Risk Factors Comparison 2024-02-06 to 2023-02-07 Form: 10-K

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Our business and the businesses of our subsidiaries face many risks and uncertainties. These risks and uncertainties could lead to events or circumstances that have a material adverse effect on our business, results of operations, cash flows, financial condition or equity and / or the business, results of operations, cash flows, financial condition, or equity of one or more of our subsidiaries. We have described below the material risks facing us and our subsidiaries. There may be additional risks that we do not yet know of or that we do not currently perceive to be material that may also materially adversely impact our business or the businesses of one or more of our subsidiaries. You should carefully consider and evaluate all of the information included in this Report and any subsequent reports we may file with the SEC and the information we make available to the public before investing in any securities issued by us. Our subsidiaries, CNA Financial Corporation and Boardwalk Pipeline Partners, LP, also file reports with the SEC. You are also cautioned to carefully review and consider the information contained in the reports filed by those subsidiaries with the SEC and the information they make available to the public before investing in any of their securities. Risks Related to Us and Our Subsidiary, CNA If CNA determines that its recorded insurance reserves are insufficient to cover its estimated ultimate unpaid liability for claim and claim adjustment expenses, CNA may need to increase its insurance reserves which would result in a charge to CNA' s earnings. CNA maintains insurance reserves to cover its estimated ultimate unpaid liability for claim and claim adjustment expenses, including the estimated cost of the claims adjudication process, for reported and unreported claims. Insurance reserves are not an exact calculation of liability but instead are complex management estimates developed utilizing a variety of actuarial reserve estimation techniques as of a given reporting date. The reserve estimation process involves a high degree of judgment and variability and is subject to a number of factors which are highly uncertain. These factors can be affected by both changes in internal processes and external events. Key variables include frequency of claims, claim severity, mortality, morbidity, discount rates, economic, social and medical inflation, claim handling policies and procedures, case reserving approach, underwriting and pricing policies, changes in the legal and regulatory environment and the lag time between the occurrence of an insured event and the time of its ultimate settlement. Mortality is the relative incidence of death. Morbidity is the frequency and severity of injury, illness, sickness and diseases contracted. There is generally a higher degree of variability in estimating required reserves for long- tail coverages, such as long **-** term care, workers' compensation, general liability and professional liability, as they require a relatively longer period of time for claims to be reported and settled. The impact of changes in economic and social inflation, and medical costs are also more pronounced for long- tail coverages due to the longer settlement period. Certain risks and uncertainties associated with CNA' s insurance reserves are outlined in the Insurance Reserves and Critical Accounting Estimates sections of MD & A in Item 7. CNA is subject to the uncertain effects of emerging ~~or~~ **and** potential claims and coverage issues that arise as industry practices and legal, judicial, social, economic and other environmental conditions change. Further, the impact of social inflation continues to be significant, and the trajectory of its future impact remains uncertain. **In addition, passage of reviver statutes that extend, or eliminate, the statute of limitations for the reporting of claims, including statutes passed in certain states with respect to sexual molestation and sexual abuse, increase the uncertainty of the frequency of claims.** These issues ~~,~~ have had, and may continue to have, a negative effect on CNA' s business, results of operations and financial condition by either extending coverage beyond the original underwriting intent or by increasing the number or size of claims, resulting in further increases in CNA' s reserves. The effects of unforeseen emerging **or potential** claim and coverage issues are extremely difficult to predict and may be material. In light of the many uncertainties associated with establishing the estimates and making the judgments necessary to establish reserve levels, CNA continually reviews and changes its reserve estimates in a regular and ongoing process as experience develops from the actual reporting and settlement of claims and as the legal, regulatory and economic environment evolves. ~~If~~ **When** CNA' s recorded reserves are insufficient for any reason, the required increase in reserves **is** ~~would be~~ recorded as a charge against its earnings in the period in which reserves are determined to be insufficient. These charges **have been and in the future** could be substantial. CNA' s actual experience could vary from the key assumptions used to determine future policy benefit reserves for long **-** term care policies. CNA' s future policy benefit reserves for long **-** term care policies are based on CNA' s best estimate **actuarial** assumptions ~~as of September 30~~ , **which are assessed quarterly and updated** ~~2020, due to a reserve unlocking~~ at ~~that date~~ **least annually** . Key **actuarial** assumptions include morbidity, persistency (**inclusive** ~~the percentage~~ of **mortality** ~~policies remaining in force~~), **anticipated** ~~discount rate and~~ future premium rate increases **and expenses** . **The** ~~Estimating future experience for long term care policies is highly uncertain, because the~~ adequacy of the reserves is contingent upon actual experience and CNA' s future expectations related to these key assumptions. If actual or expected future experience differs from these assumptions, the reserves may not be adequate, requiring CNA to ~~add~~ **increase** reserves. The required increase in reserves **is** ~~would be~~ recorded as a charge against its earnings in the period in which reserves are determined to be insufficient. These charges **have been and in the future** could be substantial **. The reserves are discounted using upper- medium grade fixed income instrument yields as of each reporting date. Discount rates are subject to interest rate and market volatility** . See the Life & Group Policyholder Reserves portion of the Insurance Reserves section of MD & A in Item 7 for more information. Morbidity and persistency experience, inclusive of mortality, can be volatile and may be negatively affected by many factors including, but not limited to, policyholder behavior, judicial decisions regarding policy terms, socioeconomic factors, cost of care inflation, changes in health trends and advances in medical care. A prolonged period during which investment returns remain at **low** levels ~~lower than those anticipated in CNA' s reserving discount rate assumptions~~ could result in shortfalls in investment income on assets supporting CNA' s obligations under long **-** term care policies ~~, which may require increases to its reserves~~ . This risk is more significant for CNA' s long **-** term care products because the long potential duration of the policy obligations exceeds the duration of the supporting investment assets ~~. Further, changes to the Internal Revenue Code may also affect the rate at which CNA discounts its reserves~~ . In addition, CNA may not receive regulatory approval for the level of premium rate increases it requests. Any adverse deviation between the level of future premium rate increases approved and the level included in CNA' s reserving assumptions may require an increase to its reserves. CNA is vulnerable to material losses from natural and man- made disasters. Catastrophe losses are an inevitable part of CNA' s business. Various events can cause catastrophe losses. These events can be natural or man- made, and may include hurricanes, tornadoes, windstorms, earthquakes, hail, severe winter weather, fires, floods, riots, strikes, civil unrest, cyber-attacks, pandemics and acts of terrorism. The frequency and severity of these catastrophe events are inherently unpredictable. Exposure to cyber risk is increasing systematically due to greater digital dependence, which increases the potential for, and the potential losses due to, a catastrophic cyber event. Catastrophic cyber- attack scenarios are not bound by time or geographic limitations and cyber- related catastrophic perils do not have well- established definitions or fundamental physical properties. In addition, longer- term natural catastrophe trends may be changing and new types of catastrophe losses may be developing due to climate change, its associated extreme weather events linked to rising temperatures and its effects on global weather patterns, greenhouse gases, sea, land and air temperatures, sea levels, rain, hail and snow. Climate studies by government agencies, academic institutions, catastrophe modeling organizations and other groups indicate that climate change may be altering the frequency and / or severity of catastrophic weather events, such as hurricanes, tornadoes, windstorms, floods and other natural disasters. The extent of CNA' s losses from catastrophes is a function of the total amount of its insured exposures in the affected areas, the frequency and severity of the events themselves, the level of **CNA' s** reinsurance coverage, reinsurance reinstatement premiums and state residual market assessments, if any. It can take a long time for the ultimate cost of any catastrophe losses to CNA to be finally determined, as a multitude of factors contribute to such costs, including evaluation of general liability and pollution exposures, infrastructure disruption, business interruption and reinsurance collectibility. Further, significant catastrophic events or a series of catastrophic events have the potential to impose financial stress on the reinsurance industry, which could impact CNA' s ability to collect amounts owed to CNA by reinsurers, thereby resulting in higher net incurred losses. Reinsurance coverage for " unconventional " terrorism events (such as nuclear, biological, chemical or radiological attacks) is provided only in limited circumstances. CNA' s principal reinsurance protection against these large- scale terrorist attacks is the coverage currently provided through the Terrorism Risk Insurance Program Reauthorization Act of 2019 (" TRIPRA ") through December 31, 2027. However, such coverage is subject to a mandatory deductible and other limitations. It is also possible that future legislation could change or eliminate the program, which could adversely affect CNA' s business by increasing its exposure to terrorism losses, or by lowering its business volume through efforts to avoid that exposure. For a further discussion of TRIPRA, see Part II, Item 7, MD & A- Catastrophes and Related Reinsurance. As a result of the items discussed above, catastrophe losses are particularly difficult to estimate, could cause CNA to exhaust its available reinsurance limits **, could lead to large losses** and could adversely affect the cost and availability of reinsurance. Accordingly, catastrophic events could have a material adverse effect on CNA' s business, results of operations, financial condition and liquidity. The COVID- 19 pandemic **, including new or emerging variants, other potential pandemics** and **related** measures to mitigate the spread of the **foregoing** ~~virus have resulted in increased claims and related litigation risk across CNA' s enterprise, which~~ may continue to have adverse impacts on its business, results of operations and financial condition and could be material. CNA has experienced, and may continue to experience, increased claim submissions and litigation related to denial of claims based on policy coverage, or the facts of the claim, in certain lines of business that are implicated by the **COVID- 19** pandemic and mitigating actions taken by its customers and governmental authorities in response to its spread. These lines include primarily healthcare professional liability, workers' compensation, commercial property- related business interruption coverage, management liability (directors and officers, employment practices and professional liability lines) and trade credit. CNA recorded significant losses during 2020, ~~the majority~~ **a significant portion** of which ~~are~~ **remain** classified as incurred but not reported (" IBNR ") reserves, in these areas and may experience continued losses, which could be material. Increased frequency or severity in any or all of the foregoing lines, or others where the exposure has yet to emerge, **relating to long- term effects of COVID- 19, new or emerging variants, or other potential pandemics, and related measures to mitigate the spread of the foregoing** may have a material impact on CNA' s business, results of operations and financial condition. CNA has incurred and may continue to incur substantial expenses related to litigation activity in connection with COVID- related legal claims. These actions primarily relate to denial of claims submitted as a result of the pandemic and the mitigating actions **taken** ~~under commercial property policies for business interruption coverage~~ , including lockdowns and closing of certain businesses. The significance of such litigation **or any other litigation relating to new or emerging variants of COVID- 19 or other potential pandemics and related measures to mitigate the spread of the foregoing** , both in substance and volume, and the resultant **CNA- initiated** activities ~~CNA has initiated~~ , including external counsel engagement, and the costs related thereto, may have a material impact on CNA' s business, results of operations and financial condition. CNA has exposure related to A & EP claims, which could result in material losses. CNA' s property and casualty insurance subsidiaries have exposures related to A & EP claims. CNA' s experience has been that establishing claim and claim adjustment expense reserves for casualty coverages relating to A & EP claims is subject to uncertainties that are greater than those presented by ~~other~~ **more traditional property and casualty** claims. Additionally, traditional actuarial methods and techniques employed to estimate the ultimate cost of claims for more traditional property and casualty exposures are less precise in estimating claim and claim adjustment expense reserves for A & EP. As a result, estimating the ultimate cost of both reported and unreported A & EP claims is subject to a higher degree of variability. On August 31, 2010, CNA completed a retroactive reinsurance transaction under which substantially all of its legacy A & EP liabilities were ceded to National Indemnity Company (" NICO "), a subsidiary of Berkshire Hathaway Inc., subject to an aggregate limit of $ 4. 0 billion (" loss portfolio transfer " or " LPT "). The cumulative amount ceded under the loss portfolio transfer as of December 31, ~~2022~~ **2023** is $ 3. ~~5~~ **6** billion. If the other parties to the loss portfolio transfer do not fully perform their obligations, net losses incurred on A & EP claims covered by the loss portfolio transfer exceed the aggregate limit of $ 4. 