

**The Travelers Companies, Inc.**  
**Financial Supplement - Third Quarter 2014**



	<u>Page Number</u>
<b>Business Realignment</b>	
Business and International Insurance	i
Bond & Specialty Insurance	ii
<b>Consolidated Results</b>	
Financial Highlights	1
Reconciliation to Net Income and Earnings Per Share	2
Statement of Income	3
Net Income by Major Component and Combined Ratio	4
Operating Income	5
Selected Statistics - Property and Casualty Operations	6
Written and Earned Premiums - Property and Casualty Operations	7
<b>Business and International Insurance</b>	
Operating Income	8
Operating Income by Major Component and Combined Ratio	9
Selected Statistics	10
Net Written Premiums	11
<b>Bond &amp; Specialty Insurance</b>	
Operating Income	12
Operating Income by Major Component and Combined Ratio	13
Selected Statistics	14
Net Written Premiums	15
<b>Personal Insurance</b>	
Operating Income	16
Operating Income by Major Component and Combined Ratio	17
Selected Statistics	18
Selected Statistics - Agency Automobile	19
Selected Statistics - Agency Homeowners and Other	20
Selected Statistics - Direct to Consumer	21
<b>Supplemental Detail</b>	
Interest Expense and Other	22
Consolidated Balance Sheet	23
Investment Portfolio	24
Investment Portfolio - Fixed Maturities Data	25
Investment Income	26
Net Realized and Unrealized Investment Gains	27
Reinsurance Recoverables	28
Net Reserves for Losses and Loss Adjustment Expense	29
Asbestos and Environmental Reserves	30
Capitalization	31
Statutory to GAAP Shareholders' Equity Reconciliation	32
Statement of Cash Flows	33
Statement of Cash Flows (continued)	34
<b>Glossary of Financial Measures and Description of Reportable Business Segments</b>	35
<p><b>On November 1, 2013, the Company acquired all of the issued and outstanding shares of The Dominion of Canada General Insurance Company (Dominion) for an aggregate purchase price of approximately \$1.035 billion. The results of operations of the acquired business are reported in the Company's Business and International Insurance segment from the closing date.</b></p>	
<p><b>The information included in the Financial Supplement is unaudited. This document should be read in conjunction with the Company's Form 10-Q which will be filed with the Securities and Exchange Commission.</b></p>	

# The Travelers Companies, Inc.

## Financial Supplement - Third Quarter 2014

### Business Realignment



On June 10, 2014, the Company announced a realignment of its management team, effective July 1, 2014, that gave rise to a realignment of two of its three reportable business segments, as follows:

- The Company's International Insurance group, which had previously been included in the Financial, Professional & International Insurance segment, was combined with the Company's previous Business Insurance segment to create a new Business and International Insurance segment.
- The Bond & Financial Products group, which comprised the remaining businesses in the Financial, Professional & International Insurance segment, now comprises the new Bond & Specialty Insurance segment.
- The Personal Insurance segment was not impacted by these changes.

The realignment of segments described above was made to reflect the realignment of the Company's senior management responsibilities and the manner in which the Company's businesses have been managed starting July 1, 2014, and the aggregation of products and services based on the type of customer, how the business is marketed and the manner in which risks are underwritten.

In connection with these changes, the Company has realigned and revised the names of several businesses that comprise the Business and International Insurance segment. The new reportable business segments are as follows:

#### **Business and International Insurance**

The Business and International Insurance segment offers a broad array of property and casualty insurance and insurance related services to its clients, primarily in the United States, as well as in Canada, the United Kingdom, the Republic of Ireland and throughout other parts of the world as a corporate member of Lloyd's. Business and International Insurance is organized as follows:

#### **Domestic**

- *Select Accounts* provides small businesses with property and casualty products, including commercial multi-peril, commercial property, general liability, commercial auto and workers' compensation insurance.
- *Middle Market* provides mid-sized businesses with property and casualty products, including commercial multi-peril, commercial property, general liability, commercial auto and workers' compensation insurance, as well as risk management, claims handling and other services. Middle Market generally provides these products to mid-sized businesses through *Commercial Accounts*, as well as to targeted industries through *Construction, Technology, Public Sector Services* and *Oil & Gas*. Middle Market also provides mono-line umbrella and excess coverage insurance through *Excess Casualty* and insurance coverages for foreign organizations with United States exposures through *Global Partner Services*.
- *National Accounts* provides large companies with casualty products and services, including workers' compensation, general liability and automobile liability, generally utilizing loss-sensitive products, on both a bundled and unbundled basis. National Accounts also includes the Company's commercial residual market business, which primarily offers workers' compensation products and services to the involuntary market.
- *First Party* provides traditional and customized property insurance programs to large and mid-sized customers through *National Property*, insurance for goods in transit and movable objects, as well as builders' risk insurance, through *Inland Marine*, insurance for the marine transportation industry and related services, as well as other businesses involved in international trade, through *Ocean Marine* and comprehensive breakdown coverages for equipment, including property and business interruption coverages, through *Boiler & Machinery*.
- *Specialized Distribution* markets and underwrites its products to customers predominantly through licensed wholesale agents and program managers that manage customers' unique insurance requirements. Specialized Distribution provides insurance coverage for the commercial transportation industry, as well as commercial liability and commercial property policies for small, difficult to place specialty classes of commercial business primarily on an excess and surplus lines basis, through *Northland*, and tailored property and casualty programs on an admitted basis for customers with common risk characteristics or coverage requirements through *National Programs*. Specialized Distribution also serves small to medium-sized agricultural businesses, including farms, ranches, wineries and related operations, through *Agribusiness*.

**The Travelers Companies, Inc.**  
**Financial Supplement - Third Quarter 2014**  
**Business Realignment (Continued)**



**International**

• *International*, through its operations in Canada, the United Kingdom and the Republic of Ireland, offers property and casualty insurance and risk management services to several customer groups, including, among others, those in the technology, public services, and financial and professional services industry sectors. In addition, International markets personal lines and small commercial insurance business in Canada through The Dominion of Canada General Insurance Company (Dominion), which the Company acquired on November 1, 2013. International, through its Lloyd's syndicate (Syndicate 5000), for which the Company provides 100% of the capital, underwrites five principal businesses — marine, global property, accident & special risks, power & utilities and aviation.

International also includes the Company's 49.5% ownership of the common stock of J. Malucelli Participações em Seguros e Resseguros S.A. (JMalucelli), its joint venture in Brazil. JMalucelli is currently the market leader in surety in Brazil based on market share. JMalucelli commenced writing other property and casualty insurance business in 2012. The Company's investment in JMalucelli is accounted for using the equity method and is included in "other investments" on the consolidated balance sheet.

Business and International Insurance also includes the Specialty Liability Group (which manages the Company's asbestos and environmental liabilities) and the assumed reinsurance and certain other runoff operations, which are collectively referred to as Business and International Insurance Other.

**Bond & Specialty Insurance**

The Bond & Specialty Insurance segment provides a wide range of customers with bond and insurance products and risk management services. The range of coverages includes performance, payment and commercial surety and fidelity bonds for construction and general commercial enterprises; management liability coverages for losses caused by the actual or alleged negligence or misconduct of directors and officers or employee dishonesty; employment practices liability coverages and fiduciary coverages for public corporations, private companies and not-for-profit organizations; professional liability coverage for actual or alleged errors and omissions committed in the course of professional conduct or practice for a variety of professionals including, among others, lawyers and design professionals; and professional and management liability, property, workers' compensation, auto and general liability and fidelity insurance for financial institutions. The surety and financial liability coverages provided by Bond & Specialty Insurance primarily use credit-based underwriting processes.

**Personal Insurance**

The Personal Insurance segment writes a broad range of property and casualty insurance covering individuals' personal risks. The primary products of automobile and homeowners insurance are complemented by a broad suite of related coverages.

**The Travelers Companies, Inc.**  
**Financial Highlights**

(\$ and shares in millions, except per share data)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
Net income	\$ 896	\$ 925	\$ 864	\$ 988	\$ 1,052	\$ 683	\$ 919	\$ 2,685	\$ 2,654
Net income per share:									
Basic	\$ 2.36	\$ 2.44	\$ 2.33	\$ 2.73	\$ 2.98	\$ 1.98	\$ 2.72	\$ 7.12	\$ 7.68
Diluted	\$ 2.33	\$ 2.41	\$ 2.30	\$ 2.70	\$ 2.95	\$ 1.95	\$ 2.69	\$ 7.05	\$ 7.60
Operating income	\$ 887	\$ 816	\$ 883	\$ 981	\$ 1,052	\$ 673	\$ 893	\$ 2,586	\$ 2,618
Operating income per share:									
Basic	\$ 2.33	\$ 2.15	\$ 2.38	\$ 2.71	\$ 2.98	\$ 1.95	\$ 2.64	\$ 6.86	\$ 7.58
Diluted	\$ 2.31	\$ 2.13	\$ 2.35	\$ 2.68	\$ 2.95	\$ 1.93	\$ 2.61	\$ 6.79	\$ 7.50
Return on equity	14.1%	14.6%	13.9%	15.9%	16.8%	10.7%	14.5%	14.2%	14.0%
Operating return on equity	15.8%	14.2%	15.2%	16.8%	17.8%	11.4%	15.2%	15.1%	14.8%
Total assets, at period end	\$ 103,897	\$ 101,900	\$ 102,685	\$ 103,812	\$ 104,134	\$ 104,811	\$ 104,522	\$ 102,685	\$ 104,522
Total equity, at period end	\$ 25,596	\$ 24,890	\$ 24,811	\$ 24,796	\$ 25,387	\$ 25,532	\$ 25,321	\$ 24,811	\$ 25,321
Book value per share, at period end	\$ 68.00	\$ 66.65	\$ 68.15	\$ 70.15	\$ 73.06	\$ 75.32	\$ 76.42	\$ 68.15	\$ 76.42
Less: Net unrealized investment gains, net of tax	7.61	4.53	4.28	3.74	4.81	5.94	5.78	4.28	5.78
Adjusted book value per share, at period end	<u>\$ 60.39</u>	<u>\$ 62.12</u>	<u>\$ 63.87</u>	<u>\$ 66.41</u>	<u>\$ 68.25</u>	<u>\$ 69.38</u>	<u>\$ 70.64</u>	<u>\$ 63.87</u>	<u>\$ 70.64</u>
Weighted average number of common shares outstanding (basic)	377.7	375.9	368.9	359.1	350.9	343.0	335.1	374.1	342.9
Weighted average number of common shares outstanding and common stock equivalents (diluted)	381.9	379.9	372.9	363.4	354.6	346.7	338.9	378.1	346.5
Common shares outstanding at period end	376.4	373.5	364.1	353.5	347.5	339.0	331.4	364.1	331.4
Common stock dividends declared	\$ 176	\$ 191	\$ 185	\$ 182	\$ 177	\$ 190	\$ 186	\$ 552	\$ 553
Common stock repurchased:									
Under Board of Directors authorization									
Shares	3.7	3.6	9.7	11.4	7.8	9.5	8.1	17.0	25.4
Cost	\$ 300	\$ 300	\$ 800	\$ 1,000	\$ 650	\$ 875	\$ 750	\$ 1,400	\$ 2,275
Other									
Shares	0.7	-	0.1	-	0.7	-	-	0.8	0.7
Cost	\$ 58	\$ 1	\$ 1	\$ 1	\$ 55	\$ 1	\$ 1	\$ 60	\$ 57

