



## Financial Services

## CNA Financial Corp. (NYSE: CNA)

### Recommendation: BUY

#### Analysts

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#### Investment Thesis

We recommend a **BUY** rating for CNA. Current market conditions support continued growth in CNA's core revenue drivers, including underwriting profitability and investment income. CNA delivered solid performance in 2024, supported by disciplined pricing and stable balance sheet management. We expect this momentum to continue through 2025 and beyond as returns on equity, free cash flow to equity, and economic profit remain strong across our forecast horizon.

##### Thesis Drivers:

- We expect CNA to maintain steady profitability. ROE stays in a solid 9.5 to 9.7 percent range in 2024 and 2025, showing that CNA can sustain consistent performance through stable underwriting and expense management.
- CNA's cash flow supports ongoing capital returns. FCFE rebounds to over 2.6 billion in 2025 and stays positive long term, giving CNA the flexibility to maintain dividends and meet business needs.

##### Thesis Risks:

- Inflation may raise claim costs, limiting profitability if loss trends outpace pricing.
- Interest rate changes may impact investment income, with falling rates lowering yields and rising rates creating valuation pressure.

#### CNA: 2-Year Stock Performance



#### Company Information/Overview

CNA Financial Corp. (CNA) is a leading U.S. commercial property and casualty insurer headquartered in Chicago, IL, operating in more than 60 countries worldwide. The company provides insurance solutions across professional liability, commercial property, casualty, specialty lines, and risk-management services. CNA operates through three core segments: Specialty, Commercial, and International, serving small to mid-market businesses across a wide range of industries. CNA is a majority-owned subsidiary of Loews Corporation.

**Company:** CNA Financial Corp.  
**Industry:** Financial Services  
**Sector:** Property & Casualty Insurance  
**Exchange/Ticker:** NYSE/CNA

#### Price Projections

**Target Price:** \$60-65  
**DCF/EP Model:** \$60.47  
**DDM:** \$59.41  
**Relative Valuation (AVG):** \$55.24

#### Financials

##### Stock Data

**Current Price:** \$45.79  
**52-Week High:** \$51.42  
**52-Week Low:** \$43.29  
**Beta Value:** 0.41  
**YTD Performance:** -5.93%

##### Share Highlights

**Market Cap:** \$12.39 b  
**Shares Outstanding:** 270.84 m  
**Book Value per Share:** \$41.83  
**EPS:** \$3.52  
**P/E Ratio:** 13.75x  
**Dividend Yield:** 4.06%  
**Dividend Payout Ratio:** 48.97

##### Company Performance

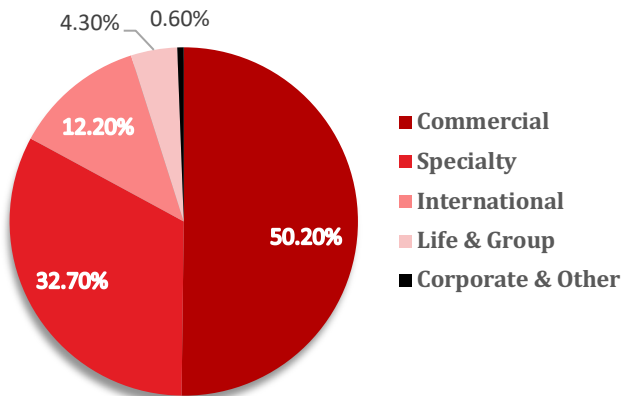
**ROA:** 10.24%  
**ROE:** 9.40%  
**Profit Margin:** 8.49%  
**Combined Ratio:** 94.9%  
**Loss Ratio:** 75.78%

# Company Analysis

## Company Description

CNA Financial Corporation (NYSE: CNA) is a leading U.S. commercial property and casualty insurance company operating primarily in the United States. Founded in 1897, CNA is a majority-owned subsidiary of Loews Corporation and provides a broad range of standard and specialty insurance products to businesses across multiple industries. The company's core property and casualty operations are organized into three segments: Specialty, Commercial, and International. These segments offer coverage such as management and professional liability, surety, warranty, commercial property, workers' compensation, general liability, and marine insurance. While most of CNA's business is U.S.-based, the company also maintains international operations in Canada, the U.K., and Continental Europe. In addition to its core P&C segments, CNA reports results for Life & Group and Corporate & Other, which include run-off long-term care and legacy exposures.

## Revenue by Segment (2024)



Source: CNA 2024 10-K

## Specialty Segment:

The Specialty segment provides a range of industry-focused coverages, including management and professional liability, surety, warranty, and alternative risks, marine, and other specialty property and casualty lines. These products serve customers across healthcare, financial services, professional services, technology, construction, marine, and other specialized sectors. Within this segment, CNA writes coverages such as D&O and E&O liability, employment practices liability, cyber liability, and various surety and warranty products

sold through independent agents, brokers, and automotive dealerships. In 2024, Specialty remained one of CNA's largest business units, generating approximately 33% of total revenue. Net written premiums increased year-over-year, driven by stable retention and favorable renewal premium charges. The segment reported a combined ratio of 92.6%, reflecting continued underwriting profitability, support by higher net investment income and lower catastrophe losses. Management noted ongoing pricing pressure in certain professional liability lines; however, Specialty continues to be a consistent contributor to CNA's overall premium growth and earnings.

## Commercial Segment:

The Commercial segment provides a broad range of property and casualty coverages for small businesses, middle-market accounts, and larger commercial clients. Key products include standard and excess property, workers' compensation, general liability, commercial auto, umbrella, boiler and machinery, and marine coverages. The segment also offers loss-sensitive programs and risk management services distributed through independent agents and brokers.

In 2024, Commercial remained CNA's largest segment, accounting for roughly 50% of total revenue. Net written premiums increased year-over-year, supported by favorable renewal pricing and stable retention. The segment reported a combined ratio of 96.7%, slightly higher than the prior year due to elevated catastrophe losses and an increase in the underlying loss ratio. Expense ratio improvement partially offset these pressures, aided by higher net earned premiums and stronger investment income. Despite recent underwriting challenges, Commercial has continued to demonstrate steady premium growth and remains a core contributor to CNA's overall operating performance.

## International Segment:

The International segment underwrites commercial and specialty property and casualty coverages across Canada, the United Kingdom, Continental Europe, and through Hardy, CNA's Lloyd's Syndicate 382. This business includes marine, energy, construction, financial lines, and other commercial risks written on both a domestic and cross-border basis. International operations consistently contribute around 12% of CNA's annual revenue.

In 2024, the segment reported solid underwriting results, with a combined ratio of 94.0%, slightly higher than the prior year due to increased catastrophe losses and a modest rise in the expense ratio. Net written premiums increased year-over-year, driven by higher retention, favorable renewal pricing, and growth in new businesses, partially offset by foreign currency impacts. The segment also benefited from stronger net investment income. Despite ongoing currency volatility, International continues to demonstrate stable performance and remains a steady contributor to CNA's overall financial results.

#### Life & Group Segment:

The Life & Group segment includes CNA's long-term care business and its structured settlement obligations. This segment represents a small portion of CNA's overall operations, contributing around 4-5% of total revenue in 2024. Unlike the P&C segments, Life & Group generates most of its earnings from net investment income, while net earned premiums continue to gradually decline due to the runoff nature of certain long-term care blocks.

In 2024, net earned premiums for the segment decreased modestly, consistent with the long-term trend of declining premium volumes as older policies mature. However, the segment benefited from continued strength in investment income driven by higher yields across the portfolio. Although long-term care remains sensitive to reserve development and claims variability, the segment overall continues to provide a steady, predictable contribution to CNA's consolidated results.

#### Fixed Maturity Securities:

Fixed maturity securities remain the largest driver of CNA's investment income, accounting for about 84% in 2023. Income increased from \$1,976mm in 2023 to \$2,084mm in 2024, supported by a larger invested asset base and favorable reinvestment rates. The fixed maturity portfolio is also CNA's largest investment category, totaling \$41.1B in 2024. Historically, this category has shown steady growth, and our model forecasts this trend to continue. We project fixed maturity income to rise to \$2,208mm in 2025 and \$2,290mm in 2026 as yields remain elevated. The effective portfolio yield already improved from 4.7% in 2023 to 4.8% in 2024, and we expect it to gradually

climb toward 5.0%. Overall, fixed maturity securities remain CNA's most stable and reliable income source in both recent results and our forward outlook.

#### Limited Partnership & Common Stock Investments:

Limited partnership and common stock investments were the second-largest contributor to CNA's investment income in 2023 at 7.53%. Income increased from \$202mm in 2023 to \$320mm in 2024, driven by strong private equity, hedge fund, and common stock returns. LP and common stock returns were 13.3% in 2024, significantly higher than prior years. Our model forecasts continued moderate growth, with income increasing to \$336mm in 2025E and \$353mm in 2026E. Although these investments carry higher risk and lower liquidity, they have historically performed well for CNA and added valuable diversification. Based on both historical performance and the current market environment, we expect this category to remain a strong contributor to CNA's overall investment income.

#### Mortgage Loans:

CNA held \$1,054 million of mortgage loans at amortized cost in 2024 (up slightly from \$1,035 million in 2023). The portfolio is primarily secured by retail, office, and industrial properties, with retail making up 50% of total exposure. Credit quality remains solid, with the allowance for expected credit losses steady at \$35 million, representing 3.3% of amortized cost. Mortgage loan income in our model is modest but stable, rising from \$69mm in 2023 to \$72mm in 2024 and \$75mm in 2025E. Higher mortgage rates in 2023 and 2024 have pressured returns, but they also help support yield stability going forward. Based on historical performance and disciplined underwriting standards, we expect mortgage loans to continue providing reliable, low-volatility investment income for CNA.

#### Equity Securities:

Equity securities are classified in three levels. Level 1 includes publicly traded securities valued at quoted market prices. Level 2 securities are valued using comparable pricing, precedent transactions, and other observable inputs. Level 3 securities rely on broker/dealer quotes and internal modeling. CNA's equity securities are primarily Level 1, with smaller allocations in Levels 2 and 3. Based on our data, equity security income has shown meaningful volatility over

time. Results declined sharply in 2018 with a loss of \$74mm, followed by a strong rebound in 2019 with a gain of \$66mm. After another modest decline in 2020, results improved again in 2021 and 2022, before dropping to a loss of \$116mm in 2023. Beginning in 2024, equity security income stabilizes and gradually increases throughout the forecast period, rising steadily from \$4mm in 2024 to \$9mm by 2034. This trend reflects a more normalized investment environment and consistent long-term expectations for equity portfolio performance.

### Short-Term Investments

Short-term investments make up a small portion of CNA's overall investment income. These assets typically mature in less than one year and consist of low-risk holdings such as money market instruments and treasury bills. Income from these investments generally follows movements in short-term treasury yields.

Based on our historical data, short-term investment income has remained modest and somewhat volatile, ranging from \$12m in 2015 to small losses in several subsequent years. Results decline through the period and reach \$2m by 2022, reflecting lower short-term yields and reduced contribution from this asset class. Looking ahead, we expect income from short-term investments to remain limited and broadly stable as market conditions normalize.

### Dividend Payout

CNA has historically maintained a high payout ratio, which is common in the financial services industry, where companies generate reliable cash flows that support regular dividends. This stability enables firms like CNA to distribute a significant portion of earnings back to shareholders while still operating with an efficient capital structure.

