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HARTFORD FINANCIAL SERVICES GROUP INC/DE

Form 8-K

May 08, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 8, 2003

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware ----- (State or other jurisdiction of Incorporation)	0-19277 ----- (Commission File Number)	13-3317783 ----- (IRS Employer Identification No.)
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The Hartford Financial Services Group, Inc. Hartford Plaza Hartford, Connecticut ----- (Address of principal executive offices)	06115-1900 ----- (Zip Code)
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Registrant's telephone number, including area code: (860) 547-5000

Item 5. Other Events.

This Current Report on Form 8-K is filed on behalf of The Hartford Financial Services Group, Inc. ("The Hartford") to provide supplemental financial disclosure relating to the three fiscal years ended December 31, 2002. Specifically, this report provides historical underwriting ratios under United States generally accepted accounting principles ("GAAP") relating to certain of The Hartford's property & casualty segments and related reconciliation detail.

GAAP Underwriting Ratios

In The Hartford's Annual Report on Form 10-K for the year ended December 31, 2002, (the "2002 10-K") which was filed with the SEC on March 3, 2003, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section included five underwriting ratios for each of The Hartford's property & casualty segments, other than certain run-off operations. The five underwriting ratios are loss ratio, loss adjustment expense ratio, expense ratio, dividend ratio and combined ratio.

Consistent with The Hartford's historical practice, the underwriting ratios were calculated based on statutorily prescribed insurance accounting standards. Two

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of the elements required by these standards in the calculation of these ratios are prepared differently under GAAP.

In the future, in light of the SEC's recent promulgation of Regulation G pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"), The Hartford will no longer report in its Exchange Act filings statutory underwriting ratios, and will instead report underwriting ratios based solely on financial measures calculated in accordance with GAAP. To aid investors in comparing The Hartford's future financial results with historical results, this report includes GAAP underwriting ratios for each of the applicable property & casualty segments for the twelve fiscal quarters in the period ended December 31, 2002.

Reconciliation of Statutory Accounting Measures

The expense ratios and the expense component of the combined ratios set forth in the 2002 10-K were based on written premiums, which are calculated based on statutory accounting principles. In the 2002 10-K, each measure of written premium was reconciled to earned premium, which is the most directly comparable financial measure calculated and presented in accordance with GAAP.

The statutory underwriting ratios set forth in the 2002 10-K also were based on statutory underwriting expenses, for which all policy acquisition costs were expensed as incurred. In contrast, a GAAP calculation of underwriting expenses requires that certain policy acquisition costs be capitalized when incurred and amortized over time. This report includes a reconciliation of the statutory underwriting expense measures underlying the 2002 10-K statutory underwriting ratios to the corresponding GAAP underwriting expense measures.

	QTR 1 -----	QTR 2 -----	QTR 3 -----	QTR 4 -----
	BUSINESS INSURANCE	BUSINESS INSURANCE	BUSINESS INSURANCE	BUSINESS INSURANCE
	2002 ----	2002 ----	2002 ----	2002 ----
Underwriting Expenses (Statutory)	\$260	\$266	\$282	\$280
Less: Prepaid Acquisition Costs	\$16	\$19	\$22	\$9
Underwriting Expenses (GAAP)	\$244	\$247	\$260	\$271
Loss Ratio	51.6%	53.3%	50.1%	48.2%
Loss Adjustment Expense Ratio	12.0%	11.5%	11.5%	13.0%
Expense Ratio	33.4%	32.2%	32.7%	32.6%
Dividend Ratio	1.0%	2.0%	1.6%	1.6%
Combined Ratio	98.0%	99.0%	95.9%	95.4%
	PERSONAL LINES	PERSONAL LINES	PERSONAL LINES	PERSONAL LINES
	2002 ----	2002 ----	2002 ----	2002 ----
Underwriting Expenses (Statutory)	\$181	\$174	\$172	\$176
Less: Prepaid Acquisition Costs	\$5	\$3	\$(1)	\$0
Underwriting Expenses (GAAP)	\$176	\$171	\$173	\$176

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Loss Ratio	65.0%	67.5%	67.0%	64.8%
Loss Adjustment Expense Ratio	11.8%	12.2%	11.1%	11.4%
Expense Ratio	24.4%	23.0%	23.0%	22.9%
Dividend Ratio	0.0%	0.0%	0.0%	0.0%
Combined Ratio	101.2%	102.7%	101.1%	99.2%

	SPECIALTY COMMERCIAL	SPECIALTY COMMERCIAL	SPECIALTY COMMERCIAL	SPECIALTY COMMERCIAL
	2002	2002	2002	2002
	----	----	----	----
Underwriting Expenses (Statutory)	\$90	\$94	\$110	\$87
Less: Prepaid Acquisition Costs	\$14	\$16	\$8	\$(15)
Underwriting Expenses (GAAP)	\$76	\$78	\$102	\$102
Loss Ratio	55.6%	54.7%	57.8%	61.0%
Loss Adjustment Expense Ratio	14.0%	12.2%	11.4%	10.4%
Expense Ratio	32.5%	28.4%	28.1%	29.1%
Dividend Ratio	0.7%	0.6%	0.5%	1.0%
Combined Ratio	102.8%	96.0%	97.8%	101.5%

