On the cover
Liz Fleissner is looking forward to a secure financial future with her husband, Bill, and their five children, thanks to a diversified insurance and investment portfolio that includes products from The Hartford. See page 2.

Opposite page
The Hartford enjoys partnerships with some of the leading insurance agencies in the United States. Account Manager Gale Bolin, right, and Executive Assistant Katie McClendon work in the Palo Alto, Calif., office of Heffernan Insurance Brokers, based in Walnut Creek, Calif. For more on this important partner and one of its customers, see page 30.

Financial Highlights

<table>
<thead>
<tr>
<th>(in millions except for per share data)</th>
<th>2003</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss) [1]</td>
<td>$ (91)</td>
<td>$ 1,000</td>
<td>$ 507</td>
</tr>
<tr>
<td>Revenues [2]</td>
<td>$ 18,733</td>
<td>$ 16,417</td>
<td>$ 15,980</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 225,853</td>
<td>$ 181,975</td>
<td>$ 181,593</td>
</tr>
<tr>
<td>Net income (loss) per diluted share [1]</td>
<td>$ (0.33)</td>
<td>$ 3.97</td>
<td>$ 2.10</td>
</tr>
</tbody>
</table>

[1] 2003 includes an after-tax charge of $1,701 related to the Company’s 2003 asbestos reserve addition, $40 of after-tax expense related to the settlement of the Bancorp Services, LLC litigation dispute, $30 of tax benefit in Life primarily related to the favorable treatment of certain tax items arising during the 1996-2002 tax years, and $27 after-tax of severance charges in Property & Casualty. 2002 includes $76 tax benefit in Life, $11 after-tax expense in Life related to Bancorp and an $8 after-tax benefit in Life’s September 11 exposure. 2001 includes $440 of losses related to September 11 and a $130 tax benefit in Life.

OUR CUSTOMERS, PARTNERS AND SHAREHOLDERS TRUST AND BELIEVE IN THE HARTFORD. 

WE KNOW THESE PEOPLE WELL. 
OUR CONTINUOUS INNOVATIONS IN PRODUCTS AND SERVICE ARE CREATING A MORE SECURE FINANCIAL FUTURE FOR THEIR FAMILIES AND THEIR BUSINESSES.
THE ACHIEVER MINDSET
Bill Fleissner isn't waiting for the future. He's creating it. Not just for himself and his family, but for his employees and the aerospace industry his business supplies.

Fleissner's Valley, Neb., company, AIM-USA, designs and manufactures avionics test and simulation products for manufacturers of present- and next-generation commercial and military aircraft.

He and his wife, Liz, a registered nurse, are creating a secure financial future for themselves and their five children, left to right, Max, Emily, Melissa, Lizzie and Will. They're doing that in part with two variable universal life insurance policies and a Last Survivor life insurance policy from The Hartford. The products are part of a diversified insurance and investment portfolio designed by Steve Hill, president of Lincoln, Neb.-based Hill & Associates, CPAs, PC, and a Woodbury Financial Services registered representative.

An engineer by training, Fleissner takes a highly analytical approach to evaluating his insurance and investment options. “I dive into it in detail,” he says, “and The Hartford has a very intelligent representative who understands my requirements.” He chose The Hartford for AIM-USA’s SIMPLE IRA plan and for his own IRA because the plans’ mutual funds and variable annuities offer both diversification and principal protection. “They spread my investment risk and provide safe thresholds against loss with The Hartford’s Principal First feature in the annuity product,” he says. “The Hartford takes a very systematic approach for the investor.”

Having worked with him for 10 years, Hill believes Fleissner epitomizes the achiever mindset. “I think of an achiever as someone who has goals and expectations that are well above average,” he says, “and who works to achieve them.”

Like the customers his business serves, Fleissner aims high.
THE VALUE OF ADVICE
After 50 years as a construction contractor, Jim Flett knows how things get built. His $25 million Belmont, Mass., excavating company, James W. Flett Co., Inc., has helped lay the foundations for hundreds of buildings in the Boston area.

Flett's lifetime of hard work has also built a solid foundation for his children's and grandchildren's financial futures. Fortunately, the family has partners who know how to manage wealth as well as Flett knows how to build it.

While reviewing some of Flett's investment objectives, Barbara Lynn Allison, president of Allison Financial Group, Inc. in Wellesley, Mass., unearthed opportunities to protect the future of Jim Flett's business, his family and his employees.

Among Allison's most important recommendations was a new beneficiary provision to Flett's life insurance policy from The Hartford. It will ensure that estate taxes don't cripple the business. She also gave Flett advice on diversifying his investments in the company's 401(k) plan — also provided by The Hartford — to reduce his exposure to stock market volatility.

Taking that service one step further, Allison organized education seminars to help all James W. Flett Co.'s employees better understand how to allocate their retirement savings. The Hartford's equity and fixed-income mutual funds were among her recommendations.

When all was said and done, Allison had used The Hartford's products to create a more secure future for James W. Flett Co., its multi-generation owners and its nearly 100 employees.
TRUST = CONFIDENCE
“They do it right,” says Deirdre Smith-Dey, president of the George J. Smith & Son Insurance Agency. She’s talking about The Hartford.

