The Hanover Insurance Group, Inc.

Second Quarter 2015 Results

July 30, 2015

To be read in conjunction with the press release dated July 29, 2015 and conference call scheduled for July 30, 2015

Forward-Looking Statements and Non-GAAP Financial Measures

Forward-Looking Statements: Certain statements in this presentation, including responses to questions, contain or may contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Use of the words “believes,” “anticipates,” “expects,” “projections,” “forecasts,” “outlook,” “should,” “plan,” “confident,” “guidance,” “on track or target to,” “promise,” “line of sight,” “will,” “on the right path to” and similar expressions are intended to identify forward-looking statements. In particular, this presentation and related earnings call include or may include forward-looking statements with respect to the ability to continue to improve our underwriting profitability and financial performance; underlying loss ratio trends; outlook for 2015; outlook on the market and economic conditions; Personal and Commercial Lines profitability improvement, including with respect to auto lines; growth momentum, particularly in Personal Lines retention trends due to the traction established through the launch of the Platinum product; the pricing environment, price adequacy, and the company’s ability to increase rates in domestic P&C; the ability to achieve our ultimate goals and financial priorities, including our ability to deliver on ROE, combined ratio and growth targets; the impact of foreign exchange fluctuations; competitive position and meaningful growth, including with respect to agents and agency consolidations; net premiums written growth and retention (including the impact of exposure management, profitability improvement and rate actions); new business growth; future prior year reserve development and reserve adequacy; the impact of various agency and exposure management actions on net written premiums, operating income, combined ratio, ROE and catastrophe losses and exposure in certain geographic areas; GAAP and accident year loss and combined ratios; expense ratio and expense improvements; expected combined ratio and growth of Chaucer Holdings Limited (“Chaucer”), the impact of the transfer of the U.K. motor business including future earnings, future expense ratio, loss ratio and combined ratio on go forward business, future impact on net investment income, and future business expansion; the ability to manage market headwinds; net investment income, the effect of lower yields on future net investment income in 2015 and changes to the overall investment strategy to offset pressure from the interest rate environment; increased income from “higher yielding assets”; ability to achieve target returns in the quarters ahead; product- geographic- and account- based mix changes on future growth, margin improvement and target returns; and may also include forward looking statements on underwriting conditions and capital levels. Specifically, comments regarding operating earnings expectations for 2015, including overall combined ratio, catastrophe assumptions, net investment income growth and written premiums growth, and reserve adequacy are forward-looking statements.

The company cautions investors that neither historical results and trends nor forward-looking statements are guarantees of or necessarily indicate future performance, and actual results could differ materially. Investors are directed to consider the risks and uncertainties in our business that may affect future performance and that are discussed in readily available documents, including the company’s earnings press release dated July 29, 2015 and the Annual Report, Form 10-Q and other documents filed by The Hanover with the Securities and Exchange Commission, which are available at www.hanover.com under “About Us - Investors.” We assume no obligation to update this presentation, which, unless otherwise noted, as of June 30, 2015.

These uncertainties include the uncertain U.S. and global economic environment, the possibility of adverse catastrophe experience (including terrorism) and severe weather, the uncertainties in estimating catastrophe and non-catastrophe weather-related losses, the uncertainties in estimating property and casualty losses, accident year picks, and incurred but not reported loss and LAE reserves, the ability to increase or maintain certain property and casualty insurance rates in excess of loss trends, the impact of new product introductions, adverse loss and LAE development for prior years, changes in frequency and loss trends, the ability to improve renewal rates and increase new property and casualty policy counts, adverse selection in underwriting activities, investment impairments and returns, the impact of competition (including rate pressure), adverse and evolving state, federal and, with respect to Chaucer, international, legislation or regulation, adverse regulatory or litigation actions, financial ratings actions, and those risks inherent in Chaucer’s business.

Non-GAAP Measures: The discussion in this presentation of The Hanover’s financial performance includes reference to certain financial measures that are not derived from generally accepted accounting principles, or GAAP, such as operating income, operating income before taxes, combined ratios and loss ratios, excluding catastrophes and/or development and accident year loss ratios, excluding catastrophes and book value per share excluding net unrealized gains and losses. A reconciliation of non-GAAP measures to the closest GAAP measure is included in either the press release dated July 29, 2015 or financial supplement, which are posted on our website. The reconciliation of accident year loss ratio and combined ratio excluding catastrophes to the nearest GAAP measure, total loss ratio and combined ratio, is found on pages 7, 10, 13 and 16 of the financial supplement. Operating income (operating income per diluted share) is a non-GAAP measure. It is defined as net income excluding the after-tax impact of net realized investment gains (losses), as well as results from discontinued operations divided by, in the case of per share reported figures, the average number of diluted shares of common stock. Book value per share, excluding net unrealized gains and losses, is calculated as total shareholders’ equity excluding the after-tax effect of unrealized investment gains and losses, divided by the number of common shares outstanding. The definition of other financial measures and terms can be found in the 2014 Annual Report on pages 78-80.

Financial Priorities

Earnings Stability		Margin Expansion		Targeted Growth		Target ROE

• Geographic diversification
  ◦ Macro level
  ◦ Micro level
• Balanced portfolio
  ◦ Property/casualty
  ◦ Diversified mix
	+	• Business mix improvement
		• Rate above loss cost trends
		• Expense leverage through growth and operating efficiencies
			+	• Growth in domestic businesses through increased rate and improved retention
				• Prudently managing through the cycle at Chaucer
				• Agency and broker penetration
				• Continued investment in product development
					=	• Improved underwriting performance
						• Efficiency from growth and scale
						• Growth in net investment income
						• Effective capital management

We have a strong market position and multiple earnings improvement levers to drive top quartile returns

The Hanover Insurance Group®

Second Quarter 2015 Highlights

We reported record second quarter net income of $2.68 per share; operating earnings per share[(1)] of $1.56, up 20% from the prior-year quarter, translating into an operating ROE of 10.7%.