0 billion or CNA determines it has exposures to A & EP claims not covered by the loss portfolio transfer, CNA may need to increase its recorded net reserves which would result in a charge against earnings. These charges could be substantial. Additionally, if the A & EP claims exceed the limit of the loss portfolio transfer, CNA will need to assess whether to purchase additional limit or to reassume claim handling responsibility for A & EP claims from an affiliate of NICO. Any additional reinsurance premium or future claim handling costs would also reduce CNA' s earnings. CNA is exposed to, and may face adverse developments related to, mass tort claims that could arise from, among other things, its insureds' sale or use of potentially harmful products or substances, changes to the social and legal environment, **such as those related to abuse reviver statutes,** issues related to altered interpretation of coverage and other new and emerging claim theories. CNA faces potential exposure to various types of existing, new and emerging mass tort claims including, those related to exposure to potentially harmful products or substances, such as glyphosate, lead paint, per- and polyfluoroalkyl substances (" PFAS ") and opioids; claims arising from changes that expand the right to sue, remove limitations on recovery, extend the statutes of limitations or otherwise repeal or weaken tort reforms, such as those related to abuse reviver statutes, including New York reviver statutes; and claims related to new and emerging theories of liability, such as those related to global warming and climate change. Evolving judicial interpretations and new legislation regarding the application of various tort theories and defenses, including application of various theories of joint and several liability, as well as the application of insurance coverage to these claims, give rise to new and potentially more severe claim activity. **For example, CNA has recorded, and may continue to record, increases in its** ~~Mass~~ **mass tort reserves, driven substantially by abuse reviver statutes that have resulted in increased claims. Similar and continuing mass** tort claim activity, including activity based on ~~such~~ changing judicial interpretations and recent and proposed legislation could have a material adverse effect on CNA' s business, results of operations and financial condition. CNA faces intense competition in its industry; it may be adversely affected by the cyclical nature of the property and casualty business and the evolving landscape of its distribution network. All aspects of the insurance industry are highly competitive and CNA must continuously allocate resources to refine and improve its insurance products and services to remain competitive. CNA competes with a large number of stock and mutual insurance companies and other entities, some of which may be larger or have greater financial or other resources than CNA does, for both distributors and customers. This includes agents, brokers and managing general underwriters who may increasingly compete with CNA to the extent that ~~they~~ **markets** continue to ~~have~~ **provide them with** direct access to providers of capital seeking exposure to insurance risk. Insurers compete on the basis of many factors, including products, price, services, ratings and financial strength. The competitor landscape has evolved substantially in recent years, with significant consolidation and new market entrants, such as insuretech firms, resulting in increased pressures on CNA' s ability to remain competitive, particularly in obtaining pricing that is both attractive to CNA' s customer base and risk appropriate to CNA. In addition, the property and casualty market is cyclical and has experienced periods characterized by relatively high levels of price competition, resulting in less restrictive underwriting standards and relatively low premium rates, followed by periods of relatively lower levels of competition, more selective underwriting standards and relatively high premium rates. ~~During periods in which price competition is high,~~ CNA may lose business to competitors offering competitive insurance products at lower prices. As a result, CNA' s premium levels and expense ratio could be materially adversely impacted. CNA markets its insurance products worldwide primarily through independent insurance agents, insurance brokers and managing general underwriters who also promote and distribute the products of CNA' s competitors. Any change in CNA' s relationships with its distribution network agents, brokers or managing general underwriters, including as a result of consolidation or their increased promotion and distribution of CNA' s competitors' products, could adversely affect CNA' s ability to sell its products. As a result, CNA' s business volume and results of operations could be materially adversely impacted. CNA' s underwriting strategies currently rely on the effectiveness of reinsurance arrangements and CNA accordingly faces risks relating to reinsurance, including obtaining reinsurance at a cost or on terms and conditions it deems acceptable, reinsurance counterparty risk and ineffective reinsurance coverage. A primary reason CNA purchases reinsurance is to manage its exposure to risk, thereby facilitating its underwriting strategies in certain key areas. Under CNA' s ceded reinsurance arrangements, a reinsurer assumes a specified portion of its exposure in exchange for a specified portion of policy premiums. The availability and cost of the reinsurance protection CNA purchases, which affects the volatility and profitability of its business, as well as the level and types of risk CNA retains, is determined by **many factors, including** general economic conditions and conditions in the reinsurance market, such as the occurrence of significant reinsured events or unexpected adverse trends, including those associated with climate change. If CNA is unable to obtain sufficient reinsurance at a cost or on terms and conditions it deems acceptable, CNA' s risk exposure will not be mitigated **to the degree desired** or it may forego such increased risk, thereby adversely impacting its underwriting strategies. In addition, use of reinsurance exposes CNA to credit risk of the reinsurers, as the reinsurance arrangements do not relieve it of the liability to the customer. If a reinsurer is unable to meet its financial obligations under a reinsurance arrangement, CNA will remain obligated under the original policies issued to its customers. Furthermore, while CNA uses various risk management methods, including the use of reinsurance, to effectively manage risk, there is the possibility that one or more natural catastrophes and / or terrorism or other events could result in claims substantially exceeding expectations, thereby making the reinsurance strategy significantly less effective. Such reinsurance- related risks could have a material adverse effect on CNA' s business, results of operations and financial condition and adversely affect its underwriting strategies in certain lines of business. CNA may be adversely affected by technological changes or disruptions in the insurance marketplace. Technological changes in the way insurance transactions are completed in the marketplace, and CNA' s ability to react effectively to such change, may present significant competitive risks. For example, more insurers are utilizing " big data " analytics to make underwriting and other decisions that impact product design and pricing. If such utilization is more effective than how CNA uses ~~similar~~ **its** data and information, CNA will be at a competitive disadvantage. There can be no assurance that CNA will continue to compete effectively with its industry peers due to technological changes; accordingly this may have a material adverse effect on CNA' s business, results of operations and financial condition. In addition, agents and brokers, technology companies or other third parties may create alternate distribution channels for commercial business that may adversely impact product differentiation and pricing. For example, they may create a digitally enabled distribution channel that may adversely impact CNA' s competitive position. CNA' s efforts or the efforts of agents and brokers with respect to new products or alternate distribution channels, as well as changes in the way agents and brokers utilize greater levels of data and technology, could adversely impact CNA' s business relationships with independent agents and brokers who currently market its products, resulting in a lower volume and / or profitability of business generated from these sources. CNA may incur significant realized and unrealized investment losses and volatility in net investment income arising from changes in the financial markets. CNA' s investment portfolio is exposed to various risks, such as interest rate, credit spread, issuer default, equity prices and foreign currency, which are unpredictable. Financial markets are highly sensitive to changes in economic conditions, monetary policies, tax policies, **interest rates,** domestic and international geopolitical issues and many other factors. Changes in financial markets, including fluctuations in interest rates, credit, equity prices and foreign currency prices, and many other factors beyond CNA' s control can adversely affect the value of its investments, the realization of investment income and the rate at which it discounts certain liabilities. CNA' s investment portfolio is also subject to increased valuation uncertainties when investment markets are illiquid. The valuation of investments is more subjective when markets are illiquid, thereby increasing the risk that the estimated fair value (i. e., the carrying amount) of the portion of CNA' s investment portfolio that is carried at fair value in the financial statements is not reflective of prices at which actual transactions could occur. CNA has significant holdings in fixed maturity investments that are sensitive to changes in interest rates. A decline in interest rates may reduce the returns earned on new fixed maturity investments, thereby reducing CNA' s net investment income, while an increase in interest rates may reduce the value of its existing fixed maturity investments, which could **increase CNA' s net unrealized losses or** reduce **its** ~~CNA' s~~ net unrealized gains included in Accumulated Other Comprehensive Income (" AOCI "). The value of CNA' s fixed maturity investments is also subject to risk that certain investments may default or become impaired due to deterioration in the financial condition of issuers of the investments CNA holds or in the underlying collateral of the security. In addition, CNA invests a portion of its assets in limited partnerships and common stock which are subject to greater market volatility than its fixed maturity investments. Limited partnership investments generally provide a lower level of liquidity than fixed maturity or equity investments, which may also limit CNA' s ability to withdraw funds from these investments. The timing and amount of income or losses on such investments is inherently variable and can contribute to volatility in reported earnings. Further, CNA holds a portfolio of commercial mortgage loans. CNA is subject to risk related to the recoverability of loan balances, which is influenced by declines in the estimated cash flows from underlying property leases, fair value of collateral, refinancing risk and the creditworthiness of tenants of the underlying properties, where lease payments directly service the loan. Any changes in actual or expected collections would result in a charge to earnings. As a result of these factors, CNA may not earn an adequate return on its investments, may be required to write down the value of its investments and may incur losses on the disposition of its investments, all of which could materially adversely affect CNA' s business, results of operations and financial condition. CNA uses analytical models to assist its decision making in key areas such as pricing, reserving, catastrophe risks and capital modeling and may be adversely affected if actual results differ materially from the model outputs and related analyses. CNA uses various modeling techniques and data analytics (e. g., scenarios, predictive, stochastic and forecasting) to analyze and estimate exposures, loss trends and other risks associated with its assets and liabilities. This includes both proprietary and third party modeled outputs and related analyses to assist CNA in decision- making related to underwriting, pricing, capital allocation, reserving, investing, reinsurance and catastrophe risk, among other things. CNA incorporates numerous assumptions and forecasts about the future level and variability of policyholder behavior, loss frequency and severity, interest rates, equity markets, inflation, capital requirements, and currency exchange rates, among others. The modeled outputs and related analyses from both proprietary models and third parties are subject to various assumptions, uncertainties, model design errors and the inherent limitations of any statistical analysis. Further, climate change may make modeled outcomes less certain or produce new, non- modeled risks. In addition, the effectiveness of any model can be degraded by operational risks, including the improper use of the model, input errors, data errors and human error. As a result, actual results may differ materially from CNA' s modeled results. CNA' s profitability and financial condition substantially depends on the extent to which its actual experience is consistent with the assumptions CNA uses in its models and ultimate model outputs. If, based upon these models or other factors, CNA misprices its products or fails to appropriately estimate the risks it is exposed to, its business, results of operations and financial condition may be materially adversely affected. Any significant interruption in the operation of CNA' s business functions, facilities and systems or its vendors' facilities and systems could result in a materially adverse effect on its operations. CNA' s business is highly dependent upon its ability to perform, in an efficient and uninterrupted manner, through its employees or vendor relationships and using its and its vendor' s facilities and systems, necessary business functions, such as internet support and 24- hour call centers, processing new and renewal business, providing customer service, processing and paying claims and other obligations and issuing financial statements. CNA' s, or its vendors', facilities and systems could become unavailable, inoperable, or otherwise impaired from a variety of causes, including natural events, such as hurricanes, tornadoes, windstorms, earthquakes, severe winter weather and fires, or other events, such as explosions, terrorist attacks, computer security breaches or cyber attacks, riots, hazardous material releases, medical epidemics or pandemics, utility outages, interruptions of data processing and storage systems or unavailability of communications facilities. An interruption in CNA' s system availability occurred in March 2021 as a result of a cybersecurity attack sustained by CNA. Please refer to the immediately following risk factor for further information regarding this incident. Likewise, CNA could experience a significant failure, interruption or corruption of one or more of its vendors' information technology, telecommunications, or other systems for various reasons, including significant failures or interruptions that might occur as existing systems are replaced or upgraded. The shut- down or unavailability of one or more of CNA' s or its vendors' systems or facilities for these or any other reasons could significantly impair CNA' s ability to perform critical business functions in a timely basis. In addition, because CNA **and its vendors** ' ~~s~~ information technology and telecommunications systems interface with and depend on third- party systems, CNA could experience service denials if demand for such service exceeds capacity or a third- party system fails or experiences an interruption. If sustained or repeated, such events could result in a deterioration of CNA' s ability to perform necessary business functions. The foregoing risks could expose CNA to monetary and reputational damages. Potential additional exposures relating to significant interruptions to CNA' s operations may include substantially increased compliance costs, as well as increased costs relating to investments in computer system and security- related upgrades, and such costs may not be recoverable under its relevant insurance coverage. CNA has made, and continues to make, investments to improve its security and infrastructure. Some of these investments are a direct result of the March 2021 cybersecurity attack, described in the immediately following risk factor, which are not recoverable under existing insurance coverage. If CNA' s business continuity plans or system security do not sufficiently address these risks, they could have a material adverse effect on CNA' s business, results of operations and financial condition. Any significant breach in CNA' s data security infrastructure or its vendors' facilities and systems could disrupt business, cause financial losses and damage its reputation, and insurance coverage may not be available for claims related to a breach. A significant breach of CNA' s data security infrastructure may result from actions by its employees, vendors, third- party administrators, or unknown third parties or through cyber attacks. The risk of a breach can exist whether software services are in CNA' s or third party administered data centers or are cloud- based software services. Breaches have occurred, and may occur again, in CNA' s systems and in the systems of its vendors and third party administrators. Such a breach could affect CNA' s data framework or cause a failure to protect the personal information of its customers, claimants or employees, or sensitive and confidential information regarding its business or policyholders and may result in operational impairments and financial losses, significant harm to its reputation and the loss of business with existing or potential customers. The breach of confidential information also could give rise to legal liability and regulatory action under data protection and privacy laws, as well as evolving regulation in this regard. During the ~~third~~ **second** quarter of ~~2021~~ **2023** , CNA was notified of a breach ~~of certain systems of~~ **in the file transfer software, MOVEit Transfer, used by** a **vendor of one of its** third party ~~administrator~~ **administrators** ~~, which~~ **. This incident** resulted in **required** breach notifications ~~sent~~ **to CNA' s long- term care policyholders, with such notifications made** by **the subject vendor** ~~such administrator to potentially impacted persons, including a limited number of CNA' s claimants~~ . While CNA does not believe such notifications and resultant actions will have a material adverse effect on its business, this or similar incidents, or any other such breach of CNA' s or its vendors' data security infrastructure could have a material adverse effect on its business, results of operations and financial condition. As previously disclosed, CNA sustained a sophisticated cybersecurity attack in March 2021 involving ransomware that caused a network disruption and impacted certain of its systems. CNA' s investigation into the incident revealed that an unauthorized third party copied some personal information relating to certain current and former employees, contract workers and their dependents and certain other persons, including some policyholders. Although CNA currently has no indication that the impacted data has been misused, or that CNA or its policyholder data was specifically targeted by the unauthorized third party, it may be subject to subsequent investigations, claims or actions in addition to other costs, fines, penalties, or other obligations related to impacted data, whether or not such data is misused. In addition, the misuse, or perceived misuse, of sensitive or confidential information regarding its business or policyholders could cause harm to CNA' s reputation and result in the loss of business with existing or potential customers, which could adversely impact its business, results of operations and financial condition. Although CNA maintains cybersecurity insurance coverage insuring against costs resulting from cyber attacks (including the March 2021 attack), CNA does not expect the amount available under its coverage policy to cover all losses from