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Reconciliation to Net Income and Earnings Per Share**



(\$ and shares in millions, except earnings per share)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Net income</b>									
Operating income	\$ 887	\$ 816	\$ 883	\$ 981	\$ 1,052	\$ 673	\$ 893	\$ 2,586	\$ 2,618
Net realized investment gains (losses), after-tax	9	109	(19)	7	-	10	26	99	36
Net income	\$ 896	\$ 925	\$ 864	\$ 988	\$ 1,052	\$ 683	\$ 919	\$ 2,685	\$ 2,654
<b>Basic earnings per share</b>									
Operating income	\$ 2.33	\$ 2.15	\$ 2.38	\$ 2.71	\$ 2.98	\$ 1.95	\$ 2.64	\$ 6.86	\$ 7.58
Net realized investment gains (losses), after-tax	0.03	0.29	(0.05)	0.02	-	0.03	0.08	0.26	0.10
Net income	\$ 2.36	\$ 2.44	\$ 2.33	\$ 2.73	\$ 2.98	\$ 1.98	\$ 2.72	\$ 7.12	\$ 7.68
<b>Diluted earnings per share</b>									
Operating income	\$ 2.31	\$ 2.13	\$ 2.35	\$ 2.68	\$ 2.95	\$ 1.93	\$ 2.61	\$ 6.79	\$ 7.50
Net realized investment gains (losses), after-tax	0.02	0.28	(0.05)	0.02	-	0.02	0.08	0.26	0.10
Net income	\$ 2.33	\$ 2.41	\$ 2.30	\$ 2.70	\$ 2.95	\$ 1.95	\$ 2.69	\$ 7.05	\$ 7.60
<b>Adjustments to net income and weighted average shares for net income EPS calculations: (1)</b>									
	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Basic and Diluted</b>									
Net income, as reported	\$ 896	\$ 925	\$ 864	\$ 988	\$ 1,052	\$ 683	\$ 919	\$ 2,685	\$ 2,654
Participating share-based awards - allocated income	(6)	(7)	(6)	(8)	(7)	(5)	(7)	(20)	(19)
Net income available to common shareholders - basic and diluted	\$ 890	\$ 918	\$ 858	\$ 980	\$ 1,045	\$ 678	\$ 912	\$ 2,665	\$ 2,635
<b>Common Shares</b>									
<b>Basic</b>									
Weighted average shares outstanding	377.7	375.9	368.9	359.1	350.9	343.0	335.1	374.1	342.9
<b>Diluted</b>									
Weighted average shares outstanding	377.7	375.9	368.9	359.1	350.9	343.0	335.1	374.1	342.9
Weighted average effects of dilutive securities - stock options and performance shares	4.2	4.0	4.0	4.3	3.7	3.7	3.8	4.0	3.6
Diluted weighted average shares outstanding	381.9	379.9	372.9	363.4	354.6	346.7	338.9	378.1	346.5

(1) Adjustments to net income and weighted average shares for net income EPS calculations can generally be used for the operating income EPS calculations.

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Statement of Income - Consolidated**

(\$ in millions)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Revenues</b>									
Premiums	\$ 5,517	\$ 5,603	\$ 5,666	\$ 5,851	\$ 5,823	\$ 5,928	\$ 5,983	\$ 16,786	\$ 17,734
Net investment income	670	687	657	702	736	695	719	2,014	2,150
Fee income	97	82	107	109	107	112	110	286	329
Net realized investment gains (losses)	10	167	(22)	11	1	16	40	155	57
Other revenues	34	135	44	64	41	34	34	213	109
Total revenues	6,328	6,674	6,452	6,737	6,708	6,785	6,886	19,454	20,379
<b>Claims and expenses</b>									
Claims and claim adjustment expenses	3,153	3,530	3,297	3,327	3,315	3,826	3,520	9,980	10,661
Amortization of deferred acquisition costs	948	950	953	970	950	965	984	2,851	2,899
General and administrative expenses	915	931	934	977	881	1,001	1,031	2,780	2,913
Interest expense	92	86	91	92	92	92	93	269	277
Total claims and expenses	5,108	5,497	5,275	5,366	5,238	5,884	5,628	15,880	16,750
Income before income taxes	1,220	1,177	1,177	1,371	1,470	901	1,258	3,574	3,629
Income tax expense	324	252	313	383	418	218	339	889	975
Net income	\$ 896	\$ 925	\$ 864	\$ 988	\$ 1,052	\$ 683	\$ 919	\$ 2,685	\$ 2,654
<b>Other-than-temporary impairments (OTTI)</b>									
Total OTTI gains (losses)	\$ -	\$ (1)	\$ -	\$ (9)	\$ (7)	\$ (1)	\$ (8)	\$ (1)	\$ (16)
OTTI losses recognized in net realized investment gains (losses)	\$ (5)	\$ (2)	\$ (3)	\$ (5)	\$ (9)	\$ (1)	\$ (10)	\$ (10)	\$ (20)
OTTI gains (losses) recognized in other comprehensive income	\$ 5	\$ 1	\$ 3	\$ (4)	\$ 2	\$ -	\$ 2	\$ 9	\$ 4
<b>Other statistics</b>									
Effective tax rate on net investment income	19.2%	19.7%	19.1%	20.0%	21.0%	20.5%	20.9%	19.3%	20.8%
Net investment income (after-tax)	\$ 542	\$ 551	\$ 531	\$ 562	\$ 582	\$ 553	\$ 568	\$ 1,624	\$ 1,703
Catastrophes, net of reinsurance:									
Pre-tax	\$ 99	\$ 340	\$ 99	\$ 53	\$ 149	\$ 436	\$ 83	\$ 538	\$ 668
After-tax	\$ 65	\$ 221	\$ 64	\$ 37	\$ 97	\$ 284	\$ 54	\$ 350	\$ 435
Prior year reserve development - favorable (unfavorable)									
Pre-tax	\$ 231	\$ 192	\$ 158	\$ 259	\$ 294	\$ 183	\$ 113	\$ 581	\$ 590
After-tax	\$ 154	\$ 125	\$ 107	\$ 166	\$ 190	\$ 122	\$ 74	\$ 386	\$ 386

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Net Income by Major Component and Combined Ratio - Consolidated**

(\$ in millions, net of tax)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
Underwriting gain	\$ 385	\$ 235	\$ 387	\$ 435	\$ 507	\$ 162	\$ 364	\$ 1,007	\$ 1,033
Net investment income	542	551	531	562	582	553	568	1,624	1,703
Other, including interest expense	(40)	30	(35)	(16)	(37)	(42)	(39)	(45)	(118)
Operating income	887	816	883	981	1,052	673	893	2,586	2,618
Net realized investment gains (losses)	9	109	(19)	7	-	10	26	99	36
<b>Net income</b>	<b>\$ 896</b>	<b>\$ 925</b>	<b>\$ 864</b>	<b>\$ 988</b>	<b>\$ 1,052</b>	<b>\$ 683</b>	<b>\$ 919</b>	<b>\$ 2,685</b>	<b>\$ 2,654</b>
<b>Combined ratio (1) (2)</b>									
Loss and loss adjustment expense ratio	56.2%	62.3%	57.3%	56.0%	56.0%	63.6%	58.0%	58.6%	59.2%
Underwriting expense ratio	32.3%	32.0%	31.6%	31.7%	29.7%	31.5%	32.0%	32.0%	31.1%
Combined ratio	88.5%	94.3%	88.9%	87.7%	85.7%	95.1%	90.0%	90.6%	90.3%
<i>Combined ratio excluding incremental impact of direct to consumer initiative</i>	87.8%	93.8%	88.4%	87.1%	85.3%	94.6%	89.4%	90.0%	89.8%
Impact of catastrophes on combined ratio	1.8%	6.1%	1.7%	0.9%	2.6%	7.3%	1.4%	3.2%	3.7%
Impact of prior year reserve development on combined ratio	-4.1%	-3.5%	-2.8%	-4.4%	-5.1%	-3.1%	-1.9%	-3.4%	-3.3%

(1) Before policyholder dividends.

(2) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses. In addition, fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses as follows:

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
Billing and policy fees and other	\$ 24	\$ 25	\$ 25	\$ 28	\$ 30	\$ 25	\$ 25	\$ 74	\$ 80
Fee income:									
Loss and loss adjustment expenses	\$ 42	\$ 27	\$ 44	\$ 46	\$ 43	\$ 46	\$ 43	\$ 113	\$ 132
Underwriting expenses	55	55	63	63	64	66	67	173	197
Total fee income	\$ 97	\$ 82	\$ 107	\$ 109	\$ 107	\$ 112	\$ 110	\$ 286	\$ 329

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Operating Income - Consolidated**

(\$ in millions)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Revenues</b>									
Premiums	\$ 5,517	\$ 5,603	\$ 5,666	\$ 5,851	\$ 5,823	\$ 5,928	\$ 5,983	\$ 16,786	\$ 17,734
Net investment income	670	687	657	702	736	695	719	2,014	2,150
Fee income	97	82	107	109	107	112	110	286	329
Other revenues	34	135	44	64	41	34	34	213	109
Total revenues	<u>6,318</u>	<u>6,507</u>	<u>6,474</u>	<u>6,726</u>	<u>6,707</u>	<u>6,769</u>	<u>6,846</u>	<u>19,299</u>	<u>20,322</u>
<b>Claims and expenses</b>									
Claims and claim adjustment expenses	3,153	3,530	3,297	3,327	3,315	3,826	3,520	9,980	10,661
Amortization of deferred acquisition costs	948	950	953	970	950	965	984	2,851	2,899
General and administrative expenses	915	931	934	977	881	1,001	1,031	2,780	2,913
Interest expense	92	86	91	92	92	92	93	269	277
Total claims and expenses	<u>5,108</u>	<u>5,497</u>	<u>5,275</u>	<u>5,366</u>	<u>5,238</u>	<u>5,884</u>	<u>5,628</u>	<u>15,880</u>	<u>16,750</u>
Operating income before income taxes	1,210	1,010	1,199	1,360	1,469	885	1,218	3,419	3,572
Income tax expense	323	194	316	379	417	212	325	833	954
Operating income	<u>\$ 887</u>	<u>\$ 816</u>	<u>\$ 883</u>	<u>\$ 981</u>	<u>\$ 1,052</u>	<u>\$ 673</u>	<u>\$ 893</u>	<u>\$ 2,586</u>	<u>\$ 2,618</u>
<b>Other statistics</b>									
Effective tax rate on net investment income	19.2%	19.7%	19.1%	20.0%	21.0%	20.5%	20.9%	19.3%	20.8%
Net investment income (after-tax)	\$ 542	\$ 551	\$ 531	\$ 562	\$ 582	\$ 553	\$ 568	\$ 1,624	\$ 1,703
Catastrophes, net of reinsurance:									
Pre-tax	\$ 99	\$ 340	\$ 99	\$ 53	\$ 149	\$ 436	\$ 83	\$ 538	\$ 668
After-tax	\$ 65	\$ 221	\$ 64	\$ 37	\$ 97	\$ 284	\$ 54	\$ 350	\$ 435
Prior year reserve development - favorable (unfavorable)									
Pre-tax	\$ 231	\$ 192	\$ 158	\$ 259	\$ 294	\$ 183	\$ 113	\$ 581	\$ 590
After-tax	\$ 154	\$ 125	\$ 107	\$ 166	\$ 190	\$ 122	\$ 74	\$ 386	\$ 386

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.