- Combined ratio of 95.7%; combined ratio excluding catastrophes[(1)] of 91.8%
- Operating income increased by 20.5% and up 6.3% excluding catastrophes[(1)]
- Net premiums written[(2)] of $1.3 billion, up 1.3%, led by growth in domestic businesses of 3.9%; excluding the impact of foreign exchange movements, overall growth was 2.5%
- Continued price increases in Commercial and Personal Lines
- Net investment income of $70.7 million, up 5.5% from the prior-year quarter
- Completed the transfer of the U.K. motor business, which resulted in a net gain of $40.3 million
- Book value per share of $66.28, up 0.5% from March 31, 2015, and up 2.2% from December 31, 2014; book value per share excluding net unrealized gains on investments and derivatives of $60.96, up 4.3% and 5.1%, respectively
- Repurchased approximately 213,000 shares of common stock for $15.0 million during the second quarter

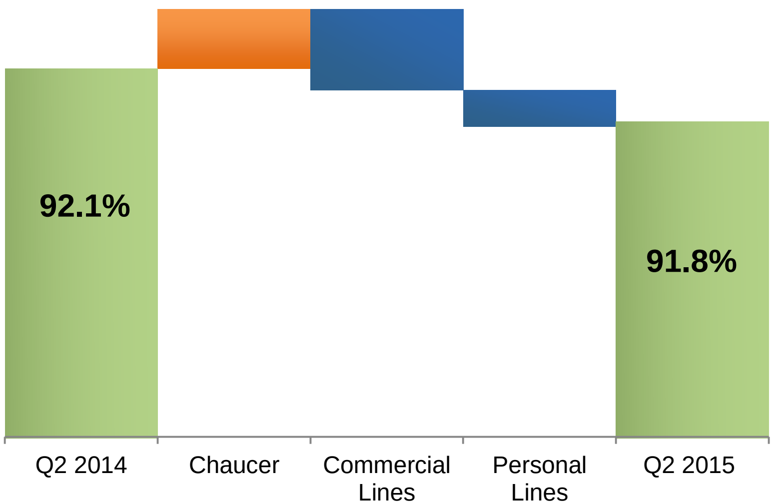
(1) Non-GAAP measure. See page 2. These measures are used throughout this presentation.
(2) Net premiums written for Chaucer do not reflect the June 30, 2015 transfer of $137.4 million of unearned premium reserves previously written by our U.K. Motor Division. This transfer of unearned premium reserves is part of the disposition of our U.K. Motor Division and has no impact on net premiums earned.

Strong Consolidated Financial Results

($ in millions, except per share amounts)	Three Months Ended					Six Months Ended	
	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	June 30, 2014	June 30, 2015
Operating Income after taxes per share	**$1.30**	**$1.06**	**$1.77**	**$1.27**	**$1.56**	**$2.35**	**$2.83**
Net Income per share	$1.84	$1.22	$2.00	$1.22	$2.68	$3.06	$3.90
Book value per share	**$63.65**	**$63.37**	**$64.85**	**$65.92**	**$66.28**	**$63.65**	**$66.28**
Shareholders' equity	$2,795	$2,772	$2,844	$2,900	$2,909	$2,795	$2,909
Debt	$904	$903	$904	$841	$835	$904	$835
Total capital	$3,699	$3,675	$3,748	$3,741	$3,744	$3,699	$3,744
Debt/total capital	24.4%	24.6%	24.1%	22.5%	22.3%	24.4%	22.3%
Total assets	$13,965	$13,960	$13,760	$13,926	$14,145	$13,965	$14,145
Average equity, excluding net unrealized appreciation (depreciation) on investments and derivatives, net of tax	**$2,413**	**$2,465**	**$2,511**	**$2,558**	**$2,624**	**$2,394**	**$2,609**
Operating income after tax	$58	$48	$80	$57	$70	$105	$128
Operating return on equity	**9.7%**	**7.7%**	**12.7%**	**8.9%**	**10.7%**	**8.8%**	**9.8%**

Improved Underwriting Performance

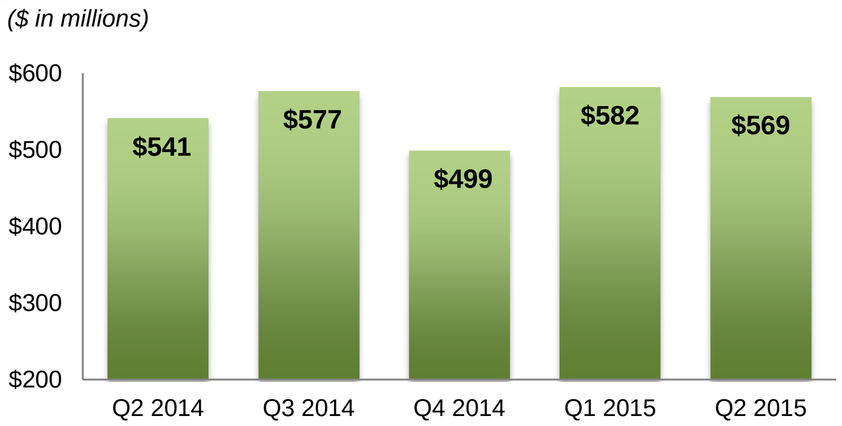
Contribution to consolidated ex-cat combined ratio improvement by segment