Over the historical period, CNA's payout ratio has shown meaningful variability due to shifts in net income and the timing of special dividends. The ratio began at 169 percent in 2015, then settled into the 90 percent range in the following years. It continues to fluctuate between 52 percent and 143 percent throughout the historical window, reflecting the impact of both operating performance and capital management decisions. Across our forecast period, the payout ratio moves toward a more sustainable level, gradually

declining through the long-term projection. It trends from the low-80 percent range early in the forecast to 77 percent by 2034. This steady decrease indicates a more balanced alignment between earnings growth and dividend payments, supporting a stable long-term capital return strategy.

## Economic Analysis

### Inflation:

Inflation remains a major factor for CNA, as it directly affects the cost of paying out claims to policyholders. When inflation rises, the cost of repairing or replacing damaged property rises as well, which pushes claim costs higher. Recently, claim severity has been increasing faster than premium growth, creating margin pressure for CNA. For example, in 2023 premiums increased roughly 6 percent, while claim costs rose closer to 8 percent, which can erode underwriting profitability. Continued premium increases also risk policyholder churn if customers become sensitive to rising rates.



Figure 1: 10-Year Break-Even U.S. Inflation

Based on the 10-year breakeven inflation data from the Federal Reserve Bank of St. Louis, inflation expectations peaked in early 2022 but have steadily moderated since. Since mid-2023, breakeven inflation has stabilized around the 2.2 to 2.4 percent range, indicating that long-run inflation pressures have cooled significantly. This stabilization is important for CNA, as more predictable long-term inflation reduces volatility in claim costs. If breakeven inflation remains anchored near this range, CNA should begin to see claim cost growth normalize relative to premium growth, easing some of the margin compression experienced over the past two years.

### Interest Rates:

Net investment income is an important earnings driver for CNA, and the company relies heavily on its fixed-

maturity investment portfolio to generate stable, recurring returns. Because these assets are closely tied to movements in interest rates, fluctuations in the rate environment can significantly influence the fair value of CNA’s holdings. When interest rates rise, newly issued bonds offer higher yields, which reduces the market value of existing lower-yield bonds. This dynamic can create unrealized losses and put short-term pressure on CNA’s investment portfolio during periods of tightening monetary policy.

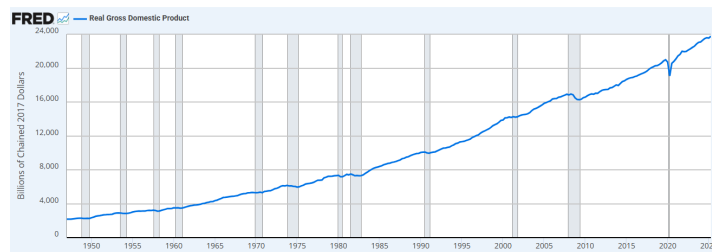


Figure 3: U.S. Real GDP (Chained 2017 Dollars)

The chart above shows long-term U.S. real GDP trends. While GDP has historically increased at a steady pace, recent growth has been more moderate as the economy adjusts to tighter financial conditions and ongoing inflation pressures. Looking ahead, most forecasts suggest slower but positive economic expansion over the next year. A stable growth environment would support steady insurance demand, but a meaningful slowdown could weigh on new construction and limit near-term premium growth for CNA.

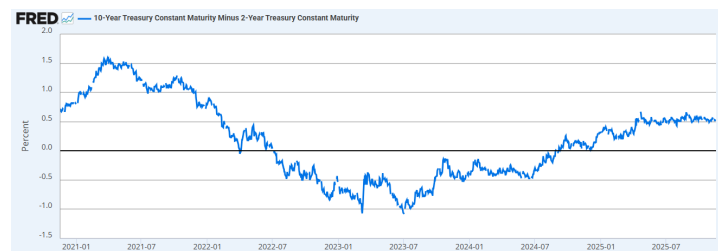


Figure 2: 10-Year Treasury Maturity Minus 2-Year Treasury

The chart above shows the spread between the 10-year Treasury yield and the 2-year constant maturity rate, a common measure for assessing interest-rate expectations and economic outlook. The spread has remained inverted and compressed in recent years as the Federal Reserve aggressively tightened monetary policy to control inflation. This prolonged inversion signals expectations for slower economic growth and continued rate volatility, which can influence the performance of CNA’s fixed-income portfolio. Based on where the spread is trending, we expect the yield curve to remain relatively flat or inverted through 2025, suggesting continued pressure on the fair value of long-duration bonds before any meaningful steepening occurs

Unemployment:

Unemployment is another key macroeconomic indicator that can influence CNA’s business across multiple insurance lines. When unemployment rises, fewer individuals are actively working, which can reduce demand for certain coverages such as workers’ compensation. Lower employment levels can also lead to fewer commuters on the road, potentially reducing the frequency of auto-related claims. Depending on how quickly CNA adjusts pricing and underwriting to these shifts, changes in unemployment can either support profitability or create mismatches between premiums and claim trends.

GDP & Housing Market:

Real GDP plays an important role in shaping the broader insurance market, as periods of economic expansion typically support stronger housing activity and commercial development. When the economy grows, new homes and businesses are built, household wealth increases, and overall demand for property insurance rises. For CNA, this can translate into growth in policy count and premium volume. At the same time, a growing economy also introduces additional exposure, meaning underwriting standards must adapt to reflect the risks associated with newer properties and changing construction costs.



Figure 4: U.S. Civilian Unemployment Rate

As shown in the chart above, unemployment experienced a sharp but temporary spike during the COVID-19 pandemic before returning to historically low levels. In recent years, unemployment has remained

relatively stable, hovering in a narrow range despite tighter financial conditions. Looking ahead, most expectations point toward a steady labor market with modest fluctuations. A stable unemployment environment supports consistent insurance demand, though any slowdown in job growth or changes in labor force participation could influence claim activity and premium growth for CNA.

Automotive Sales:

Automotive sales are often viewed as a gauge of overall economic strength, as higher consumer spending on vehicles typically reflects rising confidence and stable household income. For CNA, trends in vehicle sales have a direct connection to insurance demand. More vehicles on the road increase the need for auto coverage, supporting premium growth. Newer vehicles also tend to carry higher values and more advanced technology, which can make repairs more expensive, resulting in higher premium rates. At the same time, increased vehicle ownership can lead to more accident exposure, and if claim frequency or severity rises faster than premiums, underwriting profitability may be pressured



Figure 5: Total Vehicle Sales (Millions of Units)

The chart above shows long-term trends in total vehicle sales. Following the sharp decline during the pandemic, sales have recovered and moved back toward pre-pandemic levels. While growth has been uneven at times, the overall trend suggests a healthier vehicle market supported by improved supply chains and resilient consumer demand. Looking ahead, we expect moderate growth in vehicle sales, which should continue to support steady auto-insurance exposure for CNA while also requiring careful monitoring of claim costs.

**Industry Analysis**

Industry Description:

The Property & Casualty (P&C) insurance industry provides coverage that protects individuals and businesses from financial losses related to auto accidents, property damage, liability claims, and other unexpected events. The industry is highly fragmented and competitive, with firms differentiated by business mix, underwriting discipline, catastrophe exposure, and customer service. Profitability is driven by the combined ratio, expense management, and investment income generated from large fixed-income portfolios. Recent years have been marked by elevated weather-related losses, inflation in repair costs, and corrective rate actions, which have led to improved underwriting results in 2024 as these pressures have moderated. As a core part of the financial services landscape, the P&C sector plays a critical role in economic stability by helping households and businesses manage and transfer risk.

Porter’s 5 Forces Analysis:

Threat of New Entrants (Low):

The P&C industry has high barriers to entry because new firms need significant capital, regulatory approval, and the ability to build strong underwriting models and distribution networks. Larger carriers also benefit from spreading risk across bigger pools and operating with lower expenses, which smaller or new companies cannot easily match. Because of these hurdles, it is difficult for new competitors to enter the market in a meaningful way, especially in commercial and specialty lines.

Bargaining Power of Customers (Low-Medium):

Customers can shop around and switch insurers fairly easily in auto and homeowners, which gives them some influence. Still, switching can be limited by things like underwriting criteria, credit scores, and the stability of long-term relationships for commercial clients. Since many P&C products are becoming more price-driven, customer retention often depends on good claims handling and customer service. Firms that excel in these areas can maintain strong retention even during periods of rising rates.

Bargaining Power of Suppliers (Moderate-High):

Reinsurers play a major role in the P&C industry, and their pricing power has increased following several

years of elevated catastrophe losses. Higher reinsurance costs flow directly into insurers' combined ratios. Talent is another key "supplier," as experienced underwriters, actuaries, and claims professionals remain in short supply, pushing labor costs higher. These two factors give suppliers more influence over industry costs than in many other financial sectors.

Threat of Substitutes (Very Low):

There are very few substitutes for P&C insurance. Many coverages, such as auto liability or workers' compensation, are mandatory, and businesses rely heavily on insurance to transfer risk. Self-insurance is only realistic for large corporations with substantial capital, so for most customers, traditional insurance remains the only option.

Intensity of Competitive Rivalry (High):

Competition in the P&C industry is strong because many companies offer similar products and compete heavily on pricing. Large national carriers like Progressive, State Farm, and Allstate often set pricing trends, forcing mid-sized companies to differentiate through underwriting discipline, niche specialties, or better service. As loss trends stabilize, especially in personal auto, and companies finish implementing recent rate increases, price competition is expected to pick up again. Specialty and commercial carriers may hold some pricing power, but overall rivalry in the industry remains high.

Industry Trends:

Underwriting Environment After Challenging Years:

Industry underwriting results strengthened significantly in 2024 after several years of elevated claim costs driven by inflation, supply-chain pressure, and volatile auto repair expenses. Rate increases from 2022-2023 have now fully earned through, and personal auto results have normalized as driving patterns stabilized. Commercial lines stayed steady throughout, which has helped carriers like CNA keep consistent underwriting performance.

Catastrophe Activity and Reinsurance Costs:

More frequent and severe weather events, such as hurricanes, wildfires, and windstorms, continue to put

pressure on long-term loss trends across the P&C industry. While catastrophe losses were slightly lower in 2024, the broader upward trend has pushed insurers to raise premiums and tighten underwriting standards. At the same time, reinsurance prices have climbed as reinsurers respond to several years of heavy global losses. This combination has contributed to continued pricing momentum across property lines, while commercial-focused carriers with lower catastrophe exposure, such as CNA, have benefited from more stable underwriting results.

Use of AI/Automation in Underwriting and Claims:

AI and advanced analytics are becoming more widely adopted for underwriting, pricing, fraud detection, and claims handling. These tools help insurers operate more efficiently, improve loss selection, and reduce expenses. The NAIC has introduced guidance for responsible AI use, and insurers that adopt these capabilities sooner may maintain lower expense ratios and stronger competitive positioning over time.

Peer Comparison:

To evaluate CNA's positioning within the mid-cap commercial P&C industry, we compared a group of close peers across key financial and operating metrics. Our comparison includes market cap, net earned premiums, the percentage of net income derived from investment income, and combined ratio, along with additional performance indicators not shown in the table below.