**The Travelers Companies, Inc.**  
**Selected Statistics - Property and Casualty Operations**

(\$ in millions)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Statutory underwriting</b>									
Gross written premiums	\$ 6,188	\$ 6,247	\$ 6,310	\$ 5,912	\$ 6,401	\$ 6,525	\$ 6,578	\$ 18,745	\$ 19,504
Net written premiums	\$ 5,597	\$ 5,824	\$ 5,713	\$ 5,633	\$ 5,873	\$ 6,168	\$ 6,033	\$ 17,134	\$ 18,074
Net earned premiums	\$ 5,517	\$ 5,603	\$ 5,666	\$ 5,851	\$ 5,823	\$ 5,934	\$ 5,983	\$ 16,786	\$ 17,740
Losses and loss adjustment expenses	3,070	3,490	3,250	3,282	3,267	3,766	3,468	9,810	10,501
Underwriting expenses	1,799	1,808	1,799	1,794	1,783	1,918	1,946	5,406	5,647
Statutory underwriting gain	648	305	617	775	773	250	569	1,570	1,592
Policyholder dividends	10	13	7	5	11	7	9	30	27
Statutory underwriting gain after policyholder dividends	\$ 638	\$ 292	\$ 610	\$ 770	\$ 762	\$ 243	\$ 560	\$ 1,540	\$ 1,565
<b>Other statutory statistics</b>									
Reserves for losses and loss adjustment expenses	\$ 40,215	\$ 40,145	\$ 40,037	\$ 41,568	\$ 41,383	\$ 41,715	\$ 41,525	\$ 40,037	\$ 41,525
Increase (decrease) in reserves	\$ (441)	\$ (70)	\$ (108)	\$ 1,531	\$ (185)	\$ 332	\$ (190)	\$ (619)	\$ (43)
Statutory basis surplus	\$ 20,692	\$ 20,672	\$ 21,509	\$ 21,123	\$ 21,440	\$ 21,036	\$ 21,005	\$ 21,509	\$ 21,005
Net written premiums/surplus (1)	1.09:1	1.09:1	1.05:1	1.08:1	1.07:1	1.11:1	1.13:1	1.05:1	1.13:1

(1) Based on 12 months of rolling net written premiums.

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Written and Earned Premiums - Property and Casualty Operations**

(\$ in millions)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Written premiums</b>									
Gross	\$ 6,188	\$ 6,247	\$ 6,310	\$ 5,912	\$ 6,401	\$ 6,519	\$ 6,578	\$ 18,745	\$ 19,498
Ceded	(591)	(423)	(597)	(279)	(528)	(357)	(545)	(1,611)	(1,430)
Net	<u>\$ 5,597</u>	<u>\$ 5,824</u>	<u>\$ 5,713</u>	<u>\$ 5,633</u>	<u>\$ 5,873</u>	<u>\$ 6,162</u>	<u>\$ 6,033</u>	<u>\$ 17,134</u>	<u>\$ 18,068</u>
<b>Earned premiums</b>									
Gross	\$ 5,985	\$ 6,091	\$ 6,163	\$ 6,369	\$ 6,295	\$ 6,378	\$ 6,437	\$ 18,239	\$ 19,110
Ceded	(468)	(488)	(497)	(518)	(472)	(450)	(454)	(1,453)	(1,376)
Net	<u>\$ 5,517</u>	<u>\$ 5,603</u>	<u>\$ 5,666</u>	<u>\$ 5,851</u>	<u>\$ 5,823</u>	<u>\$ 5,928</u>	<u>\$ 5,983</u>	<u>\$ 16,786</u>	<u>\$ 17,734</u>

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.

Operating Income - Business and International Insurance

(\$ in millions)



Historical results conform with current business segment definitions.

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Revenues</b>									
Premiums	\$ 3,199	\$ 3,277	\$ 3,325	\$ 3,531	\$ 3,558	\$ 3,631	\$ 3,660	\$ 9,801	\$ 10,849
Net investment income	513	527	504	543	570	539	557	1,544	1,666
Fee income	97	82	107	109	107	112	110	286	329
Other revenues	13	114	8	25	12	10	10	135	32
Total revenues	3,822	4,000	3,944	4,208	4,247	4,292	4,337	11,766	12,876
<b>Claims and expenses</b>									
Claims and claim adjustment expenses	1,853	2,179	2,087	2,166	2,177	2,455	2,360	6,119	6,992
Amortization of deferred acquisition costs	527	534	536	561	565	580	589	1,597	1,734
General and administrative expenses	585	586	575	623	554	653	661	1,746	1,868
Total claims and expenses	2,965	3,299	3,198	3,350	3,296	3,688	3,610	9,462	10,594
Operating income before income taxes	857	701	746	858	951	604	727	2,304	2,282
Income tax expense	221	130	180	227	257	133	175	531	565
Operating income	\$ 636	\$ 571	\$ 566	\$ 631	\$ 694	\$ 471	\$ 552	\$ 1,773	\$ 1,717
<b>Other statistics</b>									
Effective tax rate on net investment income	19.3%	19.9%	19.2%	20.2%	21.1%	20.6%	21.0%	19.5%	20.9%
Net investment income (after-tax)	\$ 414	\$ 422	\$ 408	\$ 433	\$ 450	\$ 427	\$ 440	\$ 1,244	\$ 1,317
Catastrophes, net of reinsurance:									
Pre-tax	\$ 35	\$ 189	\$ 59	\$ 50	\$ 83	\$ 242	\$ 31	\$ 283	\$ 356
After-tax	\$ 23	\$ 123	\$ 39	\$ 35	\$ 55	\$ 158	\$ 19	\$ 185	\$ 232
Prior year reserve development - favorable (unfavorable)									
Pre-tax	\$ 142	\$ 58	\$ 77	\$ 122	\$ 95	\$ 47	\$ 21	\$ 277	\$ 163
After-tax	\$ 96	\$ 38	\$ 54	\$ 78	\$ 61	\$ 33	\$ 14	\$ 188	\$ 108

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.

Operating Income by Major Component and Combined Ratio - Business and International Insurance

(\$ in millions, net of tax)



Historical results conform with current business segment definitions.

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
Underwriting gain	\$ 214	\$ 74	\$ 153	\$ 180	\$ 236	\$ 37	\$ 104	\$ 441	\$ 377
Net investment income	414	422	408	433	450	427	440	1,244	1,317
Other	8	75	5	18	8	7	8	88	23
<b>Operating income</b>	<b>\$ 636</b>	<b>\$ 571</b>	<b>\$ 566</b>	<b>\$ 631</b>	<b>\$ 694</b>	<b>\$ 471</b>	<b>\$ 552</b>	<b>\$ 1,773</b>	<b>\$ 1,717</b>
<b>Combined ratio (1) (2)</b>									
Loss and loss adjustment expense ratio	56.3%	65.4%	61.3%	59.9%	59.8%	66.2%	63.1%	61.1%	63.0%
Underwriting expense ratio	32.9%	32.3%	31.4%	31.6%	29.4%	31.9%	32.1%	32.2%	31.2%
Combined ratio	89.2%	97.7%	92.7%	91.5%	89.2%	98.1%	95.2%	93.3%	94.2%
Impact of catastrophes on combined ratio	1.1%	5.8%	1.8%	1.4%	2.4%	6.6%	0.9%	2.9%	3.3%
Impact of prior year reserve development on combined ratio	-4.5%	-1.8%	-2.3%	-3.4%	-2.7%	-1.3%	-0.6%	-2.8%	-1.5%

(1) Before policyholder dividends.

(2) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses. In addition, fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses as follows:

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
Billing and policy fees and other	\$ 4	\$ 5	\$ 4	\$ 7	\$ 8	\$ 7	\$ 7	\$ 13	\$ 22
Fee income:									
Loss and loss adjustment expenses	\$ 42	\$ 27	\$ 44	\$ 46	\$ 43	\$ 46	\$ 43	\$ 113	\$ 132
Underwriting expenses	55	55	63	63	64	66	67	173	197
Total fee income	\$ 97	\$ 82	\$ 107	\$ 109	\$ 107	\$ 112	\$ 110	\$ 286	\$ 329

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Selected Statistics - Business and International Insurance**

(\$ in millions)



Historical results conform with current business segment definitions.

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Statutory underwriting</b>									
Gross written premiums	\$ 3,927	\$ 3,707	\$ 3,721	\$ 3,637	\$ 4,224	\$ 4,067	\$ 4,057	\$ 11,355	\$ 12,348
Net written premiums	\$ 3,512	\$ 3,386	\$ 3,249	\$ 3,365	\$ 3,772	\$ 3,735	\$ 3,560	\$ 10,147	\$ 11,067
Net earned premiums	\$ 3,199	\$ 3,277	\$ 3,325	\$ 3,531	\$ 3,558	\$ 3,637	\$ 3,660	\$ 9,801	\$ 10,855
Losses and loss adjustment expenses	1,772	2,141	2,042	2,117	2,132	2,397	2,310	5,955	6,839
Underwriting expenses	1,100	1,063	1,028	1,073	1,105	1,178	1,169	3,191	3,452
Statutory underwriting gain	327	73	255	341	321	62	181	655	564
Policyholder dividends	9	10	5	4	8	5	7	24	20
Statutory underwriting gain after policyholder dividends	\$ 318	\$ 63	\$ 250	\$ 337	\$ 313	\$ 57	\$ 174	\$ 631	\$ 544

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Net Written Premiums - Business and International Insurance**

(\$ in millions)



Historical results conform with current business segment definitions.