($ in millions)	Three Months Ended June 30 2014	Three Months Ended June 30 2015	Six Months Ended June 30 2014	Six Months Ended June 30 2015
Premiums:				
Net Written	$1,276.2	$1,293.4[2]	$2,448.5	$2,508.5[2]
Change	2.7%	1.3%	5.6%	2.5%
Net Earned	$1,174.7	$1,205.8	$2,337.7	$2,416.8
Change	7.7%	2.6%	7.0%	3.4%
Loss and LAE ratio:				
Current accident year, ex-cat	59.6%	60.3%	60.3%	60.5%
Prior year favorable reserve development	(2.5%)	(2.4%)	(2.1%)	(2.2%)
Catastrophe losses	4.7%	3.9%	4.9%	4.5%
Loss and LAE ratio	**61.8%**	**61.8%**	**63.1%**	**62.8%**
Expense ratio	**35.0%**	**33.9%**	**34.4%**	**33.6%**
Combined ratio	**96.8%**	**95.7%**	**97.5%**	**96.4%**
Combined ratio, ex-cat	92.1%	91.8%	92.6%	91.9%
Accident year combined ratio, ex-cat	94.6%	94.2%	94.7%	94.1%
Underwriting income	$34.3	$48.3	$51.1	$80.7
Catastrophe losses	55.7	46.5	113.6	108.8
Ex-cat, underwriting income	$90.0	$94.8	$164.7	$189.5

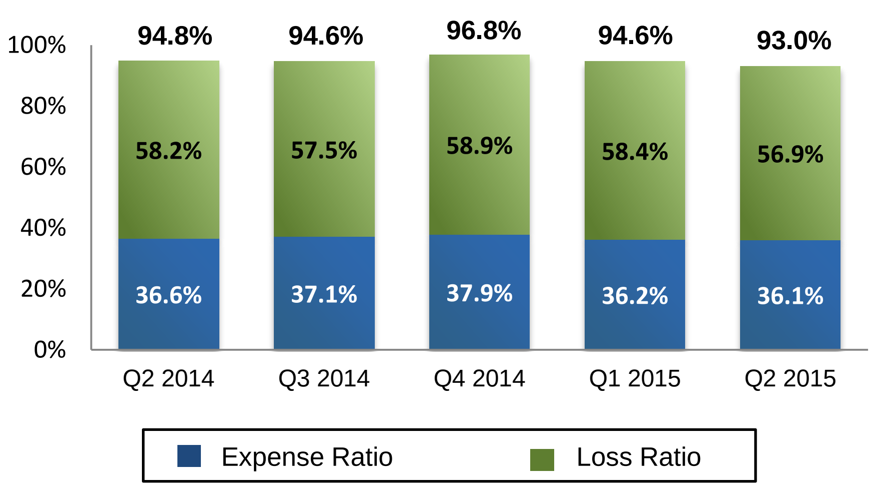
Commercial Lines Financial Highlights

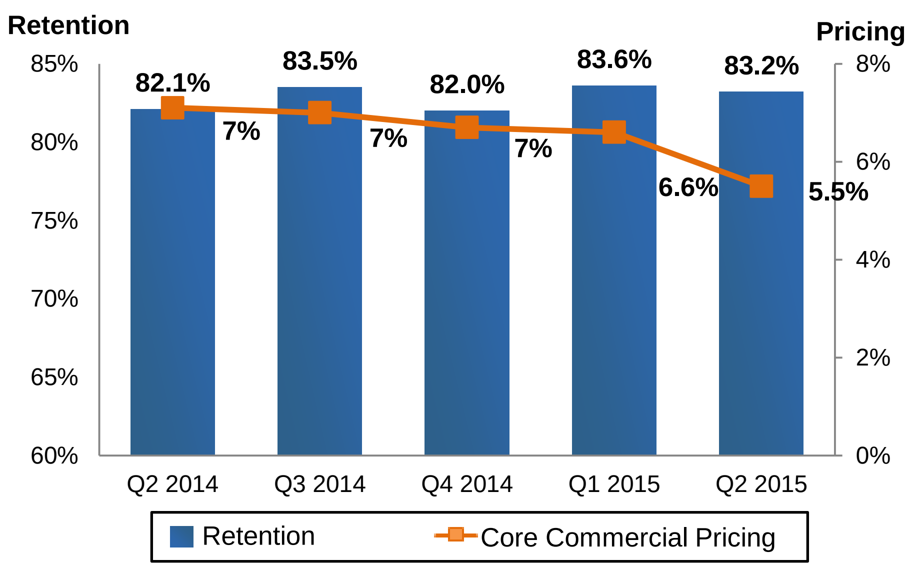
Net Premiums Written



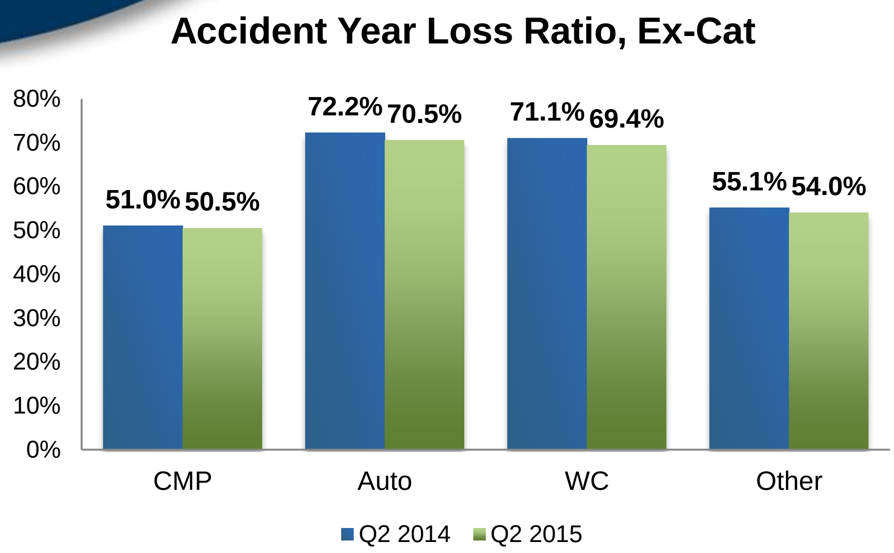
- Net premiums written grew 5.2% compared to prior-year quarter, driven by growth in all segments.
- Achieved Core Commercial pricing increases of 5.5%, remaining above loss cost trends, while maintaining a solid level of retention at 83.2%.
- New business has accelerated compared to prior-year quarter, driven by ability to improve offerings available to end customer, leverage market insight and ability to benefit from agency consolidations.
- Accident year combined ratio, excluding catastrophes, improved by nearly 2 points compared to prior-year quarter, driven by loss ratio improvement of 1.3 points and an expense ratio decline of 0.5 points, as we continue to gain growth leverage.