Comp	Market Cap (\$B)	Net Earned Premiums	% NI from Investment Income	Combined Ratio (2024)
RLI	5.80	1.53B	41.2%	86.2%
KNSL	9.06	1.35B	36.24%	76.4%
DFY	8.51	3.54B	48.4%	94.5%
ORI	10.76	7.31B	78.9%	92.7%
THG	6.54	5.91B	5.9%	94.8%
HSX	4.85	4.81B	8.2%	89.2%
ERIE	13.38	3.37B	9.1%	110.4%
L	21.54	10.21B	17.1%	94.9%
MKL	25.76	8.43B	33.5%	94.3%
<b>CNA</b>	<b>12.39</b>	<b>10.21B</b>	<b>17.37%</b>	<b>94.9%</b>

Source: FactSet, Company Annual Reports

Financial Metrics:

Across mid-cap P&C insurers, CNA sits near the middle of the group in terms of market cap, which is consistent with its role as a steady, commercially oriented insurance company. CNA's \$10.21 billion in net earned premiums places it on the higher end of the operating peer group, close to companies like THG and Old Republic. Its 17.37% of net income coming from investment income is similar to most peers and shows that both underwriting results and investment returns contribute meaningfully to its overall earnings.

While Loews (L) is included in the table, we do not treat it as a true peer because Loews owns roughly 90% of CNA and reports CNA's results within its own financials. Therefore, our comparisons focus on independent insurers. Within that group, CNA shows a competitive premium scale and a fairly balanced earnings profile.

#### Operating Metrics:

Underwriting performance is one of the key ways P&C insurers are evaluated. CNA posted a 94.9% combined ratio in 2024, which is almost identical to Hanover (94.8%) and close to most traditional commercial carriers in the peer group. CNA also performed better than some peers, such as Definity (94.5%) and especially Erie (110.4%), which struggled with elevated catastrophe losses. Overall, CNA's underwriting results look solid given the challenging environment of higher inflation and more frequent severe weather events.

The strongest underwriting performers in the group are Kinsale (76.4%) and RLI (86.2%), but both operate in niche specialty markets where underwriting discipline and limited exposure to personal lines help drive stronger ratios. CNA, on the other hand, writes a broader commercial portfolio across multiple lines, which naturally exposes it to industry pricing cycles but also gives it more scale. While it is not a standout outperformer, CNA's underwriting results compare well with most traditional commercial carriers and have remained steady in recent years.

Paired with its large premium base and consistent investment income, CNA comes across as a balanced competitor—less volatile than specialty-focused peers and more stable than companies that rely heavily on investment gains.

#### Net Earned Premiums:

Net earned premiums remain CNA's largest revenue driver, consistently accounting for around 70 percent of total revenue. The company's premium base has shown stable and reliable growth over the last decade, increasing from \$6.9 billion in 2015 to \$9.48 billion in 2023. Looking forward, our projections show continued momentum driven primarily by CNA's property and casualty (P&C) segment.

The P&C business represents the majority of CNA's earned premiums and has demonstrated sustained strength, rising from \$6.37 billion in 2015 to an estimated \$9.73 billion in 2024, with growth extending to \$14.52 billion by 2034. This steady upward trend reflects ongoing rate increases, disciplined underwriting, and stable demand across commercial insurance lines. Based on this trajectory, we expect P&C to remain the primary engine of premium expansion over the next decade.

CNA's long-term care (LTC) segment, although significantly smaller, also shows gradual growth in our model. LTC premiums increase from \$548 million in 2015 to an estimated \$725 million by 2034. While the LTC book continues to evolve and remains a modest share of total premiums, its consistent upward movement contributes incremental earnings stability rather than acting as a drag on growth.

Overall, our projections indicate that total net earned premiums will grow from \$9.48 billion in 2023 to \$15.25 billion by 2034, reflecting a balanced mix of rate-driven expansion, stable retention, and disciplined underwriting across CNA's core commercial lines.

#### Net Investment Income:

Net investment income is another important contributor to CNA's overall earnings, making up roughly 17 percent of total revenue in recent years. CNA generates this income through a diversified investment portfolio that includes fixed-maturity securities, equities, and various alternative investments. Fixed-income securities remain the largest component of the portfolio and continue to provide a stable foundation of recurring returns as the company reinvests cash flows at prevailing market yields.

Looking at our projections, net investment income increases steadily throughout the forecast period. Income rises from \$2.26 billion in 2023 to approximately \$3.71 billion by 2034, reflecting consistent reinvestment at higher rates, improving portfolio yields, and the gradual expansion of the asset base. This upward trend aligns with a more normalized interest-rate environment, where reinvestment yields remain elevated relative to the pre-pandemic decade.

Unlike prior years when rate cuts or volatility created pressure on fixed income returns, the current trajectory supports a more constructive outlook. The growth embedded in our model implies a long-term CAGR that remains positive over the forecast horizon, though more moderate than the rapid improvement seen during periods of sharp rate increases. While analysts expect stronger investment income growth driven by more aggressive return assumptions, our forecast remains conservative, reflecting a balanced view on interest-rate normalization, credit conditions, and the overall stability of CNA's investment strategy.

Overall, the sustained rise in net investment income enhances CNA's earnings profile and provides a meaningful secondary revenue stream beyond premium growth.

#### Non-Insurance Warranty Revenue:

Non-insurance warranty revenue has grown into an important part of CNA's business since it was introduced in 2016. This segment includes service contracts and warranty programs that cover repairs, maintenance, and other support services. Revenue has increased rapidly, rising from 390 million in 2016 to more than 1.6 billion in 2023. Based on historical growth, we project continued expansion, reaching about 2.16 billion by 2034. Our forecasts reflect the strong performance of this segment over the past several years. Growth has consistently outpaced CNA's traditional insurance lines, and we expect this momentum to continue as warranty products become a more central focus for the company.

#### Insurance Claims and Policyholders' Benefits:

Insurance claims paid are CNA's largest operating expense. We project this expense by applying the historical claims-to-premium ratio to each year's net earned premium revenue. As premium revenue

increases over time, the related claims costs rise in a similar pattern. This approach reflects the direct relationship between CNA's growth in written business and the level of claims the company is expected to pay.

#### Amortization of Deferred Acquisition Costs:

Amortization of deferred acquisition costs is another major expense for CNA. These costs include commissions paid to agents, underwriting expenses, and other policy acquisition activities. We projected this expense by calculating the historical ratio of deferred acquisition cost amortization to net earned premium revenue and applying the average of that ratio to each forecast year, which follows the method used in our formula. As premium revenue increases over time, this expense rises proportionally based on that historical relationship.

#### Non-Insurance Warranty Expense:

Non-insurance warranty expense is the final major expense category for CNA. These costs are directly tied to the company's non-insurance warranty revenue and represent the expenses associated with providing service contracts and extended warranty programs. We projected this expense by calculating the historical ratio of warranty expense to warranty revenue and then applying the average of that ratio to each year's projected revenue, which is reflected in our formula. Because we expect strong growth in this segment, the related expenses also increase proportionally throughout the forecast period.

#### Cost of Equity:

We calculated CNA's cost of equity to be 6.79 percent using the Capital Asset Pricing Model. This estimate is based on a risk-free rate of 4.08 percent, a beta of 0.50, and an equity risk premium of 5.44 percent. These inputs reflect the current yield on 10-year U.S. Treasury securities and the long-run geometric equity risk premium. The resulting cost of equity is an important assumption in our valuation work because it is used as the discount rate for projecting future equity returns throughout our model.

## Model Valuations

#### Discounted Cash Flow & Economic Profit Analysis:

**Share Price: \$60.47**

The first intrinsic valuation methods we applied were the Discounted Cash Flow model and the Economic Profit model. Since CNA operates as a financial services company, we calculated free cash flow to equity for the forecast period and discounted these cash flows using our cost of equity of 6.79 percent. After adjusting for the Employee Stock Ownership Plan, dividing by shares outstanding, and applying the timing adjustment, our DCF model produced an implied value of \$60.47 per share.

For the Economic Profit model, we calculated equity economic profit by multiplying beginning total stockholders' equity by the difference between return on equity and the cost of equity. We then discounted each year's economic profit to the present and added it to invested capital to estimate total equity value. After subtracting the ESOP balance, dividing by shares outstanding, and applying the timing adjustment, the EP model also produced an implied value of \$60.47 per share.

Our continuing value assumptions include a 2.50 percent continuing growth rate for net income and a 10 percent continuing value of return on equity. These assumptions are more conservative than analyst expectations but reflect the long-term growth profile of the property and casualty insurance industry. Based on the consistency of our results across both intrinsic valuation methods and the stability of CNA's underlying revenue drivers, the DCF and EP models support our outlook for CNA's long-term value.

#### Dividend Discount Model:

**Share Price: \$59.41**

The Dividend Discount Model (DDM) is an important valuation approach for CNA because the company has a consistent history of returning capital to shareholders through regular dividends. We discounted the projected dividends per share for the forecast period using our cost of equity of 6.79 percent. We also calculated the terminal value by applying our continuing value P/E multiple of 17.37 to the continuing value EPS of 3.91. This terminal value was then discounted to the present

to reflect the timing of future cash flows. After summing the discounted dividends and the discounted terminal value, and applying the partial year timing adjustment, our DDM produced an implied price of 59.41 per share.

Our continuing value EPS is slightly below analyst expectations because we project a gradual increase in operating costs over the long term. Although our assumed P/E multiple is higher than CNA's current trading multiple, it aligns with long-run averages for the property and casualty insurance sector. Given CNA's steady earnings profile and consistent dividend behavior, the DDM supports a stable long-term valuation outcome and reinforces the conclusions reached in our DCF and EP models.

#### Relative Valuation:

**Share Price: \$55.24**

For our relative valuation, we selected comparable companies within the property and casualty insurance industry, focusing on firms that operate in similar commercial and middle market segments. We excluded companies with extreme or inconsistent valuation multiples that would distort the analysis. The final comparable set included First American Financial, Old Republic International, Markel Group, Cincinnati Financial, and American International Group.

Our relative valuation used several multiples, including P/E for 2025 and 2026, PEG ratios, price to book value, and price to tangible book value. Applying CNA's forward earnings, book value, and tangible book value to the average peer multiples resulted in implied values across a range of valuation methods. The implied prices included 55.88 using the 2025 P/E, 47.15 using the 2026 P/E, 47.15 using the PEG ratio, 57.48 using price to book, and 67.92 using price to tangible book. The average of these implied prices is 55.24 per share.

The relative valuation result is lower than the estimates produced by our intrinsic valuation methods. Much of this difference is driven by lower forward P/E multiples among the comparable companies and higher dispersion across book value-based multiples. Because relative valuation relies heavily on current market conditions and peer pricing, we treat it as a supporting reference point rather than a primary driver of our final recommendation. Our overall valuation places greater

weight on the intrinsic models, which more directly capture CNA's long-term earnings profile and investment income growth.

