The Hanover Insurance Group, Inc. (THG)

Updated February 10th, 2026, by Sure Dividend Analyst

Key Metrics

Current Price:	$172	**5 Year Annual Expected Total Return:**	16.8%	**Market Cap:**	$6.1 B
Fair Value Price:	$237	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date[1]:**	03/12/26
% Fair Value:	72%	**5 Year Valuation Multiple Estimate:**	6.7%	**Dividend Payment Date[1]:**	03/26/26
Dividend Yield:	2.2%	**5 Year Price Target**	$348	**Years Of Dividend Growth:**	21
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

The Hanover Insurance Group, Inc. (THG) is a holding company whose primary business is offering property and casualty insurance products and services. The company markets itself through independent agents and brokers in the United States. In 2025, Personal Lines accounted for approximately 41% of segmented revenues; Commercial Lines, 32%; Other Property & Casualty, 27%. The company operates an investment portfolio that is primarily exposed to fixed-income securities. The Hanover Insurance Group, Inc. was founded in 1852 and is headquartered in Worcester, Massachusetts.

On February 3rd, 2026, The Hanover Insurance Group reported its financial results for the fourth quarter for the period ending December 31st, 2025. The company announced net income of $198.5 million, or $5.47 per diluted share, which was an improvement from $167.9 million, or $4.59 per diluted share, in the same period the previous year. Operating income for the quarter was $210.1 million, or $5.79 per diluted share, compared to $194.6 million, or $5.32 per diluted share, in the prior-year quarter. The combined ratio for the fourth quarter, excluding catastrophes, improved to 87.3%, reflecting enhanced underwriting profitability across all segments. This performance was supported by disciplined pricing, with renewal price increases of 6.4% in Specialty, 9.4% in Core Commercial, and 9.2% in Personal Lines. The company's pricing remained firm across all three major business segments, underscoring its continued focus on retail distribution and smaller accounts in Core Commercial and Specialty, as well as the effectiveness of its account strategy in Personal Lines. Net investment income increased by 24.9% to $125.8 million, driven by higher earned yields and continued investment of operating cash flows. The overall combined ratio improved to 89.0%, with catastrophe losses of $27.0 million, or 1.7% points of the combined ratio, reflecting a more favorable catastrophe environment compared to earlier in the year. Net premiums written grew by 3.0% to $1.49 billion, with growth of 4.1% excluding reinstatement premiums, while book value per share increased to $100.90, up 5.1% from the prior quarter, supported by strong earnings and an improved unrealized loss position on fixed maturity investments.

For the full year 2025, Hanover reported operating earnings per share of $19.09, a 43% increase from $13.34 in 2024, highlighting the company's significant year-over-year earnings power improvement driven by underwriting margin expansion and higher investment income. The company's 2026 outlook continues to reflect strong pricing momentum and profitable growth. Management expects an expense ratio of approximately 30.3% and is targeting a combined ratio (excluding catastrophes) of 88% to 89%, alongside mid-single-digit net premiums written growth and mid- to upper-single-digit growth in net investment income, positioning Hanover for continued attractive returns.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS[2]	$4.27	$4.75	$6.79	$8.16	$9.32	$8.73	$5.53	$1.56	$13.34	$19.09	***$19.75***	***$29.02***
DPS	$1.88	$2.04	$2.22	$2.45	$2.65	$2.85	$3.06	$3.24	$3.40	$3.60	***$3.80***	***$5.58***
Shares[3]	42	43	42	38	36	36	36	36	36	36	***35***	***35***

[1] Estimated date.
[2] Based on operating income
[3] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

The Hanover Insurance Group, Inc. (THG)

Updated February 10th, 2026, by Sure Dividend Analyst

The Hanover Insurance Group long-term earnings growth track record shows instability, with the company's earnings-per-share having dropped in the fiscal years 2016 and 2022. Hanover Insurance appears to have recovered from the 2022 and 2023 EPS dip. We believe the company can grow its earnings-per-share by 8% per year on average over the next five years, mainly driven by premium growth, assisted by optimizing costs, recording greater gains on its fixed-income investment positions. This growth rate is more conservative compared to the company's expectations for double-digit growth for the next five years. The company has taken decisive action in response to elevated catastrophe loss trends, which we believe is essential to return to the target profitability objectives. Hanover Insurance has a long history of paying dividends and has 21 consecutive years of annual dividend increases. In December 2025, the board increased the quarterly dividend by 5.6% from $0.90 to $0.95. Over the last five years, the average annual growth rate is 6%.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	19.4	19.7	17.2	15.4	11.5	13.2	15.0	13.3	13.4	10.6	***8.7***	***12.0***
Avg. Yld.	1.9%	2.2%	1.9%	1.5%	2.5%	2.2%	2.3%	2.7%	2.2%	2.0%	***2.2%***	***1.6%***

The last few years Hanover Insurance's valuation has declined from the peak level (19.7) that it reached during 2017. During COVID, its share price declined to around $83 before climbing back to $150 levels in April 2022. During the past decade shares of Hanover Insurance have traded with an average price-to-earnings ratio of about 15 times earnings. We are using 12 times earnings also as a fair value baseline, implying the potential for a valuation tailwind.

