.9 million in the first nine months of 2008 primarily reflect the Company s preliminary estimate of the loss associated with the sale transaction and net realized investment losses of $23.0 million, primarily resulting from the aforementioned other-than-temporary impairments and losses associated with the sale of fixed maturities. These losses were partially offset by favorable results, primarily attributable to both the traditional and group retirement lines of business. Total revenues associated with the FAFLIC business in the first nine months of 2008 were $44.6 million. This business also generated a loss before taxes of $19.4 million during that period.

In connection with the sales transaction, the Company agreed to indemnify Commonwealth Annuity for certain legal, regulatory and other matters that existed as of the sale. Accordingly, the Company established a gross liability in accordance with ASC 460, *Guarantees* ( ASC 460 ) (formerly FASB Interpretation No. 45, *Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*) of $9.9 million. As of September 30, 2009, the Company s total gross liability related to these guarantees was $1.9 million. The Company regularly reviews and updates this liability for legal and regulatory matter indemnities. Although the Company believes its current estimate for this liability is appropriate, there can be no assurance that these estimates will not materially increase in the future. Adjustments to this reserve are recorded in the results of the Company in the period in which they are determined.

Included in Assets of discontinued operations as of December 31, 2008 were $1,710.4 million of assets that were included in the sale of FAFLIC. Included in Liabilities of discontinued operations as of December 31, 2008 were $1,627.6 million of liabilities that were included in the sale of FAFLIC. In accordance with ASC 205, the following table details the major assets and liabilities reflected in these captions.

| **(In millions)** | **December 31, 2008** |
|---|---|
| Assets: | |
| Cash and investments | $ 1,182.2 |
| Reinsurance recoverable | 241.5 |
| Separate account assets | 263.4 |
| Other assets | 49.3 |
| Valuation allowance | (26.0) |
| Total assets | $ 1,710.4 |
| Liabilities: | |
| Policy liabilities | $ 1,305.6 |
| Separate account liabilities | 263.4 |
| Trust instruments supported by funding obligations | 15.0 |
| Other liabilities | 43.6 |
| Total liabilities | $ 1,627.6 |

**4. Other Significant Transactions**

On September 25, 2009, Hanover Insurance received an advance of $125 million through its membership in the Federal Home Loan Bank of Boston ( FHLBB ) as part of a collateralized borrowing program. This advance bears interest at a fixed rate of 5.50% per annum over a twenty-year term. As collateral to FHLBB, Hanover Insurance has pledged government agency securities with a fair value of $142.8 million as of September 30, 2009. The fair value of the collateral pledged must be maintained at certain specified levels of the borrowed amount, which can vary depending on the type of assets pledged. If the fair value of this collateral declines below these specified levels, Hanover Insurance would be required to pledge additional collateral or repay outstanding borrowings. Hanover Insurance is permitted to voluntarily repay the outstanding borrowings at any time, subject to a repayment fee. As a requirement of membership in the FHLBB, Hanover Insurance acquired $2.5 million of

FHLBB stock, and as a condition to participating in the FHLBB s collateralized borrowing program, it was required to purchase additional shares of FHLBB stock in an amount equal to 4.5% of its outstanding borrowings; such purchases have totaled $5.6 million through September 30, 2009. The proceeds from the borrowing were used by Hanover Insurance to acquire AIX Holding, Inc. ( AIX ) and its subsidiaries from the holding company.

**THE HANOVER INSURANCE GROUP, INC.**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

On September 24, 2009, the Company s Board of Directors authorized a $100 million increase to its existing common stock repurchase program. The Board of Directors, on October 16, 2007, had initially authorized the repurchase of up to $100 million of common stock. As a result of the increase, the program now provides for aggregate repurchases of up to $200 million. Under the repurchase authorization, the Company may repurchase its common stock from time to time, in amounts and prices and at such times as we deem appropriate, subject to market conditions and other considerations. The Company s repurchases may be executed using open market purchases, privately negotiated transactions, accelerated repurchase programs or other transactions. The Company is not required to purchase any specific number of shares or to make purchases by any certain date under this program. In the first nine months of 2009, the Company purchased 0.9 million shares at a cost of $36.1 million. Total repurchases under this program as of September 30, 2009 were 2.3 million shares at a cost of $96.3 million.

The Company liquidated AFC Capital Trust I (the Trust ) on July 30, 2009. Each holder of 8.207% Series B Capital Securities ( Capital Securities ) as of that date received a principal amount of the Company s Series B 8.207% Junior Subordinated Deferrable Interest Debentures ( Junior Debentures ) due February 3, 2027 equal to the liquidation amount of the Capital Securities held by such holder. The liquidation of the Trust did not have a material effect on the Company s results of operations or financial position.