## Sensitivity Analysis

### Beta vs. Equity Risk Premium

		Beta							
		59.48	0.40	0.45	0.50	0.55	0.60	0.65	0.70
ERP	4.99%	70.30	66.07	62.36	59.08	56.15	53.53	51.16	
	5.14%	69.23	65.02	61.34	58.08	55.18	52.57	50.23	
	5.29%	68.20	64.01	60.34	57.11	54.23	51.66	49.34	
	5.44%	67.19	63.03	59.39	56.18	53.32	50.77	48.48	
	5.59%	66.22	62.08	58.46	55.28	52.45	49.92	47.65	
	5.74%	65.28	61.16	57.57	54.41	51.61	49.11	46.86	
	5.89%	64.37	60.27	56.70	53.57	50.79	48.32	46.09	

The table shows that increasing either beta or the equity risk premium reduces CNA's valuation. At the base case of 5.44 percent ERP and 0.50 beta, the valuation is 59.39. Raising beta from 0.50 to 0.55 lowers the valuation from 59.39 to 56.18, a drop of about 5.4 percent. The ERP has a similar effect. Increasing the ERP from 5.44 percent to 5.59 percent reduces the valuation from 59.39 to 58.46, a decline of roughly 1.6 percent. Overall, while both inputs matter, beta changes drive larger movements in valuation than the ERP adjustments shown in the sensitivity table.

### Beta vs. Risk-Free Rate

		Beta							
		59.48	0.40	0.45	0.50	0.55	0.60	0.65	0.70
Risk Free Rate	3.82%	71.78	67.00	62.86	59.24	56.04	53.21	50.67	
	3.97%	69.05	64.64	60.80	57.43	54.44	51.77	49.38	
	4.08%	67.19	63.03	59.39	56.18	53.32	50.77	48.48	
	4.23%	64.83	60.96	57.57	54.56	51.88	49.48	47.31	
	4.38%	62.63	59.04	55.87	53.05	50.53	48.26	46.20	
	4.53%	60.59	57.24	54.27	51.62	49.25	47.10	45.15	
	4.68%	58.69	55.56	52.78	50.28	48.04	46.00	44.15	

From the table, increasing the risk-free rate lowers CNA's valuation. At a beta of 0.50, the valuation falls from 62.86 on a 3.82 percent risk-free rate to 52.78 at 4.68 percent. In the base case (4.08 percent, 0.50 beta), the value is 59.39, and a 0.15 percent increase to 4.23 percent reduces it to 57.57. Beta shows a similar pattern. At the 4.08 percent risk-free rate, raising beta from 0.40 to 0.70 drops the value from 67.19 to 48.48. Both variables clearly influence valuation, but their effects remain smaller than changes in the equity risk premium.

## CV ROE vs. Cost of Equity

		CV ROE							
		59.48	8.67%	8.82%	8.97%	9.12%	9.27%	9.42%	9.57%
Cost of Equity	6.34%	65.84	65.84	65.84	65.84	65.84	65.84	65.84	65.84
	6.49%	63.58	63.58	63.58	63.58	63.58	63.58	63.58	63.58
	6.64%	61.47	61.47	61.47	61.47	61.47	61.47	61.47	61.47
	6.79%	59.51	59.51	59.51	59.51	59.51	59.51	59.51	59.51
	6.94%	57.69	57.69	57.69	57.69	57.69	57.69	57.69	57.69
	7.09%	55.98	55.98	55.98	55.98	55.98	55.98	55.98	55.98
	7.24%	54.38	54.38	54.38	54.38	54.38	54.38	54.38	54.38

CV ROE and the Cost of Equity directly influence carrying value in both the DCF and EP models. In the sensitivity table, the base case at a 9.12% CV ROE and 6.79% Cost of Equity produces a valuation of \$59.51. Increasing the Cost of Equity to 7.24% drops the value to \$54.38, while increasing CV ROE across the range leaves the value essentially unchanged. This shows the model is far more sensitive to the discount rate than to changes in CV ROE.

## CV EPS Growth vs. Cost of Equity

		CV Growth of EPS							
		59.48	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%
Cost of Equity	6.34%	64.31	64.79	65.31	65.84	66.41	67.01	67.65	
	6.49%	62.22	62.65	63.10	63.58	64.07	64.60	65.15	
	6.64%	60.28	60.66	61.06	61.47	61.91	62.37	62.85	
	6.79%	58.47	58.80	59.15	59.51	59.89	60.30	60.72	
	6.94%	56.77	57.06	57.37	57.69	58.02	58.37	58.74	
	7.09%	55.17	55.43	55.70	55.98	56.27	56.58	56.90	
	7.24%	53.67	53.89	54.13	54.38	54.63	54.90	55.18	

The sensitivity results show that valuation is much more responsive to changes in the Cost of Equity than to changes in CV EPS Growth. At the base case of 2.50% CV EPS growth and a 6.79% Cost of Equity, the valuation is \$59.51. Raising the Cost of Equity to 7.24% drops the value to \$54.38, while increasing CV EPS growth from 2.50% to 2.80% only increases the valuation to \$60.72. This confirms that discount rate assumptions have a larger impact on the carrying value than EPS growth adjustments.

## Payout Ratio vs. CV EPS Growth

		Payout Ratio							
		59.48	84%	86%	88%	90%	92%	94%	96%
CV Growth of EPS	2.20%	57.87	58.06	58.24	58.43	58.62	58.81	58.99	
	2.30%	58.17	58.36	58.56	58.76	58.96	59.16	59.36	
	2.40%	58.47	58.69	58.90	59.11	59.32	59.54	59.75	
	2.50%	58.80	59.02	59.25	59.48	59.70	59.93	60.15	
	2.60%	59.14	59.38	59.62	59.86	60.10	60.34	60.58	
	2.70%	59.49	59.75	60.00	60.26	60.51	60.77	61.02	
	2.80%	59.87	60.14	60.41	60.68	60.95	61.22	61.49	

The sensitivity table shows that changes in the payout ratio have a moderate effect on valuation, while CV EPS Growth has a slightly smaller impact. At the base case of 2.50% CV EPS growth and a 90% payout ratio, the

valuation is \$59.48. Increasing the payout ratio to 96% raises the value to \$60.15, while increasing CV EPS growth from 2.50% to 2.80% lifts the valuation to \$60.68. These results indicate that both assumptions influence the carrying value, but neither is as impactful as changes to the Cost of Equity in earlier sensitivities.

### CV EPS Growth vs. Dividend Yield

		CV Growth of EPS						
		59.48	2.05%	2.20%	2.35%	2.50%	2.65%	2.80%
Dividend Yield	3.49%	58.18	58.66	59.16	59.70	60.29	60.91	61.58
	3.64%	58.11	58.58	59.09	59.63	60.21	60.83	61.51
	3.79%	58.03	58.51	59.01	59.55	60.13	60.75	61.43
	3.94%	57.96	58.43	58.94	59.48	60.05	60.68	61.35
	4.09%	57.88	58.36	58.86	59.40	59.98	60.60	61.27
	4.24%	57.81	58.28	58.78	59.32	59.90	60.52	61.19
	4.39%	57.74	58.21	58.71	59.25	59.82	60.44	61.11

The model shows a balanced but moderate sensitivity to both dividend yield and CV EPS growth. At the base case of a 3.94% dividend yield and 2.50% CV EPS growth, the valuation is \$59.48. Increasing the dividend yield to 4.39% lowers the value to \$59.25, while increasing CV EPS growth to 2.80% raises the value to \$60.68. Overall, both inputs influence valuation, but the effect is modest compared to the larger shifts seen when adjusting the Cost of Equity.

## Conclusion

We placed a BUY rating on CNA due to the growth opportunities in net earned premiums as well as investment income generated. We advise that the Krause Fund continue to hold this company in the portfolio.

## Important Disclaimer

This report was created by students enrolled in the Applied Equity Valuation class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties an example of the students' skills, knowledge, and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

## Citations

[1] CNA Financial Corporation 10-K 02-11-2024

[2] CNA Financial Corporation 10-Q 11-03-2024

[3] CNA Financial Corporation. CNA Fact Sheet, retrieved 2024.

[4] S&P Global Market Intelligence. *2025 US P&C Insurance Market Report Projects Stability Amid Broader Volatility*. Retrieved 2024, from <https://www.spglobal.com/market-intelligence/en/news-insights/research/2025-us-p-and-c-insurance-market-report-projects-stability-amid-broader-volatility>

Figure 1: Federal Reserve Bank of St. Louis, *10-Year Breakeven Inflation Rate* [T10YIE], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/T10YIE>, April 16, 2024.

Figure 2: Federal Reserve Bank of St. Louis, *10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity* [T10Y2Y], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/T10Y2Y>, April 16, 2024.

Figure 3: Federal Reserve Bank of St. Louis, *Real Gross Domestic Product* [GDPC1], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDPC1>, April 16, 2024.

Figure 4: U.S. Bureau of Labor Statistics, *Civilian Unemployment Rate* [UNRATE], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/UNRATE>, April 16, 2024.

Figure 5: Federal Reserve Bank of St. Louis, *Total Vehicle Sales* [TOTALSA], retrieved

from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/TOTALSA>, April 16, 2024.