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Net written premiums by market</b>									
Domestic									
Select Accounts	\$ 724	\$ 709	\$ 654	\$ 637	\$ 718	\$ 705	\$ 654	\$ 2,087	\$ 2,077
Middle Market	1,610	1,392	1,487	1,373	1,632	1,420	1,545	4,489	4,597
National Accounts	277	242	236	255	300	243	249	755	792
First Party	383	433	382	354	387	450	369	1,198	1,206
Specialized Distribution	266	292	273	254	267	283	262	831	812
Total Domestic	3,260	3,068	3,032	2,873	3,304	3,101	3,079	9,360	9,484
International	252	318	217	492	468	628	481	787	1,577
Total	\$ 3,512	\$ 3,386	\$ 3,249	\$ 3,365	\$ 3,772	\$ 3,729	\$ 3,560	\$ 10,147	\$ 11,061
<b>Net written premiums by product line</b>									
Commercial multi-peril	\$ 828	\$ 771	\$ 755	\$ 729	\$ 821	\$ 750	\$ 759	\$ 2,354	\$ 2,330
Workers' compensation	1,056	860	885	841	1,076	904	921	2,801	2,901
Commercial automobile	484	476	488	449	490	456	484	1,448	1,430
Commercial property	427	484	424	413	440	505	415	1,335	1,360
General liability	458	469	458	438	469	477	478	1,385	1,424
International	252	318	217	492	468	628	481	787	1,577
Other	7	8	22	3	8	9	22	37	39
Total	\$ 3,512	\$ 3,386	\$ 3,249	\$ 3,365	\$ 3,772	\$ 3,729	\$ 3,560	\$ 10,147	\$ 11,061
<b>National Accounts</b>									
Additions to claim volume under administration (1)	\$ 701	\$ 523	\$ 523	\$ 596	\$ 727	\$ 511	\$ 546	\$ 1,747	\$ 1,784
Written fees	\$ 104	\$ 88	\$ 92	\$ 81	\$ 111	\$ 87	\$ 95	\$ 284	\$ 293

(1) Includes new and renewal business.

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**

**Operating Income - Bond & Specialty Insurance**

(\$ in millions)



Historical results conform with current business segment definitions.

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Revenues</b>									
Premiums	\$ 478	\$ 492	\$ 506	\$ 505	\$ 503	\$ 524	\$ 527	\$ 1,476	\$ 1,554
Net investment income	66	66	63	65	66	62	64	195	192
Other revenues	5	5	5	5	4	6	5	15	15
Total revenues	549	563	574	575	573	592	596	1,686	1,761
<b>Claims and expenses</b>									
Claims and claim adjustment expenses	198	161	209	127	159	110	152	568	421
Amortization of deferred acquisition costs	91	94	98	95	93	95	101	283	289
General and administrative expenses	94	97	97	100	97	102	101	288	300
Total claims and expenses	383	352	404	322	349	307	354	1,139	1,010
Operating income before income taxes	166	211	170	253	224	285	242	547	751
Income tax expense	49	49	50	79	70	93	77	148	240
Operating income	\$ 117	\$ 162	\$ 120	\$ 174	\$ 154	\$ 192	\$ 165	\$ 399	\$ 511
<b>Other statistics</b>									
Effective tax rate on net investment income	17.8%	17.9%	17.6%	18.1%	18.9%	18.4%	19.0%	17.8%	18.8%
Net investment income (after-tax)	\$ 55	\$ 54	\$ 51	\$ 54	\$ 53	\$ 52	\$ 51	\$ 160	\$ 156
Catastrophes, net of reinsurance:									
Pre-tax	\$ -	\$ 5	\$ 2	\$ 1	\$ 1	\$ 4	\$ 1	\$ 7	\$ 6
After-tax	\$ -	\$ 3	\$ 1	\$ 1	\$ -	\$ 3	\$ 1	\$ 4	\$ 4
Prior year reserve development - favorable (unfavorable)									
Pre-tax	\$ 29	\$ 69	\$ 33	\$ 101	\$ 67	\$ 124	\$ 79	\$ 131	\$ 270
After-tax	\$ 19	\$ 45	\$ 21	\$ 66	\$ 43	\$ 81	\$ 52	\$ 85	\$ 176

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Operating Income by Major Component and Combined Ratio - Bond & Specialty Insurance**

(\$ in millions, net of tax)



Historical results conform with current business segment definitions.

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
Underwriting gain	\$ 59	\$ 104	\$ 66	\$ 117	\$ 99	\$ 136	\$ 110	\$ 229	\$ 345
Net investment income	55	54	51	54	53	52	51	160	156
Other	3	4	3	3	2	4	4	10	10
<b>Operating income</b>	<b>\$ 117</b>	<b>\$ 162</b>	<b>\$ 120</b>	<b>\$ 174</b>	<b>\$ 154</b>	<b>\$ 192</b>	<b>\$ 165</b>	<b>\$ 399</b>	<b>\$ 511</b>
<b>Combined ratio</b>									
Loss and loss adjustment expense ratio	41.1%	32.3%	40.8%	25.0%	31.0%	20.5%	28.7%	38.1%	26.7%
Underwriting expense ratio	38.7%	38.7%	38.6%	38.7%	37.6%	37.9%	38.2%	38.6%	37.9%
Combined ratio	79.8%	71.0%	79.4%	63.7%	68.6%	58.4%	66.9%	76.7%	64.6%
Impact of catastrophes on combined ratio	0.0%	1.0%	0.3%	0.3%	0.2%	0.9%	0.2%	0.4%	0.5%
Impact of prior year reserve development on combined ratio	-6.0%	-14.0%	-6.6%	-20.1%	-13.2%	-23.7%	-15.0%	-8.9%	-17.4%

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.



**The Travelers Companies, Inc.**  
**Selected Statistics - Bond & Specialty Insurance**

(\$ in millions)



Historical results conform with current business segment definitions.

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Statutory underwriting</b>									
Gross written premiums	\$ 498	\$ 543	\$ 561	\$ 529	\$ 528	\$ 542	\$ 562	\$ 1,602	\$ 1,632
Net written premiums	\$ 395	\$ 531	\$ 553	\$ 551	\$ 482	\$ 540	\$ 556	\$ 1,479	\$ 1,578
Net earned premiums	\$ 478	\$ 492	\$ 506	\$ 505	\$ 503	\$ 524	\$ 527	\$ 1,476	\$ 1,554
Losses and loss adjustment expenses	196	159	207	127	155	108	152	562	415
Underwriting expenses	186	193	198	192	197	201	205	577	603
Statutory underwriting gain	96	140	101	186	151	215	170	337	536
Policyholder dividends	1	3	2	1	3	2	2	6	7
Statutory underwriting gain after policyholder dividends	\$ 95	\$ 137	\$ 99	\$ 185	\$ 148	\$ 213	\$ 168	\$ 331	\$ 529

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Net Written Premiums - Bond & Specialty Insurance**

(\$ in millions)



Historical results conform with current business segment definitions.

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Net written premiums by product line</b>									
General liability	\$ 168	\$ 237	\$ 249	\$ 280	\$ 223	\$ 239	\$ 247	\$ 654	\$ 709
Fidelity & surety	178	253	255	232	211	257	260	686	728
Other	49	41	49	39	48	44	49	139	141
Total	<u>\$ 395</u>	<u>\$ 531</u>	<u>\$ 553</u>	<u>\$ 551</u>	<u>\$ 482</u>	<u>\$ 540</u>	<u>\$ 556</u>	<u>\$ 1,479</u>	<u>\$ 1,578</u>

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Operating Income - Personal Insurance**  
(\$ in millions)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Revenues</b>									
Premiums	\$ 1,840	\$ 1,834	\$ 1,835	\$ 1,815	\$ 1,762	\$ 1,773	\$ 1,796	\$ 5,509	\$ 5,331
Net investment income	91	94	90	94	100	94	98	275	292
Other revenues	18	15	34	36	26	17	19	67	62
Total revenues	1,949	1,943	1,959	1,945	1,888	1,884	1,913	5,851	5,685
<b>Claims and expenses</b>									
Claims and claim adjustment expenses	1,102	1,190	1,001	1,034	979	1,261	1,008	3,293	3,248
Amortization of deferred acquisition costs	330	322	319	314	292	290	294	971	876
General and administrative expenses	232	241	256	251	223	237	263	729	723
Total claims and expenses	1,664	1,753	1,576	1,599	1,494	1,788	1,565	4,993	4,847
Operating income before income taxes	285	190	383	346	394	96	348	858	838
Income tax expense	88	48	121	109	126	21	109	257	256
Operating income	\$ 197	\$ 142	\$ 262	\$ 237	\$ 268	\$ 75	\$ 239	\$ 601	\$ 582
<b>Other statistics</b>									
Effective tax rate on net investment income	19.5%	20.1%	19.5%	20.3%	21.3%	20.7%	21.8%	19.7%	21.3%
Net investment income (after-tax)	\$ 73	\$ 75	\$ 72	\$ 75	\$ 79	\$ 74	\$ 77	\$ 220	\$ 230
Catastrophes, net of reinsurance:									
Pre-tax	\$ 64	\$ 146	\$ 38	\$ 2	\$ 65	\$ 190	\$ 51	\$ 248	\$ 306
After-tax	\$ 42	\$ 95	\$ 24	\$ 1	\$ 42	\$ 123	\$ 34	\$ 161	\$ 199
Prior year reserve development - favorable (unfavorable)									
Pre-tax	\$ 60	\$ 65	\$ 48	\$ 36	\$ 132	\$ 12	\$ 13	\$ 173	\$ 157
After-tax	\$ 39	\$ 42	\$ 32	\$ 22	\$ 86	\$ 8	\$ 8	\$ 113	\$ 102

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Operating Income by Major Component and Combined Ratio - Personal Insurance**

(\$ in millions, net of tax)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
Underwriting gain (loss)	\$ 112	\$ 57	\$ 168	\$ 138	\$ 172	\$ (11)	\$ 150	\$ 337	\$ 311
Net investment income	73	75	72	75	79	74	77	220	230
Other	12	10	22	24	17	12	12	44	41
<b>Operating income</b>	<b>\$ 197</b>	<b>\$ 142</b>	<b>\$ 262</b>	<b>\$ 237</b>	<b>\$ 268</b>	<b>\$ 75</b>	<b>\$ 239</b>	<b>\$ 601</b>	<b>\$ 582</b>
<b>Combined ratio (1)</b>									
Loss and loss adjustment expense ratio	59.9%	64.9%	54.5%	57.0%	55.6%	71.1%	56.0%	59.8%	60.9%
Underwriting expense ratio	29.5%	29.6%	30.2%	29.9%	28.0%	28.7%	30.1%	29.7%	28.9%
Combined ratio	<u>89.4%</u>	<u>94.5%</u>	<u>84.7%</u>	<u>86.9%</u>	<u>83.6%</u>	<u>99.8%</u>	<u>86.1%</u>	<u>89.5%</u>	<u>89.8%</u>
<i>Combined ratio excluding incremental impact of direct to consumer initiative</i>	87.5%	92.9%	82.9%	85.1%	82.0%	98.3%	84.2%	87.8%	88.1%
Impact of catastrophes on combined ratio	3.5%	8.0%	2.0%	0.1%	3.7%	10.7%	2.8%	4.5%	5.6%
Impact of prior year reserve development on combined ratio	-3.3%	-3.5%	-2.6%	-2.0%	-7.5%	-0.7%	-0.7%	-3.2%	-2.9%