That isn’t exactly a new discovery for the Milford, Conn., agency. The company has been in business in the shoreline community for 118 years, and its relationship with The Hartford dates back 100 of those years. Smith-Dey knows firsthand that a key to our longevity is The Hartford’s commitment to its agency partners and their customers.

“The Hartford service centers do all the servicing of the small and mid-sized accounts for us, and we’ve never had a complaint,” says Smith-Dey, whose great-grandfather, George Judson Smith, founded the agency in 1886. Last year Smith-Dey became the agency’s fourth-generation owner.

She and her partner, Vice President Erik W. Leeming, left, have taken the business into the 21st century by transforming it into a “paperless” agency. They’re enthusiastic users of our Electronic Business Center (EBC), which, says Smith-Dey, “makes it very easy to do business with The Hartford.”

More importantly, she says, the accuracy of the EBC’s pricing model enables the agency to write consistently profitable business despite extremely thin margins for error. The agency does nearly 40 percent of its small and mid-size commercial property-casualty business with The Hartford. That’s partly because of our service, but it’s also because we work with agencies like George J. Smith & Son to tailor coverages to their clients’ unique needs.

“The people at The Hartford have always been willing to work with us because they understand how much we want to help our customers,” says Smith-Dey. “It’s wonderful to have that confidence level.”
Flight to Quality
Quality seeks its own level. That's one way to describe Watkins Motor Lines' business approach. Bill Watkins started the Lakeland, Fla., company in 1932 with a red pickup truck bought with a $300 nest egg he earned working on the family farm. His sons and grandsons now oversee a $900 million nationwide long-haul trucking company with 2,800 company- and contractor-owned trucks, 11,200 trailers and 7,200 employees.

Ron Chipman, right, takes a personal interest in those employees. He should. As executive vice president for risk management for Watkins Motor Lines and its $1.4 billion Atlanta-based corporate parent, Watkins Associated Industries, he's partly responsible for the employees' health and well-being.

When Watkins Associated Industries decided to offer hourly employees a group disability program, Chipman says, "I started asking around for a good provider, and The Hartford kept coming up."

He discovered that The Hartford shared Watkins' strong belief in helping injured workers get back on the job as soon as they're able. "We were working on an early-return-to-work program," Chipman says, "and when we talked with The Hartford we found they were in sync with us."

That was 10 years ago. Since then Chipman, Stuart, Fla.-based agency L.M. Reid & Co., The Hartford's Senior Account Manager Marlene Kettering, left, and Senior Account Executive David Jacobs have designed group disability plans for Watkins Associated Industries' salaried employees as well.

"We work together on claims and other issues," Chipman says, "and The Hartford tailors the program to all our companies. It's really a perfect marriage between Watkins and The Hartford."
Dear Fellow Shareholders,

I write this letter with a great deal of pride in our accomplishments during 2003 and with optimism—built on an objective assessment of our business outlook—for the future of our company.

We served our customers well last year. Thanks to the trust they placed in us, we prospered. Our diversified business model, industry-leading distribution platform, innovative product enhancements, customer-focused service and claim management, and disciplined underwriting and risk management enabled our success.

The financial results you will read about in this report show that we emerged from 2003 stronger and even better prepared than we were a year ago to continue to prosper in the future.

But what really excites me is the story behind the numbers. Inside this report you will meet many of the customers, business partners and employees who made this eventful year in our history such a successful one. Their real-life experiences represent the human element behind our financial statements and inspire us to work even harder on their behalf—and yours—in the years ahead.

Reaffirming our mission
The Hartford’s mission is to protect the lives and property of our business and individual customers and to help them grow and enhance their wealth. We embrace this responsibility because we know that our success will nourish our customers’ retirement dreams and help them create a better future for themselves, their children and grandchildren. For almost 200 years, The Hartford has built an increasingly valuable franchise, grounded in a solid financial foundation and committed to doing right by our shareholders, customers and employees.

The last several years, however, have tested us. We encountered equity market volatility, credit losses, capital challenges and the lingering and financially draining issue of asbestos. In 2003, we dealt with each of these challenges head-on, and we emerged financially stronger and better positioned to take advantage of future opportunities. Analysts, investors and ratings agencies noticed. We maintained our financial strength ratings, and our stock price went up.

Positioning The Hartford for long-term growth, financial strength and stability had short-term consequences. We posted a net loss for the year. However, this masks very sound execution in all of our ongoing businesses. Not including our first quarter increase to asbestos reserves, net income rose 61 percent to $1.6 billion. Net income was split almost equally between our property-casualty and life operations. This balance positions us well in today’s ever-changing market environment.

We are well positioned to build on our core of financial strength and stability, and we are committed to creating long-lasting value. The opportunities the future presents give our mission increased relevance.

Property-casualty—strengthening our businesses and our partnerships
Last year our property-casualty operations took three decisive actions to advance The Hartford’s competitive position.

