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**Bill Cunningham**  
**Senior Vice President, Business Insurance**  
**33<sup>rd</sup> Annual AIFA Conference**  
**March 3, 2008**

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# Explanatory Note

This presentation contains, and management may make, certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Specifically, earnings guidance, statements about our share repurchase plans and statements about the potential impact of the recent disruption in the sub-prime and other financial markets on our investment portfolio and underwriting results are forward looking, and we may make forward-looking statements about our results of operations (including, among others, premium volume, net and operating income, investment income, return on equity and combined ratio), and financial condition (including, among others, invested assets and liquidity); the sufficiency of our asbestos and other reserves (including, among others, asbestos claim payment patterns); the cost and availability of reinsurance coverage; catastrophe losses; investment performance; market conditions; and strategic initiatives. Such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Some of the factors that could cause actual results to differ include, but are not limited to, the following: catastrophe losses could materially and adversely affect our results of operations, our financial position and/or liquidity, and could adversely impact our ratings, our ability to raise capital and the availability and cost of reinsurance; if actual claims exceed our loss reserves, or if changes in the estimated level of loss reserves are necessary, our financial results could be materially and adversely affected; our business could be harmed because of our potential exposure to asbestos and environmental claims and related litigation; we are exposed to, and may face adverse developments involving, mass tort claims, such as those relating to exposure to potentially harmful products or substances; the effects of emerging claim and coverage issues on our business are uncertain; we may not be able to collect all amounts due to us from reinsurers, and reinsurance coverage may not be available to us in the future at commercially reasonable rates or at all; the intense competition that we face could harm our ability to maintain or increase our profitability and premium volume; we are exposed to credit risk in certain of our business operations and in our investment portfolio; the insurance industry and we are the subject of a number of investigations by state and federal authorities in the United States, and we cannot predict the outcome of these investigations or their impact on our business practices or financial results; our businesses are heavily regulated, and changes in regulation may reduce our profitability and limit our growth; a downgrade in our claims-paying and financial strength ratings could adversely impact our business volumes, adversely impact our ability to access the capital markets and increase our borrowing costs; our investment portfolio may suffer reduced returns or losses; the inability of our insurance subsidiaries to pay dividends to our holding company in sufficient amounts would harm our ability to meet our obligations and to pay future shareholder dividends; disruptions to our relationships with our independent agents and brokers could adversely affect us; we are subject to a number of risks associated with our business outside the United States; we could be adversely affected if our controls to ensure compliance with guidelines, policies and legal and regulatory standards are not effective; our business success and profitability depend, in part, on effective information technology systems and on continuing to develop and implement improvements in technology; certain significant multiyear strategic information technology projects are currently in process but may not be successful; and if we experience difficulties with technology, data security and/or outsourcing relationships, our ability to conduct our business could be negatively impacted.

Our forward-looking statements speak only as of the date of this presentation or as of the date they are made, and we undertake no obligation to update forward-looking statements. For a more detailed discussion of these factors, see the information under the caption “Risk Factors” in our most recent annual report on Form 10-K filed with the Securities and Exchange Commission.

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In this presentation, we may refer to some non-GAAP financial measures, including, among others, operating income, operating income excluding catastrophes, operating return on equity, underwriting gain (loss), GAAP combined ratio excluding catastrophes and prior year development and adjusted and tangible book value per common share. For a reconciliation of these measures to the most comparable GAAP measures and a glossary of financial measures, we refer you to the press release and financial supplement that we have made available with our quarterly earnings release which is available on the Travelers website under the investor section ([www.travelers.com](http://www.travelers.com)).

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# ***Maintaining the Momentum***

## **Commercial Accounts**

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*Applying the Same Discipline  
Creating New Opportunities*

# Travelers: A High Performing Company

- An industry leader, with consistent strong performance

	Operating		
	Income	Income Per Diluted Share	ROE
2007	\$4.5 Billion	\$6.71	17.7%
2006	\$4.2 Billion	\$5.90	17.9%
2005	\$2.0 Billion	\$2.90	9.6%