On June 29, 2009, prior to liquidating the Trust, the Company completed a cash tender offer to repurchase a portion of its Capital Securities that were issued by the Trust and a portion of its 7.625% Senior Debentures ( Senior Debentures ) due in 2025 that were issued by THG. As of that date, $69.3 million of Capital Securities were tendered at a price equal to $800 per $1,000 of face value. In addition, the Company accepted for tender a principal amount of $77.3 million of Senior Debentures. Depending on the time of tender, holders of the Senior Debentures accepted for purchase received a price of either $870 or $900 per $1,000 of face value. Separately, the Company held $65.0 million of Capital Securities previously repurchased at a discount in the open market prior to the tender offer. In addition, during the third quarter of 2009, the Company repurchased an additional $1.1 million of Senior Debentures. Including securities repurchased through the tender offer, and before and subsequent to the tender offer, the Company recognized a pre-tax gain of $0.2 million and $34.5 million in the quarter and nine months ended September 30, 2009. The most significant portion of the gain was recognized in the second quarter of 2009 due to the consolidation of the Trust as of June 30, 2009. The Company assessed the remaining risks of the Trust at June 30, 2009, taking into consideration the then pending liquidation and determined that the previously unconsolidated Trust should be consolidated in accordance with ASC 810, *Consolidation* (formerly FASB Interpretation No. 46(R)- *Consolidation of Variable Interest Entities an Interpretation of ARB No. 51*). As of September 30, 2009, a principal amount of $165.7 million of Junior Debentures and $121.6 million of Senior Debentures not held by the Company remained outstanding.

On November 28, 2008, the Company acquired AIX for approximately $100 million, subject to various terms and conditions. AIX is a specialty property and casualty insurer that underwrites and manages program business.

On June 2, 2008, the Company completed the sale of its premium financing subsidiary, AMGRO, Inc., to Premium Financing Specialists, Inc. The Company recorded a gain of $11.1 million related to this sale, which was reflected in the Consolidated Statement of Income as part of Discontinued Operations in the second quarter of 2008.

On March 14, 2008, the Company acquired all of the outstanding shares of Verlan Holdings, Inc. ( Verlan ) for $29.0 million. Verlan, now referred to as Hanover Specialty Property, is a specialty company providing property insurance to small and medium-sized manufacturing and distribution companies that are highly protected fire risks.

On December 30, 2005, the Company sold its variable life insurance and annuity business to Goldman Sachs, including the reinsurance of 100% of the variable business of FAFLIC. THG agreed to indemnify Goldman Sachs for certain litigation, regulatory matters and other liabilities related to the pre-closing activities of the business that was sold. The Company accounted for the disposal as a discontinued operation in accordance with ASC 205, *Presentation of Financial Statements Discontinued Operations* (formerly referred to as Statement No. 144). In the first nine months of 2008, the Company recognized a benefit of $8.1 million, including $5.8 million resulting from the release of liabilities associated with the estimated liabilities for certain contractual indemnities to Goldman Sachs recorded in accordance with ASC 460 *Guarantees* (formerly FASB Interpretation No. 45), and a $2.6 million benefit resulting from a settlement with the IRS related to tax years 1995 through 2001. The $4.1 million gain in the first nine months of 2009 also related to a change in the Company s estimate of indemnification liabilities.

**5. Investments**

***A. Fixed maturities and equity securities***

The Company accounts for its investments in fixed maturities and equity securities, which are classified as available-for-sale, in accordance with ASC 320, *Investments Debt and Equity Securities ( ASC 320 ),* formerly included under FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities* ( Statement No. 115 ).

**THE HANOVER INSURANCE GROUP, INC.**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The amortized cost and fair value of available-for-sale fixed maturities and equity securities were as follows:

| (In millions) | (Unaudited) September 30, 2009 | | | | |
|---|---|---|---|---|---|
| | | | Gross Unrealized Losses | | |
| | Amortized Cost (1) | Gross Unrealized Gains | Unrealized Losses | OTTI Unrealized Losses (2) | Fair Value |
| U.S. Treasury securities and U.S. government and agency securities | **$ 385.8** | **$ 4.7** | **$ 1.9** | **$** | **$ 388.6** |
| States and political subdivisions | **836.0** | **23.8** | **12.8** | **2.9** | **844.1** |
| Foreign governments | **2.9** | | | | **2.9** |
| Corporate fixed maturities | **2,324.5** | **147.1** | **37.3** | **32.7** | **2,401.6** |
| Residential mortgage-backed securities | **922.1** | **34.3** | **9.6** | **8.4** | **938.4** |
| Commercial mortgage-backed securities | **336.7** | **13.4** | **12.3** | | **337.8** |
| Total fixed maturities, including assets of discontinued operations | **4,808.0** | **223.3** | **73.9** | **44.0** | **4,913.4** |
| Less: fixed maturities of discontinued operations | **(111.7)** | **(7.7)** | **(4.2)** | **(6.9)** | **(108.3)** |
| Total fixed maturities, excluding discontinued operations | **$ 4,696.3** | **$ 215.6** | **$ 69.7** | **$ 37.1** | **$ 4,805.1** |
| Equity securities, excluding discontinued operations | **$ 109.8** | **$ 12.3** | **$ 0.1** | **$** | **$ 122.0** |

| (In millions) | December 31, 2008 | | | | |
|---|---|---|---|---|---|
| | | | Gross Unrealized Losses | | |
| | Amortized Cost (1) | Gross Unrealized Gains | Unrealized Losses | OTTI Unrealized Losses | Fair Value (3) |
| U.S. Treasury securities and U.S. government and agency securities | $ 344.8 | $ 11.6 | $ 0.8 | $ | $ 355.6 |
| States and political subdivisions | 758.7 | 3.9 | 35.7 | | 726.9 |
| Foreign governments | 4.6 | 0.2 | | | 4.8 |
| Corporate fixed maturities | 2,745.5 | 26.2 | 261.1 | | 2,510.6 |
| Residential mortgage-backed securities | 1,097.5 | 23.2 | 21.9 | | 1,098.8 |
| Commercial mortgage-backed securities | 480.1 | 0.9 | 50.0 | | 431.0 |