First, we increased the focus on our core property-casualty businesses where we have consistent performance, scale or competitive advantage. We executed well in these businesses. Our 17,000 property-casualty employees kept their eyes on our partners and customers.
Second, we exited the assumed property-casualty reinsurance business. While the HartRe team did a tremendous job of restoring the returns in our current reinsurance book, we were a small player in this business. Our scale did not justify the capital investment required to compete effectively.

Third, we took aggressive action to reduce our cost structure to make our core businesses more competitive. Our expense ratio was 1.5 points better than in 2002.

Those actions, combined with business initiatives designed to succeed in our ever-changing environment, set the stage for a successful year. Our team's collective efforts resulted in strong property-casualty results. We increased net income before the impact of the reserve action and net realized capital gains 41 percent to $725 million.

As we focus on our core businesses, giving agents great products for their customers and making it easier to sell them continue to be critical priorities for us. From 1987 to 2002 the number of property-casualty agencies in the United States declined by 25 percent, while agency size grew. Studies have shown that agents give 80 percent of their business to the top three insurance companies they work with. Our agent strategy is geared to making us our agents’ number-one insurance carrier.

Agents have told us their top carriers are companies who are easy to do business with. In 2003 we intensified our focus on our agent and broker partners. Our strategy has three primary objectives: The first is to provide local market knowledge and professional sales support so agents can confidently sell (and cross-sell) both business and personal insurance. The second is to standardize our sales and service practices so regional and national agencies have the same positive experience with The Hartford, no matter where they do business with us. The third is to continuously develop and introduce new products and other innovations to extend our market reach. Agents and brokers want to build partnerships with financially stable companies, and they look for partners who stay on top of their customers’ ever-evolving needs. The best reassurance we can give customers is to be there when they need us.
Our commercial insurance business showcases our forward-looking approach. Agents, brokers and customers tell us they like our service-delivery model, the technology platforms that enable them to do business with us easily, and our comprehensive products. Our performance in these areas has made us a recognized leader in the business insurance segment, where new business growth totaled 17 percent last year.

Spectrum Xpand, which we introduced in 2003, adds more fuel to our business insurance product portfolio. This easy-to-write business owner’s policy features enhanced coverages and customized limits for larger small businesses. As today’s small businesses grow and move into workspaces with higher property values, and as they record higher annual sales and hire more employees, we are ready to provide for their evolving insurance needs.

During the year we introduced more agents to our Electronic Business Center. This is an online resource agents can use to produce the customized, competitively priced policies customers demand — and do it fast. Using our Electronic Business Center is like ordering a car online with all the custom features you want, getting the best price possible and having it delivered to your garage within days.

Personal lines insurance is another part of the property-casualty business where we have recognized expertise. Through our partnership with AARP we are the recommended insurance provider to the nation’s over-50 market.

For customers under 50, or for those who prefer to buy auto insurance through agents, we designed a product that better reflects their individual driving characteristics. The essence of Dimensions Auto, now available in 34 states, is an analytical model that matches premium levels more precisely to driving habits and the probability of claims. Furthermore, it allows us to expand our targeted customer range. Dimensions Auto is easy for agents to use, and we know it works. This product was largely responsible for a 250 percent jump in new auto policy sales among agents in states where the product was available.

With that success under our belt, we launched Dimensions Homeowners in early 2004. Dimensions Homeowners uses the same methodology as Dimensions Auto to produce more accurate homeowners insurance rates. And it gives independent agents an opportunity to offer the full complement of The Hartford’s personal insurance products to more customers.

All in all, from small businesses to large businesses to personal insurance, we had an impressive year in 2003 in our property-casualty operations and are set up to continue to see positive results in the years to come.

Life operations— multiple growth engines
Every seven minutes a U.S. adult turns 50. They need to fund college educations, prepare for retirement and ensure that their assets are passed along according to their wishes. They want to maintain their high standards of living throughout their retirement years. Having weathered the economic and market downturn, they are approaching retirement planning with a new sense of caution. They recognize that they need professional advice and reliable investment products.

In 2003 our life operations met baby boomers’ needs head-on, and they bought our products in record numbers. Net income for our life operations increased 38 percent to $769 million.

We reported record-breaking variable annuity sales of $15.7 billion in 2003, a 51 percent increase over 2002, because we offered a product with a principal guarantee. It is specifically designed to meet boomers’ heightened awareness of the need to protect, as well as grow, their retirement income. To allow us to protect our financial strength while bringing forward this valuable product innovation, The Hartford, as always, implemented prudent risk management.

We have taken what we know about selling variable annuities in the United States and applied it to Japan. We are the number-one seller of variable annuities in both countries. After just three years in the Japanese market, we are profitable. We now manage $6.2 billion in assets there.

We also had record 401(k) and institutional sales in 2003. Customers who want to create a better future are building their retirement savings, and demographic trends suggest they’ll be doing that for years to come. With the largest concentration of baby boomers turning 60 between 2012 and 2015, the potential market for our retirement products will double between now and then.
This trend holds tremendous promise for The Hartford, and we are developing cutting-edge products that help create a secure future for our customers. To meet aging boomers' demand for a broader range of life insurance choices, we introduced a new suite of life insurance products. We also improved our sales execution. Customers responded, and we ended the year with two sequential quarters of life insurance sales growth.