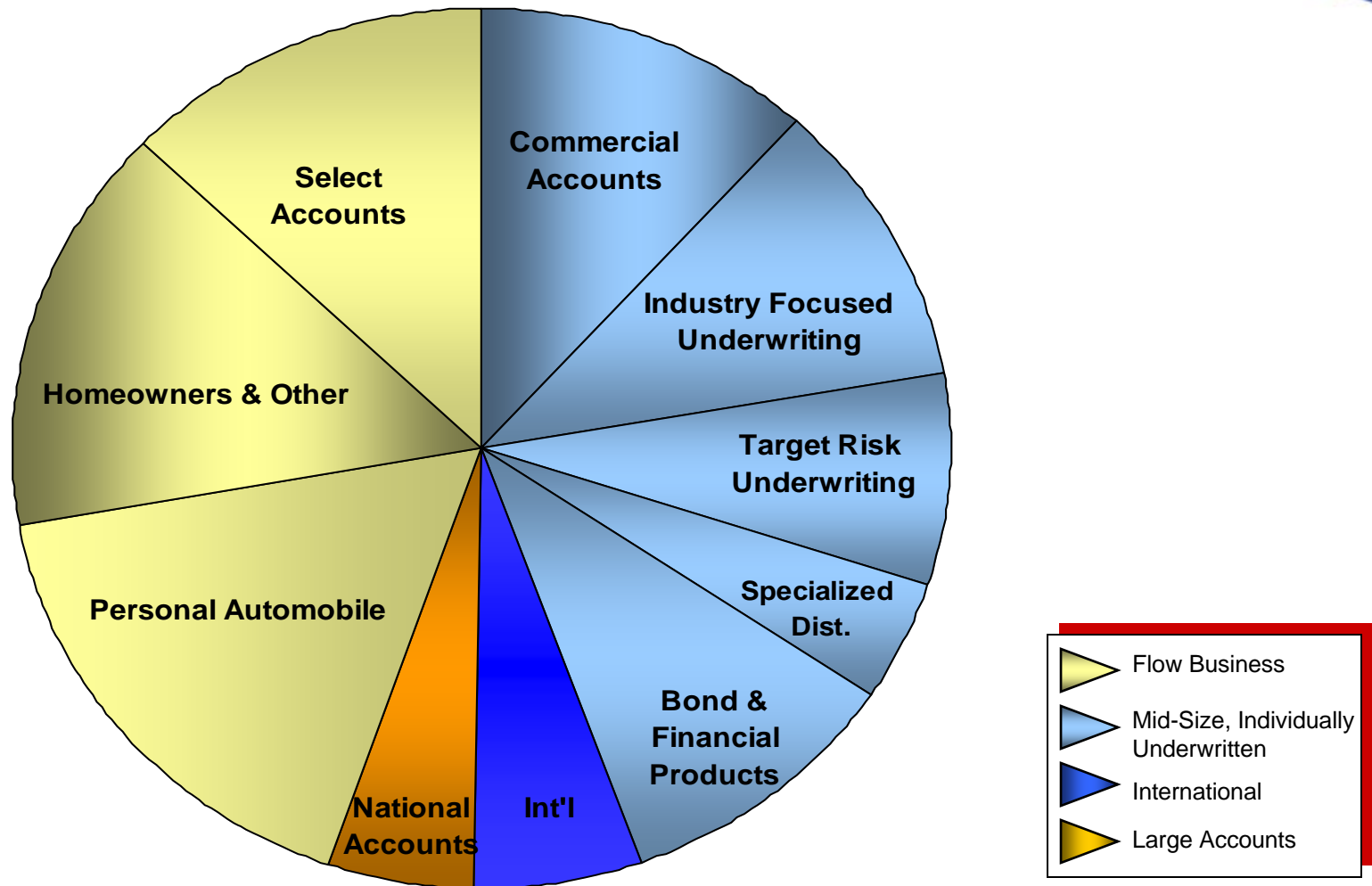
- Very strong balance sheet

- Negligible asset exposure and defined liability exposure to recent sub-prime market dislocations

- Ability to manage through a more competitive environment

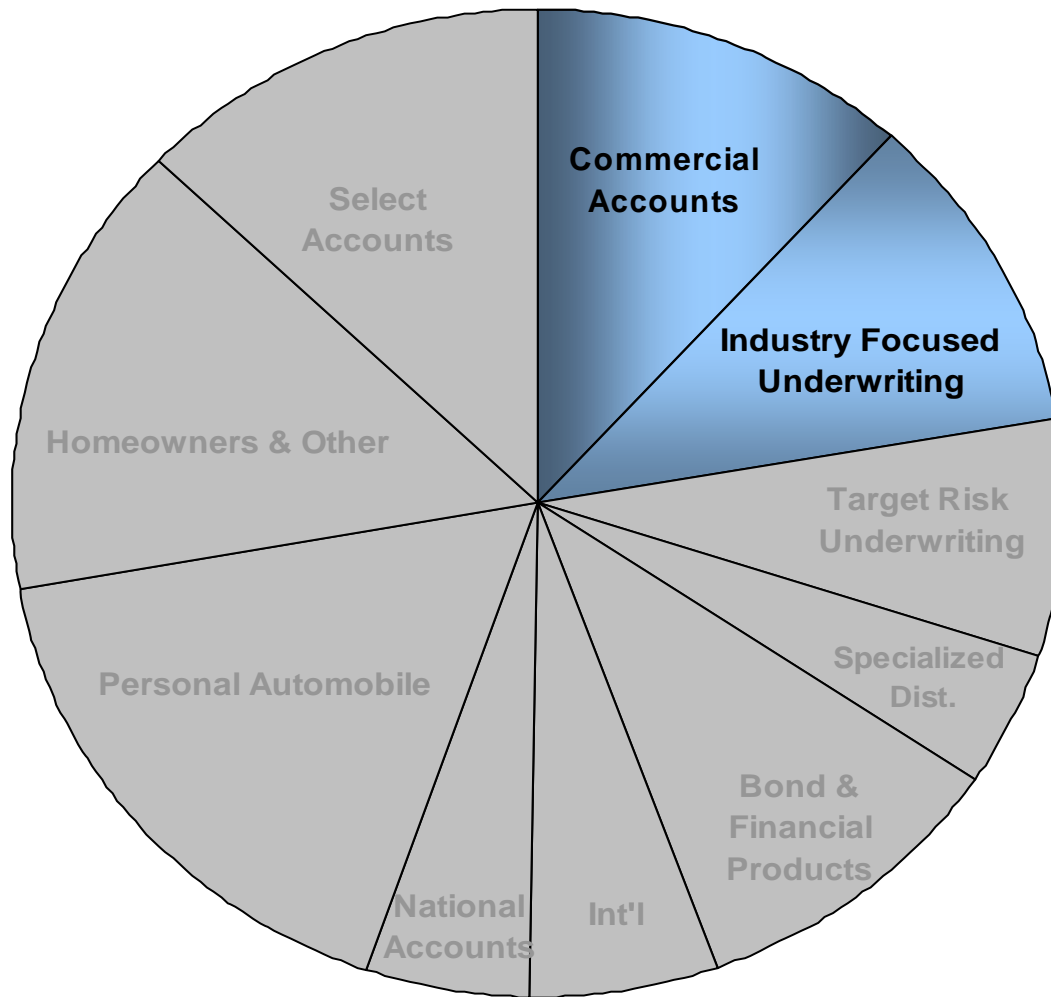
- Successful experience in the 1990's by current management team
- Reputation and superior position with distributors - resulting in higher retentions
- Industry leading analytics
- Unique product breadth
- Focus on new product development

# Focused Product Breadth Delivers Sustainable Performance



Predominately focused on flow / middle market businesses

# Core Multi-line Middle Market Businesses



## Commercial Accounts – Overview

- Individually underwritten accounts; \$50k - \$1m premium/account
  - 2007 average premium per account \$143K
- Primarily general liability, property, auto, workers' compensation and umbrella
- Broad industry expertise **INDUSTRYEdge**<sup>SM</sup>
- National scale and local presence
- \$2.74 billion gross written premiums in 2007

\$127 million or 5%  
increase in gross  
written premium vs.  
2006



Travelers Locations



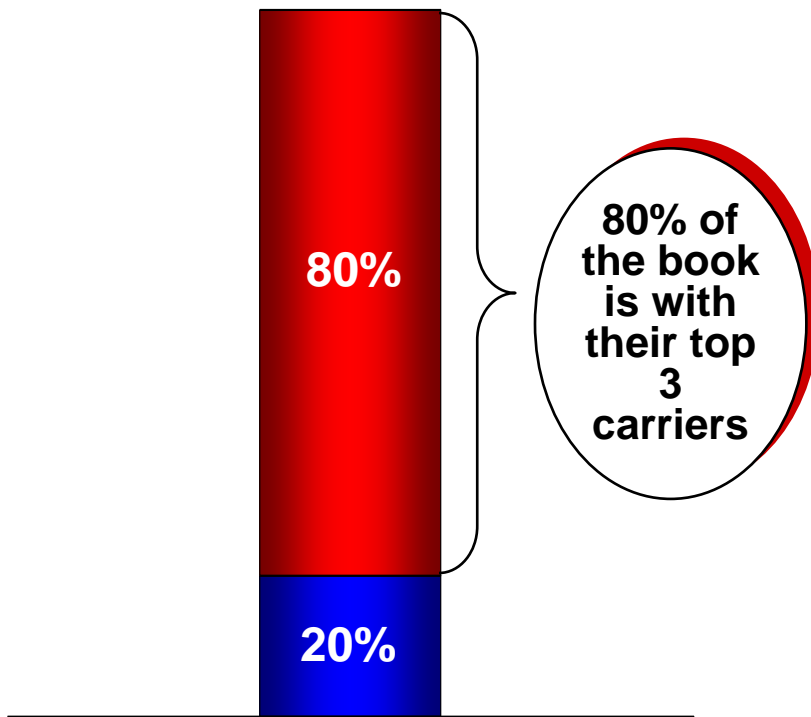
## Commercial Accounts Strategy

- Leading agency position across a broad distribution plant
- Unparalleled management information and analytic capabilities leveraged by size and scale
- Specialized industry focused products and underwriting
- New product development
- Culture of relentless local execution