CNA Financial Corp.  
Revenue Decomposition

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Property and casualty	7,684	8,194	9,029	9,725	10,455	11,030	11,526	11,987	12,442	12,878	13,290	13,689	14,099	14,522
Long term care	491	473	451	486	522	551	576	599	622	643	664	684	704	725
<b>Net earned premiums</b>	<b>8,175</b>	<b>8,667</b>	<b>9,480</b>	<b>10,211</b>	<b>10,977</b>	<b>11,581</b>	<b>12,102</b>	<b>12,586</b>	<b>13,064</b>	<b>13,521</b>	<b>13,954</b>	<b>14,373</b>	<b>14,804</b>	<b>15,248</b>
growth	6.88%	6.02%	9.38%	7.71%	7.50%	5.50%	4.50%	4.00%	3.80%	3.50%	3.20%	3.00%	3.00%	3.00%
Fixed maturity securities	1,707	1,787	1,941	2,028	2,113	2,202	2,294	2,390	2,491	2,595	2,704	2,818	2,936	3,060
Equity securities	83	23	63	67	72	78	83	90	96	103	111	119	128	137
Limited partnership investments	362	(12)	174	190	196	206	216	227	238	250	263	276	290	304
Mortgage loans	61	54	58	61	65	69	73	77	81	86	91	97	102	108
Short term investments	1	16	75	76	79	83	87	90	94	99	103	107	112	117
Trading portfolio	9	4	4	4	4	4	4	4	4	4	4	4	4	4
Other	-	5	28	32	34	35	37	39	42	44	46	49	52	54
Investment Expense	(64)	(72)	(79)	(79)	(79)	(79)	(78)	(78)	(78)	(78)	(78)	(78)	(78)	(78)
<b>Net investment income</b>	<b>2,159</b>	<b>1,805</b>	<b>2,264</b>	<b>2,497</b>	<b>2,484</b>	<b>2,598</b>	<b>2,716</b>	<b>2,839</b>	<b>2,969</b>	<b>3,104</b>	<b>3,245</b>	<b>3,392</b>	<b>3,546</b>	<b>3,708</b>
growth	11.58%	-16.40%	25.43%	7.71%	7.00%	5.50%	4.50%	4.00%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%
Fixed maturity securities	96	(141)	(91)	(95)	(99)	(103)	(108)	(112)	(117)	(122)	(127)	(132)	(138)	(138)
Equity securities	4	(116)	4	4	5	5	5	6	6	7	7	8	8	9
Derivatives	6	64	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)
Mortgage loans	10	(8)	(11)	(12)	(12)	(13)	(14)	(15)	(15)	(16)	(17)	(18)	(19)	(21)
Short term investments and other	4	2	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net investment (losses) gains</b>	<b>120</b>	<b>(199)</b>	<b>(99)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-insurance warranty revenue</b>	<b>1,430</b>	<b>1,574</b>	<b>1,624</b>	<b>1,609</b>	<b>1,657</b>	<b>1,707</b>	<b>1,758</b>	<b>1,811</b>	<b>1,865</b>	<b>1,921</b>	<b>1,979</b>	<b>2,038</b>	<b>2,099</b>	<b>2,162</b>
growth	14.22%	10.07%	3.18%	-0.92%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Other revenues</b>	<b>1,454</b>	<b>1,606</b>	<b>1,654</b>	<b>1,643</b>	<b>1,632</b>	<b>1,621</b>	<b>1,610</b>	<b>1,599</b>	<b>1,588</b>	<b>1,577</b>	<b>1,566</b>	<b>1,555</b>	<b>1,544</b>	<b>1,533</b>
<b>Total Revenues</b>	<b>11,908</b>	<b>11,879</b>	<b>13,299</b>	<b>14,270</b>	<b>15,093</b>	<b>15,799</b>	<b>16,428</b>	<b>17,024</b>	<b>17,621</b>	<b>18,202</b>	<b>18,765</b>	<b>19,320</b>	<b>19,894</b>	<b>20,488</b>
growth	10.18%	-0.24%	11.95%	7.30%	5.77%	4.68%	3.98%	3.63%	3.50%	3.30%	3.09%	2.96%	2.97%	2.99%
<b>Net Earned Premium Growth Rate</b>														
Property and casualty	7.54%	6.64%	10.19%	7.71%	8.18%	8.69%	8.19%	8.36%	8.41%	8.32%	8.36%	8.37%	8.35%	8.36%
Long term care	-2.58%	-3.67%	-4.65%	7.71%	-0.20%	0.95%	2.82%	1.19%	1.65%	1.89%	1.58%	1.71%	1.72%	1.67%
<b>Total Net Earned Premium</b>	<b>6.88%</b>	<b>6.02%</b>	<b>9.38%</b>	<b>7.71%</b>	<b>7.70%</b>	<b>8.26%</b>	<b>7.89%</b>	<b>7.95%</b>	<b>8.04%</b>	<b>7.96%</b>	<b>7.98%</b>	<b>7.99%</b>	<b>7.98%</b>	<b>7.99%</b>
<b>Growth Rate on Investment Securities</b>														
Fixed maturity securities	3.85%	4.75%	4.80%	4.47%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
Equity securities	8.02%	3.41%	9.22%	6.88%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%
Limited partnership investments	19.47%	-0.62%	8.00%	8.95%	3.41%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortgage loans	6.27%	5.19%	5.60%	5.69%	5.86%	5.86%	5.86%	5.86%	5.86%	5.86%	5.86%	5.86%	5.86%	5.86%
Short term investments	0.05%	0.87%	3.46%	1.46%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%
Trading portfolio	0.87%	0.59%	0.59%	0.68%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Other	0.00%	6.41%	35.00%	13.80%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Investment Expense	-0.13%	-0.17%	-0.17%	-0.16%	-0.16%	-0.16%	-0.16%	-0.16%	-0.16%	-0.16%	-0.16%	-0.16%	-0.16%	-0.16%
<b>Total Investment</b>	<b>11.58%</b>	<b>-16.40%</b>	<b>25.43%</b>	<b>6.87%</b>	<b>5.30%</b>	<b>12.53%</b>	<b>8.23%</b>	<b>8.69%</b>	<b>9.82%</b>	<b>8.91%</b>	<b>9.14%</b>	<b>9.29%</b>	<b>9.12%</b>	<b>9.18%</b>
<b>Asset Investments:</b>														
Fixed maturity securities at fair values	\$ 44,380	\$ 37,627	\$ 40,425	\$ 40,403	\$ 42,208	\$ 43,980	\$ 45,828	\$ 47,752	\$ 49,758	\$ 51,848	\$ 54,025	\$ 56,294	\$ 58,659	\$ 61,122
Equity securities at fair value	1,035	674	683	669	715	768	825	886	951	1,022	1,097	1,179	1,266	1,359
Limited partnership investments	1,859	1,926	2,174	2,367	2,579	2,667	2,800	2,940	3,087	3,241	3,404	3,574	3,752	3,940
Other invested assets	91	78	80	73	76	78	79	81	82	84	85	87	88	90
Mortgage loans less allowance for uncollected	973	1,040	1,035	986	1,042	1,103	1,168	1,236	1,309	1,385	1,467	1,552	1,643	1,740
Short term investments	1,990	1,832	2,165	1,747	1,773	1,850	1,932	2,017	2,106	2,198	2,295	2,396	2,501	2,612
Total Investments	50,328	43,177	46,562	46,245	48,393	50,447	52,631	54,912	57,293	59,778	62,373	65,082	67,910	70,863
<b>Return on Investment Assets:</b>														
Fixed maturity securities at fair values	-0.56%	-15.22%	7.44%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.00%	4.00%	4.00%	4.00%	4.00%
Equity securities at fair value	4.33%	-34.88%	1.34%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	4.50%	4.50%	4.50%	4.50%	4.50%
Limited partnership investments	14.82%	3.60%	12.88%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	4.50%	4.50%	4.50%	4.50%	4.50%
Other invested assets	19.74%	-14.29%	2.56%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Mortgage loans less allowance for uncollected	-8.90%	6.89%	-0.48%	6.86%	6.86%	6.86%	6.86%	6.86%	6.86%	4.50%	4.50%	4.50%	4.50%	4.50%
Short term investments	4.35%	-7.94%	18.18%	4.97%	4.97%	4.97%	4.97%	4.97%	4.97%	4.50%	4.50%	4.50%	4.50%	4.50%
Total Investments	0.07%	-14.21%	7.84%	5.00%	4.79%	4.80%	4.80%	4.80%	4.81%	4.10%	4.10%	4.10%	4.10%	4.10%

CNA Financial Corp.

Income Statement

(in millions)

<i>Fiscal Years Ending Dec. 31</i>	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
<b>Total Revenues</b>	<b>\$ 11,908</b>	<b>\$ 11,879</b>	<b>\$ 13,299</b>	<b>\$ 14,270</b>	<b>\$ 15,093</b>	<b>\$ 15,799</b>	<b>\$ 16,428</b>	<b>\$ 17,024</b>	<b>\$ 17,621</b>	<b>\$ 18,202</b>	<b>\$ 18,765</b>	<b>\$ 19,320</b>	<b>\$ 19,894</b>	<b>\$ 20,488</b>
Insurance claims and policyholders' benefits	(6,371)	(6,653)	(7,068)	(7,738)	(8,467)	(8,933)	(9,335)	(9,709)	(10,077)	(10,430)	(10,764)	(11,087)	(11,420)	(11,762)
Amortization of deferred acquisition costs	(1,443)	(1,490)	(1,644)	(1,798)	(1,937)	(2,043)	(2,135)	(2,221)	(2,305)	(2,386)	(2,462)	(2,536)	(2,612)	(2,691)
<b>Other operating expenses</b>	<b>(2,519)</b>	<b>(2,810)</b>	<b>(2,942)</b>	<b>(3,390)</b>	<b>(3,222)</b>	<b>(3,347)</b>	<b>(3,464)</b>	<b>(3,579)</b>	<b>(3,696)</b>	<b>(3,813)</b>	<b>(3,929)</b>	<b>(4,046)</b>	<b>(4,167)</b>	<b>(4,292)</b>
Non-insurance warranty expense	(1,328)	(1,471)	(1,544)	(1,547)	(1,558.22)	(1,604.96)	(1,653.11)	(1,702.71)	(1,753.79)	(1,806.40)	(1,860.59)	(1,916.41)	(1,973.90)	(2,033.12)
Other operating expenses excluding non-insurance warranty expen.	(1,191)	(1,339)	(1,398)	(1,843)	(1,664)	(1,742)	(1,811)	(1,877)	(1,942)	(2,007)	(2,069)	(2,130)	(2,193)	(2,259)
Interest expense	(113)	(112)	(127)	(133)	(164)	(227)	(233)	(239)	(248)	(254)	(260)	(267)	(273)	(279)
Income / loss before income tax	1,462	814	1,518	1,211	1,303	1,249	1,260	1,276	1,294	1,319	1,349	1,384	1,423	1,465
Income tax benefit / expense	(278)	(132)	(313)	(252)	304	291	294	297	302	307	314	322	331	341
<b>Total Claims, Benefits &amp; Expenses</b>	<b>(10,446)</b>	<b>(11,065)</b>	<b>(11,781)</b>	<b>(13,059)</b>	<b>(13,790)</b>	<b>(14,550)</b>	<b>(15,168)</b>	<b>(15,748)</b>	<b>(16,326)</b>	<b>(16,883)</b>	<b>(17,416)</b>	<b>(17,936)</b>	<b>(18,471)</b>	<b>(19,023)</b>
<b>Net income / loss</b>	<b>\$ 1,184</b>	<b>\$ 682</b>	<b>\$ 1,205</b>	<b>\$ 959</b>	<b>\$ 1,000</b>	<b>\$ 958</b>	<b>\$ 966</b>	<b>\$ 979</b>	<b>\$ 993</b>	<b>\$ 1,012</b>	<b>\$ 1,035</b>	<b>\$ 1,061</b>	<b>\$ 1,091</b>	<b>\$ 1,124</b>
Weighted average shares outstanding (Basic)	272	272	271	272	273	275	276	278	279	281	283	284	286	287
Earnings per share (Basic)	<b>\$ 4.36</b>	<b>\$ 2.51</b>	<b>\$ 4.44</b>	<b>\$ 3.53</b>	<b>\$ 3.66</b>	<b>\$ 3.49</b>	<b>\$ 3.50</b>	<b>\$ 3.52</b>	<b>\$ 3.55</b>	<b>\$ 3.60</b>	<b>\$ 3.66</b>	<b>\$ 3.73</b>	<b>\$ 3.82</b>	<b>\$ 3.91</b>
Dividends Per Share	2.27	3.60	2.88	3.76	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Payout Ratio	52%	143%	65%	107%	82%	86%	86%	85%	84%	83%	82%	80%	79%	77%

## CNA Financial Corp.

## Balance Sheet

(in millions)