Mutual funds are also growing. They're natural complements to our variable annuity and individual life insurance businesses because they enable distributors to diversify their customers' investment portfolios within The Hartford family. We started selling retail mutual funds in 1996 with eight funds. We now offer distributors 34 retail mutual funds and manage more than $20 billion in mutual fund assets. Eighty-four percent of our funds are rated in the first or second quartile of their Lipper peer groups for investment performance. Our presence among the top 20 U.S. fund companies shows the strength of The Hartford brand, especially when you consider that many of our competitors have been in the mutual fund business for more than 50 years.

In 2003 we laid the groundwork to intensify our mutual fund focus. We are broadening our distribution, introducing new product offerings and creating excitement behind our portfolio through effective marketing.

Our life operations closed the year with an acquisition that reaffirms our commitment to our profitable group benefits business. Our customers recognize that group benefits are an affordable way to protect their income as part of a holistic financial plan. The addition of CNA's group benefits business will give us improved expense leverage and improved earnings. The Hartford now is the number two provider of group disability for America's workplaces.

Creating the future
We're always thinking ahead, but we never lose sight of what makes us strong today: a diversified, strong and balanced portfolio of businesses.

Think of high-achieving small to medium-size business owners who need property-casualty insurance, 401(k) plans and group life and disability products. As individuals, they need life insurance, college-savings plans and retirement and estate planning.

Now make a list of strong, customer-focused companies with nearly 200 years of experience who can provide all those products and services. It's a very short list. Our breadth of products and services and our strong financial position are what distinguish The Hartford.

Customers and distributors want to put their trust in companies who they know will be there for the long term, who understand what they need, who operate with the utmost honesty and integrity and who constantly improve to deliver extraordinary service. We've been doing these things for nearly two centuries, and we're doing them better than ever today as we position The Hartford for the future.

Our leadership team believes strongly in our mission to protect customers today and to help them create a more secure, fulfilling future for their families. That's why we have one of the most highly regarded management teams in this industry.

I'm deeply grateful to The Hartford's leaders and to the thousands of dedicated employees who are creating the future for this company. I also thank our business partners, our board of directors and, most of all, our customers for their continued support and trust.

We look forward to earning your trust for many years to come.

Sincerely,

Ramani Ayer
Chairman, President and Chief Executive Officer
Adrenaline Promotions keeps college students and alumni pumped up with school pride. The company, a division of Seattle-based Ambrose Enterprises, LLC, imports and distributes bicycles sporting the colors and logos of colleges across the United States. While employee Chris Demco, opposite page, tests a bike’s performance, company owner John Ambrose and agent Steve Frazier, account executive with Arthur J. Gallagher & Co. of Washington, Inc., protect the business with general-liability and product-liability insurance from The Hartford.
Creating a Secure Future requires constancy of purpose. Yet it also requires adaptability. We anticipate our customers’ changing needs. We stay alert to the outside forces that affect our customers’ futures. And we continually refine our portfolio of businesses to adapt to an accelerating pace of change.
Amid shifting customer needs, we provide steady assurance.
Dean Jacobson’s Le Mars, Iowa, ice cream cone company, BoDeans Baking Co., produces the foundations for many a sweet dessert. Mary Sterk, right photo, works with Jacobson and his wife, Bo, to produce the foundation for a secure future for their family. Sterk, president of Sioux City, Iowa-based Sterk Financial Services, recommended variable annuities from The Hartford’s Directors and Leaders families for Dean Jacobson’s IRA, and The Hartford mutual funds for Bo Jacobson’s investment portfolio. She also recommended an estate-planning life insurance policy from The Hartford. “Life insurance is going to be in place for 50 years,” says Sterk. “I want to work with a company I know is going to be around for a long time.”

Life planning done by professionals
Creating wealth with minimal risk is not something most people can do alone. In fact, more than 70 percent of investors say they seek professional advice on financial matters, according to our surveys.

That’s why we have partnerships with over 2,000 financial-advisory firms across the industry. We design the innovative investment and insurance products these firms need to build long-term plans for their clients—especially for achievers who want to maintain a high standard of living when they retire.

We’re the industry’s number-one supplier of variable annuities, in part because of our product innovation. Most variable annuities benefit from a rising stock market. But The Hartford’s Principal First feature also helps investors protect their principal even if the stock market goes down. The feature guarantees investors that they can get 100 percent of their principal back, provided that withdrawals in any year do not exceed 7 percent of the total

More than 70 percent of investors say they seek professional advice on financial matters.
amount invested. The guarantee gives investors more peace of mind and the confidence to invest.

Giving customers peace of mind is also the main goal of our life insurance products. Most Americans with annual household incomes of $100,000 or more lack sufficient life insurance to replace their salaries, according to our 2003 survey. Sixty-five percent of respondents had less than $500,000 in life insurance, and 38 percent did not review their coverage after a major life event. We’re the number-one provider of variable life insurance in the United States, and in 2003 we expanded our portfolio of universal and whole-life insurance products to meet a broad range of customer objectives.