cyber- attacks. In addition, potential disputes with its insurers about the availability of insurance coverage could occur. Further, **should** ~~as a result of the March 2021 attack,~~ CNA ~~incurred higher costs~~ **experience future cyber incidents,** ~~for~~ **or should industry trends drive rate increases resulting from growth in volume** ~~the replenishment of its current policy through the end of the term,~~ and ~~CNA believes~~ **significance of cyber incidents broadly,** it ~~will~~ **may** incur higher costs for ~~future~~ cybersecurity insurance coverage ~~beyond the current term~~ . **The risks relating to future breaches in** CNA ~~may also be subject to future~~ **' s, or its vendors' data security infrastructure, including in connection with** cyber incidents ~~that~~ **,** could have a material adverse effect on its business, results of operations or financial condition or may result in operational impairments and financial losses, as well as significant harm to CNA' s reputation. Inability to detect and prevent significant employee or third party service provider misconduct, inadvertent errors and omissions, or exposure relating to functions performed on CNA' s behalf could result in a material adverse effect on CNA' s business, results of operations and financial condition. CNA may incur losses which arise from employees or third party service providers engaging in intentional, negligent or inadvertent misconduct, fraud, errors and omissions, failure to comply with internal guidelines, including with respect to underwriting authority, or failure to comply with regulatory requirements. CNA' s or its third party service providers' controls may not be able to detect all possible circumstances of such non- compliant activity and the internal structures in place to prevent this activity may not be effective in all cases. Any losses relating to such non- compliant activity could adversely affect CNA' s business, results of operations and financial condition. Portions of CNA' s insurance business are underwritten and serviced by third parties. With respect to underwriting, CNA' s contractual arrangements with third parties will typically grant them limited rights to write new and renewal policies, subject to contractual restrictions and obligations, including requiring them to underwrite within the terms of CNA' s licenses. Should these third parties issue policies that exceed these contractual restrictions, CNA could be deemed liable for such policies and subject to regulatory fines and penalties for any breach of licensing requirements. It is possible that in such circumstance CNA might not be fully indemnified for such third parties' contractual breaches. Additionally, CNA relies on certain third- party claims administrators, including the administrator of its long - term care claims, to handle policyholder services and perform significant claim administration and claim adjudication functions. Any failure by such administrator to properly perform service functions may result in losses as a result of over-payment of claims, legal claims against CNA and adverse regulatory enforcement exposure. CNA has also licensed certain systems from third parties. CNA cannot be certain that it will have access to these systems or that its information technology or application systems will continue to operate as intended. These risks could adversely impact CNA' s reputation and client relationships and have a material adverse effect on its business, results of operations and financial condition. CNA is subject to capital adequacy requirements and, if it is unable to maintain or raise sufficient capital to meet these requirements, regulatory agencies may restrict or prohibit CNA from operating its business. Insurance companies such as CNA are subject to capital adequacy standards set by regulators to help identify companies that merit further regulatory attention. In the U. S., these standards apply specified risk factors to various asset, premium and reserve components of CNA' s legal entity statutory basis of accounting financial statements. Current rules, including those promulgated by insurance regulators and specialized markets such as Lloyd' s, require companies to maintain statutory capital and surplus at a specified minimum level determined using the applicable jurisdiction' s regulatory capital adequacy formula. If CNA does not meet these minimum requirements, CNA may be restricted or prohibited from operating its business in the applicable jurisdictions and specialized markets. If CNA is required to record a material charge against earnings in connection with a change in estimated insurance reserves, or the occurrence of a catastrophic event or otherwise, or if it incurs significant losses related to its investment portfolio, which severely deteriorates its capital position, CNA may violate these minimum capital adequacy requirements unless it is able to raise sufficient additional capital. CNA may be limited in its ability to raise significant amounts of capital on favorable terms or at all. The IAIS has adopted a ComFrame for the supervision of IAIGs and has developed a global capital standard that, if adopted in the U. S., would be applicable to U. S.- based IAIGs. The NAIC also developed the GCC and AM approach to assessing group capital as an alternative to the ICS developed by the IAIS. The development and adoption of these capital standards could increase CNA' s prescribed capital requirement, the level at which regulatory scrutiny intensifies, as well as significantly increase its cost of regulatory compliance. CNA' s insurance subsidiaries, upon whom CNA depends for dividends in order to fund its corporate obligations, are limited by insurance regulators in their ability to pay dividends. CNA is a holding company and is dependent upon dividends, loans and other sources of cash from its subsidiaries in order to meet its obligations. Ordinary dividend payments or dividends that do not require prior approval by the insurance subsidiaries' domiciliary insurance regulator are generally limited to amounts determined by formulas that vary by jurisdiction. If CNA is restricted from paying or receiving intercompany dividends, by regulatory rule or otherwise, CNA may not be able to fund its corporate obligations and debt service requirements or pay stockholder dividends from available cash. As a result, CNA would need to pursue other sources of capital which may be more expensive or may not be available at all. Rating agencies may downgrade their ratings of CNA, adversely affecting its ability to write insurance at competitive rates or at all and increasing its cost of capital. Ratings are an important factor in establishing the competitive position of insurance companies. CNA' s insurance company subsidiaries, as well as CNA' s public debt, are rated by rating agencies, including, A. M. Best Company (" A. M. Best "), Moody' s Investors Service, Inc. (" Moody' s "), S & P Global Ratings (" S & P ") and Fitch Ratings, Inc. (" Fitch "). Ratings reflect the rating agency' s opinions of an insurance company' s or insurance holding company' s financial strength, capital adequacy, enterprise risk management practices, operating performance, strategic position and ability to meet its obligations to policyholders and debt holders, and may also reflect opinions on other areas such as information security and climate risk, as well as ESG matters more broadly. The rating agencies may take action to lower CNA' s ratings in the future as a result of any significant financial loss or changes in the methodology or criteria applied by the rating agencies. The severity of the impact on CNA' s business is dependent on the level of downgrade and, for certain products, which rating agency takes the rating action. Among the adverse effects in the event of such downgrades would be the inability to obtain a material volume of business from certain major insurance brokers, the inability to sell a material volume of CNA' s insurance products to certain markets and the required collateralization of certain future payment obligations or reserves. Further, if one or more of CNA' s corporate debt ratings were downgraded, CNA may find it more difficult to access the capital markets and may incur higher borrowing costs. In addition, it is possible that a significant lowering of our corporate debt ratings by certain of the rating agencies could result in an adverse effect on CNA' s ratings, independent of any change in CNA' s circumstances. For further discussion of CNA' s ratings, see the Subsidiaries portion of the Liquidity and Capital Resources section of MD & A in Item 7. CNA is subject to extensive existing state, local, federal and foreign governmental regulations that restrict its ability to do business and generate revenues; additional regulation or significant modification to existing regulations or failure to comply with regulatory requirements may have a materially adverse effect on CNA' s business, results of operations and financial condition. The insurance industry is subject to comprehensive and detailed regulation and supervision. Most insurance regulations are designed to protect the interests of CNA' s policyholders and third- party claimants rather than its investors. Each jurisdiction in which CNA does business has established supervisory agencies that regulate the manner in which CNA conducts its business. Any changes in regulation could impose significant burdens on CNA. In addition, the Lloyd' s marketplace sets rules under which its members, including CNA' s Hardy syndicate, operate. These rules and regulations relate to, among other things, the standards of solvency (including risk-based capital measures), government- supported backstops for certain catastrophic events (including terrorism), investment restrictions, accounting and reporting methodology, establishment of reserves and potential assessments of funds to settle covered claims against impaired, insolvent or failed private or quasi- governmental insurers. In addition, rules and regulations have recently been introduced, or are being considered, in the areas of information security and ESG, which may also affect CNA' s business. CNA also is subject to numerous regulations governing the protection of personal and confidential information of its clients and employees, including medical records, credit card data and financial information. These laws and regulations ~~are increasing in complexity and number, change frequently, sometimes conflict, and could expose CNA to significant monetary damages, regulatory enforcement actions, fines and / or criminal prosecution in one or more jurisdictions~~ , including regulations related to ~~cyber security~~ **cybersecurity** protocols (which continue to evolve in breadth, sophistication and maturity in response to an ever- evolving threat landscape) **, are increasing in complexity and number, change frequently, sometimes conflict, and could expose CNA to significant monetary damages, regulatory enforcement actions, fines and / or criminal prosecution in one or more jurisdictions** . In response to climate change, regulators at the federal, state and international level also could impose new regulations requiring disclosure of underwriting or investment in certain industry sectors. Regulatory powers also extend to premium rate regulations which require that rates not be excessive, inadequate or unfairly discriminatory. State jurisdictions ensure compliance with such regulations through market conduct exams, which may result in losses to the extent non- compliance is ascertained, either as a result of failure to document transactions properly or failure to comply with internal guidelines, or otherwise. CNA may also be required by the jurisdictions in which it does business to provide coverage to persons who would not otherwise be considered eligible or restrict CNA from withdrawing from unprofitable lines of business or unprofitable market areas. Each jurisdiction dictates the types of insurance and the level of coverage that must be provided to such involuntary risks. CNA' s share of these involuntary risks is mandatory and generally a function of its respective share of the voluntary market by line of insurance in each jurisdiction. Risks Related to Us and Our Subsidiary, Boardwalk Pipelines Boardwalk Pipelines' natural gas transportation and storage operations **and ethane transportation services** are subject to extensive regulation by the FERC, including rules and regulations related to the rates it can charge for its services and its ability to construct or abandon facilities. Boardwalk Pipelines may not be able to recover the full cost of operating its pipelines, including earning a reasonable return. Boardwalk Pipelines' natural gas transportation and storage operations are subject to extensive regulation by the FERC, including the types, rates and terms of services Boardwalk Pipelines may offer to its customers, construction of new facilities, creation, modification or abandonment of services or facilities and recordkeeping and relationships with affiliated companies. An adverse FERC action in any of these areas could affect Boardwalk Pipelines' ability to compete for business, construct new facilities, offer new services or recover the full cost of operating its pipelines **, including earning a reasonable return** . This regulatory oversight can result in longer lead times to develop and complete any future project than competitors that are not subject to the FERC' s regulations. The FERC can also deny Boardwalk Pipelines the right to abandon certain facilities from service. The FERC regulates the rates Boardwalk Pipelines can charge for its natural gas transportation and storage **and interstate ethane transportation** operations. For cost- based services, the FERC establishes both the maximum and minimum rates Boardwalk Pipelines can charge. The basic elements that the FERC considers are the costs of providing service, the volumes of gas being transported, the rate design, the allocation of costs between services, the capital structure and the rate of return a pipeline is permitted to earn. Boardwalk Pipelines may not be able to recover its costs, including certain costs associated with pipeline integrity, through existing or future rates. The FERC and / or Boardwalk Pipelines' customers could challenge the maximum applicable rates that any of its regulated pipelines can charge in accordance with Section 5 of the NGA. Adoption of potential legislation that would amend Section 5 of the NGA to add refund provisions could increase the likelihood of such a challenge. If such a challenge is successful for any of Boardwalk Pipelines' pipelines **or if its rates are found not to be just and reasonable** , **then** the revenues associated with transportation and storage services the pipeline provides pursuant to cost- of- service rates could materially decrease in the future, which would adversely affect, perhaps substantially, the revenues on that pipeline going forward. ~~The~~ **Over time, the** FERC **may change** ~~issued a NOI on April 19~~ , ~~2018, initiating~~ **amend or announce that it will undertake** a review of its **existing** policies **. There were no major** ~~on certification of natural gas pipelines, including an examination of the 1999 Policy~~ **policy changes announced by** ~~Statement that is used to determine whether to grant certificates for new pipeline projects. On February 18, 2021,~~ the FERC **during** ~~issued the 2021~~ **2023** ~~NOI, reopening its review of the 1999 Policy Statement. On February 18, 2022, the FERC issued the 2022 Policy Statements, to be effective that same day. On March 24, 2022, the FERC issued an order converting the 2022 Policy Statements into draft policy statements and requested further comments. The FERC will not apply the draft 2022 Policy Statements until it issues final guidance on these topics. Boardwalk Pipelines is unable to predict what, if any, changes may result upon finalization of the draft 2022 Policy Statements that will affect its natural gas pipeline operations or when such new policies, if any, might become effective. Boardwalk Pipelines does not expect that any change in these policy statements would affect it in a materially different manner than any other natural gas pipeline company operating in the U. S~~ . The FERC has authority to impose civil penalties for violations of the NGA and NGPA, and the implementing regulations thereunder, up to a maximum amount that is adjusted annually for inflation, which for ~~2023~~ **2024** is approximately $ 1. 