	REINSURANCE	REINSURANCE	REINSURANCE	REINSURANCE
	2002	2002	2002	2002
	----	----	----	----
Underwriting Expenses (Statutory)	\$51	\$46	\$48	\$46
Less: Prepaid Acquisition Costs	\$7	\$(4)	\$(2)	\$(10)
Underwriting Expenses (GAAP)	\$44	\$50	\$50	\$56
Loss Ratio	72.3%	72.5%	68.3%	85.5%
Loss Adjustment Expense Ratio	5.0%	2.8%	6.2%	5.6%
Expense Ratio	25.1%	29.7%	27.6%	29.5%
Dividend Ratio	0.0%	0.0%	0.0%	0.0%
Combined Ratio	102.4%	105.0%	102.2%	120.6%

	NAP&C	NAP&C	NAP&C	NAP&C
	2002	2002	2002	2002
	----	----	----	----
Underwriting Expenses (Statutory)	\$582	\$580	\$612	\$589
Less: Prepaid Acquisition Costs	\$42	\$34	\$27	\$(16)
Underwriting Expenses (GAAP)	\$540	\$546	\$585	\$605
Loss Ratio	59.2%	60.6%	59.1%	59.6%
Loss Adjustment Expense Ratio	11.6%	11.1%	10.9%	11.4%
Expense Ratio	29.0%	28.0%	28.0%	28.3%
Dividend Ratio	0.5%	0.9%	0.7%	0.8%
Combined Ratio	100.2%	100.5%	98.7%	100.0%

QTR 1	QTR 2	QTR 3	QTR 4
-----	-----	-----	-----
BUSINESS INSURANCE	BUSINESS INSURANCE	BUSINESS INSURANCE	BUSINESS INSURANCE
2001	2001	2001[1]	2001
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Underwriting Expenses (Statutory)	\$225	\$218	\$232	\$251
Less: Prepaid Acquisition Costs	\$17	\$18	\$8	\$11
Underwriting Expenses (GAAP)	\$208	\$200	\$224	\$240
Loss Ratio	54.5%	52.9%	82.0%	50.1%
Loss Adjustment Expense Ratio	12.4%	12.1%	18.3%	11.8%
Expense Ratio	33.5%	31.3%	33.6%	34.2%
Dividend Ratio	2.1%	0.9%	1.0%	1.2%
Combined Ratio	102.6%	97.2%	134.9%	97.2%

	PERSONAL LINES 2001 ----	PERSONAL LINES 2001 ----	PERSONAL LINES 2001[2] -----	PERSONAL LINES 2001 ----
Underwriting Expenses (Statutory)	\$167	\$174	\$178	\$168
Less: Prepaid Acquisition Costs	\$6	\$14	\$13	\$5
Underwriting Expenses (GAAP)	\$161	\$160	\$165	\$163
Loss Ratio	62.0%	70.3%	67.4%	69.7%
Loss Adjustment Expense Ratio	10.8%	12.2%	12.1%	11.5%
Expense Ratio	24.2%	23.6%	23.6%	23.2%
Dividend Ratio	0.0%	0.0%	0.0%	0.0%
Combined Ratio	97.1%	106.1%	103.1%	104.4%

	SPECIALTY COMMERCIAL 2001 ----	SPECIALTY COMMERCIAL 2001 ----	SPECIALTY COMMERCIAL 2001[3] -----	SPECIALTY COMMERCIAL 2001 ----
Underwriting Expenses (Statutory)	\$81	\$79	\$85	\$89
Less: Prepaid Acquisition Costs	\$10	\$(8)	\$4	\$(12)
Underwriting Expenses (GAAP)	\$71	\$87	\$81	\$101
Loss Ratio	57.9%	61.1%	113.4%	56.0%
Loss Adjustment Expense Ratio	16.8%	12.5%	22.3%	18.2%
Expense Ratio	29.5%	33.9%	30.8%	38.4%
Dividend Ratio	0.6%	0.4%	0.3%	0.3%
Combined Ratio	104.8%	108.0%	166.7%	112.9%

	REINSURANCE 2001 ----	REINSURANCE 2001 ----	REINSURANCE 2001[4] -----	REINSURANCE 2001[6] -----
Underwriting Expenses (Statutory)	\$76	\$60	\$62	\$54
Less: Prepaid Acquisition Costs	\$23	\$(1)	\$(11)	\$(13)
Underwriting Expenses (GAAP)	\$53	\$61	\$73	\$67
Loss Ratio	86.2%	84.9%	248.6%	81.4%
Loss Adjustment Expense Ratio	2.4%	4.8%	8.1%	7.4%
Expense Ratio	21.3%	26.7%	56.2%	27.6%
Dividend Ratio	0.0%	0.0%	0.0%	0.0%
Combined Ratio	109.9%	116.4%	312.9%	116.4%