# Leading Agency Relationships

Average Share of Middle Market Written Premium With Top 3 Carriers <sup>1</sup>



Agency Preference <sup>2</sup>

Percentage of agents who responded that Travelers was one of the top 5 companies they do business with:

**Commercial Lines**  
**#1. Travelers: 57%**  
**#2. company: 37%**

<sup>1</sup> Source: June 2007 Copernicus Market Research Telephone Survey; Booz Allen analysis.

<sup>2</sup> Source: Goldman Sachs Agency Preference Survey, February 25, 2008.

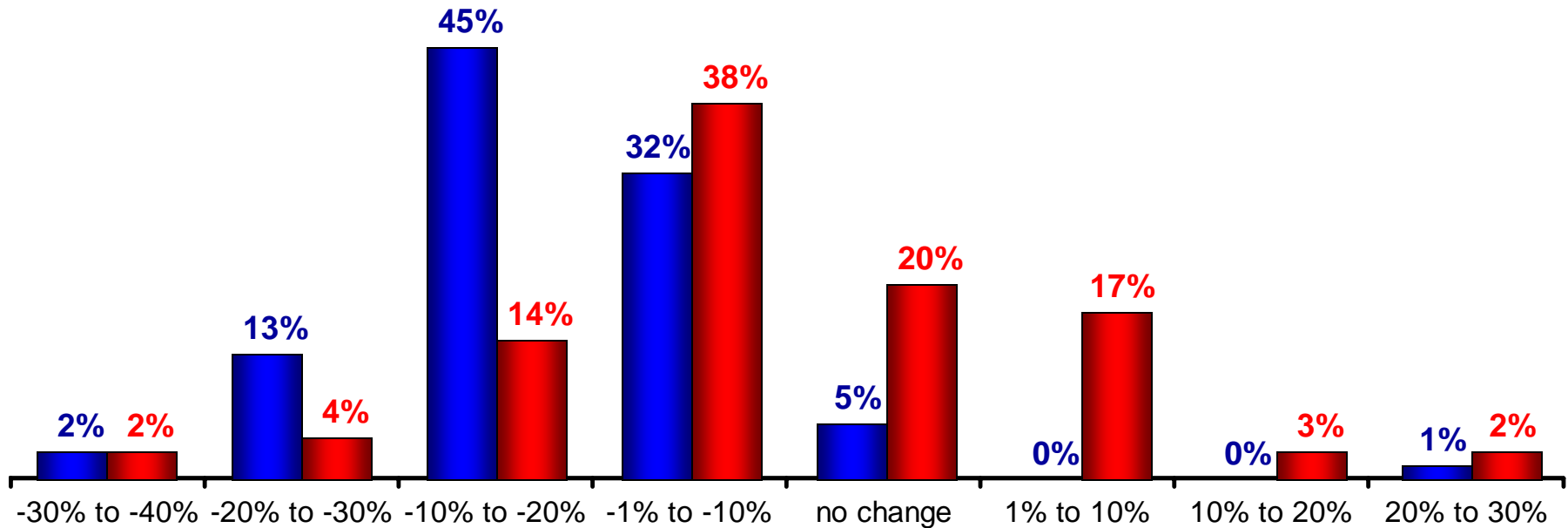
# Industry Leading Management Information and Analytic Capabilities

- Size and scale of data
- Market insight
- Profit, loss and production performance
  - Class / Industry
  - Line of business
  - Age
  - Account
- Predictive modeling

Tools & dashboard in the hands of local underwriters resulting in superior execution

# Middle Market: Marketplace Rhetoric vs. TRV Actual Data

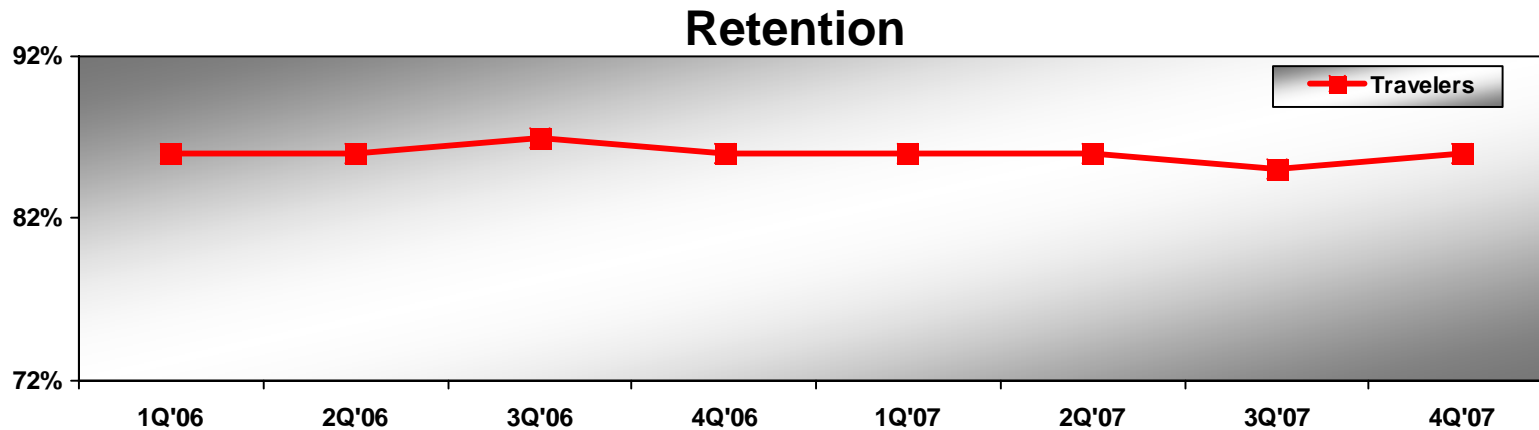
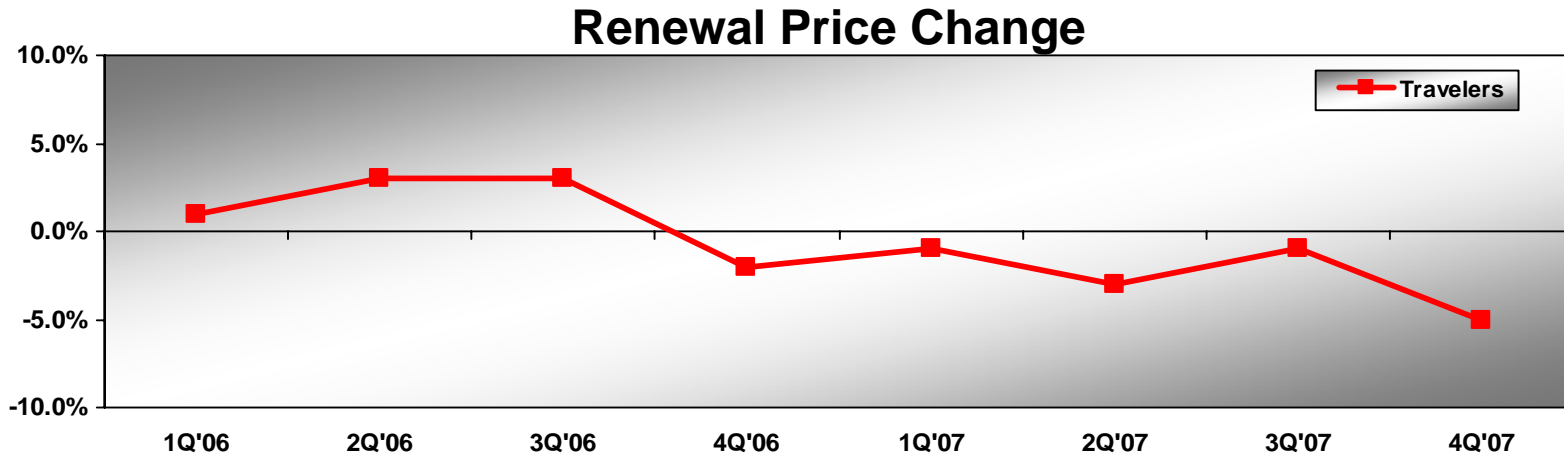
## 4Q'07 Renewal Premium Rate Change Distribution