Our growing mutual fund family also provides customers with a wide range of options. We offer 23 equity mutual funds for customers who want to build wealth over the long term. And our 11 fixed-income funds serve customers who need income now.

An ever-expanding mix of investment products and features helps financial professionals meet their customers’ ever-changing needs.

A sound financial plan provides peace of mind.

Bill Branigan, operations area manager for Wells Fargo Card Services in Des Moines, Iowa, and his wife, Diane, recently bought and customized a bus to use for visits to their three grown children. Back home their investments will be in the care of Joel Worsfold, financial consultant with Wells Fargo Investments in Des Moines. The Clive, Iowa, couple have our mutual funds and variable annuities—the latter with The Hartford’s Principal First feature—in their portfolio.
A head start for Mom and Pop X

Want to feel old? Almost two-thirds of Generation Xers—children of baby boomers—are now parents.

Few things make you grow up faster—and change your priorities faster—than becoming a parent. At the top of most priority lists for people in this group are retirement and college-savings plans.

We target our 401(k) retirement plans to small companies—and the people who work for them—that generally don't offer as diverse a benefits package as larger firms. The Hartford has helped some 6,000 small businesses and their 220,000 employees create a better future. The plans help Gen Xers build solid investment programs with long-term, tax-deferred growth.

We also help them prepare for the escalating cost of college tuition. In fact, USA Today reported in 2002 that college tuition costs are rising faster than the average American income.

Our SMART529™ and multi-manager Leaders SMART529 programs make it easier for parents to prepare. Sales grew 51 percent in 2003, our first full year since these programs were launched, as more customers recognized the benefits, and the tax advantages, of a disciplined college-savings plan. The investments are managed by proven money managers, including Wellington Management Company, LLP; Hartford Investment Management Company; and American Funds.

The investments offer a diverse—and growing—range of strategies, depending on parents' time frames and risk tolerance. Those strategies help investors remain clearly focused on their objectives.

We help families meet their financial objectives.

College tuition costs are rising faster than the average American’s income, according to USA Today.
The universal values of service and integrity

Service excellence and integrity are becoming even more important to Americans, according to a recent study by Yankelovich, a marketing services company. Two-thirds of the study's respondents stressed the importance of good service, especially from large companies. Nearly three-quarters said they relate to the notion of integrity even more than they relate to being successful.

The Hartford has symbolized both qualities for nearly two centuries, and we're expanding our reputation as we grow our business.

In 2003 we won an unprecedented eighth consecutive DALBAR Annuity Service Award, a third consecutive Life Insurance Service Award and a second straight award for service provided to financial intermediaries. We also won our first Retirement Plans Service Award and our first Mutual Fund Service Award. DALBAR is an independent U.S. research organization that honors financial services companies that exemplify service excellence.

Our reputation is also spreading to other parts of the world.

In Japan, which has a culture known for taking the long-term view, our experience—and our solid variable annuity products—are winning over both distributors and customers.

In just three years we've become the number-one provider of variable annuities in Japan, thanks to superior customer and distributor service, product innovation and solid execution. We sell our variable annuities through approximately 40 financial institutions, and we plan to add more products to our mix to help meet the needs of Japanese consumers.

Sales jumped 161 percent in 2003 to $3.7 billion, and assets under management more than tripled to $6.2 billion. We now have more than a 26 percent variable annuity asset market share in Japan.

Our integrity and service excellence are core parts of our value to clients.
Our five Dalbar Awards in 2003 attested to our customer service excellence. We won awards for annuity service, life insurance service, service to financial intermediaries, retirement plans service and mutual fund service.
We maintain a clear vision in a changing business environment.
Growing the business, shortening time

Small-business owners want to spend their time becoming more successful, not worrying about insurance. That’s what agents are for.

Agents, many of whom are small-business owners themselves, want to service their customers and grow their own businesses. They can’t afford to spend all their time searching for the right coverages, filling out paper applications or waiting for pricing information. They need to run their businesses as efficiently as possible.

That’s exactly what The Hartford’s Electronic Business Center (EBC) enables them to do. It gives agents a complete resource for producing new business and managing current accounts—and doing both quickly. That includes everything from identifying future customers, to giving them expert price quotes, to answering current customers’ questions. The EBC’s online tools help them with every one of those processes right from their desktops.

The EBC also makes it easy for agents to give small-business customers the two things they need most: insurance tailored to their unique needs, and fast answers. That strengthens agents’ relationships with their current customers. It also better prepares them to generate more business.

Fast, hassle-free service—what agents and customers want.

While Micros Retail Systems, Inc. helps keep cash flowing in restaurants like The Spirito Grill in Weehawken, N.J., Alex B. Leslie, Jr., left and this page, protects the company’s business with a comprehensive property-casualty insurance package from The Hartford. Weehawken-based Micros Retail Systems distributes point-of-sale systems to restaurants throughout New York, New Jersey and Pennsylvania. Leslie, senior marketing manager for the Scirocco Financial Group, Inc., in Hasbrouck Heights, N.J., works with Micros Retail Systems’ owners, left to right: Nestor Olesnycky, Ivanka Olesnycky and Lubodar Olesnycky.
Earning trust means everything

Nine out of 10 people rank word-of-mouth as an important source of information, according to a study by RoperASW, a market-research organization. When we earn agents’ or customers’ trust, we’re likely to retain their business. And it stands to reason that favorable word-of-mouth will attract more business.