<b>Fiscal Years Ending Dec. 31</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>
<b>Total non-operating assets</b>	<b>51,154</b>	<b>45,047</b>	<b>48,069</b>	<b>48,949</b>	<b>56,177</b>	<b>58,256</b>	<b>60,177</b>	<b>63,024</b>	<b>65,057</b>	<b>67,182</b>	<b>69,387</b>	<b>71,368</b>	<b>73,459</b>	<b>75,622</b>
Cash & equivalents	536	475	345	472	5,563	5,634	5,454	6,115	5,872	5,626	5,364	4,777	4,195	3,575
Goodwill	148	144	146	145	145	145	145	145	145	145	145	145	145	145
Deferred income taxes	142	1,251	1,016	850	1,050	1,042	1,043	1,046	1,049	1,052	1,057	1,062	1,068	1,075
<b>Total investments</b>	<b>50,328</b>	<b>43,177</b>	<b>46,562</b>	<b>47,482</b>	<b>49,419</b>	<b>51,436</b>	<b>53,534</b>	<b>55,718</b>	<b>57,992</b>	<b>60,358</b>	<b>62,820</b>	<b>65,383</b>	<b>68,051</b>	<b>70,827</b>
Fixed maturity securities at fair value	44,380	37,627	40,425	41,111	42,788	44,534	46,351	48,242	50,210	52,259	54,391	56,610	58,920	61,324
Equity securities at fair value	1,035	674	683	659	686	714	743	773	805	838	872	907	944	983
Limited partnership investments	1,859	1,926	2,174	2,520	2,623	2,730	2,841	2,957	3,078	3,203	3,334	3,470	3,612	3,759
Other invested assets	91	78	80	85	88	92	96	100	104	108	112	117	122	127
Mortgage loans less allowance for uncollectible receivables	973	1,040	1,035	1,019	1,061	1,104	1,149	1,196	1,245	1,295	1,348	1,403	1,460	1,520
Short term investments	1,990	1,832	2,165	2,088	2,173	2,262	2,354	2,450	2,550	2,654	2,762	2,875	2,993	3,115
<b>Total operating assets</b>	<b>18,961</b>	<b>19,624</b>	<b>20,303</b>	<b>21,068</b>	<b>18,120</b>	<b>18,543</b>	<b>18,889</b>	<b>19,206</b>	<b>19,526</b>	<b>19,834</b>	<b>20,125</b>	<b>20,410</b>	<b>20,716</b>	<b>21,044</b>
Reinsurance receivables less allowance for uncollectible receivables	5,463	5,416	5,412	6,051	6,544	6,903	7,214	7,503	7,788	8,060	8,318	8,568	8,825	9,090
Insurance receivables less allowance for uncollectible receivables	2,945	3,158	3,442	3,671	3,977	4,196	4,385	4,560	4,733	4,899	5,056	5,207	5,364	5,525
Accrued investment income	377	402	444	451	491	513	536	561	586	613	641	670	701	732
Deferred acquisition costs	737	806	896	959	938	989	1,034	1,075	1,116	1,155	1,192	1,228	1,265	1,303
Property and equipment at cost less accumulated depreciation	226	226	253	295	295	295	295	295	295	295	295	295	295	295
Deferred non-insurance warranty acquisition expense	3,476	3,671	3,661	3,525	-	-	-	-	-	-	-	-	-	-
Other assets (includes due from Loews Corporation)	5,737	5,945	6,195	6,116	5,876	5,646	5,425	5,212	5,008	4,811	4,623	4,441	4,267	4,100
<b>Total assets</b>	<b>66,639</b>	<b>61,000</b>	<b>64,711</b>	<b>66,492</b>	<b>74,298</b>	<b>76,799</b>	<b>79,066</b>	<b>82,230</b>	<b>84,584</b>	<b>87,015</b>	<b>89,512</b>	<b>91,778</b>	<b>94,175</b>	<b>96,667</b>
<b>Total liabilities</b>	<b>53,830</b>	<b>52,452</b>	<b>54,818</b>	<b>55,979</b>	<b>63,685</b>	<b>66,091</b>	<b>68,260</b>	<b>71,327</b>	<b>73,581</b>	<b>75,912</b>	<b>78,305</b>	<b>80,464</b>	<b>82,753</b>	<b>85,132</b>
<b>Insurance reserves</b>	<b>43,171</b>	<b>41,974</b>	<b>44,196</b>	<b>45,480</b>	<b>51,805</b>	<b>54,026</b>	<b>55,960</b>	<b>58,686</b>	<b>60,694</b>	<b>62,749</b>	<b>64,851</b>	<b>66,739</b>	<b>68,738</b>	<b>70,818</b>
Claim and claim adjustment expenses	24,174	22,120	23,304	24,976	27,800	29,206	30,433	31,756	32,921	34,064	35,175	36,219	37,306	38,429
Unearned premiums	5,761	6,374	6,933	7,346	7,912	8,217	8,538	8,876	9,170	9,474	9,771	10,057	10,357	10,667
Future policy benefits	13,236	13,480	13,959	13,158	16,093	16,604	16,989	18,055	18,604	19,211	19,905	20,463	21,076	21,723
<b>Debt</b>	<b>2,779</b>	<b>2,781</b>	<b>3,031</b>	<b>2,973</b>	<b>4,119</b>	<b>4,239</b>	<b>4,348</b>	<b>4,500</b>	<b>4,613</b>	<b>4,730</b>	<b>4,850</b>	<b>4,959</b>	<b>5,074</b>	<b>5,194</b>
Short term debt	-	243	550	550	550	550	550	550	550	550	550	550	550	550
Long term debt	2,779	2,538	2,481	2,973	3,569	3,689	3,798	3,950	4,063	4,180	4,300	4,409	4,524	4,644
<b>Other liabilities includes due to Loews Corporation</b>	<b>7,880</b>	<b>7,697</b>	<b>7,591</b>	<b>7,526</b>	<b>7,761</b>	<b>7,825</b>	<b>7,952</b>	<b>8,141</b>	<b>8,274</b>	<b>8,433</b>	<b>8,603</b>	<b>8,766</b>	<b>8,940</b>	<b>9,120</b>
Deferred non-insurance warranty revenue	4,503	4,714	4,694	4,530	4,765	4,829	4,956	5,145	5,278	5,437	5,607	5,770	5,944	6,124
Other liabilities includes due to loews corporation excluding participating policyholders' f	3,377	2,983	2,897	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996
<b>Total stockholder's equity</b>	<b>12,809</b>	<b>8,548</b>	<b>9,893</b>	<b>10,513</b>	<b>10,613</b>	<b>10,709</b>	<b>10,805</b>	<b>10,903</b>	<b>11,003</b>	<b>11,104</b>	<b>11,207</b>	<b>11,313</b>	<b>11,422</b>	<b>11,535</b>
Common equity (Common Stock and Additional paid-in Capital)	2,898	2,903	2,904	2,912	2,912	2,912	2,912	2,912	2,912	2,912	2,912	2,912	2,912	2,912
Retained earnings	9,663	9,336	9,755	9,686	9,786	9,882	9,978	10,076	10,176	10,277	10,380	10,486	10,595	10,708
Accumulated other comprehensive income / loss	320	(3,598)	(2,672)	(1,991)	(1,991)	(1,991)	(1,991)	(1,991)	(1,991)	(1,991)	(1,991)	(1,991)	(1,991)	(1,991)
Treasury stock, at cost	(72)	(93)	(94)	(94)	(94)	(94)	(94)	(94)	(94)	(94)	(94)	(94)	(94)	(94)
<b>Total liabilities and stockholders' equity</b>	<b>66,639</b>	<b>61,000</b>	<b>64,711</b>	<b>66,492</b>	<b>74,298</b>	<b>76,800</b>	<b>79,066</b>	<b>82,230</b>	<b>84,584</b>	<b>87,016</b>	<b>89,512</b>	<b>91,778</b>	<b>94,175</b>	<b>96,667</b>

CNA Financial Corp.  
Historical Cash Flow Statement

<b>Fiscal Years Ending Dec. 31</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Cash Flows from Operating Activities</b>										
Net income / loss	\$ 479	\$ 859	\$ 899	\$ 813	\$ 1,000	\$ 690	\$ 1,184	\$ 682	\$ 1,205	\$ 959
<b>Total adjustments</b>	908	557	269	148	(326)	(160)	(287)	96	(216)	222
Deferred income tax benefit / expense	(150)	136	168	(20)	(46)	(49)	43	(89)	2	(45)
Trading portfolio activity	17	(9)	9	-	(16)	(5)	20	6	1	-
Net realized investment losses / gains	67	(50)	(93)	52	(29)	54	(120)	199	99	81
Equity method investees	195	238	84	330	11	(8)	(127)	250	(8)	(101)
Net amortization of investments	17	(27)	(40)	(70)	(89)	(67)	(81)	(129)	(191)	(200)
Depreciation and amortization	84	77	88	79	68	60	54	51	73	67
<b>Changes in</b>										
Receivables, net	82	(130)	92	(229)	137	(409)	(1,358)	(226)	(245)	(898)
Accrued investment income	(1)	(3)	(4)	19	(3)	16	3	(29)	(41)	(8)
Deferred acquisition costs	311	(8)	(24)	(6)	(26)	(43)	(30)	(79)	(85)	(69)
Insurance reserves	241	237	22	482	358	1,681	2,485	2,058	1,667	2,365
Other, net	(2)	29	53	(223)	(225)	(145)	(76)	(192)	(192)	420
<b>Net cash flows provided / used by operating activities</b>	<b>1,387</b>	<b>1,416</b>	<b>1,254</b>	<b>1,227</b>	<b>1,140</b>	<b>1,775</b>	<b>1,997</b>	<b>2,502</b>	<b>2,285</b>	<b>2,571</b>
<b>Cash Flows from Investing Activities</b>										
<b>Dispositions</b>	8,742	9,125	9,343	11,338	9,675	10,466	9,032	9,039	5,966	5,914
Fixed maturity securities - sales	4,390	5,328	5,438	8,408	5,842	5,904	3,816	5,909	4,029	2,793
Fixed maturity securities - maturities, calls and redemptions	4,095	3,219	3,641	2,370	2,997	3,760	4,464	2,358	1,334	2,396
Equity securities	57	81	46	89	214	355	316	509	317	523
Limited partnerships	174	290	192	343	479	373	246	138	164	97
Mortgage loans	26	207	26	128	143	74	190	125	122	105
<b>Purchases</b>	(9,048)	(10,199)	(9,676)	(11,590)	(9,343)	(11,117)	(10,146)	(10,652)	(7,438)	(7,272)
Fixed maturity securities	(8,675)	(9,827)	(9,065)	(10,785)	(8,661)	(10,269)	(9,307)	(9,821)	(6,616)	(6,404)
Equity securities	(62)	-	(166)	(258)	(186)	(452)	(304)	(294)	(293)	(444)
Limited partnerships	(188)	(252)	(171)	(419)	(198)	(224)	(440)	(337)	(402)	(335)
Mortgage loans	(123)	(120)	(274)	(128)	(298)	(172)	(95)	(200)	(127)	(89)
Change in other investments	4	7	(3)	(12)	(11)	(8)	(6)	8	(2)	(11)
Change in short term investments	34	258	(6)	168	(535)	(39)	(83)	155	(274)	147
Purchases of property and equipment	(125)	(146)	(102)	(99)	(26)	(23)	(26)	(52)	(90)	(95)
Other, net	21	2	20	18	15	16	1	(10)	(5)	-
<b>Net cash flows provided / used by investing activities</b>	<b>(372)</b>	<b>(846)</b>	<b>(424)</b>	<b>(177)</b>	<b>(225)</b>	<b>(705)</b>	<b>(1,228)</b>	<b>(1,512)</b>	<b>(1,843)</b>	<b>(1,317)</b>
<b>Cash Flows from Financing Activities</b>										
Dividends paid to common stockholders	(811)	(813)	(842)	(896)	(929)	(950)	(621)	(982)	(787)	(1,025)
Proceeds from the issuance of debt	-	498	496	-	496	495	-	-	491	490
Repayment of debt	-	(358)	(391)	(180)	(520)	(419)	-	-	(243)	(550)
Purchase of treasury stock	-	-	-	-	(23)	(18)	(18)	(39)	(24)	(20)
Other, net	4	-	(18)	(9)	(12)	(10)	(9)	(11)	(14)	(12)
<b>Net cash flows provided / used by financing activities</b>	<b>(807)</b>	<b>(673)</b>	<b>(755)</b>	<b>(1,085)</b>	<b>(988)</b>	<b>(902)</b>	<b>(648)</b>	<b>(1,032)</b>	<b>(577)</b>	<b>(1,117)</b>
Effect of foreign exchange rate changes on cash-continuing operations	(11)	(13)	9	(10)	5	9	(4)	(19)	5	(10)
Net change in cash	197	(116)	84	(45)	(68)	177	117	(61)	(130)	127
Cash, beginning of period	190	387	271	355	310	242	419	536	475	345
Cash, end of period	\$ 387	\$ 271	\$ 355	\$ 310	\$ 242	\$ 419	\$ 536	\$ 475	\$ 345	\$ 472

CNA Financial Corp.