5 million per day per violation. Should Boardwalk Pipelines fail to comply with applicable statutes, rules, regulations and orders administered by the FERC, it could be subject to substantial penalties and fines **, in addition to reputational damage. The rates and terms of service on Boardwalk Pipelines' interstate ethane transportation pipeline are also subject to regulation by the FERC under, among other statutes, the ICA and the Energy Policy Act of 1992** . Boardwalk Pipelines' operations, and those of Boardwalk Pipelines' customers, are subject to a series of risks regarding climate change. The threat of climate change continues to attract considerable attention in the U. S. and in other countries. Numerous proposals have been made and could continue to be made at the international, national, regional, state and local levels of government to monitor, limit and eliminate both existing and future emissions of GHGs. These proposals expose Boardwalk Pipelines' operations as well as the operations of its fossil fuel producer customers to a series of regulatory, political, litigation and financial risks. In the U. S., no comprehensive climate change legislation has been implemented at the federal level, but President Biden has shown that action to address climate change is an important part of his Administration' s agenda. For example, in August 2022, the Inflation Reduction Act of 2022 (" IRA ") passed which advanced numerous climate- related objectives. Additionally, the EPA has issued several rules regulating GHGs following the U. S. Supreme Court finding that GHGs are air pollutants under the CAA and the EPA' s own endangerment finding for certain GHGs, including carbon dioxide and methane. The EPA regulates GHGs through various requirements, including permitting for GHG emissions from large stationary sources, annual reporting on GHG emissions from oil and gas facilities, New Source Performance Standards ~~(" NSPS ")~~ restricting methane emissions from new facilities in the natural gas sector, and GHG emissions limits on vehicles (together with the DOT). The EPA' s regulation of methane emissions **has** ~~continues to undergo~~ **undergone** significant changes. In ~~June~~ **December** ~~2021~~ **2023** , ~~President Biden signed into law a joint resolution of Congress under the Congressional Review Act that rescinded~~ the EPA **finalized its methane rules** ~~' s 2020 Policy Rule, effectively reinstating the 2012 and 2016 NSPS~~ for ~~the transmission and storage sector. In November 2021, the EPA proposed a rule to establish standards of performance for methane and volatile organic compound emissions from~~ new ~~sources and~~ , ~~for the first time, existing sources (those that commenced construction or reconstruction after November 15, 2021), within the crude oil and natural gas source category, including the transmission and storage sector. On November 11, 2022, the EPA released a supplemental methane proposal that~~ modified ~~the original proposal and provided additional detail. The proposed rule includes several requirements relevant to Boardwalk Pipelines' operations~~ , **and reconstructed** ~~including stricter emissions limits for various~~ facilities ~~and equipment (including pneumatic devices~~ , ~~storage tanks~~ **known as OOOOb** , ~~reciprocating compressors and wet seal and dry seal centrifugal compressors), more frequent leak detection and monitoring of fugitive emissions from compressor stations, and deadlines for repairing fugitive emissions. The proposal also establishes a program for third- party notification of " super- emitter " events. The final rule will likely work alongside the IRA, which appropriates significant federal funding for renewable energy initiatives~~ as well as **standards for existing sources for the first time ever, known as OOOOc. Under the final rules, states have two years to prepare and submit their plans to impose methane emission controls on existing sources. The presumptive standards established under the final rules are generally the same for both new and existing sources and include enhanced leak detection survey requirements using optical gas imaging and other advanced monitoring to encourage the deployment of innovative technologies to detect and reduce methane emissions, reduction of emissions by 95 % through capture and control systems, zero- emission requirements for certain devices, and the establishment of the" super emitter" response program that would allow third parties to make reports to the EPA of large methane emission events, triggering certain investigation and repair requirements. Fines and penalties for violations of these rules can be substantial. It is likely that the final rules and its requirements will be subject to legal challenges. Compliance with the new rules may affect the amount Boardwalk Pipelines owes under the IRA, which** ~~amends~~ **amended** the CAA to impose a first- time fee on the emission of methane from sources required to report their GHG emissions to the EPA. The methane emissions fee applies to excess methane emissions from certain facilities and starts at $ 900 per metric ton of leaked methane in 2024 and increases to $ 1, 200 in 2025 and $ 1, 500 in 2026 and thereafter. Compliance with the EPA' s ~~proposed~~ new **final** ~~rule~~ **rules and standards would exempt** ~~and~~ - **an otherwise covered facility from** the ~~IRA~~ **requirement to pay the methane fee. The requirements of the EPA** ' s **final** methane **rules** ~~emissions fee~~ could increase Boardwalk Pipelines' operating costs and the costs of Boardwalk Pipelines' customers ~~and accelerate the transition away from fossil fuels which could, in turn, reduce the demand for its services~~ , thereby adversely affecting its operations. Governmental entities, including certain states and groups of states, have adopted or are considering legislation, regulations or other initiatives such as GHG cap **-** and **-** trade programs, carbon taxes, GHG reporting and tracking programs, and emissions limits. At the international level, in February 2021 the U. S. rejoined the Paris Agreement, which requires member nations to submit non- binding GHG emissions reduction goals every five years. In April 2021, President Biden announced a new target for the U. S. to reduce GHG emissions 50 **%** - 52 % from 2005 levels by 2030. In November 2021, the U. S. joined other nations for the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26), during which nations including the U. S. made various commitments, including the Global Methane Pledge to reduce methane emissions 30 % from 2020 levels by 2030. ~~Additionally~~ **In December 2023** , at the ~~27th~~ **28th** Conference of the Parties to the United Nations Framework Convention on Climate Change (**"** ~~COP27~~ **COP28 "**) ~~in November 2022~~ , **certain parties signed onto an** ~~countries, including the U. S., reiterated the agreements~~ - **agreement to transition" away** from ~~COP26 and were called upon to accelerate efforts toward the phase out of inefficient fossil fuel subsidies. The U. S. also announced, in conjunction with the European Union and other partner countries, that it would develop standards for monitoring and reporting methane emissions to help create a market for low methane- intensity gas. Although no firm commitment or timeline to phase out or phase down~~ fossil fuels ~~were made~~ **in energy systems in a just, orderly, and equitable manner" and increase renewable energy capacity so as to achieve net zero by 2050, although no timeline for doing so was set. The impact of the Paris Agreement, COP26, COP28 or other international conventions cannot be predicted** at ~~COP27~~ **this time** , ~~there can~~ **and it is unclear what additional initiatives may** be **adopted or** ~~no guarantees that countries will not seek to implement~~ **implemented** ~~such a phase out or phase down in the future. Additionally~~ , **or** ~~Boardwalk Pipelines cannot predict~~ whether similar efforts at future climate conferences will be successful and the potential resultant impact this may have upon ~~its~~ **Boardwalk Pipelines'** business or financial condition. Governmental, scientific and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the U. S. The Biden Administration and future administrations could take various actions to curtail oil and natural gas production and transportation, including limiting fracturing of oil and natural gas wells, restricting flaring and venting during natural gas production on federal properties, limiting or banning oil and gas leases on federal lands and offshore waters, increasing requirements for construction and permitting of pipeline infrastructure and LNG export facilities, and further restricting GHG emissions from oil and gas facilities **. For example, on January 26, 2024, President Biden announced a temporary pause on pending decisions on new exports of LNG to countries that the U. S. does not have free trade agreements with, pending Department of Energy review of the underlying analyses for authorization** . Litigation risks are also increasing, as a number of cities and other governmental entities have brought suit alleging that fossil fuel producers created public nuisances by producing fuels that contributed to global warming effects such as rising sea levels, are responsible for associated roadway and infrastructure damage, or defrauded investors or customers by failing to timely and adequately disclose adverse effects of climate change. There are also increasing financial risks for fossil fuel energy companies as investors become increasingly concerned about the potential effects of climate change and may elect in the future to shift some or all of their investments into non- fossil fuel energy related sectors. Some institutional lenders who provide financing to fossil fuel energy companies also have become more attentive to sustainable lending practices that favor alternative power sources (such as wind, solar, geothermal, tidal and biofuels), making those sources more attractive, and some of them may elect not to provide funding for fossil fuel energy companies. Many of the largest U. S. banks have made “ net zero ” carbon emission commitments and have announced that they will be assessing financed emissions across their portfolios and taking steps to quantify and reduce those emissions. At COP26, the Glasgow Financial Alliance for Net Zero announced that commitments from over 450 firms across 45 countries had resulted in over $ 130 trillion in capital committed to net zero goals. Financial institutions could be required to adopt policies that limit funding for fossil fuel energy companies. In ~~late~~ **October** ~~2020~~ **2023** the Federal Reserve ~~joined the Network for Greening the Financial System (“ NGFS ”)~~ , **Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp. released** a ~~consortium~~ **finalized set** of **principles guiding** financial ~~regulators focused~~ **institutions with $ 100 billion or more in assets** on ~~addressing climate- related risks in~~ the ~~financial sector, and in September 2022, announced that six of the U. S.’ largest banks will participate in a pilot climate scenario analysis to enhance the ability of firms and supervisors to measure and manage~~ **management** ~~climate- related financial risk. The Federal Reserve released its pilot exercise in January 2023, which is designed to analyze the impact~~ of ~~both~~ physical and transition risks ~~related to~~ **associated with** climate change ~~on specific assets of the banks’ portfolios~~ . While Boardwalk Pipelines cannot predict what ~~policies~~ **additional developments** may ~~result~~ **arise** from these **various actions** ~~announcements and activities~~ , a material reduction in the capital available to the fossil fuel industry could make it more difficult to secure funding for exploration and production or midstream energy business activities, which could adversely impact its business and operations. Additionally, in March 2022, the SEC released a proposed rule that would establish a framework for the reporting of climate risks, targets ~~,~~ and metrics. A final rule is expected to be released in ~~2023~~ **2024** , but Boardwalk Pipelines cannot predict the final form and substance of the rule and its requirements. The ultimate impact of the rule on Boardwalk Pipelines’ business is uncertain and, upon finalization, may result in increased compliance costs and increased costs of and restrictions on access to capital. Separately, the SEC has also announced that it is scrutinizing existing climate- change related disclosures in public filings, increasing the potential for enforcement if the SEC were to allege that an issuer’ s existing climate disclosures are misleading or deficient. These agency actions could increase the potential for litigation. The adoption and implementation of new or more stringent international, federal, regional, state or local legislation, regulations or other initiatives that impose more stringent standards for GHG emissions from the oil and gas sector or otherwise restrict fossil fuel production could result in increased costs of compliance for fossil fuel use, and reduce demand for fossil fuels, which could reduce demand for Boardwalk Pipelines’ transportation and storage services. Political, litigation and financial risks may result in Boardwalk Pipelines’ fossil fuel producer customers restricting or canceling production activities, incurring liability for infrastructure and other damages as a result of climatic changes, or impairing their ability to continue to operate in an economic manner, which also could reduce demand for Boardwalk Pipelines’ services. Moreover, the increased competitiveness of alternative energy sources could reduce demand for hydrocarbons and for Boardwalk Pipelines’ services. Finally, Boardwalk Pipelines may also be subject to various physical risks from climate change. For more information on these physical risks, see Boardwalk Pipelines’ risk factor titled “ Climatic conditions and events could adversely impact Boardwalk Pipelines’ operations, pipelines and facilities, or those of its customers or suppliers ” below. Climatic conditions and events could adversely impact Boardwalk Pipelines’ operations, pipelines and facilities, or those of its customers or suppliers. Climatic events can cause disruptions to, delays in or suspension of Boardwalk Pipelines’ services, by interrupting its operations, causing loss of or damage to **its facilities or** equipment, or having similar impacts on its customers or third **-** party suppliers. In general, Boardwalk Pipelines’ operations could be significantly impacted by climatic conditions such as increased frequency and severity of storms, floods and wintry conditions. Boardwalk Pipelines’ pipeline operations along coastal waters and offshore in the Gulf of Mexico could be adversely impacted by climatic conditions such as rising sea levels, subsidence and erosion, which could result in serious damage to Boardwalk Pipelines’ facilities and affect its ability to provide transportation services. Such damage could result in leakage, migration, releases or spills from Boardwalk Pipelines’ operations and could result in liability, remedial obligations or otherwise have a negative impact on operations. Such climactic conditions could also impact Boardwalk Pipelines’ customers’ ability to utilize Boardwalk Pipelines’ services and third **-** party suppliers’ ability to provide Boardwalk Pipelines with the products and services necessary to maintain operation of its facilities. Boardwalk Pipelines may incur significant damages as well as costs to repair or maintain its facilities, which could adversely affect its operations and the financial health of its business. In recent years, local governments and landowners in Louisiana have filed lawsuits against energy companies, alleging that their operations contributed to increased coastal rising seas and erosion and seeking substantial damages. Changing meteorological conditions, particularly temperature, may affect the amount, timing, or location of demand for energy or the products Boardwalk Pipelines transports, which may impact demand for its services. Boardwalk Pipelines is subject to reputational risks and risks related to public opinion. Boardwalk Pipelines’ business, operations and financial condition may be adversely impacted as a result of negative public opinion. Boardwalk Pipelines operates in an industry which receives negative portrayals and opposition to development projects. Boardwalk Pipelines’ reputation and public opinion could be impacted by the actions, activities and responses of other companies operating in the energy industry, particularly other energy infrastructure providers, over which Boardwalk Pipelines has no control. Boardwalk Pipelines’ reputation also could be impacted by negative publicity related to pipeline incidents, unpopular expansion projects and opposition to development of hydrocarbons and energy infrastructure, particularly projects involving resources that are considered to increase GHG emissions and contribute to climate change. Negative impacts from a compromised reputation or changes in public opinion (including with respect to the production, transportation and use of hydrocarbons generally) could include increased regulatory oversight, delays in obtaining, or challenges to, regulatory approvals with respect to growth projects, blockades, project cancellations, difficulty securing financing at reasonable terms, revenue loss or a reduction in customer base. Legislative and regulatory initiatives relating to new or more stringent pipeline safety requirements or substantial changes to existing integrity management programs or withdrawal of regulatory waivers could subject Boardwalk Pipelines to increased capital and operating costs and operational delays. Boardwalk Pipelines' interstate pipelines are subject to regulation by PHMSA, which is part of the DOT. PHMSA regulates the design, installation, testing, construction, operation, and maintenance of existing interstate natural gas and NGLs pipeline facilities. PHMSA regulation currently requires pipeline operators to implement integrity management programs, including frequent inspections, remediation of certain identified anomalies and other measures to promote pipeline safety in HCAs, MCAs, Class 1 and 2 areas (depending on the potential impacts of a risk event), Class 3 and Class 4 areas, as well as in areas unusually sensitive to environmental damage and commercially navigable waterways. PHMSA has revised its standards from time- to- time. In October 2019, PHMSA published a final rule imposing numerous new requirements, also known as the Mega Rule, on onshore gas transmission pipelines relating to MAOP reconfirmation and exceedance reporting, the integrity assessment of additional pipeline mileage found in MCAs and Class 3 and Class 4 non- HCAs by 2033, and the consideration of seismicity as a risk factor in integrity management. PHMSA published a second final rule in October 2019 for hazardous liquid transmission and gathering pipelines that significantly extends and expands the reach of certain of its integrity management requirements, and that requires the accommodation of in-line inspection tools by 2039 unless the pipeline cannot be modified to permit such accommodation, increased annual, accident and safety- related conditional reporting requirements, and expanded use of leak detection systems beyond HCAs. **Certain aspects of that rule are currently in court review.