One way we provide excellent service to agents is by answering their queries quickly at our property-casualty service centers. Our Customer Experience Management System (CEMS) tracks service representatives’ calls and computer input to measure how long it takes to answer agents’ queries. We use the data to coach our service representatives. The objective is “first-contact resolution” — answering every question on the first call. We piloted CEMS in one service center in 2003 and saw more consistency in first-contact resolution.

Though selling through intermediaries is fundamental to our business model, we also have direct contact with customers through our claims service and our partnership with AARP.

Each time we touch a customer, we have an opportunity to deliver The Hartford Experience. We make that experience come alive when we deliver great service, provide products that serve customers’ needs throughout their lives and do everything we can to make it easy to do business with us.
AARP customers Claire O. and Fred Schaper saw our extraordinary service up close at a time of dire need. The couple, front, had a car accident while in Boca Raton, Fla. Using our toll-free phone number, they reached San Antonio, Texas, Customer Care Team Member Eric Cruzan, opposite page top. He directed them to Ray and Wendy Pare, behind the Schapers, owners of Boca Raton Paint & Body, a member of our Customer Repair Service Program. Two days later the couple learned of a death in the family in Garnerville, N.Y. They needed their car fast. They alerted the Pares, who got the car ready the next day. In a letter to The Hartford, the Schapers wrote, “At a time of trauma and turmoil, in an unfamiliar area, our faith was restored.”

For many customers, the most important contact with us occurs when they file a claim. In 2003 consumers nationwide ranked The Hartford second among 24 property-casualty insurers in automobile collision-repair claims satisfaction, according to a news release from J.D. Power and Associates, a worldwide marketing information services firm. The news release said results were based on a survey of 5,622 consumers who had their cars repaired in the previous 12 months.

Our own studies reveal a 90 percent retention rate among customers who have a positive claims experience.

Our claims service centers’ “first-touch experience” model is one way we come through for our customers when they need us most. The Hartford’s claims representatives arrange appraisal and repair options, coordinate car rentals and resolve all other issues on the customer’s first call to our claims service center.

We also deal directly with customers in our AARP customer service centers, where we apply the same high service standards. We offer auto and homeowners insurance to AARP’s 36 million members through AARP’s World Wide Web site and other direct communication.

We have used CEMS in AARP service centers for two years, and we continually upgrade our service in other ways. A 2003 survey of AARP customers led to a product enhancement we call “declining deductibles.” For each accident-free year, we reduce a customer’s deductible by $50, with the potential to drop to zero. The survey also told us that more than 30 percent of AARP members work full-time. We responded by extending our AARP call center hours from 7 a.m. to 11 p.m. in all U.S. time zones.

AARP customers’ 92 percent renewal rate tells us excellent service builds trust.
Managing change upon change

Markets can be volatile. The investing environment changes continually. Yet customers’ secure futures depend on the steady accumulation of wealth. Our products evolve continuously to help customers anticipate and adapt to that changing environment.

Our growing mutual fund family is an example of this evolution. We continue to add new mutual funds to provide greater choice to our customers. In 2003, for example, we introduced The Hartford Equity Income Fund in response to the new 15 percent tax rate on stock dividends. The fund comprises only stocks that pay or are expected to pay a dividend.

Our mutual fund strategy has three primary objectives:

The first is to help our customers meet their financial goals. The second is to leverage our leadership position in the variable annuity market to drive our growth in mutual funds. The third is to give distributors a breadth of products to complement our annuities and life insurance. This enables them to build customers’ portfolios without leaving The Hartford’s product family.

The Hartford has also changed to meet the needs of the aging American population.

Driven by advances in medicine and our experience in insuring older people, we’ve reached out to older Americans who need life insurance. By refining qualifications for preferred rates through increased knowledge of mortality, we’ve enabled a greater number of older people to buy life insurance at rates typically offered only to the healthiest applicants. For example, we’ve raised weight limits and are accepting higher blood pressure and cholesterol readings.

We also introduced new universal and whole life products in 2003 to enhance our product portfolio. More Americans are now able to protect and preserve the wealth they have accumulated and to use life insurance for wealth transfer, estate planning and business continuation.

Pursuing the best results is one thing we don’t want to change.
We continue to expand our local presence to get closer to our distributors and customers. Over the past two years we’ve opened nine new branch offices, and we expect to open more in 2004.
In a complex world, we keep thinking ahead.
Country music isn't the only big thing in Nashville, according to Bob Jackson. His agency, Crichton Brandon Jackson and Ward, initiated the transfer of $1 million in personal property-casualty business to The Hartford from another insurance company in 2003. That adds some nice balance to the substantial book of commercial business the agency already has with us, Jackson, agency vice president, says. The Hartford's strong presence right in town was a major factor in the agency's decision to make the change.