(1) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses. Billing and policy fees and other are as follows:

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
Billing and policy fees and other	\$ 20	\$ 20	\$ 21	\$ 21	\$ 22	\$ 18	\$ 18	\$ 61	\$ 58

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Selected Statistics - Personal Insurance**



(\$ in millions)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Statutory underwriting</b>									
Gross written premiums	\$ 1,763	\$ 1,997	\$ 2,028	\$ 1,746	\$ 1,649	\$ 1,916	\$ 1,959	\$ 5,788	\$ 5,524
Net written premiums	\$ 1,690	\$ 1,907	\$ 1,911	\$ 1,717	\$ 1,619	\$ 1,893	\$ 1,917	\$ 5,508	\$ 5,429
Net earned premiums	\$ 1,840	\$ 1,834	\$ 1,835	\$ 1,815	\$ 1,762	\$ 1,773	\$ 1,796	\$ 5,509	\$ 5,331
Losses and loss adjustment expenses	1,102	1,190	1,001	1,038	980	1,261	1,006	3,293	3,247
Underwriting expenses	513	552	573	529	481	539	572	1,638	1,592
Statutory underwriting gain	<u>\$ 225</u>	<u>\$ 92</u>	<u>\$ 261</u>	<u>\$ 248</u>	<u>\$ 301</u>	<u>\$ (27)</u>	<u>\$ 218</u>	<u>\$ 578</u>	<u>\$ 492</u>
Policies in force (in thousands)									
Automobile (1)	2,273	2,204	2,139	2,091	2,068	2,068	2,083	2,139	2,083
Homeowners and other	4,563	4,477	4,386	4,294	4,232	4,199	4,164	4,386	4,164

(1) Policies in force have been adjusted to exclude assigned risk auto business for all periods presented.

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Selected Statistics - Personal Insurance (Agency Automobile) (1)**



(\$ in millions)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Statutory underwriting</b>									
Gross written premiums	\$ 835	\$ 838	\$ 834	\$ 770	\$ 795	\$ 834	\$ 852	\$ 2,507	\$ 2,481
Net written premiums	\$ 831	\$ 834	\$ 828	\$ 765	\$ 788	\$ 831	\$ 849	\$ 2,493	\$ 2,468
Net earned premiums	\$ 844	\$ 837	\$ 827	\$ 812	\$ 787	\$ 792	\$ 804	\$ 2,508	\$ 2,383
Losses and loss adjustment expenses	594	599	591	636	533	588	564	1,784	1,685
Underwriting expenses	218	224	222	208	208	221	224	664	653
Statutory underwriting gain (loss)	\$ 32	\$ 14	\$ 14	\$ (32)	\$ 46	\$ (17)	\$ 16	\$ 60	\$ 45
<b>Other statistics</b>									
Combined ratio (2):									
Loss and loss adjustment expense ratio	70.4%	71.6%	71.5%	77.8%	67.7%	74.3%	70.1%	71.1%	70.8%
Underwriting expense ratio	25.6%	26.2%	26.4%	26.2%	25.6%	26.5%	26.6%	26.1%	26.2%
Combined ratio	96.0%	97.8%	97.9%	104.0%	93.3%	100.8%	96.7%	97.2%	97.0%
Impact of catastrophes on combined ratio	1.0%	1.4%	0.3%	0.0%	0.0%	4.6%	0.6%	0.9%	1.8%
Impact of prior year reserve development on combined ratio	0.6%	0.0%	0.0%	1.8%	0.0%	0.0%	0.0%	0.2%	0.0%
Catastrophe losses, net of reinsurance:									
Pre-tax	\$ 8	\$ 12	\$ 2	\$ -	\$ -	\$ 36	\$ 5	\$ 22	\$ 41
After-tax	\$ 6	\$ 7	\$ 1	\$ -	\$ -	\$ 23	\$ 4	\$ 14	\$ 27
Prior year reserve development - favorable (unfavorable)									
Pre-tax	\$ (6)	\$ -	\$ -	\$ (14)	\$ -	\$ -	\$ -	\$ (6)	\$ -
After-tax	\$ (4)	\$ -	\$ -	\$ (10)	\$ -	\$ -	\$ -	\$ (4)	\$ -
Policies in force (in thousands) (3)	2,191	2,123	2,058	2,010	1,985	1,981	1,990		
Change from prior year quarter	-10.9%	-11.9%	-12.0%	-11.2%	-9.4%	-6.7%	-3.3%		
Change from prior quarter	-3.3%	-3.1%	-3.1%	-2.3%	-1.3%	-0.2%	0.5%		

(1) Represents Automobile policies sold through agents, brokers and other intermediaries, and excludes direct to consumer.

(2) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses.

Billing and policy fees and other are as follows:

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
Billing and policy fees and other	\$ 10	\$ 9	\$ 9	\$ 9	\$ 9	\$ 8	\$ 9	\$ 28	\$ 26

(3) Policies in force have been adjusted to exclude assigned risk auto business for all periods presented.

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Selected Statistics - Personal Insurance (Agency Homeowners and Other) (1)**



(\$ in millions)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Statutory underwriting</b>									
Gross written premiums	\$ 889	\$ 1,119	\$ 1,150	\$ 936	\$ 811	\$ 1,036	\$ 1,055	\$ 3,158	\$ 2,902
Net written premiums	\$ 820	\$ 1,033	\$ 1,039	\$ 913	\$ 788	\$ 1,016	\$ 1,017	\$ 2,892	\$ 2,821
Net earned premiums	\$ 957	\$ 958	\$ 969	\$ 963	\$ 935	\$ 938	\$ 948	\$ 2,884	\$ 2,821
Losses and loss adjustment expenses	480	561	382	371	419	639	414	1,423	1,472
Underwriting expenses	255	293	313	286	240	283	303	861	826
Statutory underwriting gain	\$ 222	\$ 104	\$ 274	\$ 306	\$ 276	\$ 16	\$ 231	\$ 600	\$ 523
<b>Other statistics</b>									
Combined ratio (2):									
Loss and loss adjustment expense ratio	50.2%	58.6%	39.4%	38.5%	44.8%	68.1%	43.6%	49.3%	52.2%
Underwriting expense ratio	29.8%	30.1%	30.8%	30.7%	27.6%	28.0%	29.9%	30.3%	28.5%
Combined ratio	80.0%	88.7%	70.2%	69.2%	72.4%	96.1%	73.5%	79.6%	80.7%
Impact of catastrophes on combined ratio	5.6%	13.9%	3.6%	0.0%	6.8%	15.9%	4.8%	7.7%	9.2%
Impact of prior year reserve development on combined ratio	-6.7%	-6.7%	-5.0%	-5.1%	-14.1%	-1.3%	-1.4%	-6.2%	-5.5%
Catastrophe losses, net of reinsurance:									
Pre-tax	\$ 54	\$ 133	\$ 35	\$ 1	\$ 64	\$ 150	\$ 46	\$ 222	\$ 260
After-tax	\$ 35	\$ 87	\$ 22	\$ 1	\$ 41	\$ 98	\$ 30	\$ 144	\$ 169
Prior year reserve development - favorable (unfavorable)									
Pre-tax	\$ 65	\$ 65	\$ 48	\$ 50	\$ 132	\$ 12	\$ 13	\$ 178	\$ 157
After-tax	\$ 42	\$ 42	\$ 32	\$ 32	\$ 86	\$ 8	\$ 8	\$ 116	\$ 102
Policies in force (in thousands)	4,484	4,396	4,303	4,209	4,146	4,110	4,072		
Change from prior year quarter	-8.5%	-9.0%	-8.8%	-8.4%	-7.5%	-6.5%	-5.4%		
Change from prior quarter	-2.4%	-2.0%	-2.1%	-2.2%	-1.5%	-0.9%	-0.9%		

(1) Represents Homeowners and Other Lines sold through agents, brokers and other intermediaries, and excludes direct to consumer.

(2) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses. Billing and policy fees and other are as follows:

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
Billing and policy fees and other	\$ 9	\$ 10	\$ 12	\$ 12	\$ 13	\$ 9	\$ 9	\$ 31	\$ 31

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Selected Statistics - Direct to Consumer (1)**

(\$ in millions)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Net written premiums</b>									
Automobile	\$ 29	\$ 27	\$ 30	\$ 26	\$ 31	\$ 31	\$ 36	\$ 86	\$ 98
Homeowners and other	10	13	14	13	12	15	15	37	42
Total net written premiums	<u>\$ 39</u>	<u>\$ 40</u>	<u>\$ 44</u>	<u>\$ 39</u>	<u>\$ 43</u>	<u>\$ 46</u>	<u>\$ 51</u>	<u>\$ 123</u>	<u>\$ 140</u>
<b>Revenues</b>									
Premiums	\$ 39	\$ 39	\$ 39	\$ 40	\$ 40	\$ 43	\$ 44	\$ 117	\$ 127
Other revenues	-	-	1	-	-	-	1	1	1
Total revenues	<u>39</u>	<u>39</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>43</u>	<u>45</u>	<u>118</u>	<u>128</u>
<b>Claims and expenses</b>									
Claims and claim adjustment expenses	28	30	28	31	28	33	29	86	90
Amortization of deferred acquisition costs	1	1	1	1	1	1	1	3	3
General and administrative expenses	40	34	37	36	33	35	43	111	111
Total claims and expenses	<u>69</u>	<u>65</u>	<u>66</u>	<u>68</u>	<u>62</u>	<u>69</u>	<u>73</u>	<u>200</u>	<u>204</u>
Operating loss before income taxes	(30)	(26)	(26)	(28)	(22)	(26)	(28)	(82)	(76)
Income taxes	(11)	(9)	(9)	(10)	(8)	(9)	(10)	(29)	(27)
Operating loss	<u>\$ (19)</u>	<u>\$ (17)</u>	<u>\$ (17)</u>	<u>\$ (18)</u>	<u>\$ (14)</u>	<u>\$ (17)</u>	<u>\$ (18)</u>	<u>\$ (53)</u>	<u>\$ (49)</u>
<b>Other statistics</b>									
Policies in force (in thousands)									
Automobile	82	81	81	81	83	87	93		
Homeowners and other	79	81	83	85	86	89	92		
Catastrophes, net of reinsurance:									
Pre-tax	\$ 2	\$ 1	\$ 1	\$ 1	\$ 1	\$ 4	\$ -	\$ 4	\$ 5
After-tax	\$ 1	\$ 1	\$ 1	\$ -	\$ 1	\$ 2	\$ -	\$ 3	\$ 3
Prior year reserve development - favorable (unfavorable)									
Pre-tax	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -
After-tax	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -

(1) Represents incremental premiums, other revenues and claims and expenses of Direct to Consumer business activities included in Personal Insurance operating income (loss).