### Average Rate Change

■ CIAB Survey 1:	-13.8%
■ TRV Commercial Accounts:	-4.8%

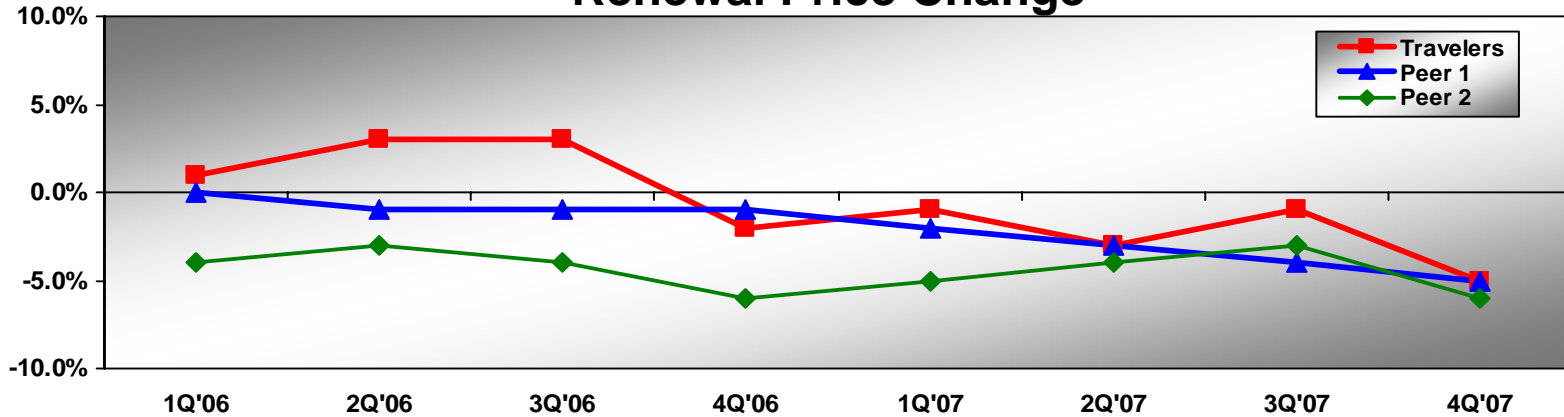
# Commercial Accounts Illustrative Business Statistics



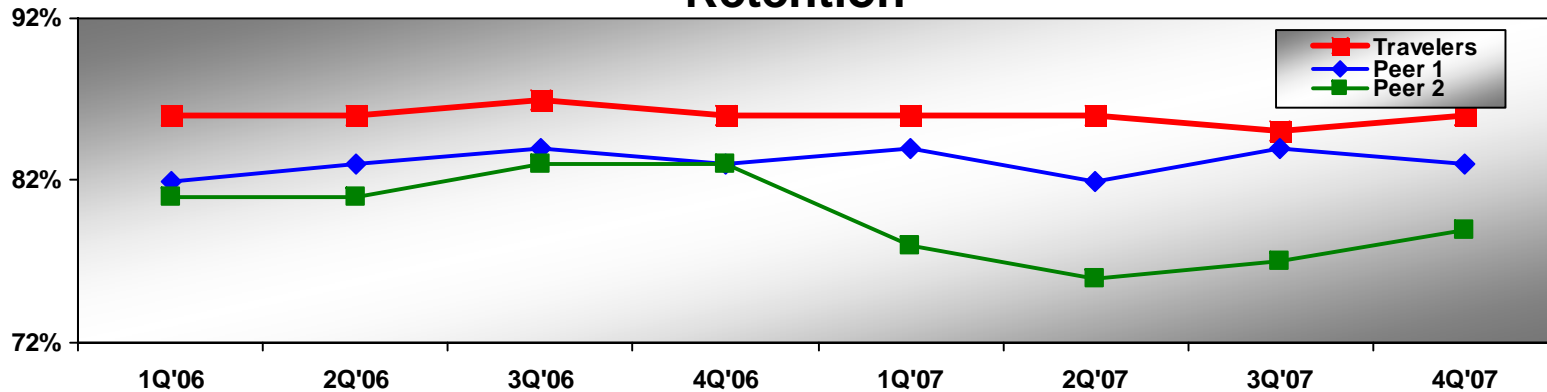
Maintaining reasonable rate and retaining business at historically high levels