Forecasted Cash Flow Statement

<b>Fiscal Years Ending Dec. 31</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Net Income	\$ 1,000	\$ 958	\$ 966	\$ 979	\$ 993	\$ 1,012	\$ 1,035	\$ 1,061	\$ 1,091	\$ 1,124
Change in Deferred Acquisition Costs	21	(52)	(45)	(41)	(41)	(39)	(37)	(36)	(37)	(38)
Change in Insurance Receivables	(306)	(219)	(189)	(175)	(173)	(166)	(157)	(152)	(156)	(161)
Change in Reinsurance Receivables	(493)	(360)	(311)	(289)	(285)	(273)	(258)	(250)	(257)	(265)
Change in Accrued Investment Income	(40)	(22)	(23)	(24)	(26)	(27)	(28)	(29)	(30)	(32)
Change in Insurance Reserves	6,325	2,221	1,933	2,726	2,008	2,055	2,102	1,888	1,999	2,080
Change in Deferred Income Taxes	(200)	8	(2)	(3)	(3)	(4)	(5)	(5)	(6)	(6)
Change in Other Liabilities	235	64	128	188	133	159	170	163	174	179
Change in Other Assets	240	230	221	213	204	196	189	181	174	167
<b>Net Cash from operating activities</b>	<b>6,782</b>	<b>2,830</b>	<b>2,679</b>	<b>3,574</b>	<b>2,811</b>	<b>2,914</b>	<b>3,012</b>	<b>2,822</b>	<b>2,952</b>	<b>3,048</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Change in Fixed Maturity Securities	(1,677)	(1,746)	(1,817)	(1,891)	(1,968)	(2,049)	(2,132)	(2,219)	(2,310)	(2,404)
Change in Equity Securities	(27)	(28)	(29)	(30)	(32)	(33)	(34)	(36)	(37)	(39)
Change in Limited Partnership Investments	(103)	(107)	(111)	(116)	(121)	(126)	(131)	(136)	(142)	(147)
Change in Other Invested Assets	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)
Change in Mortgage Loans	(42)	(43)	(45)	(47)	(49)	(51)	(53)	(55)	(57)	(60)
Change in Short-Term Investments	(85)	(89)	(92)	(96)	(100)	(104)	(108)	(113)	(117)	(122)
Change in Property & Casualty Equipment (CapEx)	-	-	-	-	-	-	-	-	-	-
<b>Net Cash from investing activities</b>	<b>(1,937)</b>	<b>(2,016)</b>	<b>(2,099)</b>	<b>(2,184)</b>	<b>(2,273)</b>	<b>(2,366)</b>	<b>(2,463)</b>	<b>(2,563)</b>	<b>(2,668)</b>	<b>(2,776)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Dividends Paid	(900)	(862)	(870)	(881)	(893)	(911)	(931)	(955)	(982)	(1,011)
Change in Debt (S-T and L-T)	1,146	120	109	152	113	117	120	109	115	120
Change in Treasury Stock	-	-	-	-	-	-	-	-	-	-
<b>Net Cash from financing activities</b>	<b>246</b>	<b>(742)</b>	<b>(761)</b>	<b>(729)</b>	<b>(780)</b>	<b>(794)</b>	<b>(811)</b>	<b>(846)</b>	<b>(867)</b>	<b>(891)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>5,091</b>	<b>71</b>	<b>(180)</b>	<b>661</b>	<b>(243)</b>	<b>(246)</b>	<b>(262)</b>	<b>(587)</b>	<b>(582)</b>	<b>(619)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>472</b>	<b>5,563</b>	<b>5,634</b>	<b>5,454</b>	<b>6,115</b>	<b>5,872</b>	<b>5,626</b>	<b>5,364</b>	<b>4,777</b>	<b>4,195</b>
<b>CASH, END OF YEAR</b>	<b>\$ 5,563</b>	<b>\$ 5,634</b>	<b>\$ 5,454</b>	<b>\$ 6,115</b>	<b>\$ 5,872</b>	<b>\$ 5,626</b>	<b>\$ 5,364</b>	<b>\$ 4,777</b>	<b>\$ 4,195</b>	<b>\$ 3,575</b>

CNA Financial Corp.

Common Size Income Statement

<i>Fiscal Years Ending Dec. 31</i>	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
<b>Total Revenues</b>	17.87%	19.47%	20.55%	21.46%	20.31%	20.57%	20.78%	20.70%	20.83%	20.92%	20.96%	21.05%	21.12%	21.19%
Insurance claims and policyholders' benefits	-9.56%	-10.91%	-10.92%	-11.64%	-11.40%	-11.63%	-11.81%	-11.81%	-11.91%	-11.99%	-12.03%	-12.08%	-12.13%	-12.17%
Amortization of deferred acquisition costs	-2.17%	-2.44%	-2.54%	-2.70%	-2.61%	-2.66%	-2.70%	-2.70%	-2.73%	-2.74%	-2.75%	-2.76%	-2.77%	-2.78%
Other operating expenses	-3.78%	-4.61%	-4.55%	-5.10%	-4.34%	-4.36%	-4.38%	-4.35%	-4.37%	-4.38%	-4.39%	-4.41%	-4.42%	-4.44%
Non-insurance warranty expense	-1.99%	-2.41%	-2.39%	-2.33%	-2.10%	-2.09%	-2.09%	-2.07%	-2.07%	-2.08%	-2.08%	-2.09%	-2.10%	-2.10%
Other operating expenses excluding non-insurance warranty expense	-1.79%	-2.20%	-2.16%	-2.77%	-2.24%	-2.27%	-2.29%	-2.28%	-2.30%	-2.31%	-2.31%	-2.32%	-2.33%	-2.34%
Interest expense	-0.17%	-0.18%	-0.20%	-0.20%	-0.22%	-0.30%	-0.29%	-0.29%	-0.29%	-0.29%	-0.29%	-0.29%	-0.29%	-0.29%
Income / loss before income tax	2.19%	1.33%	2.35%	1.82%	1.75%	1.63%	1.59%	1.55%	1.53%	1.52%	1.51%	1.51%	1.51%	1.52%
Income tax benefit / expense	-0.42%	-0.22%	-0.48%	-0.38%	0.41%	0.38%	0.37%	0.36%	0.36%	0.35%	0.35%	0.35%	0.35%	0.35%
<b>Total Claims &amp; Expenses</b>	-15.68%	-18.14%	-18.21%	-19.64%	-18.56%	-18.95%	-19.18%	-19.15%	-19.30%	-19.40%	-19.46%	-19.54%	-19.61%	-19.68%
<b>Net income / loss</b>	1.78%	1.12%	1.86%	1.44%	1.35%	1.25%	1.22%	1.19%	1.17%	1.16%	1.16%	1.16%	1.16%	1.16%



**CNA Financial Corp.**  
*Value Driver Estimation*

<i>Fiscal Years Ending Dec. 31</i>	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
<b>Raw Values</b>														
Net Income	\$ 1,184	\$ 682	\$ 1,205	\$ 959	\$ 1,000	\$ 958	\$ 966	\$ 979	\$ 993	\$ 1,012	\$ 1,035	\$ 1,061	\$ 1,091	\$ 1,124
Total Stockholders' Equity (TSE, end of year)	\$ 12,809	\$ 8,548	\$ 9,893	\$ 10,513	\$ 10,613	\$ 10,709	\$ 10,805	\$ 10,903	\$ 11,003	\$ 11,104	\$ 11,207	\$ 11,313	\$ 11,422	\$ 11,535
Beginning TSE	\$ 12,707	\$ 12,809	\$ 8,548	\$ 9,893	\$ 10,513	\$ 10,613	\$ 10,709	\$ 10,805	\$ 10,903	\$ 11,003	\$ 11,104	\$ 11,207	\$ 11,313	\$ 11,422
Δ Total Assets (TA)	2,613	(5,639)	3,711	1,781	7,806	2,501	2,266	3,164	2,354	2,432	2,496	2,266	2,398	2,492
Δ Total Liabilities (TL)	2,511	(1,378)	2,366	1,161	7,706	2,406	2,170	3,067	2,254	2,330	2,393	2,160	2,289	2,379
<b>Return on Equity (ROE):</b>														
Net Income	\$ 1,184	\$ 682	\$ 1,205	\$ 959	\$ 1,000	\$ 958	\$ 966	\$ 979	\$ 993	\$ 1,012	\$ 1,035	\$ 1,061	\$ 1,091	\$ 1,124
Beginning TSE	12,707	12,809	8,548	9,893	10,513	10,613	10,709	10,805	10,903	11,003	11,104	11,207	11,313	11,422
<b>ROE</b>	<b>9.32%</b>	<b>5.32%</b>	<b>14.10%</b>	<b>9.69%</b>	<b>9.51%</b>	<b>9.03%</b>	<b>9.02%</b>	<b>9.06%</b>	<b>9.10%</b>	<b>9.20%</b>	<b>9.32%</b>	<b>9.47%</b>	<b>9.65%</b>	<b>9.84%</b>
<b>Free Cash Flow to Equity (FCFE):</b>														
Net Income	\$ 1,184	\$ 682	\$ 1,205	\$ 959	\$ 1,000	\$ 958	\$ 966	\$ 979	\$ 993	\$ 1,012	\$ 1,035	\$ 1,061	\$ 1,091	\$ 1,124
<b>LESS</b> Δ Total Assets (TA)	2,613	(5,639)	3,711	1,781	7,806	2,501	2,266	3,164	2,354	2,432	2,496	2,266	2,398	2,492
<b>PLUS</b> Δ Total Liabilities (TL)	2,511	(1,378)	2,366	1,161	7,706	2,406	2,170	3,067	2,254	2,330	2,393	2,160	2,289	2,379
<b>FCFE</b>	<b>\$ 1,082</b>	<b>\$ 4,943</b>	<b>\$ (140)</b>	<b>\$ 339</b>	<b>\$ 900</b>	<b>\$ 863</b>	<b>\$ 869</b>	<b>\$ 881</b>	<b>\$ 893</b>	<b>\$ 910</b>	<b>\$ 931</b>	<b>\$ 955</b>	<b>\$ 982</b>	<b>\$ 1,011</b>
<b>Equity Economic Profit (EEP):</b>														
Beginning TSE	12,707	12,809	8,548	9,893	10,513	10,613	10,709	10,805	10,903	11,003	11,104	11,207	11,313	11,422
x (ROE - Re)	0.03	-0.01	0.07	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.03	0.03	0.03	0.03
<b>EEP</b>	<b>321</b>	<b>(188)</b>	<b>624</b>	<b>287</b>	<b>286</b>	<b>237</b>	<b>239</b>	<b>245</b>	<b>252</b>	<b>264</b>	<b>280</b>	<b>300</b>	<b>323</b>	<b>348</b>