	NAP&C 2001 ----	NAP&C 2001 ----	NAP&C 2001[5] -----	NAP&C 2001[7] -----
Underwriting Expenses (Statutory)	\$549	\$531	\$557	\$562
Less: Prepaid Acquisition Costs	\$56	\$23	\$14	\$(9)
Underwriting Expenses (GAAP)	\$493	\$508	\$543	\$571

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Loss Ratio	62.2%	64.7%	93.3%	62.1%
Loss Adjustment Expense Ratio	11.0%	11.3%	15.7%	12.0%
Expense Ratio	27.8%	28.2%	30.9%	29.8%
Dividend Ratio	0.8%	0.4%	0.4%	0.5%
Combined Ratio	101.8%	104.5%	140.3%	104.4%

	QTR 1 -----	QTR 2 -----	QTR 3 -----	QTR 4 -----
	BUSINESS INSURANCE 2000 -----	BUSINESS INSURANCE 2000 -----	BUSINESS INSURANCE 2000 -----	BUSINESS INSURANCE 2000 -----
Underwriting Expenses (Statutory)	\$202	\$199	\$205	\$207
Less: Prepaid Acquisition Costs	\$8	\$6	\$4	\$3
Underwriting Expenses (GAAP)	\$194	\$193	\$201	\$204
Loss Ratio	57.0%	53.9%	52.3%	46.8%
Loss Adjustment Expense Ratio	13.1%	12.0%	12.6%	14.5%
Expense Ratio	34.9%	33.9%	34.8%	34.0%
Dividend Ratio	1.3%	1.3%	1.2%	1.4%
Combined Ratio	106.3%	101.1%	101.0%	96.7%

	PERSONAL LINES 2000 -----	PERSONAL LINES 2000 -----	PERSONAL LINES 2000 -----	PERSONAL LINES 2000 -----
Underwriting Expenses (Statutory)	\$158	\$168	\$167	\$160
Less: Prepaid Acquisition Costs	\$6	\$15	\$12	\$5
Underwriting Expenses (GAAP)	\$152	\$153	\$155	\$155
Loss Ratio	63.2%	67.2%	64.3%	64.0%
Loss Adjustment Expense Ratio	10.7%	11.1%	10.3%	10.9%
Expense Ratio	24.9%	24.1%	24.1%	23.7%
Dividend Ratio	0.0%	0.0%	0.0%	0.0%
Combined Ratio	98.7%	102.4%	98.7%	98.6%

	SPECIALTY COMMERCIAL 2000 -----	SPECIALTY COMMERCIAL 2000 -----	SPECIALTY COMMERCIAL 2000 -----	SPECIALTY COMMERCIAL 2000 -----
Underwriting Expenses (Statutory)	\$85	\$86	\$111	\$55
Less: Prepaid Acquisition Costs	\$(4)	\$(3)	\$14	\$(21)
Underwriting Expenses (GAAP)	\$89	\$89	\$97	\$76
Loss Ratio	57.2%	58.5%	59.4%	66.6%
Loss Adjustment Expense Ratio	13.6%	13.3%	15.5%	18.0%
Expense Ratio	37.2%	37.3%	30.1%	32.5%
Dividend Ratio	0.3%	0.3%	0.2%	0.2%
Combined Ratio	108.4%	109.4%	105.1%	117.4%

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	REINSURANCE 2000 ----	REINSURANCE 2000 ----	REINSURANCE 2000 ----	REINSURANCE 2000 ----
Underwriting Expenses (Statutory)	\$72	\$64	\$64	\$62
Less: Prepaid Acquisition Costs	\$16	\$1	\$0	\$(13)
Underwriting Expenses (GAAP)	\$56	\$63	\$64	\$75
Loss Ratio	72.3%	70.6%	77.8%	70.5%
Loss Adjustment Expense Ratio	3.9%	3.5%	4.3%	5.6%
Expense Ratio	30.6%	31.3%	32.3%	33.0%
Dividend Ratio	0.0%	0.0%	0.0%	0.0%
Combined Ratio	106.8%	105.4%	114.4%	109.1%
	NAP&C 2000 ----	NAP&C 2000 ----	NAP&C 2000 ----	NAP&C 2000 ----
Underwriting Expenses (Statutory)	\$517	\$517	\$547	\$484
Less: Prepaid Acquisition Costs	\$26	\$19	\$30	\$(26)
Underwriting Expenses (GAAP)	\$491	\$498	\$517	\$510
Loss Ratio	61.2%	61.7%	61.0%	59.2%
Loss Adjustment Expense Ratio	11.2%	10.8%	11.3%	12.5%
Expense Ratio	30.9%	30.3%	29.7%	29.7%
Dividend Ratio	0.5%	0.5%	0.5%	0.5%
Combined Ratio	103.8%	103.3%	102.5%	101.9%

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

Date: May 8, 2003

By: /s/ NEAL S. WOLIN

Name: Neal S. Wolin
Title: Executive Vice President and
General Counsel