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.



**The Travelers Companies, Inc.**  
**Interest Expense and Other**  
(\$ in millions)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Revenues</b>									
Other revenues	\$ (2)	\$ 1	\$ (3)	\$ (2)	\$ (1)	\$ 1	\$ -	\$ (4)	\$ -
<b>Claims and expenses</b>									
Interest expense	92	86	91	92	92	92	93	269	277
General and administrative expenses	4	7	6	3	7	9	6	17	22
Total claims and expenses	96	93	97	95	99	101	99	286	299
Operating loss before income tax benefit	(98)	(92)	(100)	(97)	(100)	(100)	(99)	(290)	(299)
Income taxes	(35)	(33)	(35)	(36)	(36)	(35)	(36)	(103)	(107)
Operating loss	\$ (63)	\$ (59)	\$ (65)	\$ (61)	\$ (64)	\$ (65)	\$ (63)	\$ (187)	\$ (192)

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Consolidated Balance Sheet**  
(in millions)



	September 30, 2014	December 31, 2013
<b>Assets</b>		
Fixed maturities, available for sale, at fair value (amortized cost \$61,043 and \$62,196)	\$ 63,622	\$ 63,956
Equity securities, available for sale, at fair value (cost \$609 and \$686)	949	943
Real estate investments	949	938
Short-term securities	5,033	3,882
Other investments	3,637	3,441
Total investments	<u>74,190</u>	<u>73,160</u>
Cash	367	294
Investment income accrued	663	734
Premiums receivable	6,439	6,125
Reinsurance recoverables	9,279	9,713
Ceded unearned premiums	848	801
Deferred acquisition costs	1,890	1,804
Deferred taxes	-	303
Contractholder receivables	4,367	4,328
Goodwill	3,621	3,634
Other intangible assets	316	351
Other assets	2,542	2,565
<b>Total assets</b>	<u>\$ 104,522</u>	<u>\$ 103,812</u>

**Liabilities**

Claims and claim adjustment expense reserves	\$ 50,402	\$ 50,895
Unearned premium reserves	12,181	11,850
Contractholder payables	4,367	4,328
Payables for reinsurance premiums	491	298
Deferred taxes	122	-
Debt	6,348	6,346
Other liabilities	5,290	5,299
<b>Total liabilities</b>	<u>79,201</u>	<u>79,016</u>

**Shareholders' equity**

Common stock (1,750.0 shares authorized; 331.4 and 353.5 shares issued and outstanding)	21,764	21,500
Retained earnings	26,394	24,291
Accumulated other comprehensive income	1,300	810
Treasury stock, at cost (427.6 and 401.5 shares)	(24,137)	(21,805)
<b>Total shareholders' equity</b>	<u>25,321</u>	<u>24,796</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 104,522</u>	<u>\$ 103,812</u>

	September 30, 2014	December 31, 2013
<b>Liabilities</b>		
Claims and claim adjustment expense reserves	\$ 50,402	\$ 50,895
Unearned premium reserves	12,181	11,850
Contractholder payables	4,367	4,328
Payables for reinsurance premiums	491	298
Deferred taxes	122	-
Debt	6,348	6,346
Other liabilities	5,290	5,299
<b>Total liabilities</b>	<u>79,201</u>	<u>79,016</u>
<b>Shareholders' equity</b>		
Common stock (1,750.0 shares authorized; 331.4 and 353.5 shares issued and outstanding)	21,764	21,500
Retained earnings	26,394	24,291
Accumulated other comprehensive income	1,300	810
Treasury stock, at cost (427.6 and 401.5 shares)	(24,137)	(21,805)
<b>Total shareholders' equity</b>	<u>25,321</u>	<u>24,796</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 104,522</u>	<u>\$ 103,812</u>

# The Travelers Companies, Inc.

## Investment Portfolio

(at carrying value, \$ in millions)



	September 30, 2014	Pre-tax Book Yield (1)	December 31, 2013	Pre-tax Book Yield (1)
<b>Investment portfolio</b>				
Taxable fixed maturities (including redeemable preferred stock)	\$ 30,115	3.49%	\$ 28,788	3.55%
Tax-exempt fixed maturities	33,507	3.77%	35,168	3.84%
<b>Total fixed maturities</b>	<b>63,622</b>	<b>3.64%</b>	<b>63,956</b>	<b>3.71%</b>
Non-redeemable preferred stocks	241	5.74%	333	5.70%
Public common stocks	708		610	
<b>Total equity securities</b>	<b>949</b>		<b>943</b>	
<b>Real estate investments</b>	<b>949</b>		<b>938</b>	
<b>Short-term securities</b>	<b>5,033</b>	<b>0.15%</b>	<b>3,882</b>	<b>0.15%</b>
Private equities	2,087		1,926	
Hedge funds	430		390	
Real estate partnerships	615		618	
Other investments	505		507	
<b>Total other investments</b>	<b>3,637</b>		<b>3,441</b>	
<b>Total investments</b>	<b>\$ 74,190</b>		<b>\$ 73,160</b>	
<b>Net unrealized investment gains, net of tax, included in shareholders' equity</b>	<b>\$ 1,914</b>		<b>\$ 1,322</b>	

(1) Yields are provided for those investments with an embedded book yield.

# The Travelers Companies, Inc.

## Investment Portfolio - Fixed Maturities Data

(at carrying value, \$ in millions)



### Fixed maturities

U.S. Treasury securities and obligations of U.S. Government corporations and agencies
Obligations of states and political subdivisions:
Pre-refunded
All other
Total
Debt securities issued by foreign governments
Mortgage-backed securities - principally obligations of U.S. Government agencies
Corporates (including redeemable preferreds)
Total fixed maturities

September 30, 2014		December 31, 2013	
\$	2,074	\$	2,315
	7,807		9,518
	26,090		26,044
	33,897		35,562
	2,468		2,577
	2,274		2,424
	22,909		21,078
\$	63,622	\$	63,956

### Fixed Maturities Quality Characteristics (1)

#### Quality Ratings

Aaa
Aa
A
Baa
Total investment grade
Ba
B
Caa and lower
Total below investment grade
Total fixed maturities
Average weighted quality
Average duration of fixed maturities and short-term securities, net of securities lending activities and net receivables and payables on investment sales and purchases

September 30, 2014		
	Amount	% of Total
\$	26,592	41.8 %
	19,130	30.1
	9,599	15.1
	6,333	9.9
	61,654	96.9
	1,085	1.7
	468	0.7
	415	0.7
	1,968	3.1
\$	63,622	100.0 %
	Aa2, AA	
	3.5	

(1) Rated using external rating agencies or by Travelers when a public rating does not exist. Below investment grade assets refer to securities rated "Ba" or below.

The Travelers Companies, Inc.

Investment Income

(\$ in millions)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Gross investment income</b>									
Fixed maturities	\$ 586	\$ 574	\$ 571	\$ 579	\$ 580	\$ 562	\$ 552	\$ 1,731	\$ 1,694
Short-term securities	2	2	3	4	2	2	2	7	6
Other	92	120	91	129	163	140	174	303	477
	680	696	665	712	745	704	728	2,041	2,177
Investment expenses	10	9	8	10	9	9	9	27	27
Net investment income, pre-tax	670	687	657	702	736	695	719	2,014	2,150
Income taxes	128	136	126	140	154	142	151	390	447
Net investment income, after-tax	\$ 542	\$ 551	\$ 531	\$ 562	\$ 582	\$ 553	\$ 568	\$ 1,624	\$ 1,703
Effective tax rate	19.2%	19.7%	19.1%	20.0%	21.0%	20.5%	20.9%	19.3%	20.8%
Average invested assets (1)	\$ 69,996	\$ 69,701	\$ 70,419	\$ 72,165	\$ 72,112	\$ 71,880	\$ 72,062	\$ 70,128	\$ 72,062
Average yield pre-tax (1)	3.8%	3.9%	3.7%	3.9%	4.1%	3.9%	4.0%	3.8%	4.0%
Average yield after-tax	3.1%	3.2%	3.0%	3.1%	3.2%	3.1%	3.2%	3.1%	3.2%

(1) Excludes net unrealized investment gains, net of tax, and is adjusted for cash, receivables for investment sales, payables on investment purchases and accrued investment income.

**The Travelers Companies, Inc.**  
**Net Realized and Unrealized Investment Gains**

(\$ in millions)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Net realized investment gains (losses)</b>									
Fixed maturities	\$ 11	\$ 14	\$ 5	\$ 6	\$ 6	\$ 9	\$ -	\$ 30	\$ 15
Equity securities	6	4	(1)	1	(4)	15	-	9	11
Other (1)	(7)	149	(26)	4	(1)	(8)	40	116	31
Realized investment gains (losses) before tax	10	167	(22)	11	1	16	40	155	57
Related taxes	1	58	(3)	4	1	6	14	56	21
Net realized investment gains (losses)	<u>\$ 9</u>	<u>\$ 109</u>	<u>\$ (19)</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 26</u>	<u>\$ 99</u>	<u>\$ 36</u>
Gross investment gains (1)	\$ 108	\$ 352	\$ 12	\$ 57	\$ 59	\$ 46	\$ 101	\$ 472	\$ 206
Gross investment losses before impairments (1)	(93)	(183)	(31)	(41)	(49)	(29)	(51)	(307)	(129)
Net investment gains before impairments	15	169	(19)	16	10	17	50	165	77
Other-than-temporary impairment losses	(5)	(2)	(3)	(5)	(9)	(1)	(10)	(10)	(20)
Net realized investment gains (losses) before tax	10	167	(22)	11	1	16	40	155	57
Related taxes	1	58	(3)	4	1	6	14	56	21
Net realized investment gains (losses)	<u>\$ 9</u>	<u>\$ 109</u>	<u>\$ (19)</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 26</u>	<u>\$ 99</u>	<u>\$ 36</u>
	<b>March 31, 2013</b>	<b>June 30, 2013</b>	<b>September 30, 2013</b>	<b>December 31, 2013</b>	<b>March 31, 2014</b>	<b>June 30, 2014</b>	<b>September 30, 2014</b>		
<b>Net unrealized investment gains, net of tax, by asset type</b>									
Fixed maturities	\$ 4,121	\$ 2,349	\$ 2,142	\$ 1,760	\$ 2,276	\$ 2,742	\$ 2,579		
Equity securities & other	274	250	252	270	293	346	356		
Unrealized investment gains before tax	4,395	2,599	2,394	2,030	2,569	3,088	2,935		
Related taxes	1,531	907	835	708	895	1,075	1,021		
Balance, end of period	<u>\$ 2,864</u>	<u>\$ 1,692</u>	<u>\$ 1,559</u>	<u>\$ 1,322</u>	<u>\$ 1,674</u>	<u>\$ 2,013</u>	<u>\$ 1,914</u>		

(1) Includes the following gross investment gains and gross investment losses related to U.S. Treasury futures, which are settled daily:

Gross investment Treasury future gains	\$ 56	\$ 287	\$ -	\$ -	\$ 4	\$ 4	\$ 6	\$ 343	\$ 14
Gross investment Treasury future losses	\$ 75	\$ 153	\$ -	\$ -	\$ 3	\$ 5	\$ 6	\$ 228	\$ 14

The Company entered into these arrangements as part of its strategy to manage the duration of its fixed maturity portfolio. In a changing interest rate environment, the change in the value of the futures contracts can be expected to partially offset changes in the value of the fixed maturity portfolio.