# Commercial Accounts Illustrative Business Statistics

## Renewal Price Change



## Retention



Superior execution



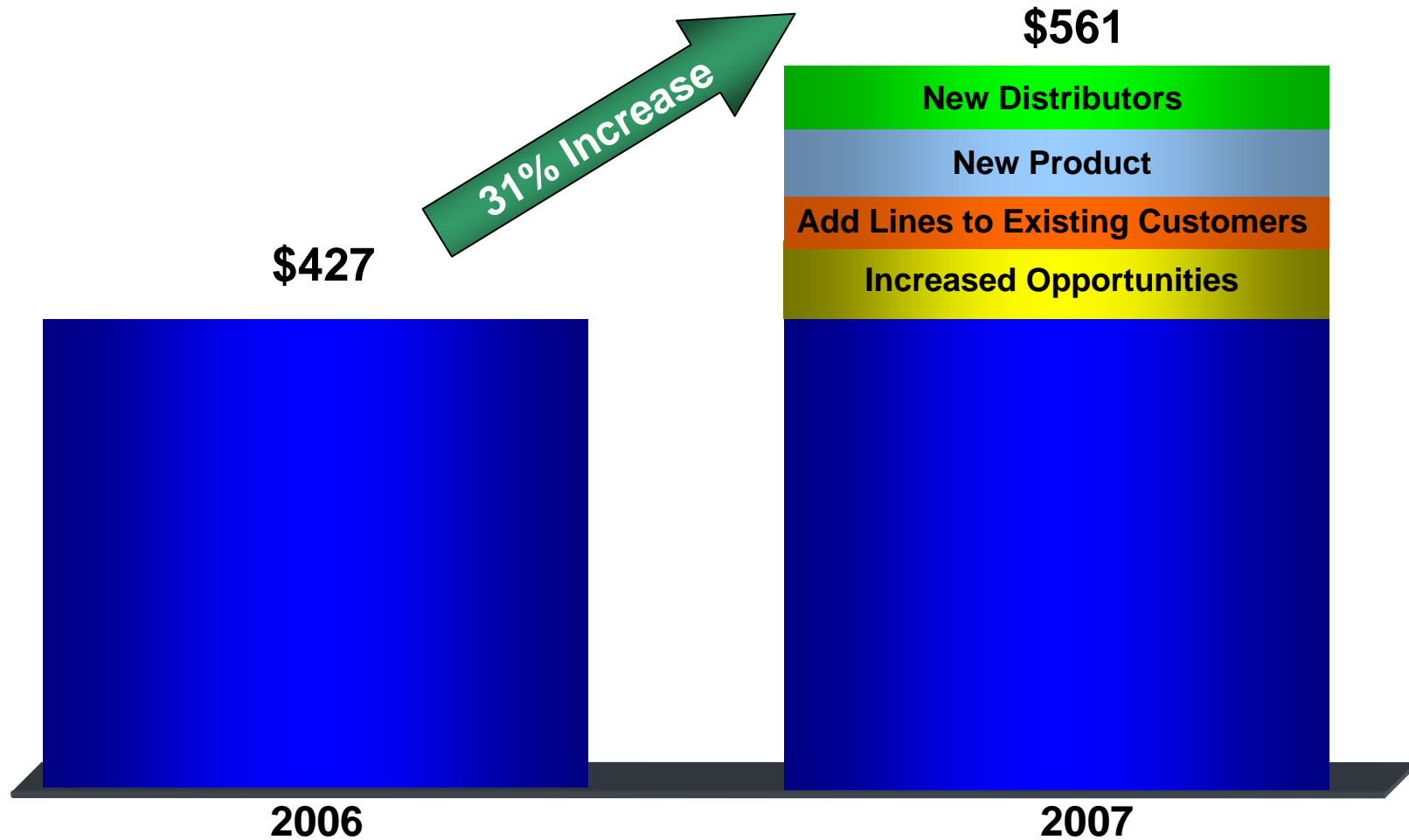
Source: Company reports.

Note: Statistics are subject to change based on a number of factors, including changes in actuarial estimates.

# Drivers of New Business Success

(\$ in millions)