Safety, Quality, Competitive Advantage, & Recession Resiliency

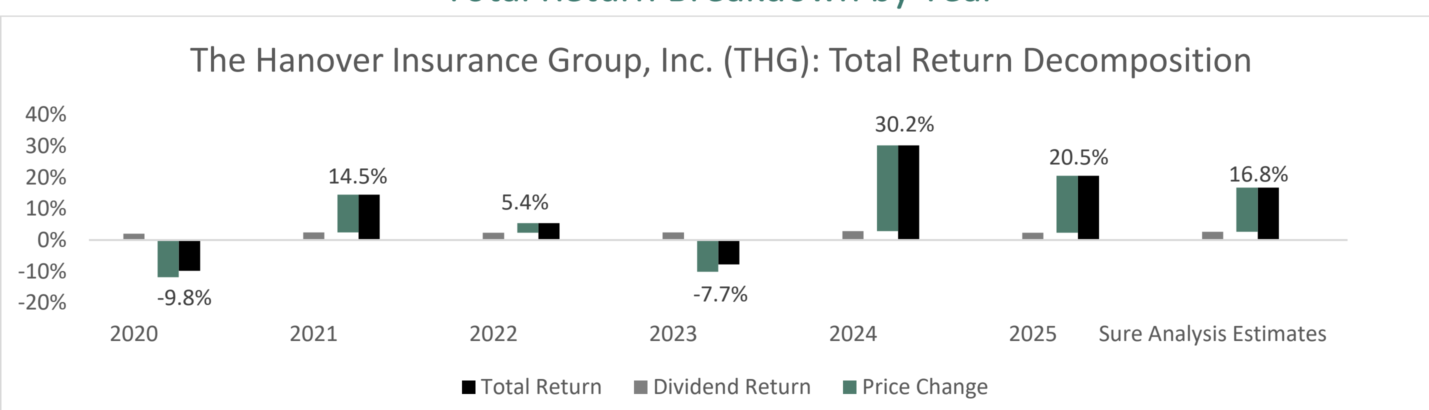
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	44%	43%	33%	30%	28%	33%	55%	208%	25%	19%	***19%***	***19%***

During the past five years the company's dividend payout ratio has averaged around 70%. With the current expected payout ratio of 22%, THG's dividend payments are covered by earnings. The Hanover Insurance Group is a diversified and well-capitalized insurer with a differentiated property and casualty (P&C) franchise in a fragmented market. Through its focused strategy—centered on specialized products and distinctive agency partnerships—the company has strengthened its competitive positioning. Hanover Insurance is rated "A" by both S&P and AM Best, with a stable outlook. However, the insurance industry remains subject to cyclical volatility, driven by factors such as weather-related catastrophe events, regulatory changes, and broader economic conditions.

Final Thoughts & Recommendation

The Hanover Insurance Group has a healthy balance sheet and ambitious financial targets for the next five years. The expected total returns for the stock are 16.8% per year, driven by 8% projected earnings growth, a 2.2% dividend yield, and a valuation tailwind. The company earns a buy rating based on projected returns and a strong dividend risk score.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

The Hanover Insurance Group, Inc. (THG)

Updated February 10th, 2026, by Sure Dividend Analyst

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	5,034	4,054	4,268	4,494	4,891	4,827	5,228	5,469	5,964	6,217
D&A Exp.	30	31	30	25	22	18	---	13	6	1.5
Net Profit	332	155	186	391	425	359	419	116	35	426
Net Margin	6.6%	3.8%	4.4%	8.7%	8.7%	7.4%	8.0%	2.1%	0.6%	6.9%
Free Cash Flow	425	728	686	538	590	693	---	705	350	796
Income Tax	109	(1)	77	44	93	83	101	27	7.6	113

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	13,781	14,220	15,470	12,400	12,491	13,444	14,254	14,000	14,610	15,270
Cash & Equivalents	339	283	298	1,021	216	121	231	305	316	436
Acc. Receivable	4,027	4,050	2,721	2,825	3,074	3,214	3,377	3,566	3,762	3,795
Goodwill & Int.	186	185	179	179	179	179	---	179	179	179
Total Liabilities	10,937	11,363	12,472	9,445	9,574	10,242	11,109	11,670	12,150	12,430
Accounts Payable	205	252	52	37	53	48	---	70	64	38
Long-Term Debt	803	786	787	778	653	781	782	782	783	784
Total Equity	2,844	2,858	2,998	2,955	2,916	3,202	3,145	2,326	2,466	2,842
LTD/E Ratio	0.28	0.28	0.26	0.26	0.22	0.24	0.25	782	0.32	0.28

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.4%	1.1%	1.3%	2.8%	3.4%	2.8%	3.0%	0.8%	0.3%	2.9%
Return on Equity	11.7%	5.4%	6.4%	13.1%	14.5%	11.7%	13.2%	4.2%	1.5%	16.1%
ROIC	9.0%	4.3%	5.0%	10.4%	11.6%	9.5%	10.6%	3.3%	1.1%	12.4%
Shares Out.	43	42	43	42	38	36	36	36	36	36.4
Revenue/Share	112.37	93.84	99.25	104.52	120.46	126.70	143.62	151.48	165.19	170.79
FCF/Share	9.49	16.84	15.95	12.52	14.52	18.18	---	19.52	9.69	21.87

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.