**CNA Financial Corp.**

*Weighted Average Cost of Capital (WACC) Estimation*

**Cost of Equity:**

Risk-Free Rate	4.08%
Beta	0.50
Equity Risk Premium	5.44%
<b>Cost of Equity</b>	<b>6.79%</b>

**CNA Financial Corp.**

*Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models*

Key Inputs:

CV Growth of Net Income	2.50%
CV of Year ROE	10%
Cost of Equity	6.79%

<b>Fiscal Years Ending Dec. 31</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>
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**DCF Model:**

Free Cash Flow (FCF)	899.95	862.59	869.49	881.01	893.42	910.39	931.19	955.09	982.25	1,010.95
Continuing Value (CV)										19,521.55
PV of FCF	842.70	756.35	713.90	677.35	643.20	613.72	587.82	564.55	543.67	10,805.18

Value of Operating Assets:	16,748.43
Non-Operating Adjustments	
ESOP	
Value of Equity	16,748.43
Shares Outstanding	273.09
Intrinsic Value of Last FYE	\$ 61.33
<b>Implied Price as of Today</b>	<b>\$ 60.54</b>

**EP Model:**

Economic Profit (EP)	285.50	237.33	238.80	244.87	251.96	264.34	280.48	300.08	322.68	347.69
Continuing Value (CV)										8,099.08
PV of EP	267.34	208.10	196.07	188.26	181.39	178.20	177.05	177.37	178.60	4,482.84

Total PV of EP	6,235.23
Invested Capital (last FYE)	
Value of Operating Assets:	6,235.23
Beginning TSE	9,893.00
ESOP	
Value of Equity	16,128.23
Shares Outstanding	273.09
Intrinsic Value of Last FYE	\$ 59.06
<b>Implied Price as of Today</b>	<b>\$ 60.54</b>

**CNA Financial Corp.***Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

<b>Fiscal Years Ending</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>
EPS	\$ 3.66	\$ 3.49	\$ 3.50	\$ 3.52	\$ 3.55	\$ 3.60	\$ 3.66	\$ 3.73	\$ 3.82	\$ 3.91
<b>Key Assumptions</b>										
CV growth of EPS	2.50%									
CV Year ROE	9.84%									
Cost of Equity	6.79%									
<b>Future Cash Flows</b>										
P/E Multiple (CV Year)										17.37
EPS (CV Year)										\$ 3.91
Future Stock Price										\$ 67.92
Dividends Per Share	3.76	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	
Discounted Cash Flows	3.52	2.63	2.46	2.31	2.16	2.02	1.89	1.77	1.66	37.59
Intrinsic Value as of Last FYE	\$ 58.02									
<b>Implied Price as of Today</b>	<b>\$ 59.48</b>									

**CNA Financial Corp.**

*Relative Valuation Models*

Ticker	Company	Price	EPS 2025E	EPS 2026E	P/E 25	P/E 26	Est. 5yr EPS gr.	PEG 25	PEG 26	BV Equity	Tangible BV Equity	P/B	Tangible P/B
FAF	First American Financial Corp.	\$61.99	\$5.44	\$6.09	11.40	10.18	10.0	1.14	1.02	47.66	28.92	1.30	2.14
ORI	Old Republic International Corp.	\$39.12	\$3.27	\$3.53	11.96	11.08	10.0	1.20	1.11	22.58	21.86	1.73	1.79
MKL	Markel Group Inc.	\$1,952.67	\$100.24	\$107.95	19.48	18.09	10.0	1.95	1.81	1276.30	948.30	1.53	2.06
CINF	Cincinnati Financial Corporation	\$153.04	\$7.14	\$8.45	21.43	18.11	10.0	2.14	1.81	89.10	88.71	1.72	1.73
AIG	American International Group Inc.	\$78.75	\$6.53	\$7.78	12.06	10.12	10.0	1.21	1.01	70.15	64.58	1.12	1.22
Average					<b>15.27</b>	<b>13.52</b>		<b>1.53</b>	<b>1.35</b>			<b>1.48</b>	<b>1.79</b>
CNA	CNA Financial Corp.	\$45.79	\$3.66	\$3.49	12.5	13.1	10.0	1.3	1.3	38.82	38.00	1.18	1.21

**Implied Relative Value:**

P/E (EPS25)	\$ 55.88
P/E (EPS26)	\$ 47.15
PEG (EPS26)	\$ 47.15
P/B	\$ 57.48
P/Tangible BV	\$ 67.92

**Average** **\$ 55.24**



CNA Financial Corp.  
Sensitivity Tables

		Beta							
		59.48	0.40	0.45	0.50	0.55	0.60	0.65	0.70
Risk Free Rate	3.82%	71.78	67.00	62.86	59.24	56.04	53.21	50.67	
	3.97%	69.05	64.64	60.80	57.43	54.44	51.77	49.38	
	4.08%	67.19	63.03	59.39	56.18	53.32	50.77	48.48	
	4.23%	64.83	60.96	57.57	54.56	51.88	49.48	47.31	
	4.38%	62.63	59.04	55.87	53.05	50.53	48.26	46.20	
	4.53%	60.59	57.24	54.27	51.62	49.25	47.10	45.15	
	4.68%	58.69	55.56	52.78	50.28	48.04	46.00	44.15	

		CV Growth of EPS							
		59.48	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%
Cost of Equity	6.34%	64.31	64.79	65.31	65.84	66.41	67.01	67.65	
	6.49%	62.22	62.65	63.10	63.58	64.07	64.60	65.15	
	6.64%	60.28	60.66	61.06	61.47	61.91	62.37	62.85	
	6.79%	58.47	58.80	59.15	59.51	59.89	60.30	60.72	
	6.94%	56.77	57.06	57.37	57.69	58.02	58.37	58.74	
	7.09%	55.17	55.43	55.70	55.98	56.27	56.58	56.90	
	7.24%	53.67	53.89	54.13	54.38	54.63	54.90	55.18	

		Beta							
		59.48	0.40	0.45	0.50	0.55	0.60	0.65	0.70
ERP	4.99%	70.30	66.07	62.36	59.08	56.15	53.53	51.16	
	5.14%	69.23	65.02	61.34	58.08	55.18	52.57	50.23	
	5.29%	68.20	64.01	60.34	57.11	54.23	51.66	49.34	
	5.44%	67.19	63.03	59.39	56.18	53.32	50.77	48.48	
	5.59%	66.22	62.08	58.46	55.28	52.45	49.92	47.65	
	5.74%	65.28	61.16	57.57	54.41	51.61	49.11	46.86	
	5.89%	64.37	60.27	56.70	53.57	50.79	48.32	46.09	

		Payout Ratio							
		59.48	84%	86%	88%	90%	92%	94%	96%
CV Growth of EPS	2.20%	57.87	58.06	58.24	58.43	58.62	58.81	58.99	
	2.30%	58.17	58.36	58.56	58.76	58.96	59.16	59.36	
	2.40%	58.47	58.69	58.90	59.11	59.32	59.54	59.75	
	2.50%	58.80	59.02	59.25	59.48	59.70	59.93	60.15	
	2.60%	59.14	59.38	59.62	59.86	60.10	60.34	60.58	
	2.70%	59.49	59.75	60.00	60.26	60.51	60.77	61.02	
	2.80%	59.87	60.14	60.41	60.68	60.95	61.22	61.49	

		CV ROE							
		59.48	8.67%	8.82%	8.97%	9.12%	9.27%	9.42%	9.57%
Cost of Equity	6.34%	65.84	65.84	65.84	65.84	65.84	65.84	65.84	
	6.49%	63.58	63.58	63.58	63.58	63.58	63.58	63.58	
	6.64%	61.47	61.47	61.47	61.47	61.47	61.47	61.47	
	6.79%	59.51	59.51	59.51	59.51	59.51	59.51	59.51	
	6.94%	57.69	57.69	57.69	57.69	57.69	57.69	57.69	
	7.09%	55.98	55.98	55.98	55.98	55.98	55.98	55.98	
	7.24%	54.38	54.38	54.38	54.38	54.38	54.38	54.38	

		CV Growth of EPS							
		59.48	2.05%	2.20%	2.35%	2.50%	2.65%	2.80%	2.95%
Dividend Yield	3.49%	58.18	58.66	59.16	59.70	60.29	60.91	61.58	
	3.64%	58.11	58.58	59.09	59.63	60.21	60.83	61.51	
	3.79%	58.03	58.51	59.01	59.55	60.13	60.75	61.43	
	3.94%	57.96	58.43	58.94	59.48	60.05	60.68	61.35	
	4.09%	57.88	58.36	58.86	59.40	59.98	60.60	61.27	
	4.24%	57.81	58.28	58.78	59.32	59.90	60.52	61.19	
	4.39%	57.74	58.21	58.71	59.25	59.82	60.44	61.11	

**CNA Financial Corp.**

*Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding*

Number of Options Outstanding (shares):	2.71
Average Time to Maturity (years):	1.70
Expected Annual Number of Options Exercised:	2
Current Average Strike Price:	\$ 42.26
Cost of Equity:	6.79%
Current Stock Price:	\$45.79

<b><i>Fiscal Years Ending Dec. 31</i></b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>
Increase in Shares Outstanding:	2	2	2	2	2	2	2	2	2	2
Average Strike Price:	\$ 42.26	\$ 42.26	\$ 42.26	\$ 42.26	\$ 42.26	\$ 42.26	\$ 42.26	\$ 42.26	\$ 42.26	\$ 42.26
<b>Increase in Common Stock Account:</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>
Share Repurchases (\$)	0	0	0	0	0	0	0	0	0	0
Expected Price of Repurchased Shares:	\$ 45.79	\$ 47.10	\$ 48.44	\$ 49.82	\$ 51.24	\$ 52.71	\$ 54.21	\$ 55.76	\$ 57.35	\$ 58.98
<b>Number of Shares Repurchased:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Shares Outstanding (beginning of the year)	272	273	275	276	278	279	281	283	284	286
Plus: Shares Issued Through ESOP	2	2	2	2	2	2	2	2	2	2
Less: Shares Repurchased in Treasury	-	-	-	-	-	-	-	-	-	-
<b>Shares Outstanding (end of the year)</b>	<b>273</b>	<b>275</b>	<b>276</b>	<b>278</b>	<b>279</b>	<b>281</b>	<b>283</b>	<b>284</b>	<b>286</b>	<b>287</b>

**CNA Financial Corp.***Valuation of Options Granted under ESOP*

Current Stock Price	\$45.79
Risk Free Rate	4.08%
Current Dividend Yield	3.94%
Annualized St. Dev. of Stock Returns	40.00%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	2.71	42.26	1.70	\$ 9.19	\$ 24.90
Total	3	\$ 42.26	1.70	\$ 12.23	<b>\$ 24.90</b>