Accident Year Combined Ratio, Ex-Cat

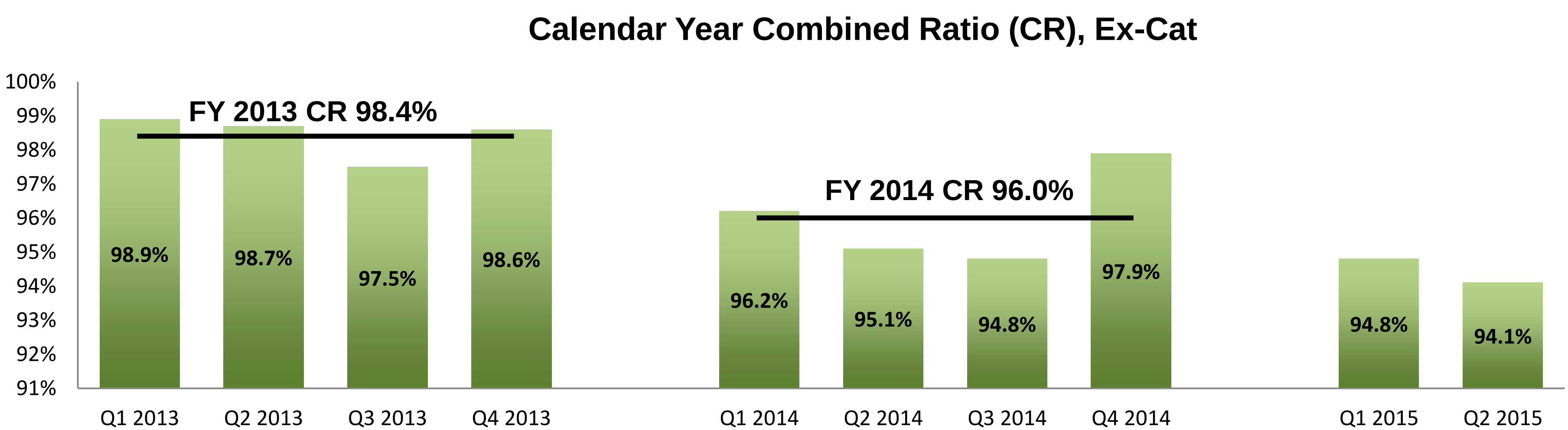




Commercial Lines
Profitability Continues to Improve

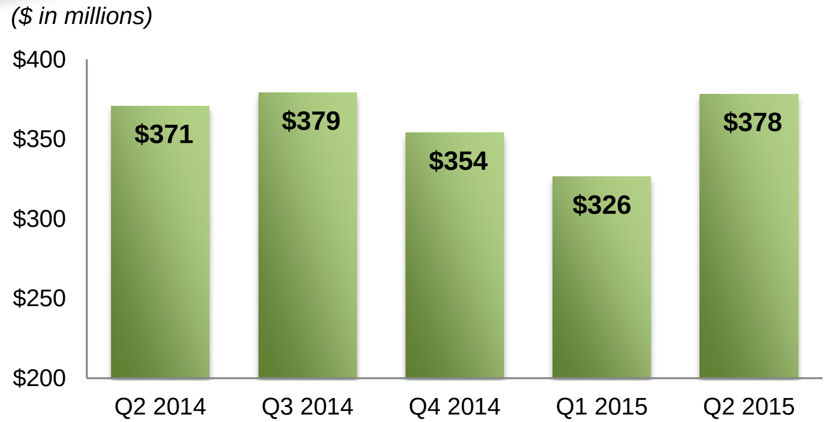


- Accident year loss ratio, excluding catastrophes, improved by over one point compared to prior-year quarter, due to continued efforts in both rate and business mix management, across all lines.
- Commercial auto loss ratio declined compared to prior-year quarter, as pricing and mix management initiatives take hold and as bodily injury severity continues to trend in line with expectations.
- Calendar year combined ratio, excluding catastrophes, displaying consistent improvement, down one point compared to the prior-year quarter.