# The Travelers Companies, Inc. Reinsurance Recoverables

(\$ in millions)



Gross reinsurance recoverables on paid and unpaid claims and claim adjustment expenses  
 Allowance for uncollectible reinsurance  
 Net reinsurance recoverables (i)  
 Mandatory pools and associations (ii)  
 Structured settlements (iii)  
 Total reinsurance recoverables

September 30, 2014	December 31, 2013
\$ 4,365	\$ 4,707
(233)	(239)
4,132	4,468
1,851	1,897
3,296	3,348
<u>\$ 9,279</u>	<u>\$ 9,713</u>

(i) The Company's top five reinsurer groups, including retroactive reinsurance, included in net reinsurance recoverables is as follows:

Reinsurer	A.M. Best Rating of Group's Predominant Reinsurer	September 30, 2014
Munich Re Group	A+ second highest of 16 ratings	\$ 485
Swiss Re Group	A+ second highest of 16 ratings	456
Sompo Japan Nipponkoa Group (1)	A+ second highest of 16 ratings	256
Berkshire Hathaway	A++ highest of 16 ratings	222
XL Capital Group	A third highest of 16 ratings	196

The gross reinsurance recoverables on paid and unpaid claims and claim adjustment expenses represent the current and estimated future amounts due from reinsurers on known and incurred but not reported claims. The ceded reserves are estimated in a manner consistent with the underlying direct and assumed reserves. Although this total comprises recoverables due from nearly one thousand different reinsurance entities, about half is attributable to 10 reinsurer groups.

The net reinsurance recoverables reflect an allowance for uncollectible reinsurance that is based upon the Company's ongoing review of amounts outstanding, reinsurer solvency, the Company's experience, current economic conditions, and other relevant factors. Of the total net recoverables due from reinsurers at September 30, 2014, after deducting mandatory pools and associations and structured settlement balances, \$3.3 billion, or 80%, were rated by A.M. Best Company. Of the total rated by A.M. Best Company, 99% were rated A- or better. The remaining 20% of net recoverables from reinsurers were comprised of the following: 6% related to the Company's participation in voluntary pools, 11% related to recoverables from captive insurance companies and 3% were balances from other companies not rated by A.M. Best Company. In addition, \$1.2 billion of the net recoverables were collateralized by letters of credit, funds held or trust agreements at September 30, 2014.

(ii) The mandatory pools and associations represent various involuntary assigned risk pools that the Company is required to participate in. These pools principally involve workers' compensation and automobile insurance, which provide various insurance coverages to insureds that otherwise are unable to purchase coverage in the open market. The costs of these mandatory pools in most states are usually charged back to the participating members in proportion to voluntary writings of related business in that state. In the event that a member of the pool becomes insolvent, the remaining members assume an additional pro rata share of the pool's liabilities. Recoverables due from the National Flood Insurance Program are included with mandatory pools.

(iii) Included in reinsurance recoverables are certain amounts related to structured settlements, which comprise annuities purchased from various life insurance companies to settle certain personal physical injury claims, of which workers' compensation claims comprise a significant portion. In cases where the Company did not receive a release from the claimant, the amount due from the life insurance company related to the structured settlement is included in the Company's consolidated balance sheet as a liability and as a reinsurance recoverable, as the Company retains the contingent liability to pay the claimant in the event that the life insurance company fails to make the required annuity payments. The Company would be required to make such payments, to the extent the purchased annuities are not covered by state guaranty associations.

The Company's top five groups by structured settlement is as follows:

Group	A.M. Best Rating of Group's Predominant Insurer	September 30, 2014
Fidelity and Guaranty Life	B++ fifth highest of 16 ratings	\$ 944
Metlife	A+ second highest of 16 ratings	442
Genworth Financial Group	A third highest of 16 ratings	417
John Hancock Group	A+ second highest of 16 ratings	261
Symetra Financial Corporation	A third highest of 16 ratings	242

(1) On September 1, 2014, NKSJ Holdings, Inc. changed its name to Sompo Japan Nipponkoa Holdings, Inc.

**The Travelers Companies, Inc.**  
**Net Reserves for Losses and Loss Adjustment Expense**

(\$ in millions)



Historical results conform with current business segment definitions.

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Statutory Basis Reserves for Losses and Loss Adjustment Expenses</b>									
<b>Business and International Insurance</b>									
Beginning of period	\$ 33,270	\$ 32,934	\$ 33,011	\$ 33,079	\$ 34,717	\$ 34,661	\$ 34,929	\$ 33,270	\$ 34,717
Incurred	1,772	2,141	2,042	2,117	2,132	2,397	2,310	5,955	6,839
Paid	(2,033)	(2,048)	(2,051)	(2,249)	(2,109)	(2,231)	(2,170)	(6,132)	(6,510)
Acquired reserves, foreign exchange and other (1)	(75)	(16)	77	1,770	(79)	102	(182)	(14)	(159)
End of period	\$ 32,934	\$ 33,011	\$ 33,079	\$ 34,717	\$ 34,661	\$ 34,929	\$ 34,887	\$ 33,079	\$ 34,887
<b>Bond &amp; Specialty Insurance</b>									
Beginning of period	\$ 3,699	\$ 3,752	\$ 3,668	\$ 3,664	\$ 3,595	\$ 3,585	\$ 3,501	\$ 3,699	\$ 3,595
Incurred	196	159	207	127	155	108	152	562	415
Paid	(143)	(243)	(211)	(196)	(165)	(192)	(237)	(597)	(594)
End of period	\$ 3,752	\$ 3,668	\$ 3,664	\$ 3,595	\$ 3,585	\$ 3,501	\$ 3,416	\$ 3,664	\$ 3,416
<b>Personal Insurance</b>									
Beginning of period	\$ 3,687	\$ 3,529	\$ 3,466	\$ 3,294	\$ 3,256	\$ 3,137	\$ 3,285	\$ 3,687	\$ 3,256
Incurred	1,102	1,190	1,001	1,038	980	1,261	1,006	3,293	3,247
Paid	(1,260)	(1,253)	(1,173)	(1,076)	(1,099)	(1,113)	(1,069)	(3,686)	(3,281)
End of period	\$ 3,529	\$ 3,466	\$ 3,294	\$ 3,256	\$ 3,137	\$ 3,285	\$ 3,222	\$ 3,294	\$ 3,222
<b>Total</b>									
Beginning of period	\$ 40,656	\$ 40,215	\$ 40,145	\$ 40,037	\$ 41,568	\$ 41,383	\$ 41,715	\$ 40,656	\$ 41,568
Incurred	3,070	3,490	3,250	3,282	3,267	3,766	3,468	9,810	10,501
Paid	(3,436)	(3,544)	(3,435)	(3,521)	(3,373)	(3,536)	(3,476)	(10,415)	(10,385)
Acquired reserves, foreign exchange and other (1)	(75)	(16)	77	1,770	(79)	102	(182)	(14)	(159)
End of period	\$ 40,215	\$ 40,145	\$ 40,037	\$ 41,568	\$ 41,383	\$ 41,715	\$ 41,525	\$ 40,037	\$ 41,525
<b>Prior Year Reserve Development: Unfavorable (Favorable)</b>									
<b>Business and International Insurance</b>									
Asbestos	\$ -	\$ -	\$ 190	\$ -	\$ -	\$ -	\$ 250	\$ 190	\$ 250
Environmental	-	65	-	-	-	87	-	65	87
All other	(142)	(123)	(267)	(122)	(95)	(134)	(271)	(532)	(500)
Total Business and International Insurance (2)	(142)	(58)	(77)	(122)	(95)	(47)	(21)	(277)	(163)
<b>Bond &amp; Specialty Insurance</b>									
	(29)	(69)	(33)	(101)	(67)	(124)	(79)	(131)	(270)
<b>Personal Insurance</b>									
	(60)	(65)	(48)	(36)	(132)	(12)	(13)	(173)	(157)
<b>Total</b>	\$ (231)	\$ (192)	\$ (158)	\$ (259)	\$ (294)	\$ (183)	\$ (113)	\$ (581)	\$ (590)

(1) Includes Dominion acquired reserves in 4Q 2013.

(2) Excludes accretion of discount.

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.



**The Travelers Companies, Inc.**  
**Asbestos and Environmental Reserves**

(\$ in millions)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Asbestos reserves</b>									
Beginning reserves:									
Gross	\$ 2,689	\$ 2,626	\$ 2,566	\$ 2,686	\$ 2,606	\$ 2,547	\$ 2,482	\$ 2,689	\$ 2,606
Ceded	(311)	(292)	(288)	(263)	(256)	(242)	(232)	(311)	(256)
Net	2,378	2,334	2,278	2,423	2,350	2,305	2,250	2,378	2,350
Incurring losses and loss expenses:									
Gross	-	-	190	-	-	-	258	190	258
Ceded	-	-	-	-	-	-	(8)	-	(8)
Paid loss and loss expenses:									
Gross	62	60	71	80	59	65	74	193	198
Ceded	(19)	(4)	(25)	(7)	(14)	(10)	(20)	(48)	(44)
Foreign exchange and other:									
Gross	(1)	-	1	-	-	-	(1)	-	(1)
Ceded	-	-	-	-	-	-	-	-	-
Ending reserves:									
Gross	2,626	2,566	2,686	2,606	2,547	2,482	2,665	2,686	2,665
Ceded	(292)	(288)	(263)	(256)	(242)	(232)	(220)	(263)	(220)
Net	\$ 2,334	\$ 2,278	\$ 2,423	\$ 2,350	\$ 2,305	\$ 2,250	\$ 2,445	\$ 2,423	\$ 2,445
<b>Environmental reserves</b>									
Beginning reserves:									
Gross	\$ 352	\$ 340	\$ 399	\$ 371	\$ 355	\$ 331	\$ 396	\$ 352	\$ 355
Ceded	(5)	(4)	(11)	(12)	(11)	(11)	(14)	(5)	(11)
Net	347	336	388	359	344	320	382	347	344
Incurring losses and loss expenses:									
Gross	-	72	-	-	-	94	-	72	94
Ceded	-	(7)	-	-	-	(7)	-	(7)	(7)
Paid loss and loss expenses:									
Gross	12	13	28	34	24	29	20	53	73
Ceded	(1)	-	1	(3)	-	(4)	(3)	-	(7)
Acquired reserves, foreign exchange and other: (1)									
Gross	-	-	-	18	-	-	(1)	-	(1)
Ceded	-	-	-	(2)	-	-	-	-	-
Ending reserves:									
Gross	340	399	371	355	331	396	375	371	375
Ceded	(4)	(11)	(12)	(11)	(11)	(14)	(11)	(12)	(11)
Net	\$ 336	\$ 388	\$ 359	\$ 344	\$ 320	\$ 382	\$ 364	\$ 359	\$ 364

(1) Includes Dominion acquired reserves in 4Q 2013.