## New Business Premium

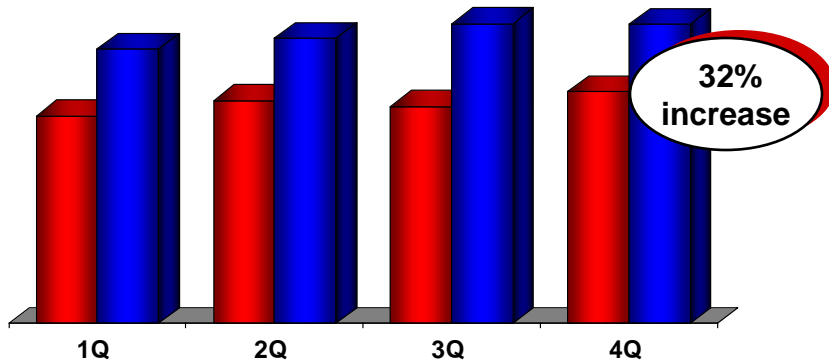


Creating Opportunities to drive positive new business results

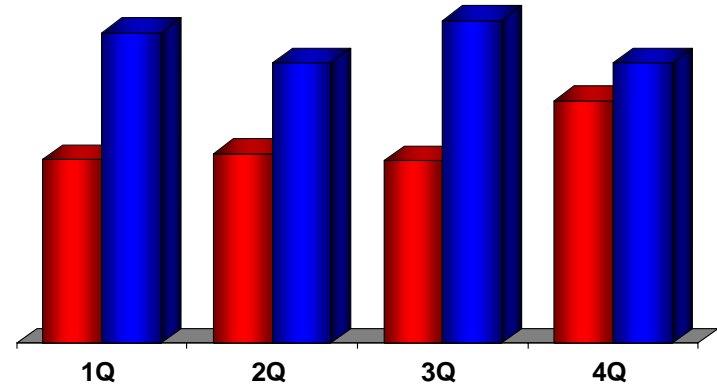
# Increased Opportunities

## Generating more opportunities

### New Business Submissions

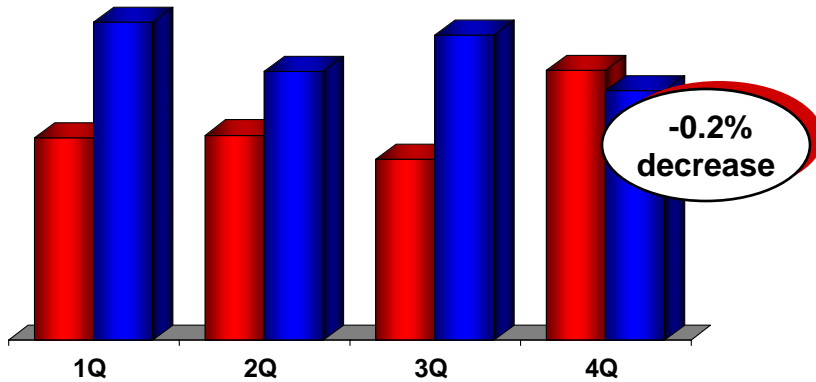


### New Business Quotes

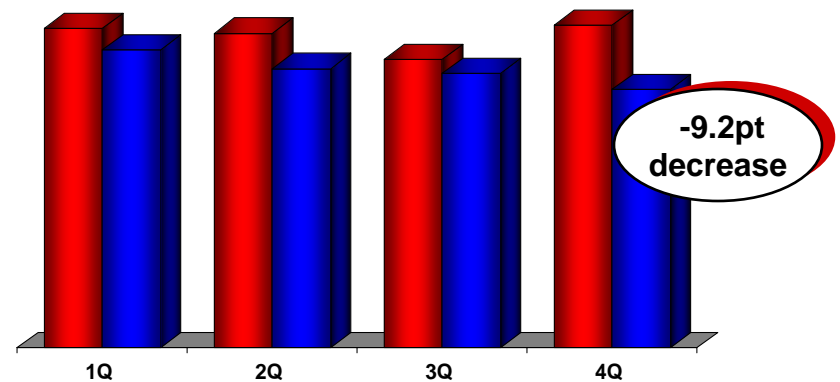


## Applying continued discipline

### New Business Quotes Written



### New Business Hit Ratio

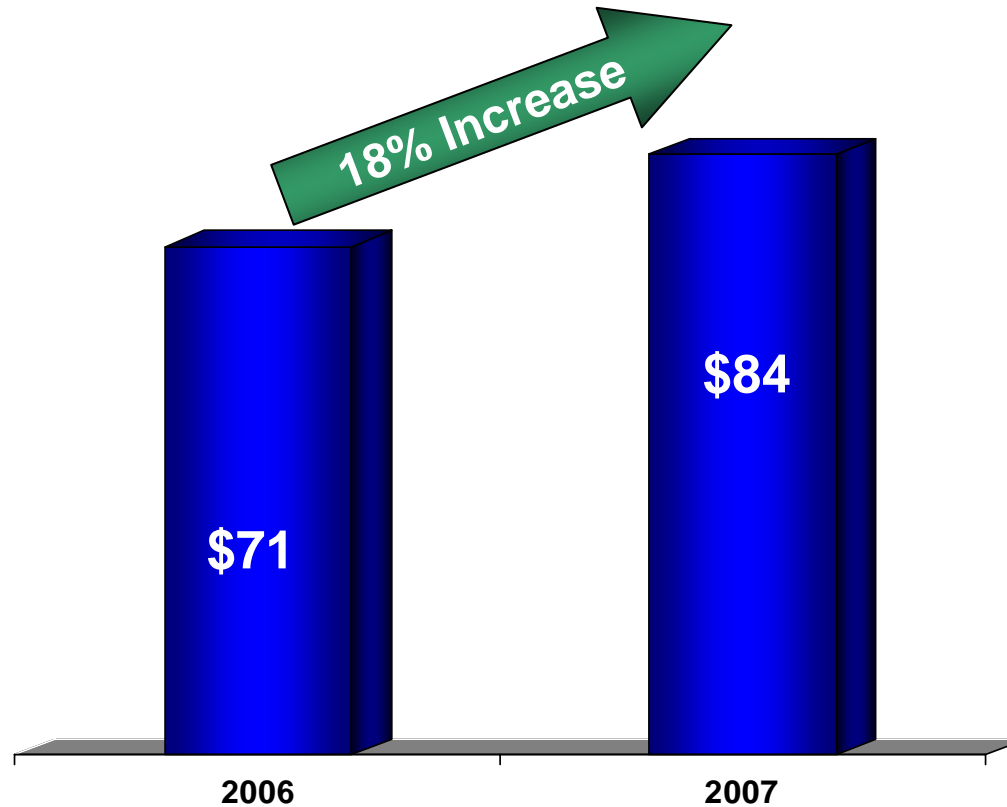


2006 2007

# Creating Opportunities: Adding Lines to Existing Customers

(\$ in millions)

## New Business Premium Existing Customers



Enhancing our relationships with current customers



## Creating Opportunities: New Products

**INDUSTRY**Edge<sup>SM</sup>

➤ Tailored risk management solutions for customers and agents

- Tailored products or coverage
- Industry specific risk control products/services
- Pre-qualified leads
- Packaged sales kits
- Joint advertising

➤ Effective tools for account executives

- Underwriting knowledge edge
- Pricing guidance
- Sales kits and tips

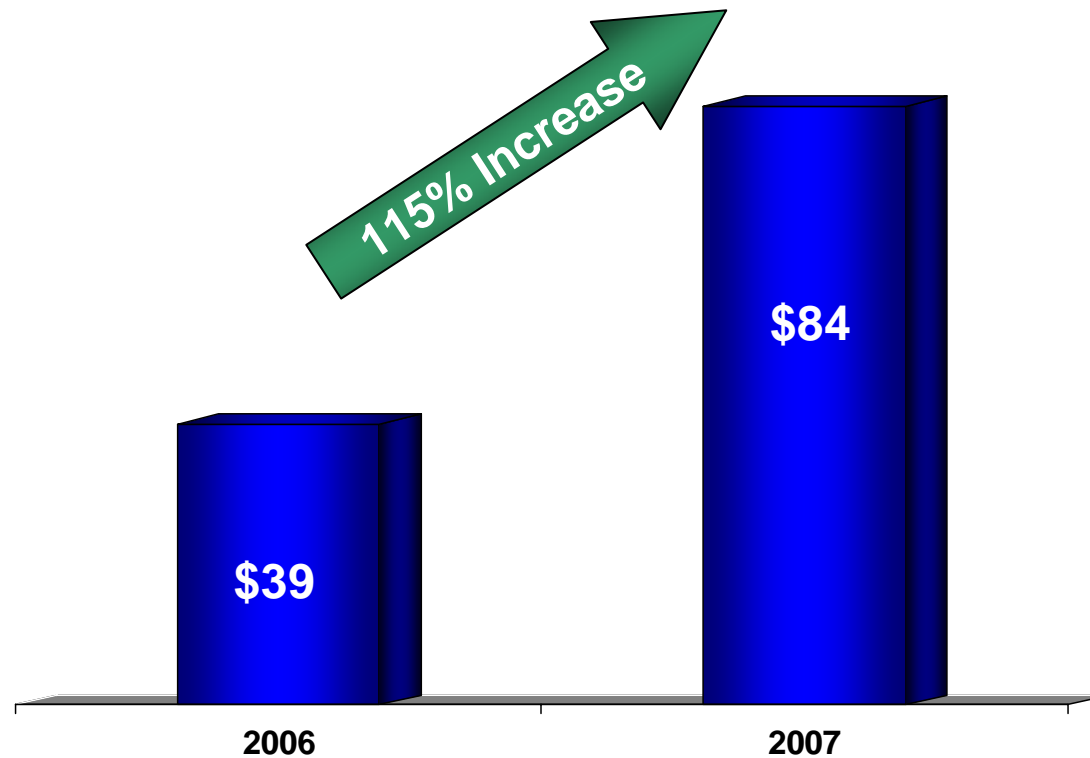
<b>INDUSTRY</b> Edge <sup>SM</sup>
<b>Metals</b>
<b>Food</b>
<b>Wood</b>
<b>Plastic &amp; Rubber Goods</b>
<b>Wholesale</b>
<b>Mineral Products</b>
<b>Textiles</b>
<b>Imported Products</b>
<b>Severe Products</b>
<b>Electrical Equipment</b>
<b>Retail Goods</b>
<b>Real Estate Owners / Managers</b>
<b><u>New Products</u></b>
<b>Auto Dealers</b>
<b>Printers / Publishers</b>
<b>Educational Institutions</b>
<b>Hotels / Motels</b>
<b>Restaurants</b>