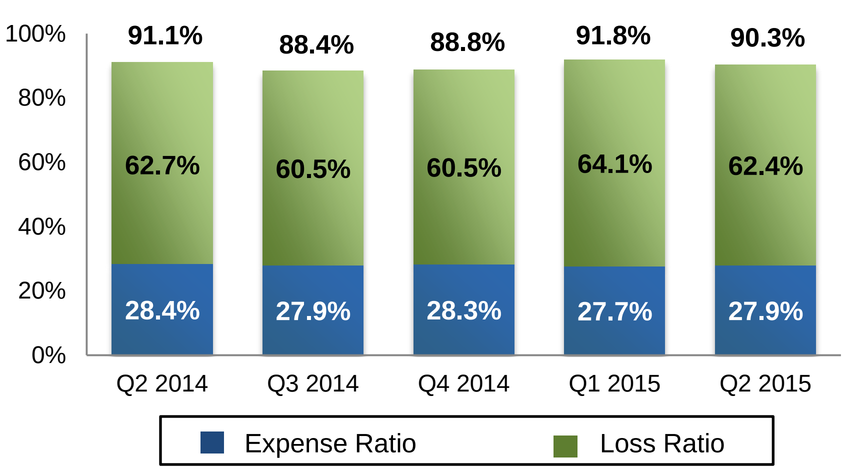
Personal Lines
Financial Highlights

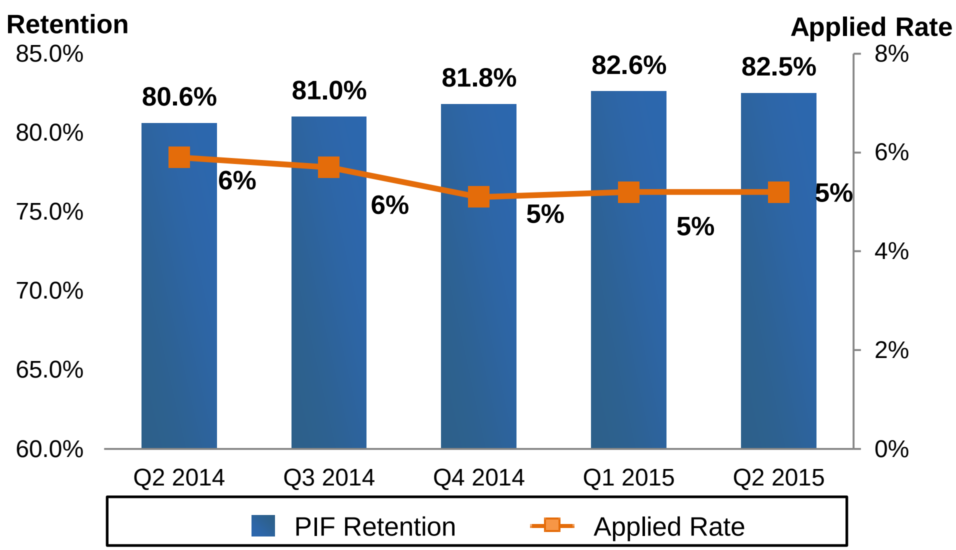
Net Premiums Written



- Net premiums written grew 2.0% compared to prior-year quarter, primarily driven by rate increases.
- Achieved rate of 5% in both Home and Auto. Retention improved by approximately 2 points, compared to prior-year quarter, and remains stable sequentially, as we continue to successfully penetrate the market with Hanover Platinum offering.
- Nearly 80% of policies in force is account business, helping to drive a strong business mix.
- Accident year combined ratio, excluding catastrophes, declined by 0.8 points driven by both a decline in the loss ratio and a lower expense ratio, versus higher than usual expenses in prior-year period.

Accident Year Combined Ratio, Ex-Cat

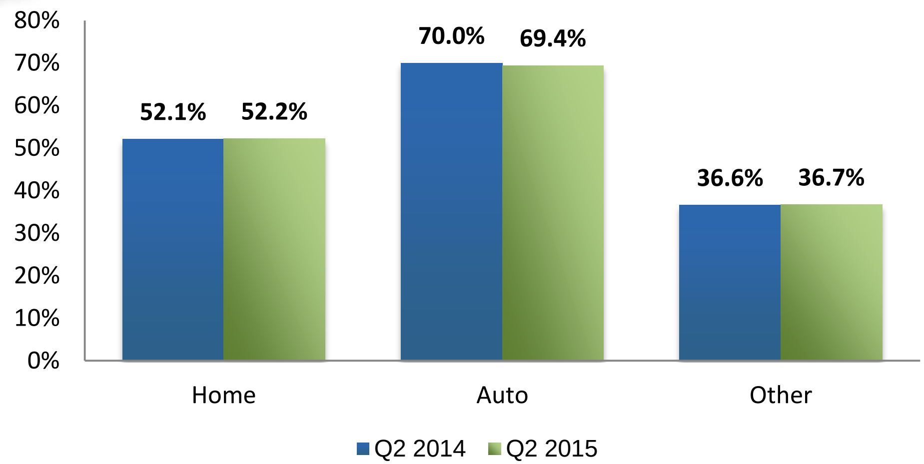




**Retention is defined as ratio of net retained policies for noted period to those policies available to renew over the same period.*

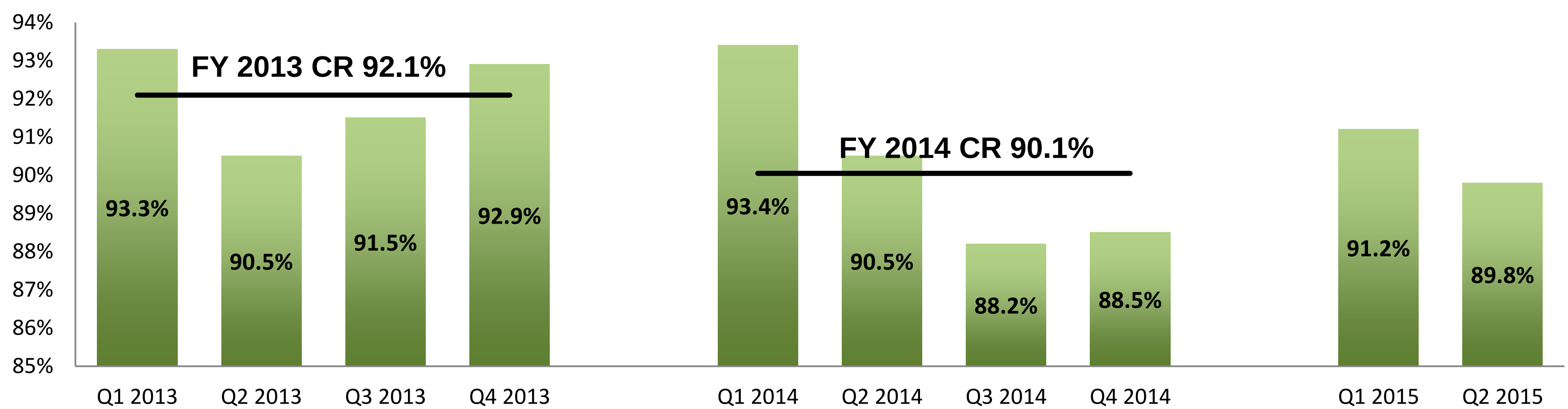
Personal Lines
Profitability Continues to Improve