** PHMSA also published final rules during February and July 2020 that amended the minimum safety requirements related to natural gas storage facilities, including wells, wellbore tubing and casing, and added applicable reporting requirements. In June 2021, PHMSA issued an Advisory Bulletin advising pipeline and pipeline facility operators of applicable requirements to update their inspection and maintenance plans for the elimination of hazardous leaks and minimization of natural gas released from pipeline facilities. PHMSA and state regulators reportedly began their review of these plans in 2022, and **in May 2023,** PHMSA **published a** ~~has separately announced plans to propose~~ **proposed** ~~rules~~ **rule** ~~addressing methane~~ **that would enhance requirements for detecting and repairing** leaks ~~from~~ **on new and existing natural gas distribution, gas transmission, and gas gathering** pipelines. In August 2022, PHMSA published another final rule expanding the Management of Change process, extending corrosion control requirements for gas transmission pipelines, adding requirements that operators ensure no conditions exist following an extreme weather event that could adversely affect the safe operation of the pipeline, and adopting repair criteria for non- HCAs similar to those applicable to HCAs. **In September 2023, PHMSA published a proposed rule that would enhance the safety requirements for gas distribution pipelines and require updates to distribution integrity management programs, emergency response plans, operations and maintenance manuals, and other safety practices.** These new and any future regulations adopted by PHMSA have imposed and may impose more stringent requirements applicable to integrity management programs and other pipeline safety aspects of Boardwalk Pipelines' operations, which is expected to cause ~~it~~ **Boardwalk Pipelines** to incur increased capital and operating costs, may cause it to experience operational delays and may result in potential adverse impacts to its ability to reliably serve its customers. States have jurisdiction over certain of Boardwalk Pipelines' intrastate pipelines and have adopted regulations similar to existing PHMSA regulations. State regulations may impose more stringent requirements than found under federal law that affect Boardwalk Pipelines' intrastate operations. Compliance with these rules over time generally has resulted in an overall increase in maintenance costs. The imposition of new or more stringent pipeline safety rules applicable to natural gas or NGL pipelines, or any issuance or reinterpretation of guidance from PHMSA or any state agencies, could cause Boardwalk Pipelines to install new or modified safety controls, pursue additional capital projects or conduct maintenance programs on an accelerated basis, any or all of which could result in Boardwalk Pipelines incurring increased capital and operating costs, experiencing operational delays and suffering potential adverse impacts to its operations or ability to reliably serve its customers. Requirements that are imposed under the 2011 Act, the 2016 Act, the 2020 Act or other pipeline safety legislation or implementing regulations, may also increase Boardwalk Pipelines' capital and operating costs or impact the operation of its pipelines. Boardwalk Pipelines has entered into certain firm transportation contracts with shippers that utilize the design capacity of certain of its pipeline assets, based upon the authority Boardwalk Pipelines received from PHMSA to operate those pipelines at higher than normal operating pressures of up to 0. 80 of the pipeline' s SMYS under issued permits with specific conditions. PHMSA retains discretion to withdraw or modify this authority. If PHMSA were to withdraw or materially modify such authority, it could affect Boardwalk Pipelines' ability to transport all of its contracted quantities of natural gas on these pipeline assets and it could incur significant additional costs to reinstate this authority or to develop alternate ways to meet its contractual obligations. Boardwalk Pipelines' actual construction and development costs could exceed its forecasts; its anticipated cash flow from construction and development projects will not be immediate; and its construction and development projects may not be completed on time or at all. Boardwalk Pipelines has been and is currently engaged in several construction projects involving its existing assets and the construction of new facilities for which it has expended or will expend significant capital. Boardwalk Pipelines expects to continue to engage in the construction of additional growth projects and modifications of its system. When Boardwalk Pipelines builds a new pipeline or expands or modifies an existing facility, the design, construction and development occurs over an extended period of time, and it will not receive any revenue or cash flow from that project until after it is placed into commercial service. On Boardwalk Pipelines' interstate pipelines there are several years between when the project is announced and when customers begin using the new facilities. During this period, Boardwalk Pipelines spends capital and incurs costs without receiving any of the financial benefits associated with the projects. The construction of new assets involves regulatory (federal, state and local), landowner opposition, environmental, activist, legal, political, materials and labor costs, as well as operational and other risks that are difficult to predict and some are beyond Boardwalk Pipelines' control. A project may not be completed on time or at all due to a variety of factors, may be impacted by significant cost overruns or may be materially changed prior to completion as a result of developments or circumstances that Boardwalk Pipelines is not aware of when it commits to the project. Any of these events could result in material unexpected costs or have a material adverse effect on Boardwalk Pipelines' ability to realize the anticipated benefits from its growth projects. Boardwalk Pipelines may face opposition to the operation of its pipelines and facilities, construction or expansion of facilities and new pipeline projects from various groups. Boardwalk Pipelines may face opposition to the operation of its pipelines and facilities, construction or expansion of its facilities and new pipeline projects from governmental officials, environmental groups, landowners, communities, tribal or local groups and other advocates. Such opposition could take many forms, including organized protests, attempts to block or sabotage Boardwalk Pipelines' operations, acts of eco- terrorism, intervention in regulatory or administrative proceedings involving Boardwalk Pipelines' assets, or lawsuits or other actions designed to prevent, disrupt or delay the operation of its assets and business. For example, repairing Boardwalk Pipelines' pipelines often involves securing consent from individual landowners to access their property; one or more landowners may resist Boardwalk Pipelines' efforts to make needed repairs, which could lead to an interruption in the operation of the affected pipeline or facility for a period of time that is significantly longer than would have otherwise been the case. Acts of sabotage or eco- terrorism could cause significant damage or injury **or death** to people, property or the environment and lead to extended interruptions of Boardwalk Pipelines' operations and material damages and costs. Market conditions, including the price differentials between natural gas supplies and market demand for natural gas, may reduce the transportation rates that Boardwalk Pipelines can charge on certain portions of its pipeline systems. Each year a portion of Boardwalk Pipelines' firm natural gas transportation contracts expire and need to be replaced or renewed. As a result of market conditions, Boardwalk Pipelines may renew some expiring contracts at lower rates or for shorter terms than in the past. The transportation rates Boardwalk Pipelines is able to charge customers are heavily influenced by market trends (both short and longer term), including the available supply, geographical location of natural gas production, the competition between producing basins, competition with other pipelines for supply and markets, the demand for gas by end- users such as power plants, petrochemical facilities and LNG export facilities and the price differentials between the gas supplies and the market demand for the gas (basis differentials). Changes in energy prices, including natural gas, oil and NGLs, impact the supply of and demand for those commodities, which impact Boardwalk Pipelines' business. Boardwalk Pipelines' customers, especially producers and certain plant operators, are directly impacted by changes in commodity prices. The prices of natural gas, oil and NGLs fluctuate in response to changes in both domestic and worldwide supply and demand, market uncertainty and a variety of additional factors, including for natural gas, the realization of potential LNG exports and demand growth within the power generation market. Volatility in the pricing levels of natural gas, oil and NGLs could adversely affect the businesses of certain of Boardwalk Pipelines' producer customers and could result in defaults or the non- renewal of Boardwalk Pipelines' contracted capacity when existing contracts expire. Commodity prices could affect the operations of certain of Boardwalk Pipelines' industrial customers, including the temporary closure or reduction of plant operations, resulting in decreased deliveries to those customers. Future increases in the price of natural gas and NGLs could make alternative energy and feedstock sources more competitive and decrease demand for natural gas and NGLs. A reduced level of demand for natural gas and NGLs could diminish the utilization of capacity on Boardwalk Pipelines' systems and reduce the demand of its services. Boardwalk Pipelines is exposed to credit risk relating to default or bankruptcy by its customers. Credit risk relates to the risk of loss resulting from the default by a customer of its contractual obligations or the customer filing bankruptcy. Boardwalk Pipelines has credit risk with both its existing customers and those supporting its growth projects. Credit risk exists in relation to Boardwalk Pipelines' growth projects, both because expansion customers make long **-** term firm capacity commitments to Boardwalk Pipelines for such projects and certain of those expansion customers agree to provide credit support as construction for such projects progresses. If a customer fails to post the required credit support or defaults during the growth project process, overall returns on the project may be reduced to the extent an adjustment to the scope of the project occurs or Boardwalk Pipelines is unable to replace the defaulting customer with a customer willing to pay similar rates. ~~In 2020, an expansion customer declared bankruptcy for which Boardwalk Pipelines was able to use the credit support obtained during the growth project process to cover a portion of the customer' s remaining long term commitment.~~ Boardwalk Pipelines' credit exposure also includes receivables for services provided, future performance under firm agreements and volumes of gas owed by customers for imbalances or gas loaned by Boardwalk Pipelines to them under certain NNS and parking and lending (" PAL ") services. Boardwalk Pipelines' revolving credit facility contains operating and financial covenants that may restrict its business and financing activities. Boardwalk Pipelines' revolving credit facility contains operating and financial covenants that may restrict its ability to finance future operations or capital needs or to expand or pursue business activities. Its credit agreement limits its ability to make loans or investments, make material changes to the nature of its business, merge, consolidate or engage in asset sales, or grant liens or make negative pledges. This agreement also requires it to maintain a ratio of total consolidated debt to consolidated EBITDA (as defined in the **credit** agreement) of not more than 5. 0 to 1. 0, or up to 5. 5 to 1. 0 for the three quarters following a qualified acquisition or series of acquisitions, where the purchase price exceeds $ 100. 0 million over a rolling 12- month period, which limits the amount of additional indebtedness Boardwalk Pipelines can incur to grow its business, and could require it to reduce indebtedness if its earnings before interest, income taxes, depreciation and amortization (" EBITDA ") decreases to a level that would cause it to breach this covenant. Future financing agreements Boardwalk Pipelines may enter into could contain similar or more restrictive covenants or may not be as favorable as those under its existing indebtedness. Boardwalk Pipelines' ability to comply with the covenants and restrictions contained in its credit agreement may be affected by events beyond its control, including economic, financial and market conditions. If market or economic conditions or its financial performance deteriorate, its ability to comply with these covenants may be impaired. If Boardwalk Pipelines is not able to incur additional indebtedness, it may be required to seek other sources of funding that may be on less favorable terms. If it defaults under its credit agreement or another financing agreement, significant additional restrictions may become applicable. In addition, a default could result in a significant portion of its indebtedness becoming immediately due and payable, and its lenders could terminate their commitment to make further loans to it. If such event occurs, Boardwalk Pipelines may not be able to obtain sufficient funds to make these accelerated payments. Boardwalk Pipelines' indebtedness could affect its ability to meet its obligations and may otherwise restrict its activities. As of December 31, ~~2022~~ **2023** , Boardwalk Pipelines had $ 3. 3 billion in principal amount of long- term debt outstanding. This level of debt requires significant interest payments. Boardwalk Pipelines' inability to generate sufficient cash flow to satisfy its debt obligations, or to refinance its obligations on commercially reasonable terms, would have a material adverse effect on its business. Boardwalk Pipelines' indebtedness could have important consequences. For example, it could: • limit Boardwalk Pipelines' ability to borrow money for its working capital, capital expenditures, debt service requirements or other general business activities; • impact ~~the~~ **Boardwalk Pipelines'** ratings received from credit rating agencies; • increase Boardwalk Pipelines' vulnerability to general adverse economic and industry conditions; and • limit Boardwalk Pipelines' ability to respond to business opportunities, including growing its business through acquisitions. Boardwalk Pipelines is permitted, under its revolving credit facility and the indentures governing its notes, to incur additional debt, subject to certain limitations under its revolving credit facility and the indentures governing the notes. If Boardwalk Pipelines incurs additional debt, its increased leverage could also result in **or exacerbate** the consequences described above. Limited access to the debt markets and increases in interest rates could adversely affect Boardwalk Pipelines' business. Boardwalk Pipelines anticipates funding its capital and other spending requirements through its available financing options, including cash generated from operations, borrowings under its revolving credit facility and issuances of additional debt. Changes in the debt markets, including market disruptions, limited liquidity, and an increase in interest rates, may increase the cost of financing as well as the risks of refinancing maturing debt. This may affect its ability to raise needed funding and reduce the amount of cash available to fund its operations or growth projects or refinance maturing debt. If the debt markets were not available, it is not certain if other adequate financing options would be available to Boardwalk Pipelines on terms and conditions that it would find acceptable. Any disruption in the debt markets could require Boardwalk Pipelines to take additional measures to conserve cash until the markets stabilize or until it can arrange alternative credit arrangements or other funding for its business needs. Such measures could include reducing or delaying business activities, reducing its operations to lower expenses and reducing other discretionary uses of cash. Boardwalk Pipelines may be unable to execute its growth strategy or take advantage of certain business opportunities. Pandemics or other outbreaks of contagious diseases and the measures to mitigate their spread could materially adversely affect Boardwalk Pipelines' business, financial condition and results of operations and those of its customers, suppliers and other business partners. The global outbreak of the COVID- 19 pandemic and measures to mitigate the spread of COVID- 19 caused unprecedented disruptions to the global and U. S. economies and impacted global demand for oil and petrochemical products. Future pandemics and other outbreaks of contagious diseases could result in similar or worse impacts and significant business and operational disruptions, including business closures, supply chain disruptions, travel restrictions, stay- at- home orders and limitations on the availability of workforces. **Although** Boardwalk Pipelines' operations are considered essential critical infrastructure under current Cybersecurity and Infrastructure Security Agency guidelines ~~; however~~ , if significant portions of Boardwalk Pipelines' workforce are unable to work effectively, including because of illness or quarantines or from the impacts of any potential future pandemics and other outbreaks of contagious diseases, its business could be materially adversely affected. Boardwalk Pipelines may also be unable to perform fully on its contracts, and its costs may increase as a result of any potential future pandemics and other outbreaks of contagious diseases. These cost increases may not be fully recoverable. It is possible that future pandemics and other outbreaks of contagious diseases could