# Creating Opportunities: New Products

(\$ in millions)

## New Business Premium

Auto Dealers, Printers/Publishers, Educational Institutions,  
Hotel/Motels and Restaurants

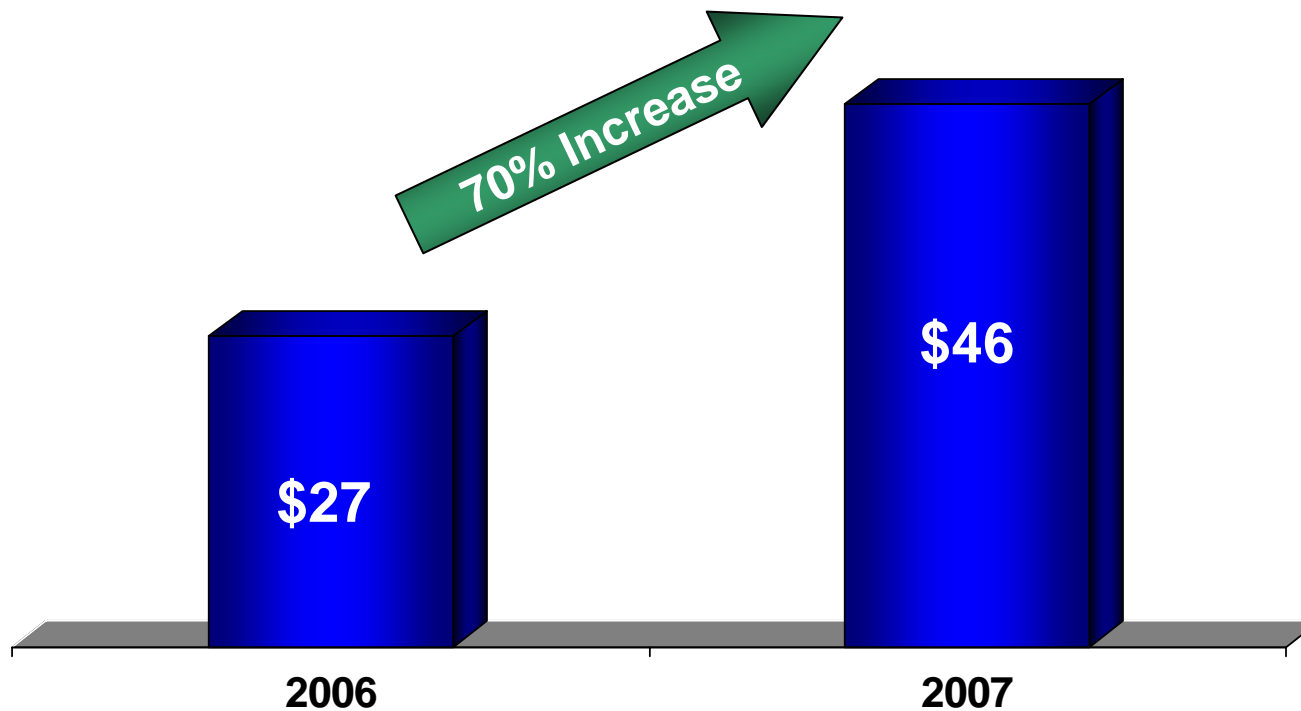


Successful launch of five new **INDUSTRY**Edge<sup>SM</sup> programs

# Creating Opportunities: New Distributors

(\$ in millions)