Accident Year Loss Ratio, Ex-Cat

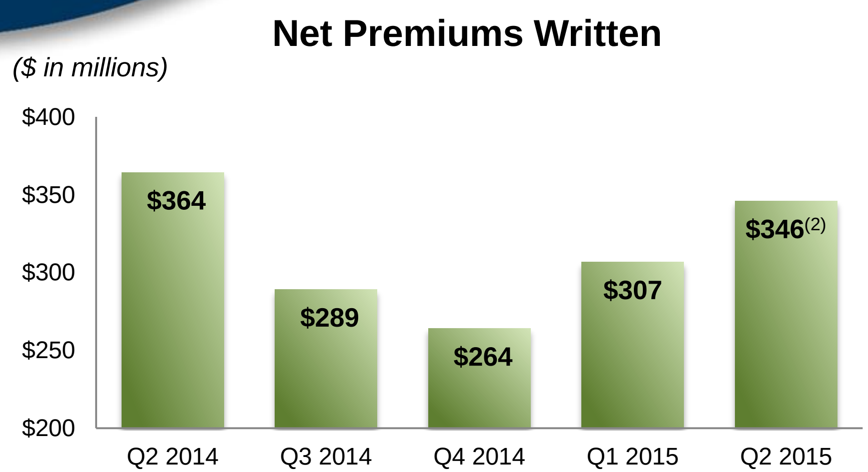


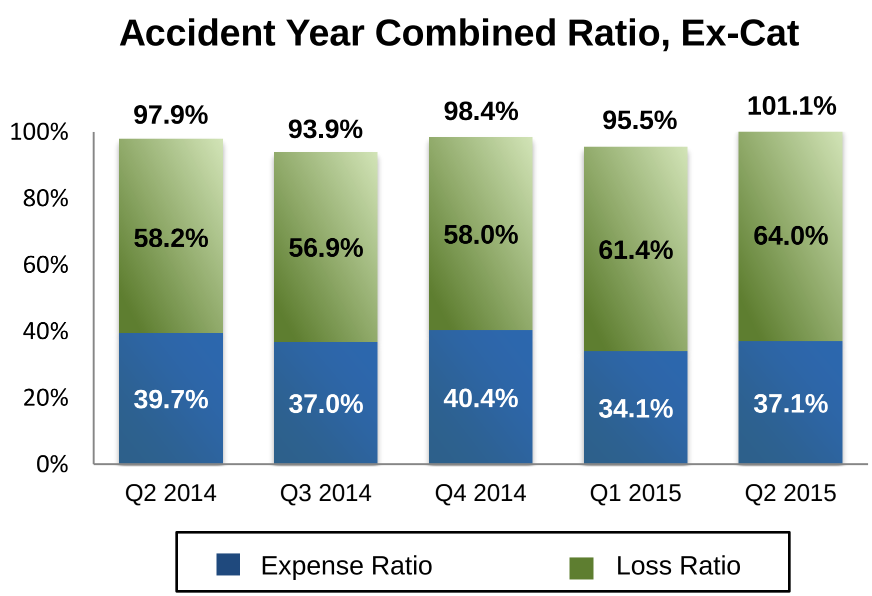
- Achieved additional improvement in auto, due to pricing and mix management actions, while loss trends remained relatively unchanged.
- Homeowners underlying loss ratio improvement was overshadowed by emergence of first quarter non-catastrophe weather losses and higher than usual large losses.
- Calendar year combined ratio, excluding catastrophes, in the first half of the year has demonstrated an approximate 1.5 point improvement compared to June year-to-date 2014.

Calendar Year Combined Ratio (CR), Ex-Cat



Chaucer Financial Highlights





- Net premiums written were down 5.0%, before impact of U.K. motor transaction, compared to prior-year quarter. Current quarter included a negative impact from foreign exchange of approximately 4 points. Including the $137 million of ceded premiums related to the U.K. motor transaction, net written premiums in the second quarter of 2015 was reduced to $208.6 million
- Ex- U.K. motor and FX, net premiums written increased 2%, driven by property and U.S. casualty.
- Delivered a 90.6% combined ratio in the current quarter, as low level of catastrophe losses was offset by higher large loss activity in energy.
- Current quarter expense ratio lower compared to elevated levels of expenses in the prior-year quarter
- **Completed the transfer of U.K. motor business on June 30 for a total consideration of $64.9 million:**
- After adjusting for related intangibles, accounting for the value of the real estate sold, as well as transaction costs and other items, realized an after-tax gain on the transaction of $40.3 million including investment gains.
- Transferred assets and liabilities are as follows under sale and reinsurance agreement:
  - Ceded Premiums (unearned) $137 million
  - Loss and LAE Reserves $301 million
  - Invested Assets and Cash $380 million
  - Intangibles and Goodwill $ 18 million