Building reliable new profit sources

In 2003 we built two powerful new engines for future growth: Dimensions Auto, a new automobile insurance plan, and Spectrum Xpand, a new business-insurance package of superior products and highly responsive service.

The innovative Dimensions Auto plan enables us to analyze an enormous range of driving characteristics and match insurance premiums to those factors—and the probability of claims—more precisely. We geared the plan to better meet customer needs by increasing the number of premium levels we offer tenfold. The upshot is that agents can market our auto insurance to over 30 percent more customers. More premium levels also mean minimal rate jumps if customers' characteristics change during the lives of their policies.

Spectrum Xpand is a business owners' policy that serves the rapidly growing market segment between our small-business and middle-market customers. These are businesses with 20 to 100 employees and $5 million to $15 million in both total annual sales and property values. There are about 600,000 of these businesses in the United States—coincidentally about the same number of our current small-business customers. It's a $22 billion potential market.

Spectrum Xpand opens the door for The Hartford to a potential market of $22 billion.
Agents serving this market need comprehensive products and fast, expert premium quotes—just as they do for traditional small-business customers. Yet customers in this segment need insurance tailored to the types of businesses they run, much like middle-market customers. Spectrum Xpand balances both.

Our three state-of-the-art customer service centers make it easier for our small-business customers to work with us. In fact, more than 60 percent of The Hartford’s small-business customers use the centers—up from 20 percent just four years ago. This frees up agents to do what they do best—sell. We’re meeting customer needs to such an extent that our small-business revenue has grown by nearly 17 percent annually over the past four years. This is five times the growth in the industry as a whole.

Agents can create a future with more to sell and more customers to sell to.
Property-casualty agencies expect consistently excellent service from us, and we deliver it.
A value-added approach in the group benefits business

Statistics show that U.S. workers have a one-in-three probability of becoming disabled for at least 90 days at some time during their working years. No one can afford to be without disability insurance. As one of the nation’s largest providers of group benefits, we do more than simply protect employees and their families from the financial consequences of injuries and illness.

We also take an active role in helping injured or disabled workers overcome their temporary setbacks so they can continue working toward a secure future. We don’t focus on limitations; we assess workers’ abilities and, with employers and physicians, develop return-to-work plans that help employees lead healthy and productive lives.

Our work as a founding partner of the U.S. Paralympics, a division of the U.S. Olympic Committee, brings this philosophy to life. We sponsor organizations that showcase the extraordinary achievements—and change public perceptions—of people with physical disabilities.

Our 2003 acquisition of much of CNA Financial Corporation’s group disability, life and specialty accident businesses will accelerate our growth in these areas by adding new distribution expertise and greater scale.

The Hartford’s strong marketplace position and exceptional reputation demonstrate our firm commitment to building long-term relationships with our customers and producers.

Our emphasis is on customers’ abilities.
DISTRIBUTORS AND THEIR CLIENTS BENEFIT FROM OUR CONSISTENT FOCUS ON CUSTOMER SOLUTIONS, THE WAYS WE MAKE IT EASY TO WORK WITH US, AND THE EXTRAORDINARY SERVICE WE PROVIDE EVERY TIME AND EVERYWHERE. WE CALL THIS THE HARTFORD EXPERIENCE.
Board of Directors

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Ramani Ayer
Chairman, President and Chief Executive Officer, The Hartford

Ronald E. Ferguson
Retired Chairman and Chief Executive Officer, General Re Corporation

Donald R. Frahm
Retired Chairman, President and Chief Executive Officer, The Hartford

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Chairman, President and Chief Executive Officer, Mercantile Bankshares Corp.

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Of Counsel to Sullivan & Worcester, law firm

Thomas M. Marra
Executive Vice President, The Hartford; President and Chief Operating Officer, Life Operations

Gail J. McGovern
Professor of Management Practice, Harvard Business School

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President and Chief Executive Officer, MasterCard International

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President, Howard University

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David K. Zwiener
Executive Vice President, The Hartford; President and Chief Operating Officer, Property & Casualty Operations
Senior Management

Executive and Corporate Officers
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Chairman, President and Chief Executive Officer

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Executive Vice President

David K. Zwiener
Executive Vice President

David M. Johnson
Executive Vice President and Chief Financial Officer

Neal S. Wolin
Executive Vice President and General Counsel

David M. Znamierowski
Group Senior Vice President and Chief Investment Officer

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Group Senior Vice President, Human Resources

Ann B. Glover
Group Senior Vice President, Corporate Relations and Chief Marketing Officer

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Senior Vice President and Controller

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Executive Vice President, Heritage Holdings