cause disruption in Boardwalk Pipelines' customers' business; cause delay, or limit the ability of its customers to perform, including in making timely payments to it. Future pandemics and other outbreaks of contagious diseases could impact capital markets, which may impact Boardwalk Pipelines' customers' financial position. Future pandemics and other outbreaks of contagious diseases may also have the effect of increasing several of the other risk factors contained herein. Boardwalk Pipelines does not own all of the land on which its pipelines and facilities are located, which could result in disruptions to its operations. Substantial portions of Boardwalk Pipelines' pipelines, storage and other facilities are constructed and maintained on property owned by others pursuant to rights- of- way, easements, permits, licenses or consents, and Boardwalk Pipelines is subject to the possibility of more onerous terms and / or increased costs to retain necessary land use rights if it does not have valid land use rights or if such land use rights lapse or terminate. Some of the rights to construct and operate Boardwalk Pipelines' pipelines storage or other facilities on land owned by third parties and governmental agencies that it obtains are for specific periods of time. Boardwalk Pipelines cannot guarantee that it will always be able to renew, when necessary, existing land use rights or obtain new land use rights without experiencing significant costs or experiencing landowner opposition. Any loss of these land use rights with respect to the operation of Boardwalk Pipelines' pipelines, storage and other facilities, through its inability to acquire or renew right- of- way or easement contracts or permits, licenses, consents or otherwise, could have a material adverse effect on its operations. Boardwalk Pipelines may not be successful in executing its strategy to grow and diversify its business. Boardwalk Pipelines relies primarily on the revenues generated from its natural gas transportation and storage services. Negative developments in these services have significantly greater impact on Boardwalk Pipelines' financial condition and results of operations than if it maintained more diverse assets. Boardwalk Pipelines' ability to grow, diversify and increase cash flows will depend, in part, on its ability to expand its existing business lines and to close and execute on accretive acquisitions. Boardwalk Pipelines may not be successful in acquiring or developing such assets or may do so on terms that ultimately are not profitable. Boardwalk Pipelines' ability to replace expiring gas storage contracts at attractive rates or on a long- term basis and to sell short- term services at attractive rates or at all are subject to market conditions. Boardwalk Pipelines owns and operates substantial natural gas storage facilities. The market for the storage and PAL services that it offers is impacted by the factors and market conditions discussed above for Boardwalk Pipelines' transportation services, and is also impacted by natural gas price differentials between time periods, such as winter to summer (time period price spreads), and the volatility in time period price spreads. When market conditions cause a narrowing of time period price spreads and a decline in the price volatility of natural gas, these factors adversely impact the rates Boardwalk Pipelines can charge for its storage and PAL services. Boardwalk Pipelines' operations are subject to catastrophic losses, operational hazards and unforeseen interruptions for which it may not be adequately insured. There are a variety of operating risks inherent in transporting and storing natural gas, ethylene and NGLs, such as leaks and other forms of releases, explosions, fires, **cybersecurity** ~~cyber-~~ attacks and mechanical problems, which could have catastrophic consequences. Additionally, the nature and location of Boardwalk Pipelines' business may make it susceptible to catastrophic losses from hurricanes or other named storms, particularly with regard to its assets in the Gulf Coast region, **cold freezes, snow storms,** windstorms, earthquakes, hail ~~,~~ and other severe weather. Any of these or other similar occurrences could result in the disruption of Boardwalk Pipelines' operations, substantial repair costs, personal injury or loss of life, significant damage to property, environmental pollution, impairment of its operations and substantial financial losses. The location of pipelines in HCAs, which includes populated areas, residential areas, commercial business centers and industrial sites, could significantly increase the level of damages resulting from some of these risks. Boardwalk Pipelines currently possesses property, business interruption, ~~cyber~~ **cybersecurity** threat and general liability insurance, but proceeds from such insurance coverage may not be adequate for all liabilities or expenses incurred or revenues lost. Moreover, such insurance may not be available in the future at commercially reasonable costs and terms. The insurance coverage Boardwalk Pipelines does obtain may contain large deductibles or fail to cover certain events, hazards or potential losses. Risks Related to Us and Our Subsidiary, Loews Hotels & Co Loews Hotels & Co' s business may be materially adversely affected by various operating risks common to the hospitality industry, many of which are beyond Loews Hotels & Co' s control. Loews Hotels & Co owns and operates hotels that have different economic characteristics than many other real estate assets. A typical office property, for example, has long- term leases with third- party tenants, which provide a relatively stable long- term stream of revenue. Hotels, on the other hand, generate revenue from guests that typically stay at the hotel for only a few nights, which causes the room rate and occupancy levels at each hotel to change nearly every day, and results in earnings that can be highly volatile. In addition, Loews Hotels & Co' s properties are subject to various operating risks common to the hospitality industry, many of which are beyond Loews Hotels & Co' s control, including: • changes in general economic conditions, including the severity and duration of any downturn in the U. S. or global economy and financial markets, as well as more localized changes in the economy of each hotel' s geographic location; • increases in the costs of supplies, furniture, fixtures, equipment, labor ~~(such as, directly or indirectly, from minimum wage increases, labor shortages or protocols intended to mitigate the spread of COVID- 19, future pandemics or outbreaks of other contagious diseases)~~ , workers' compensation, benefits, insurance, food and beverage, commodities, energy and unanticipated costs or cost increases due to inflation or resulting from force majeure events, new or different federal, state or local governmental regulations, including tariffs, constrained supply, and other factors that may not be offset by increased revenues; • disruptions or delays in ~~our~~ **Loews Hotels & Co' s** supply chain for goods and materials, including those used for hotel development, renovations and operations; • labor supply disruptions or shortages; • war, political conditions or civil unrest, terrorist activities or threats and heightened travel security measures instituted in response to these events; • outbreaks of pandemic or contagious diseases, such as the recent coronavirus; • federal, state or local government- mandated travel restrictions and / or shut- down orders of hotels or other drivers that reduce demand for hotel businesses; • natural or man- made disasters or other catastrophes; • material reductions or prolonged interruptions of public utilities and services; • decreased corporate or government travel- related budgets and spending and cancellations, deferrals or renegotiations of group business due to self- imposed and / or government- mandated travel restrictions, adverse economic conditions or otherwise; • decreased need for business- related travel due to innovations in business- related technology; • the financial condition and general operational condition of the airline, automotive and other transportation- related industries and its impact on travel; • decreased airline capacities and routes and disruption in airline operations ~~, whether arising from the spread of COVID- 19, future pandemics or outbreaks of other contagious diseases and associated mitigation efforts, or otherwise~~ ; • competition from other hotels **, cruise lines** and alternative accommodations, such as Airbnb, in the markets in which Loews Hotels & Co operates; • requirements for periodic capital reinvestment to maintain and upgrade hotels; • the costs and administrative burdens associated with compliance with applicable laws and regulations, including ~~, among~~ **those associated with responding to requests or demands of regulators or** ~~others~~ - **other governmental authorities** , **whether currently existing or implemented in the future, including, those pertaining to the environmental impact of Loews Hotels & Co' s operations, and** those arising out of mitigation efforts associated with ~~COVID- 19, future~~ pandemics or outbreaks of ~~other~~ contagious diseases; • organized labor activities, which could cause a diversion of business from hotels involved in labor negotiations and loss of business for Loews Hotels & Co' s properties generally as a result of certain labor tactics; • changes in the desirability of particular locations or travel patterns of customers, including the possibility that travelers may be inclined to seek alternatives to large public gatherings, such as conferences and conventions, out of safety concerns associated with ~~COVID- 19, future~~ pandemics or outbreaks of ~~other~~ contagious diseases and associated mitigation efforts, or with respect to the underlying attractions supporting the desirability of a particular location, such as, in the case of Loews Hotels & Co' s immersive destination properties, the Universal theme parks for its Orlando, Florida properties, and stadiums, arenas and convention centers for properties in other markets; • geographic concentration of operations and customers; • shortages of desirable locations for development; and • relationships with third- party property owners, developers, landlords, tenants, suppliers and joint venture partners, including the risk that such third- parties may encounter financial difficulties, may not fulfill material obligations, may terminate management, lease, supply, joint venture or other agreements with ~~us~~ **Loews Hotels & Co** , may, in the case of landlords, seek material increases or improvements from ~~us~~ **Loews Hotels & Co** in order to renew leases to ~~us~~ **Loews Hotels & Co** , and / or may, in the case of tenants, seek material discounts or concessions from ~~us~~ **Loews Hotels & Co** in order to renew leases from ~~us~~ **Loews Hotels & Co, and / or may, in the case of joint venture partners, prevent Loews Hotels & Co from making unilateral decisions with respect to material matters relating to specific properties** . In addition to materially affecting the business of Loews Hotels & Co generally, these factors, and the reputational repercussions of these factors, could materially adversely affect, and from time to time have materially adversely affected, individual hotels and hotels in particular regions. Loews Hotels & Co is exposed to the risks resulting from significant investments in owned and leased real estate, including through ownership interests in partnerships and joint ventures, which could increase its costs, reduce its profits, limit its ability to respond to market conditions or restrict its growth strategy. Loews Hotels & Co' s proportion of owned and leased properties, compared to the number of properties that it manages for third- party owners, ~~is larger than~~ **may differ from** that of some of its competitors. Real estate ownership and leasing is subject to risks not applicable to managed or franchised properties, including: • real estate, insurance, zoning, tax, environmental and eminent domain laws; • the ongoing need for owner- funded capital improvements and expenditures to maintain or upgrade properties; • risks associated with mortgage debt, including the possibility of default, fluctuating interest rate levels, compliance with covenants that may include or result in principal amortization or the acceleration of repayment and the availability of financing, including the possibility of lenders electing to freeze or restrict loans secured by hospitality related assets or to not fund loans as anticipated or previously committed ~~, which may arise as a result of pandemics or outbreaks of contagious diseases and associated mitigation efforts or otherwise~~ ; • risks associated with the possibility that cost increases will outpace revenue increases and that, in the event of an economic slowdown or other circumstances negatively affecting revenues, a high proportion of fixed costs will make it difficult to reduce costs to the extent required to offset declining revenues; • risks associated with real estate and property leases, including the possibility of rent increases and the inability to renew or extend upon favorable terms; • the potential impact of changes in general **or local** economic and market conditions, including the severity and duration of any downturn in the U. S. ~~or~~ **,** global **or local** ~~economy~~ **economies** and financial markets ~~and the impact of COVID- 19, future pandemics and outbreaks of other contagious diseases and associated mitigation efforts~~ , on tenants of space leases within properties in which Loews Hotels & Co invests; • **the ability to exit or enter markets may not be able to be implemented in a time frame favorable to Loews Hotels & Co or be solely within Loews Hotels & Co' s control; •** risks associated with real estate condominiums **and similar structures** , including the possibility of special assessments by condominiums that Loews Hotels & Co does not control; • fluctuations in real estate values and potential impairments in the value of Loews Hotels & Co' s assets; and • the relative illiquidity of real estate compared to some other assets. The hospitality industry is subject to seasonal and cyclical volatility. The hospitality industry is seasonal in nature. The periods during which Loews Hotels & Co' s properties experience higher revenues vary from property to property, depending principally upon location and the consumer base served. Historically, Loews Hotels & Co generally has experienced revenues and earnings that are lower in the third quarter of each year than in each of the other quarters. In addition, the hospitality industry is cyclical and demand generally follows the general economy on a lagged basis. The seasonality and cyclicality of its industry may contribute to fluctuations in Loews Hotels & Co' s results of operations, financial condition **, investment activity** and cash flows. Loews Hotels & Co operates in a highly competitive industry, both for customers and for the acquisition and / or development of new properties. The hospitality industry is highly competitive. Loews Hotels & Co' s properties compete with other hotels **, cruises** and alternative accommodations based on a number of factors, including room rates, quality of accommodations, service levels and amenities, location, brand affiliation, reputation and reservation systems. New hotels may be constructed and these additions to supply create new competitors, in some cases without corresponding increases in demand for hotel rooms. Some of its competitors also have greater financial and marketing resources than Loews Hotels & Co. In addition, travelers can book stays on websites **and through applications** that facilitate the short- term rental of homes and apartments from owners, thereby providing an alternative to hotel rooms. Loews Hotels & Co also competes for hotel acquisitions and development projects with entities that have similar investment objectives as it does. This competition could limit the number of suitable investment opportunities. It may also increase the bargaining power of Loews Hotels & Co' s counterparties, making it more difficult for Loews Hotels & Co to acquire or develop new properties on attractive terms or on the terms contemplated in its business plans. Any deterioration in the quality or reputation of Loews Hotels & Co' s brands **, including brands used in its joint ventures and those it licenses,** could have a material adverse effect on its reputation and business. Loews Hotels & Co' s brands **, including those associated with its joint ventures (e. g., at its properties at Universal Orlando)** and ~~reputation~~ **those it licenses (e. g., at its Live! by Loews – St. Louis and Live! by Loews – Arlington hotels),** are among its most important assets. Its ability to attract and retain guests depends, in part, on the public recognition of its brands and their associated reputation. If its brands become obsolete or consumers view them as unfashionable or lacking in quality, or its brands or reputation are otherwise harmed, Loews Hotels & Co may be unable to attract guests to its properties, and may further be unable to attract or retain joint venture partners or hotel owners. Loews Hotels & Co' s reputation may also suffer as a result of negative publicity regarding its hotels, including as a result of social media reports, regardless of the accuracy of such publicity. The continued expansion of media and social media formats has compounded the potential breadth and scope of negative publicity and has made it more difficult to control and effectively manage negative publicity. Loews Hotels & Co' s efforts to develop new properties and renovate existing properties could be delayed or become more expensive. Loews Hotels & Co from time to time renovates its properties and **, together with joint venture partners,** is currently expanding its portfolio through the ground- up construction of new properties in Orlando, Florida ~~,~~ and Arlington, Texas ~~, along with a support facility in