Chaucer
Pro-forma 2014 Financial

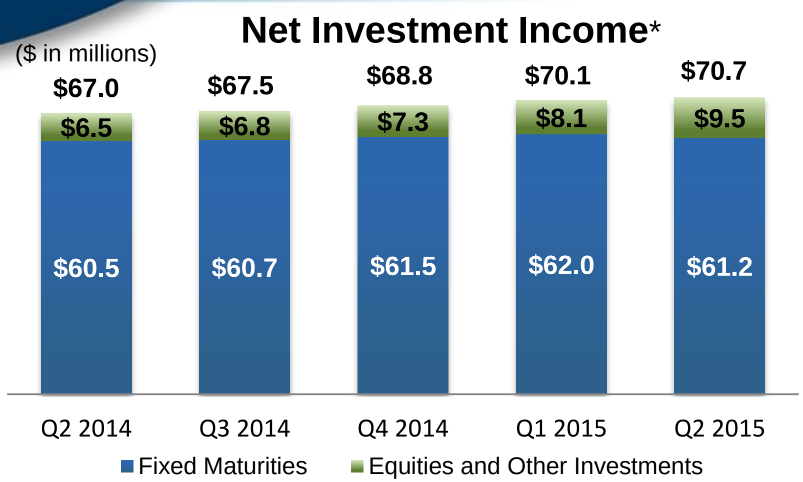
Full year Chaucer 2014

($ in millions)	Reported Results		U.K. Motor Actual Results		Pro-Forma* Excluding U.K. motor	
Gross premiums written	$	1,505.6	$	319.1	$	1,186.5
Net premiums written	$	1,231.4	$	297.7	$	933.7
Net premiums earned	$	1,221.8	$	305.9	$	915.9
Total Losses and LAE	$	633.7	$	224.6	$	409.1
Amortization of deferred acquisition costs and other underwriting expenses	$	465.6	$	83.3	$	382.3
GAAP underwriting profit (loss)	**$**	**122.5**	**$**	**(2.0)**	**$**	**124.5**
Loss and LAE ratio		51.9%		73.5%		44.7%
Expense ratio		38.1%		27.2%		41.7%
Combined ratio		**90.0%**		**100.7%**		**86.4%**

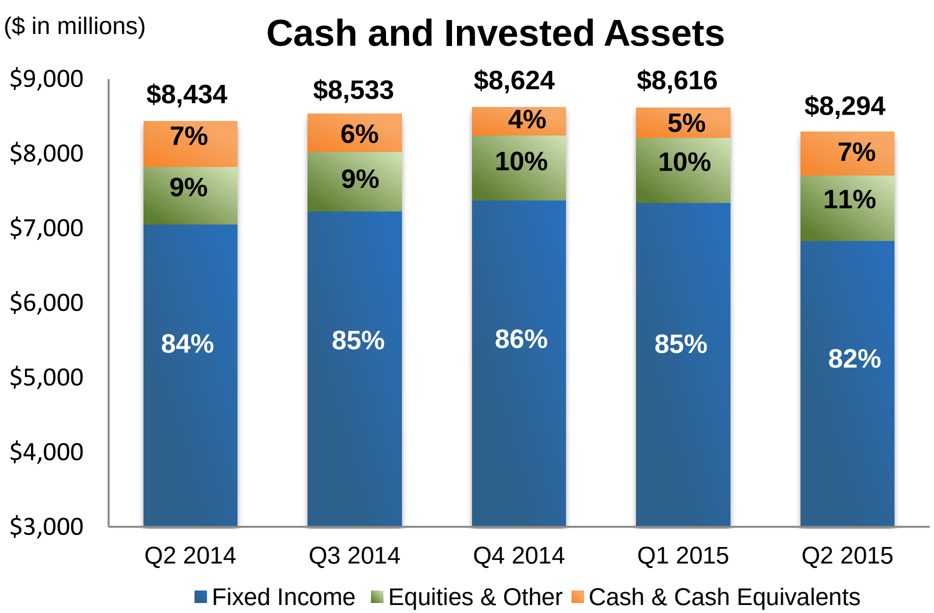
Chaucer expectations going forward:

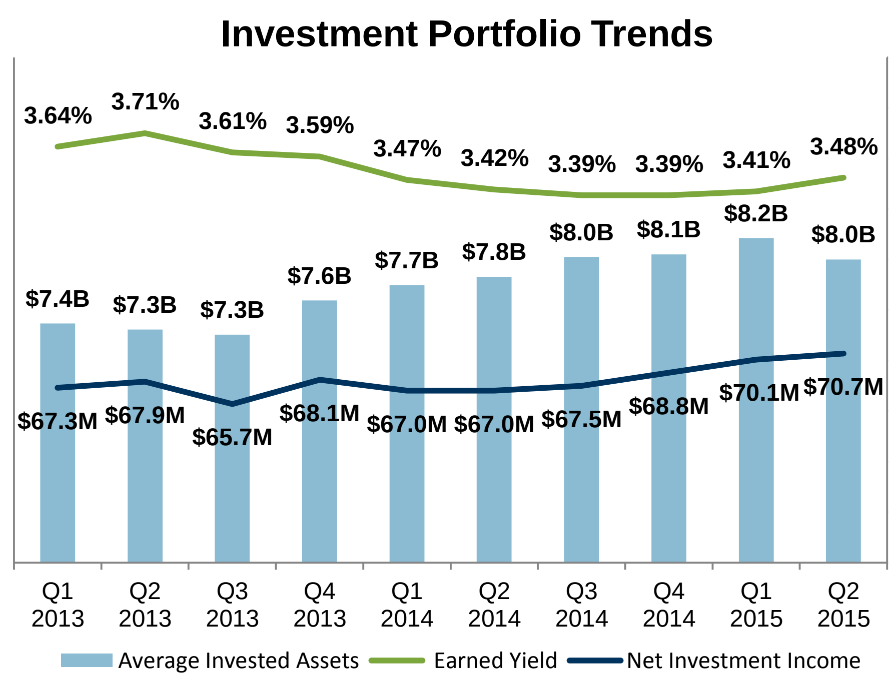
- Long-term expense ratio of ~40%
- Long-term combined ratio of ~95%
- Go forward business (Chaucer ex-U.K. motor) net premium written to remain relatively flat
- Decline in net investment income of ~$7 million on a full-year basis