John N. Giamalis
Senior Vice President and Treasurer

Joel Freedman
Senior Vice President, Government Affairs

William B. Michodi
Senior Vice President and Director of Taxes

Alan J. Kreczko
Senior Vice President and Deputy General Counsel

Brian S. Becker
Senior Vice President and Corporate Secretary

Hartford Investment Management Company
David M. Znamierowski
President

Life
Thomas M. Marra
President and Chief Operating Officer

Robert A. Kerzner
Executive Vice President, Individual Life Division

John C. Walters
Executive Vice President, Investment Products Division

Stephen T. Joyce
Senior Vice President, Institutional Solutions Group

David M. Levenson
Senior Vice President, Retail Product Management Group

Richard L. Mucci
Senior Vice President, Group Benefits Division

Lizabeth H. Zlatkus
Executive Vice President and Chief Financial Officer

Vittorio M. Severino
Senior Vice President, Information Technology

Gregory A. Boyko
Senior Vice President, International

Timothy P. Schiltz
President, Hartford Life Insurance K.K. of Japan

Jennifer J. Geisler
Senior Vice President, Human Resources

Craig R. Raymond
Senior Vice President and Chief Actuary

Christine H. Repasy
Senior Vice President and General Counsel

Walter C. Walsh
Senior Vice President, Government Affairs and Corporate Relations

Property & Casualty
David K. Zwiener
President and Chief Operating Officer

Judith A. Blades
Senior Executive Vice President, Property & Casualty

Jonathan R. Bennett
Senior Vice President, Personal Lines

David H. McElroy
Senior Vice President, Hartford Financial Products

Ralph J. Palmieri
Senior Vice President, Specialty Property

James M. Ruel
Senior Vice President, Select Customer

Gary J. Thompson
Senior Vice President, Middle Market

Richard J. Law
Senior Vice President, Field Operations

Sharon A. Ritchey
Senior Vice President, Contact Center Operations

Joseph Z. Gauches
Executive Vice President, E-Commerce and Technology

Calvin Hudson
Executive Vice President, Claims

Raymond J. Sprague
Executive Vice President

Michael J. Dury
Senior Vice President and Chief Financial Officer

Peggy M. Anson
Senior Vice President, Human Resources

Thomas S. Johnston
Senior Vice President and Chief Actuary

PLANCO Financial Services, Inc.
Kevin M. Connor
Managing Director

Sean E. O’Hara
Managing Director

Timothy J. Seifert
Managing Director

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Thirty-five
Corporate Information

Corporate Headquarters
The Hartford Financial Services Group, Inc.
690 Asylum Avenue
Hartford, Connecticut 06105
860-547-5000

Internet Address
http://www.thehartford.com

Annual Meeting
Shareholders are cordially invited to attend The Hartford’s Annual Meeting of Shareholders, which will be held on Thursday, May 20, 2004 at 9:00 a.m. in the Wallace Stevens Theater at The Hartford Financial Services Group, Inc.’s home office at 690 Asylum Avenue, Hartford, Connecticut. Shareholders of record as of March 22, 2004 are entitled to notice of, and to vote at, the Annual Meeting.

Form 10-K and Other Information
Additional copies of The Hartford’s Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2003, as well as copies of all of The Hartford’s other recent filings with the Securities and Exchange Commission, may be accessed without charge through The Hartford’s web site at http://www.thehartford.com or may be obtained without charge by contacting The Hartford’s Investor Relations Department:
The Hartford Financial Services Group, Inc.
Hartford Plaza, HO-1-01
Hartford, Connecticut 06115
Attn: Investor Relations
860-547-2537

Transfer Agent/Shareholder Records
For information or assistance regarding stock records, dividend checks or stock certificates, please contact The Hartford’s transfer agent:
The Bank of New York
Shareholder Relations Department–12E
P.O. Box 11258
Church Street Station
New York, NY 10286
800-254-2823

To send certificates for transfer and address changes:
The Bank of New York
Receive and Deliver Department–11W
P.O. Box 11002
Church Street Station
New York, NY 10286

Address inquiries about The Hartford’s Dividend Reinvestment and Cash Payment Plan to:
The Bank of New York
Dividend Reinvestment Department
P.O. Box 1958
Newark, NJ 07101-1958
E-mail: shareowners@bankofny.com
Internet address: www.stockbny.com

Investor Relations
The Hartford Financial Services Group, Inc.
Hartford Plaza, HO-1-01
Hartford, Connecticut 06115
Attn: Investor Relations
860-547-2537

Media Inquiries
The Hartford Financial Services Group, Inc.
Media Relations
Hartford Plaza, T-12-56
Hartford, Connecticut 06115
860-547-5200

Common Stock and Dividend Information
The Hartford’s common stock is traded on the New York Stock Exchange (NYSE) under the trading symbol “HIG.” The following table presents the high and low closing prices for the common stock of The Hartford on the NYSE for the periods indicated, and the quarterly dividends declared per share.

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<th>Year</th>
<th>High</th>
<th>Low</th>
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<td>Fourth quarter</td>
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</table>

Some of the statements in this Annual Report may be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. We caution investors that these forward-looking statements are not guarantees of future performance, and actual results may differ materially. Investors should consider the important risks and uncertainties that may cause actual results to differ. These important risks and uncertainties include those discussed in our Form 10-K for the year ended December 31, 2003, the full text of which is included herein, and in the other filings we make with the Securities and Exchange Commission.