Apopka, Florida,~~ and in the future may similarly **, alone or with joint venture partners,** develop additional new properties. Often ~~these projects are undertaken with~~ joint venture partners ~~who~~ may also serve as developer. These renovation and construction efforts are subject to a number of risks, including: • construction delays, changes to plans and specifications and cost overruns (including for labor and materials, unforeseeable site conditions **, construction errors** or design defects) that may increase project costs, cause new development projects to not be completed by lender or municipal imposed required completion dates or subject Loews Hotels & Co to cancellation penalties for reservations accepted; • obtaining zoning, occupancy and other required **licenses,** permits or authorizations; • changes in economic or other market conditions that may result in weakened or lack of demand or negative project returns; • governmental restrictions on the size or kind of development; • projects financed with construction debt are subject to **risk that participating lenders may not fulfill their commitments when called upon as well as** interest rate risk as uncertain timing and amount of draws may make effective hedging difficult or expensive to obtain, as well as the other risks associated with mortgage debt described above; • delays resulting from ~~COVID- 19, future~~ pandemics or the outbreaks of ~~other~~ contagious diseases and related containment efforts, including as they pertain to contractors, suppliers and inspectors required to review projects; • weather delays and force majeure events, including earthquakes, tornados, hurricanes, floods **, winter weather conditions** and other natural or man- made catastrophes; and • projects with adjacent demand generators under construction that become delayed causing opening delays of **, or less revenue than anticipated from,** hotels under development. Additionally, renovating existing properties and developing new properties typically involve lengthy development periods during which significant amounts of capital must be funded before the properties begin to operate and generate revenue. If the cost of renovations or new development exceeds budgeted amounts, and / or the time period for development is longer than initially anticipated, Loews Hotels & Co' s operating results could be reduced. Loews Hotels & Co has seen construction timelines lengthen due to various factors, including competition for skilled construction labor, challenges related to financing, disruption in the supply chain for materials, and the impact of ~~COVID- 19 generally~~ **pandemics or other outbreaks of contagious diseases and related mitigation efforts** , and these or similar circumstances could continue or worsen in the future. Accordingly, there can be no assurance that all development pipeline projects will result in new hotels entering Loews Hotel & Co' s system, or that those hotels will open when **or perform as** anticipated. Further, due to the lengthy development cycle, intervening adverse economic or other market conditions in general and as they apply to Loews Hotels & Co and its development partners may alter or impede the development plans, thereby resulting in incremental costs or potential impairment charges. In addition, using multiple sources of capital to develop new properties reduces or eliminates the ability of Loews Hotels & Co to cease commenced projects if the overall economic environment or other market conditions change. Moreover, during the early stages of operations, charges related to interest expense and depreciation may substantially detract from, or even outweigh, the profitability of certain new ~~property~~ **hotel** investments. Investing in hotel properties through ownership interests in partnerships and joint ventures ~~decreases~~ **is subject to inherent risks, including due to** Loews Hotels & Co' s ~~ability to manage risk~~ **lack of unilateral control over the investment** . Loews Hotels & Co has invested, and expects to continue to invest, in hotel properties or businesses through ownership interests in partnerships and joint ventures. Partners and joint venturers often have shared control over the operation of the property or business. Therefore, the operation of such properties or businesses is subject to inherent risk due to the shared nature of the enterprise and the need to reach agreements on material matters **, including matters that may impact taxes or have other significant financial consequences** . In addition, investments with other investors may involve risks such as the possibility that the partner or joint venturer might become bankrupt or not have the financial resources to meet its obligations, or have economic or business interests or goals that are inconsistent with Loews Hotels & Co' s business interests or goals. Further, Loews Hotels & Co may be unable to take action without the approval of its partners or joint venturers, or its partners or joint venturers could take actions binding on the property without the consent of Loews Hotels & Co. Additionally, should a partner or joint venturer become bankrupt **or otherwise fail to honor its financial obligations** , Loews Hotels & Co could become liable for its share of liabilities. Loews Hotels & Co' s properties are geographically concentrated, which exposes its business to the effects of regional events and occurrences. Loews Hotels & Co has a concentration of hotels in Florida. Specifically, as of December 31, ~~2022~~ **2023** , eight hotels, representing ~~55~~ **56** % of rooms in its system, were located at Universal Orlando in Orlando, Florida and ten hotels, representing approximately ~~61~~ **62** % of rooms in its system, were located in Florida. Furthermore, there are three additional hotels under development in Orlando, Florida that would increase these numbers to 11 hotels in Orlando, Florida and 13 hotels in ~~in~~ Florida. In the future, other existing or new geographies may present opportunities for new or additional investment that may create new or increased concentration risk. The concentration of hotels in one region **, jurisdiction** or a limited number of markets may expose Loews Hotels & Co to risks of adverse economic and other developments that are greater than if its portfolio were more geographically diverse. These developments **could** include **, among others,** regional economic downturns **, an increase in burdensome governmental regulation, changes in the local political climate** , a decline in the popularity of or access to area tourist attractions, such as theme parks, the failure of new tourist attractions to be developed or be successful in markets where new hotels are under development, significant increases in the number of Loews Hotels & Co' s competitors' hotels in these markets and potentially higher local property, sales and income taxes, property insurance costs or other expenses in the geographic markets in which it is concentrated. In addition, Loews Hotels & Co' s properties in Florida are subject to the effects of adverse acts of nature, such as hurricanes, strong winds and flooding, which have in the past caused damage to its hotels in Florida, and which may in the future be intensified as a result of climate change. Loews Hotels & Co' s business may be significantly affected by other risks common to the Florida tourism industry. For example, the cost and availability of air services and the impact of any events that disrupt or reduce air travel to and from Florida for any reason can materially adversely affect its business. Pandemics or other outbreaks of contagious diseases and efforts to mitigate their spread have had, and could in the future have, material adverse impacts on Loews Hotels & Co' s results of operations, financial condition and cash flows. In response to the spread of COVID- 19, governments across the globe implemented measures to mitigate the spread of the virus, such as through lockdowns or stay- at- home orders, business closures, restrictions on travel, limitations on large group gatherings and quarantines, among others. Beyond the existence of governmental restrictions, the perception of health risks associated with COVID- 19 limited business and leisure travel. The spread of the coronavirus and related containment efforts caused unprecedented disruptions to the global economy, including supply chains, air travel and normal business operations across sectors, including the hospitality industry that depends on active levels of business and leisure travel. Future pandemics or other outbreaks of contagious diseases may result in similar **or more severe** mitigation measures, perceptions of health risks and economic disruptions. In response to COVID- 19, Loews Hotels & Co temporarily suspended operations at the majority of its properties and, for a period after general operations resumed, occupancy rates were considerably lower for certain of its hotels compared to occupancy rates prior to the pandemic. As a result of the suspended operations and lower occupancy levels, revenues were lower, while operating costs were not reduced to the same extent. In addition, Loews Hotels & Co had to implement a number of new measures for the health and safety of its guests and employees, which increased its costs. Loews Hotels & Co may have to implement similar responses to future pandemics or other outbreaks of contagious diseases, which may lead to similar **or more severe** effects. As part of cost containment efforts at the outset of the COVID- 19 pandemic, Loews Hotels & Co and many of its service providers and suppliers severed or put employees on unpaid leaves of absence. When conditions improved such that increased staffing levels were required, finding and attracting talent to fill certain roles that were furloughed or eliminated was challenging for Loews Hotels & Co and certain of its service providers and suppliers, which affected Loews Hotels & Co' s ability to return to normal operations at certain of its hotels. Loews Hotels & Co and its service providers and suppliers may have to take similar actions in response to future pandemics or other outbreaks of contagious diseases, which may lead to similar **or more severe** effects. The negative impacts of a pandemic or other outbreak of contagious disease **, including the COVID- 19 pandemic,** on Loews Hotels & Co' s business may substantially exacerbate the other risks facing Loews Hotels & Co, including those described in this section, and such impacts may linger beyond the containment and mitigation of any such pandemic or outbreak ~~, including the COVID- 19 pandemic~~. The growth and use of ~~alternative~~ **third-party** reservation channels adversely affects Loews Hotels & Co' s business. A significant percentage of hotel rooms for guests at Loews Hotels & Co' s properties is booked through internet **- based** travel **agencies** and other intermediaries. In most cases, Loews Hotels & Co has agreements with such intermediaries and pays them commissions and / or fees for sales of its rooms through their systems. If such bookings increase, these intermediaries may be able to obtain higher commissions or fees, reduced room rates or other significant concessions from Loews Hotels & Co. There can be no assurance that Loews Hotels & Co will be able to negotiate such agreements in the future with terms as favorable as those that exist today. Moreover, these intermediaries generally employ aggressive marketing strategies, including expending significant resources for online and television advertising campaigns to drive consumers to their websites and other outlets. As a result, consumers may develop brand loyalties to the intermediaries' offered brands, websites and reservations systems rather than to Loews Hotels & Co' s brands. Loews Hotels & Co' s insurance coverage may not cover all possible losses, and it may not be able to renew its insurance policies on favorable terms, or at all. Although Loews Hotels & Co maintains various property, casualty and other insurance policies, proceeds from such insurance coverage may not be adequate for all liabilities or expenses incurred or revenues lost. Additionally, insurance policies that it maintains may not be available in the future at commercially reasonable costs and terms. The insurance coverage Loews Hotels & Co maintains may contain large deductibles or may not cover all risks to which its properties are potentially subject. Labor shortages could restrict Loews Hotels & Co' s ability to operate its properties or grow its business or result in increased labor costs that could reduce its results of operations. Loews Hotels & Co' s properties are staffed 24 hours a day, seven days a week by thousands of employees. If it is unable to attract, retain, train and engage a sufficient number of skilled employees, its ability to manage and staff its properties adequately could be impaired, which could reduce customer satisfaction. Staffing shortages could also hinder its ability to grow and expand its business. Because payroll costs are a major component of the operating expenses at its properties, a shortage of skilled labor could also require higher wages that would increase its labor costs or temporarily ceasing to offer certain services, which could harm Loews Hotel & Co' s reputation or guest satisfaction. A portion of Loews Hotels & Co' s labor force is covered by collective bargaining agreements. **A portion of Loews Hotels & Co' s labor force is covered by collective bargaining agreements.** Work **slowdowns and** stoppages and other labor problems could negatively affect Loews Hotels & Co' s business and results of operations. A prolonged dispute with covered employees or any labor unrest, strikes or other business interruptions in connection with labor negotiations or otherwise could have an adverse impact on Loews Hotels & Co' s operations. Adverse publicity in the marketplace related to union messaging could further harm its reputation and reduce customer demand for its services. Also, wage and / or benefit increases **and / or changes to operational protocols** resulting from new labor agreements may be significant and could have an adverse impact on its results of operations. Furthermore, Loews Hotels & Co could experience demands from labor unions that represent its employees for additional compensation, healthcare benefits, operational protocols or other terms in response to ~~COVID- 19, future~~ pandemics or the outbreak of ~~other~~ contagious diseases that could increase costs. To the extent that Loews Hotels & Co' s non- union employees join unions, Loews Hotels & Co would have greater exposure to risks associated with such labor problems. Furthermore, Loews Hotels & Co may have, or acquire in the future, multi- employer plans that are classified as " endangered, " " seriously endangered, " or " critical " status and a withdrawal in the future could result in the incurrence of a contingent liability that would be payable in an amount and at such time (or over a period of time) that would vary based on a number of factors at the time of (and after) withdrawal. Any such events or additional costs may have materially adverse effects. Risks Related to Us and Our Unconsolidated Subsidiary, Altium Packaging Altium Packaging' s substantial indebtedness could affect its ability to meet its obligations and may otherwise restrict its activities. Altium Packaging has a significant amount of indebtedness, which requires significant interest payments. Its inability to generate sufficient cash flow to satisfy its debt obligations, or to refinance its obligations on commercially reasonable terms, would have a material adverse effect on its business. Altium Packaging' s substantial indebtedness could have **other** important consequences. For example, it could: • limit its ability to borrow money for its working capital, capital expenditures, debt service requirements or other corporate purposes; • increase its vulnerability to general adverse economic and industry conditions; and • limit its ability to respond to business opportunities, including growing its business through acquisitions. In addition, the credit agreements governing its current indebtedness contain, and any future debt instruments would likely contain, financial and other restrictive covenants, which impose operating and financial restrictions on it. As a result of these covenants, Altium Packaging could be limited in the manner in which it conducts its business and may be unable to engage in certain business activities or finance future operations or capital needs. Furthermore, a failure to comply with these covenants could result in an event of default which, if not cured or waived, could have a material adverse effect on Altium Packaging. Altium Packaging is exposed to changes in consumer preferences. Sales of Altium Packaging' s plastic containers depend heavily on the volume of sales made by its customers to consumers. Consequently, changes in consumer preferences for products in the industries that ~~it~~ **Altium Packaging** serves or the packaging formats in which such products are delivered, whether as a result of changes in cost, convenience or health, environmental and social concerns or perceptions regarding plastics, may result in a decline in the demand for Altium Packaging' s plastic container products. Fluctuations in raw material prices and raw material availability may materially affect Altium Packaging' s results of operations. To produce its products, Altium Packaging uses large quantities of plastic resins and recycled plastic materials. It faces the risk that its access to these raw materials may be interrupted or that it may not be able to purchase these raw materials at prices that are acceptable to it. In general, Altium Packaging does not have long- term supply contracts with its suppliers, and its purchases of raw materials are subject to market price volatility. Although Altium Packaging generally is able to pass changes in the prices of raw materials through to its customers over a period of time, it may not always be able to do so or there may be