## New Business Premium New Commercial Account Distributors

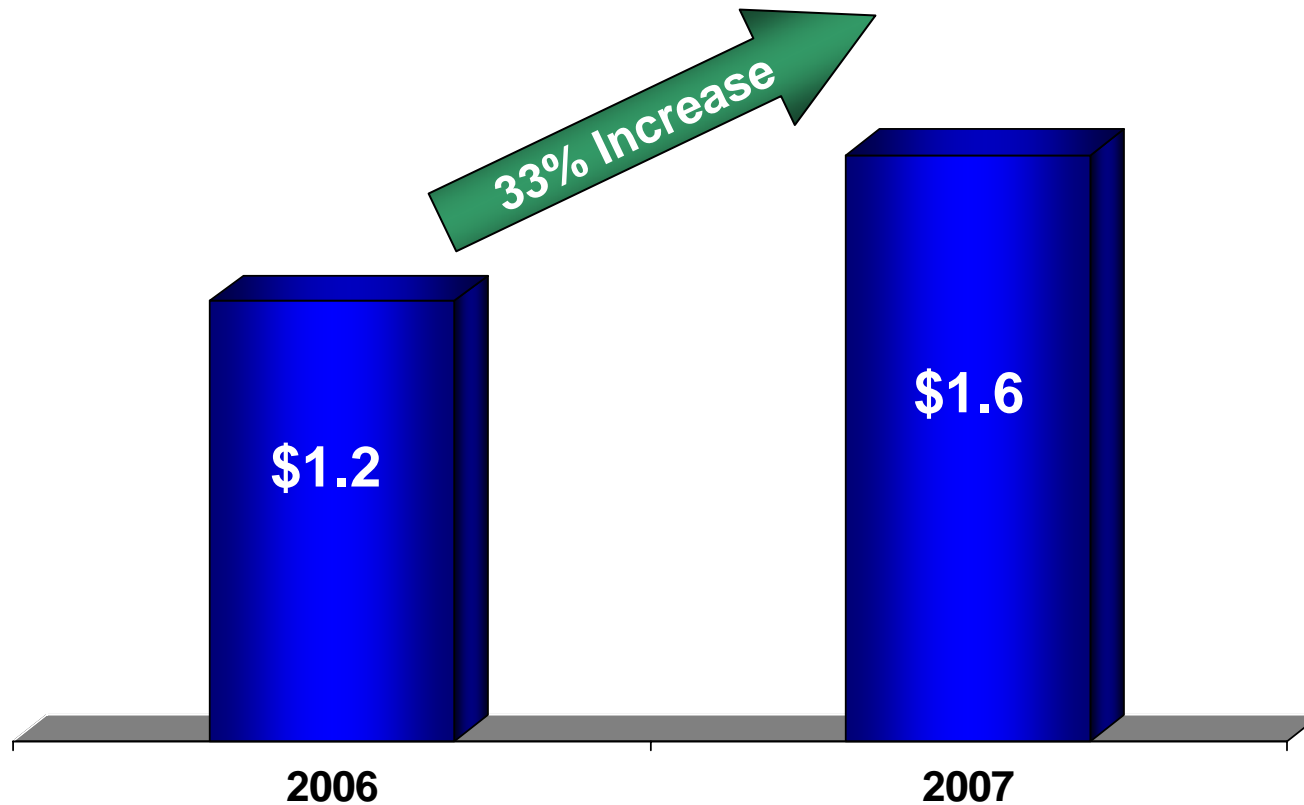


Utilizing the power of the franchise to build new relationships

# Creating Opportunities: Account Executive Productivity

(\$ in millions)

## Average New Business Per Account Executive

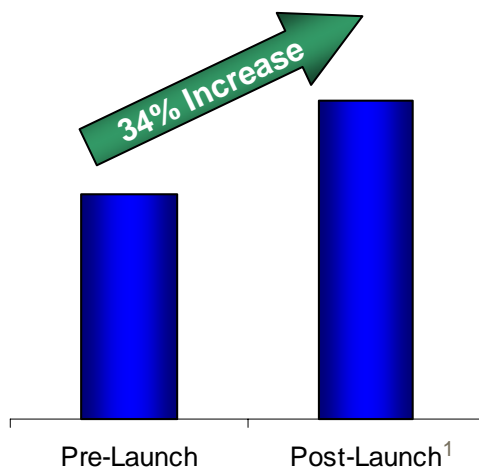


Improved productivity

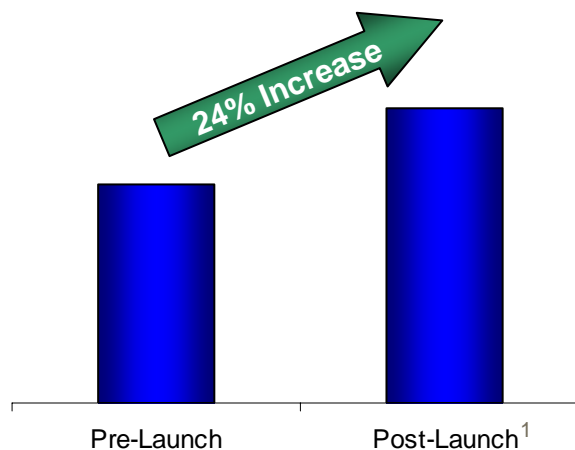
## Select Accounts: TravelersExpress<sup>SM</sup>

- Sales are being driven by increased flow
- Flow is being driven by increased ease of use
  - Broader market reach
  - Smoother process
- Pricing sophistication is driving selection

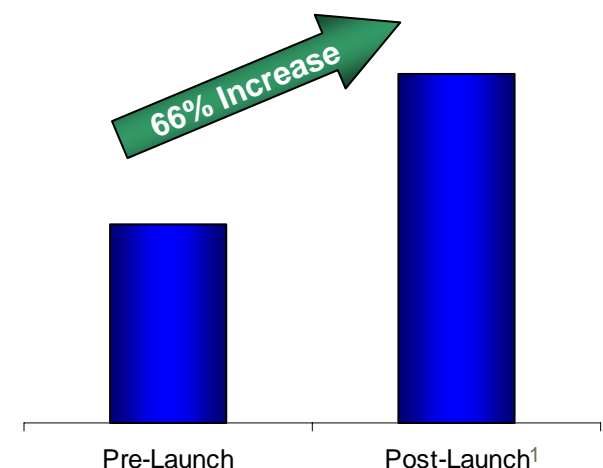
Agents Quoting



Quotes Per Agent

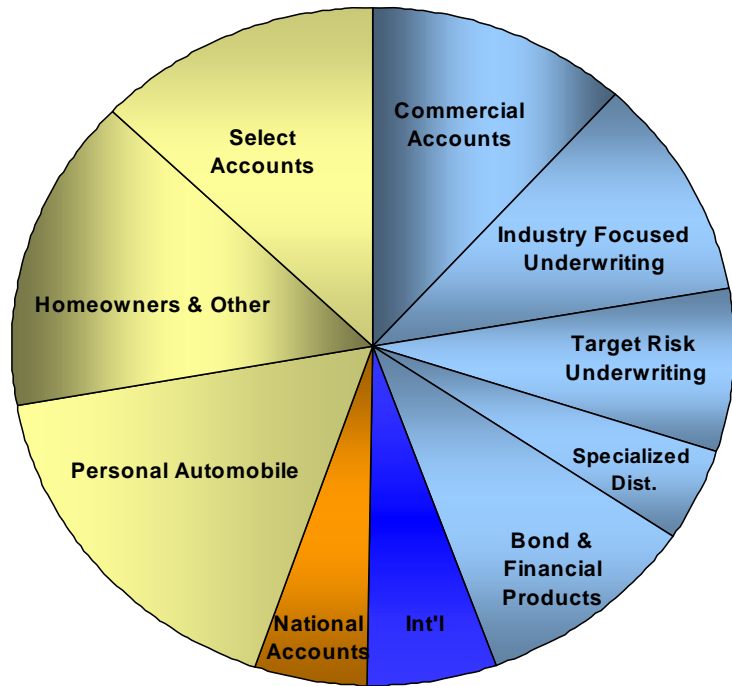


Submission Flow



<sup>1</sup> Results for TravelersExpress<sup>SM</sup> for MasterPac product through December 2007.

## Leveraging Strengths Across All Businesses...



- Leading agency position across a broad distribution plant
- Unparalleled actionable information and analytic capabilities leveraged by national scale
- Specialized focused products and underwriting
- New product development
  - Quantum<sup>auto</sup>™      Quantum<sup>home</sup>™
  - TravelersExpress<sup>SM</sup>      **INDUSTRY**Edge<sup>SM</sup>
- Culture of relentless local execution

...results in sustainable competitive advantage

## Disclosure

- **For further information please see Travelers reports filed with the SEC pursuant to the Securities Exchange Act of 1934 which are available at the SEC's website ([www.sec.gov](http://www.sec.gov))**
- **Copies of this presentation are publicly available on the Travelers website ([www.travelers.com](http://www.travelers.com))**



**TRAVELERS**  **J**