Net Investment Income Trends



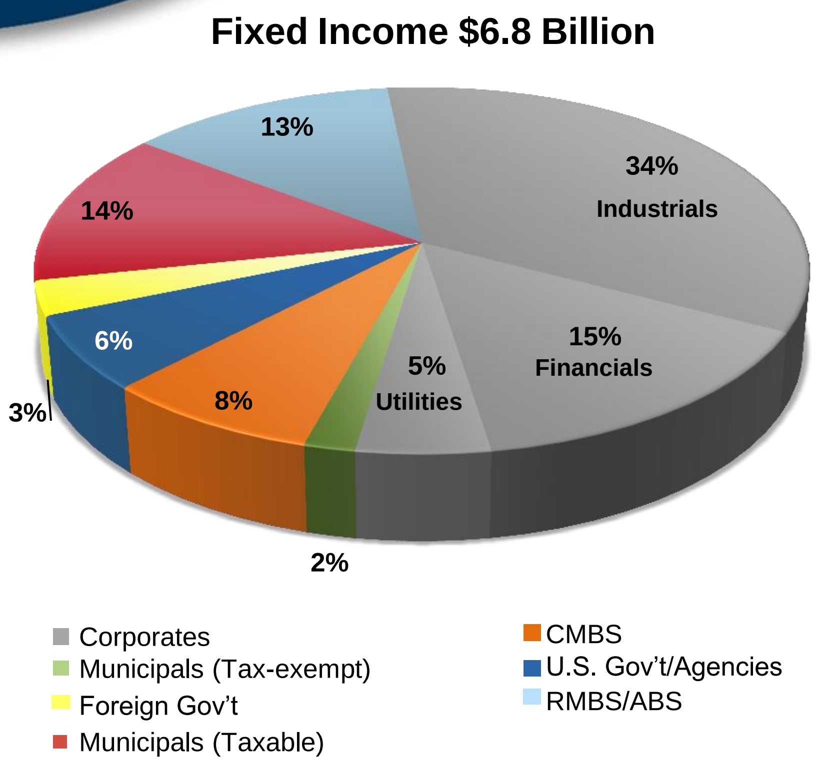
- Net investment income was $70.7 million, an increase of $3.7 million, or 5.5% compared to the prior-year quarter.
- The increase in net investment income is primarily due to higher operating cash flows and higher yielding asset classes such as limited partnerships and commercial mortgage loan participations, partially offset by lower new money.
- Pressures on income returns from the low rate environment remain. However, portfolio expansion into non-fixed income maturity instruments are helping to offset industry headwinds.

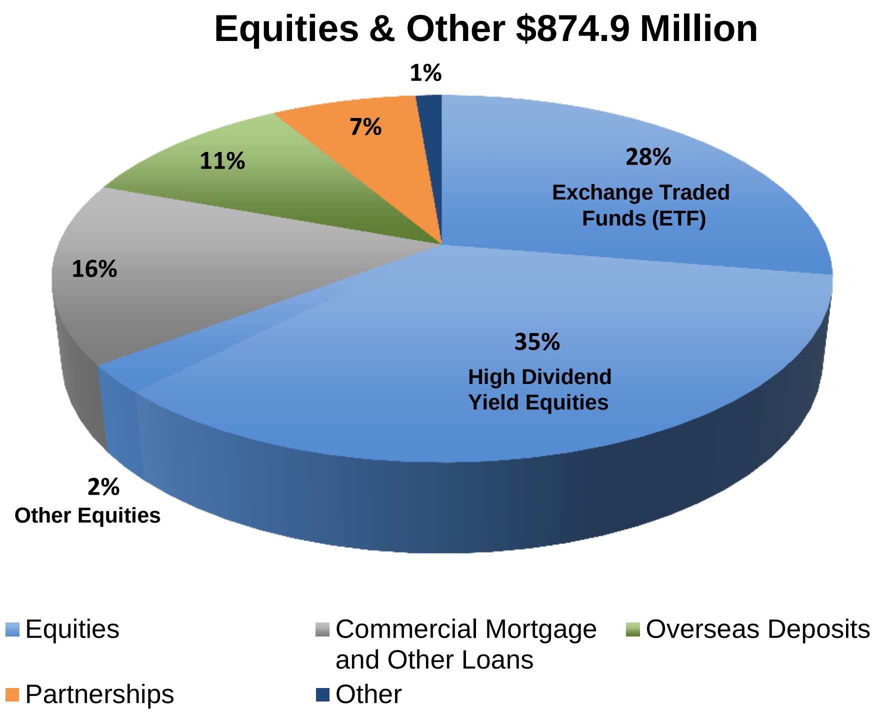




*Net Investment Income from fixed maturities is presented net of investment expenses

Portfolio Holdings Breakdown as of June 30, 2015





Fixed Income Characteristics:

- 94% of fixed income securities are investment grade
- Weighted average quality A+
- Duration: 4.3 years

About The Hanover

The Hanover Insurance Group, Inc., based in Worcester, Mass., is the holding company for several property and casualty insurance companies, which together constitute one of the largest insurance businesses in the United States. For more than 160 years, The Hanover has provided a wide range of property and casualty products and services to businesses, individuals, and families. The Hanover distributes its products through a select group of independent agents and brokers. Together with its agents, the company offers specialized coverages for small and mid-sized businesses, as well as insurance protection for homes, automobiles, and other personal items. Through its international member company, Chaucer, The Hanover also underwrites business at Lloyd's of London in several major insurance and reinsurance classes, including marine, property and energy. For more information, please visit hanover.com