a lag between when its costs increase and when it passes those costs through to its customers. It may not be able to pass through all future raw material price increases in a timely manner or at all due to competitive pressures. In addition, a sustained increase in resin and recycled plastic prices, relative to alternative packaging materials, would make plastic containers less economical for its customers and could result in reductions in the use of plastic containers. Any limitation on its ability to procure its primary raw materials or to pass through price increases in such materials ~~on~~ **in** a timely ~~basis~~ **manner** could materially negatively affect Altium Packaging. Altium Packaging' s customers may increase their self- manufacturing. Increased self- manufacturing by Altium Packaging' s customers may have a material adverse impact on its sales volume and financial results. Altium Packaging believes that certain customers may engage in self- manufacturing over time at **certain** locations **, particularly those** where transportation costs are high, ~~and where~~ **for products that have** low complexity **,** and **where customers have** available space to install blow molding equipment ~~exist~~ . Risks Related to Us and Our Subsidiaries Generally In addition to the specific risks and uncertainties faced by our subsidiaries, as discussed above, we and all of our subsidiaries face additional risks and uncertainties described below. Failures or interruptions in or breaches to our or our subsidiaries' computer systems or information technology or communication infrastructure or those of our third party vendors could materially and adversely affect our or our subsidiaries' operations. We and our subsidiaries are dependent upon information technologies, computer and communication systems and networks, including those maintained by us and our subsidiaries and those maintained and provided to us and our subsidiaries by third parties (for example, " software- as- a- service " and cloud solutions), to conduct operations. We and our subsidiaries are dependent upon operational and financial computer and communication systems and information technology infrastructure to process the data necessary to conduct almost all aspects of our and their businesses. Any failure of our or our subsidiaries' systems or information technology infrastructure, or those of our or their customers, vendors or others with whom we and they do business, could materially disrupt business operations. Computer, telecommunications and other business facilities and systems could become unavailable or impaired from a variety of causes, including cyber attacks or other cyber incidents, storms and other natural disasters, terrorist attacks, fires, utility outages, theft, design defects, human error or complications encountered as existing systems are replaced or upgraded. Cyber attacks and other cyber incidents are occurring more frequently, are constantly evolving in nature, are becoming more difficult to prevent, detect and remediate, and are being carried out by groups and individuals with a wide range of expertise and motives, and that may have the backing of foreign governmental actors. The U. S. government has issued public warnings that indicate energy assets may be specific targets of cyber attacks, which can have catastrophic consequences, and hotel chains, among other consumer- facing businesses, have been subject to various cyber attacks targeting payment card and other sensitive consumer information. Cyber attacks and cyber incidents take many forms, including cyber extortion, denial of service, social engineering, introduction of viruses or malware, exploiting vulnerabilities in hardware, software or other infrastructure, hacking, website defacement, theft of passwords and other credentials, unauthorized use of computing resources for digital currency mining and business email compromise. **As with other large companies, we and our subsidiaries and our and their third party vendors have experienced cyber attacks and other cyber incidents and expect this to continue. For example,** CNA was subjected to a sophisticated cybersecurity incident involving ransomware in March 2021. In addition, one of CNA' s vendors also experienced a cybersecurity incident during the ~~third~~ **second** quarter of ~~2021~~ **2023** . For additional information about these incidents **,** see " Risks Related to Us and Our Subsidiary, CNA Financial Corporation " above under this Part ~~II~~ **I** , Item 1A ~~. As with other large companies~~ , ~~we~~ and **for a discussion of certain aspects of** our **approach** ~~subsidiaries and our and their third party vendors have experienced cyber attacks and other cyber incidents and expect this~~ to ~~continue~~ **cybersecurity risk management and strategy, see Item 1C. Cybersecurity** . If we and our subsidiaries and our and their third party vendors do not allocate and effectively manage the resources necessary to continue to build and maintain our and their information technology security infrastructure, or if we or our subsidiaries or our or our subsidiaries' vendors fail to timely identify or appropriately respond to cyber attacks or other cyber incidents, then this may **, in addition to other consequences,** disrupt our and our subsidiaries' operations, cause significant damage to our or their assets and surrounding areas, cause loss of life or serious bodily injury, impact our or their data framework or cause a failure to protect personal information of customers, employees or others. The foregoing risks relating to disruption of service, interruption of operations and data loss could impact our and our subsidiaries' ability to timely perform critical business functions, resulting in disruption or deterioration in our and our subsidiaries' operations and business and expose us and our subsidiaries to significant financial losses and monetary and reputational damages. In addition, potential exposures include substantially increased compliance costs and required computer system upgrades and security related investments. The breach of confidential information also could give rise to legal liability and regulatory action under data protection and privacy laws and regulations, both in the U. S. and foreign jurisdictions. From time to time we and our subsidiaries may be subject to litigation, for which we and they may be unable to accurately assess the level of exposure and which if adversely determined, may have a significant adverse effect on our or their financial condition or results of operations. We and our subsidiaries are or may become parties to legal proceedings and disputes. These matters may include, among others, contract disputes, claims **and coverage** disputes, reinsurance disputes, personal injury **and wrongful death** claims, environmental claims or proceedings, asbestos and other toxic tort claims, intellectual property disputes, disputes related to employment and tax matters and other litigation incidental to our or their businesses. For instance, we and certain of our Boardwalk Pipelines- related subsidiaries are defendants in a class action litigation in the State of Delaware related to our 2018 acquisition of the Boardwalk Pipelines limited partnership units not already owned by our affiliates. For additional information regarding this matter, see Note ~~17~~ **18** of the Notes to Consolidated Financial Statements included under Item 8. Litigation is inherently subject to great uncertainty and it is difficult to predict the outcome or effect of any litigation matters. The outcome of any pending or future litigation could have a significant adverse impact on our or our subsidiaries' financial condition or results of operations. Acts of terrorism could harm us and our subsidiaries. Terrorist attacks and the continued threat of terrorism in the United States or abroad, the continuation or escalation of armed hostilities or the outbreak of additional hostilities, including military and other action by the United States, its allies or other nations, could have a significant impact on us and the assets and businesses of our subsidiaries. CNA issues coverages that are exposed to risk of loss from an act of terrorism. Terrorist acts or the threat of terrorism could also result in increased political, economic and financial market instability, a decline in energy consumption and volatility in the price of oil and gas, which could affect the market for Boardwalk Pipelines' transportation and storage services. In addition, terrorist attacks could lead to reductions in business travel and tourism which could harm Loews Hotels & Co. While our subsidiaries take steps that they believe are appropriate to secure their assets, there is no assurance that they can completely secure them against a terrorist attack or obtain adequate insurance coverage for terrorist acts at reasonable rates. Our subsidiaries face significant risks related to compliance with environmental laws. Our subsidiaries have extensive obligations and financial exposure related to compliance with federal, state, local, foreign and international environmental laws, including those relating to the discharge of substances into the environment, the disposal, removal or ~~clean~~ **cleanup** ~~up~~ of hazardous wastes and other activities relating to the protection of the environment. Many of such laws have become increasingly stringent in recent years and may in some cases impose strict liability, which could be substantial, rendering a person liable for environmental damage without regard to negligence or fault on the part of that person. For example, Boardwalk Pipelines is subject to extensive federal, state and local laws and regulations relating to protection of the environment. Such laws and regulations impose, among other things, restrictions, liabilities and obligations in connection with the generation, handling, use, storage, transportation, treatment and disposal of various substances, including hazardous substances and waste and in connection with spills, releases, discharges and emissions of various substances into the environment. In addition, Altium Packaging may be adversely affected by laws or regulations concerning environmental matters that increase the cost of producing, or otherwise adversely affect the demand for, plastic products. Further, existing environmental laws or the interpretation or enforcement thereof may be amended and new laws may be adopted in the future. Loss of key vendor relationships or issues relating to the transitioning of vendor relationships could result in a materially adverse effect on our and our subsidiaries' operations. We and our subsidiaries rely on products, equipment and services provided by many third- party suppliers, manufacturers and service providers in the United States and abroad, which exposes us and them to volatility in the quality, price and availability of such items. These include, for example, vendors of computer hardware, software and services, as well as other critical materials and services (including, in the case of CNA, claims administrators performing significant claims administration and adjudication functions). Certain products, equipment and services may be available from a limited number of sources. If one or more key vendors becomes unable to continue to provide products, equipment or services at the requisite level for any reason, or fails to protect our proprietary information, including in some cases personal information of employees, customers, hotel guests or others, we and our subsidiaries may experience a material adverse effect on our or their business, operations and reputation. We could incur impairment charges related to the carrying value of the long- lived assets and goodwill of our subsidiaries and our equity method investments. We and our subsidiaries regularly evaluate our and their long- lived assets and goodwill for impairment whenever events or changes in circumstances indicate the carrying value of these assets may not be recoverable. Most notably, we could incur impairment charges related to the carrying value of pipeline and storage assets at Boardwalk Pipelines, our equity method investment in Altium Packaging and hotel investments owned by Loews Hotels & Co. We and our subsidiaries also test goodwill for impairment on an annual basis or when events or changes in circumstances indicate that a potential impairment exists. Asset impairment evaluations by us and our subsidiaries with respect to both long- lived assets and goodwill are, by nature, highly subjective. The use of different estimates and assumptions could result in materially different carrying values of our assets which could impact the need to record an impairment charge and the amount of any charge taken. Pandemics or other outbreaks of contagious diseases and efforts to mitigate their spread have had, and could in the future have, widespread impacts on the way we and our subsidiaries operate. The spread of COVID- 19 and mitigating measures caused unprecedented disruptions to the global economy and normal business operations across sectors and countries, including the sectors and countries in which we and our subsidiaries operate. Future pandemics or other outbreaks of contagious diseases, and efforts to mitigate their spread, may result in similar or worse economic implications and disruptions, including on our and our subsidiaries' businesses. We are a holding company and derive substantially all of our income and cash flow from our subsidiaries. We rely upon our invested cash balances and distributions from our subsidiaries to generate the funds necessary to meet our obligations and to declare and pay any dividends to holders of our common stock. Our subsidiaries are separate and independent legal entities and have no obligation, contingent or otherwise, to make funds available to us, whether in the form of loans, dividends or otherwise. The ability of our subsidiaries to pay dividends is subject to, among other things, the availability of sufficient earnings and funds in such subsidiaries, applicable state laws, including in the case of the insurance subsidiaries of CNA, laws and rules governing the payment of dividends by regulated insurance companies, and their compliance with covenants in their respective loan agreements. Claims of creditors of our subsidiaries will generally have priority as to the assets of such subsidiaries over our claims and those of our creditors and shareholders. We and our subsidiaries face competition for senior executives and qualified specialized talent. We and our subsidiaries depend on the services of our key personnel, who possess skills critical to the operation of our and their businesses. Our and our subsidiaries' executive management teams are highly experienced and possess extensive skills in their relevant industries. The ability to retain senior executives and to attract and retain highly skilled professionals and personnel with specialized industry and technical experience is important to our and our subsidiaries' success and future growth. Competition for this talent can be intense, and we and our subsidiaries may not be successful in our efforts. The unexpected loss of the services of these individuals could have a detrimental effect on us and our subsidiaries and could hinder our and their ability to effectively compete in the various industries in which we and they operate. Increasing scrutiny and changing expectations from stakeholders with respect to ESG practices may impose additional costs on us and our subsidiaries or expose us and our subsidiaries to new or additional risks. Companies across all industries are facing increasing scrutiny from stakeholders related to their ESG practices. Certain influential investors in recent years have been focused on ESG practices and have placed increasing importance on the implications and social cost of their investments. In addition, organizations that provide information on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters, and many of these ratings processes are inconsistent with each other. Such ratings are used by some investors to inform their investment and voting decisions. Regardless of the industry, investors' increased focus and activism related to ESG and similar matters may hinder access to, or increase the cost of, capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company' s ESG practices. In addition, other stakeholders, including customers, employees, suppliers, regulators and ratings agencies, have also been focused on ESG matters. Companies have also increasingly been requested by stakeholders to create and publish disclosures regarding their ESG practices. While we and our subsidiaries may make such disclosures from time to time, many of the statements in those disclosures may not be material and may be based on expectations and assumptions that may not be representative of actual risks or events or forecasts of expected risks or events. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. As a holding company, our stakeholders generally focus on the ESG practices across our enterprise, including those at our subsidiaries. As our subsidiaries operate in different industries, the particular ESG issues that stakeholders tend to focus on differ from subsidiary to subsidiary. For instance, as a property and casualty insurer, CNA' s stakeholders may focus on the ESG practices of companies in which CNA invests, while Boardwalk Pipelines' stakeholders may focus on climate change and emissions from Boardwalk Pipelines' operations and Loews Hotels & Co' s stakeholders may focus on the carbon footprint of its properties. Companies that do not adapt to or comply with investor or other stakeholder expectations and standards, which are evolving, or that are perceived to have not responded appropriately to the growing concern regarding ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and other adverse consequences. Additionally, to the extent ESG matters negatively impact our reputation, we may not be able to compete as effectively to recruit or retain employees, which may adversely affect our operations.