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

# The Travelers Companies, Inc.

## Capitalization

(\$ in millions)



### Debt

#### Short-term debt

Commercial paper

Total short-term debt

#### Long-term debt

5.50% Senior notes due December 1, 2015 (1)

6.25% Senior notes due June 20, 2016 (1)

5.75% Senior notes due December 15, 2017 (1)

5.80% Senior notes due May 15, 2018 (1)

5.90% Senior notes due June 2, 2019 (1)

3.90% Senior notes due November 1, 2020 (1)

7.75% Senior notes due April 15, 2026

7.625% Junior subordinated debentures due December 15, 2027

6.375% Senior notes due March 15, 2033 (1)

6.75% Senior notes due June 20, 2036 (1)

6.25% Senior notes due June 15, 2037 (1)

5.35% Senior notes due November 1, 2040 (1)

4.60% Senior notes due August 1, 2043 (1)

8.50% Junior subordinated debentures due December 15, 2045

8.312% Junior subordinated debentures due July 1, 2046

6.25% Fixed-to-floating rate junior subordinated debentures due March 15, 2067 (1)

Total long-term debt

Unamortized fair value adjustment

Unamortized debt issuance costs

#### Total debt

**Common equity (excluding net unrealized investment gains, net of tax)**

**Total capital (excluding net unrealized investment gains, net of tax)**

**Total debt to capital (excluding net unrealized investment gains, net of tax)**

	September 30, 2014	December 31, 2013
	\$ 100	\$ 100
	100	100
	400	400
	400	400
	450	450
	500	500
	500	500
	500	500
	200	200
	125	125
	500	500
	400	400
	800	800
	750	750
	500	500
	56	56
	73	73
	107	107
	6,261	6,261
	50	51
	(63)	(66)
	6,248	6,246
	6,348	6,346
	23,407	23,474
	\$ 29,755	\$ 29,820
	21.3%	21.3%

(1) Redeemable anytime with "make-whole" premium.

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Statutory to GAAP Shareholders' Equity Reconciliation**

(\$ in millions)



	<u>September 30, 2014 (1)</u>	<u>December 31, 2013</u>
<b>Statutory basis surplus</b>	\$ 21,005	\$ 21,123
<b>GAAP adjustments</b>		
Goodwill and intangible assets	3,770	3,816
Investments	3,288	2,541
Noninsurance companies	(4,262)	(4,453)
Deferred acquisition costs	1,890	1,804
Deferred federal income tax	(1,643)	(1,259)
Current federal income tax	(39)	(32)
Reinsurance recoverables	160	160
Furniture, equipment & software	646	708
Employee benefits	11	2
Agents balances	156	135
Other	339	251
Total GAAP adjustments	<u>4,316</u>	<u>3,673</u>
<b>GAAP shareholders' equity</b>	<u>\$ 25,321</u>	<u>\$ 24,796</u>

(1) Estimated and Preliminary

See Business Realignment on pages i and ii and Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

**The Travelers Companies, Inc.**  
**Statement of Cash Flows**

(\$ in millions)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Cash flows from operating activities</b>									
Net income	\$ 896	\$ 925	\$ 864	\$ 988	\$ 1,052	\$ 683	\$ 919	\$ 2,685	\$ 2,654
Adjustments to reconcile net income to net cash provided by operating activities:									
Net realized investment (gains) losses	(10)	(167)	22	(11)	(1)	(16)	(40)	(155)	(57)
Depreciation and amortization	219	216	207	225	227	215	211	642	653
Deferred federal income tax expense	131	20	(19)	35	153	(22)	(38)	132	93
Amortization of deferred acquisition costs	948	950	953	970	950	965	984	2,851	2,899
Equity in income from other investments	(74)	(101)	(72)	(110)	(139)	(118)	(155)	(247)	(412)
Premiums receivable	(155)	(248)	161	296	(189)	(274)	129	(242)	(334)
Reinsurance recoverables	390	357	355	182	106	100	197	1,102	403
Deferred acquisition costs	(954)	(958)	(950)	(897)	(986)	(1,003)	(1,004)	(2,862)	(2,993)
Claims and claim adjustment expense reserves	(751)	(377)	(556)	(373)	(209)	149	(238)	(1,684)	(298)
Unearned premium reserves	187	158	138	(456)	94	141	144	483	379
Other	(297)	(53)	534	78	(355)	(195)	731	184	181
<b>Net cash provided by operating activities</b>	<b>530</b>	<b>722</b>	<b>1,637</b>	<b>927</b>	<b>703</b>	<b>625</b>	<b>1,840</b>	<b>2,889</b>	<b>3,168</b>
<b>Cash flows from investing activities</b>									
Proceeds from maturities of fixed maturities	2,123	1,778	2,016	1,987	2,312	2,603	3,060	5,917	7,975
Proceeds from sales of investments:									
Fixed maturities	234	338	588	475	406	379	142	1,160	927
Equity securities	36	14	7	29	36	59	33	57	128
Real estate investments	-	-	-	18	1	4	-	-	5
Other investments	174	207	164	217	167	171	274	545	612
Purchases of investments:									
Fixed maturities	(2,339)	(2,149)	(2,004)	(2,975)	(2,715)	(2,734)	(2,788)	(6,492)	(8,237)
Equity securities	(13)	(27)	(10)	(7)	(18)	(22)	(7)	(50)	(47)
Real estate investments	(6)	(53)	(6)	(42)	(9)	(27)	(5)	(65)	(41)
Other investments	(95)	(114)	(103)	(134)	(113)	(113)	(180)	(312)	(406)
Net sales (purchases) of short-term securities	109	(28)	(1,974)	2,004	(160)	220	(1,223)	(1,893)	(1,163)
Securities transactions in course of settlement	180	(120)	220	(259)	240	(36)	(85)	280	119
Acquisition, net of cash acquired	-	-	-	(997)	(12)	-	-	-	(12)
Other	(100)	(57)	(97)	(119)	(60)	(92)	(110)	(254)	(262)
<b>Net cash provided by (used in) investing activities</b>	<b>303</b>	<b>(211)</b>	<b>(1,199)</b>	<b>197</b>	<b>75</b>	<b>412</b>	<b>(889)</b>	<b>(1,107)</b>	<b>(402)</b>

**The Travelers Companies, Inc.**  
**Statement of Cash Flows (Continued)**

(\$ in millions)



	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	YTD 3Q 2013	YTD 3Q 2014
<b>Cash flows from financing activities</b>									
Payment of debt	(500)	-	-	-	-	-	-	(500)	-
Issuance of debt	-	-	494	-	-	-	-	494	-
Dividends paid to shareholders	(175)	(191)	(183)	(180)	(176)	(189)	(184)	(549)	(549)
Issuance of common stock - employee share options	98	41	19	48	57	65	32	158	154
Treasury stock acquired - share repurchase authorization	(300)	(300)	(800)	(1,000)	(650)	(875)	(750)	(1,400)	(2,275)
Treasury stock acquired - net employee share-based compensation	(58)	(1)	(1)	(1)	(54)	(1)	(1)	(60)	(56)
Excess tax benefits from share-based payment arrangements	21	8	14	8	13	11	14	43	38
<b>Net cash used in financing activities</b>	<u>(914)</u>	<u>(443)</u>	<u>(457)</u>	<u>(1,125)</u>	<u>(810)</u>	<u>(989)</u>	<u>(889)</u>	<u>(1,814)</u>	<u>(2,688)</u>
Effect of exchange rate changes on cash	(6)	(3)	6	-	(2)	3	(6)	(3)	(5)
Net increase (decrease) in cash	(87)	65	(13)	(1)	(34)	51	56	(35)	73
Cash at beginning of period	330	243	308	295	294	260	311	330	294
Cash at end of period	<u>\$ 243</u>	<u>\$ 308</u>	<u>\$ 295</u>	<u>\$ 294</u>	<u>\$ 260</u>	<u>\$ 311</u>	<u>\$ 367</u>	<u>\$ 295</u>	<u>\$ 367</u>
Income taxes paid	\$ 27	\$ 468	\$ 229	\$ 333	\$ 93	\$ 634	\$ 58	\$ 724	\$ 785
Interest paid	\$ 35	\$ 149	\$ 22	\$ 149	\$ 34	\$ 149	\$ 34	\$ 206	\$ 217

## Glossary of Financial Measures and Description of Reportable Business Segments

The following measures are used by the Company's management to evaluate financial performance against historical results and establish targets on a consolidated basis. In some cases, these measures are considered non-GAAP financial measures under applicable SEC rules because they are not displayed as separate line items in the consolidated financial statements or are not required to be disclosed in the notes to financial statements or, in some cases, include or exclude certain items not ordinarily included or excluded in the most comparable GAAP financial measure.

In the opinion of the Company's management, a discussion of these measures provides investors, financial analysts, rating agencies and other financial statement users with a better understanding of the significant factors that comprise the Company's periodic results of operations and how management evaluates the Company's financial performance. Internally, the Company's management uses these measures to evaluate performance against historical results and establish financial targets on a consolidated basis.

Some of these measures exclude net realized investment gains (losses), net of tax, and/or net unrealized investment gains (losses), net of tax, which can be significantly impacted by both discretionary and other economic factors and are not necessarily indicative of operating trends.

Other companies may calculate these measures differently, and, therefore, their measures may not be comparable to those used by the Company's management.

**Operating income (loss)** is net income (loss) excluding the after-tax impact of net realized investment gains (losses). Management uses operating income (loss) to analyze each segment's performance and as a tool in making business decisions. Financial statement users also consider operating income when analyzing the results and trends of insurance companies. **Operating earnings (loss) per share** is operating income (loss) on a per common share basis.

**Average shareholders' equity** is (a) the sum of total shareholders' equity at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two. **Adjusted shareholders' equity** is shareholders' equity excluding net unrealized investment gains (losses), net of tax and net realized investment gains (losses), net of tax, for the period presented. **Adjusted average shareholders' equity** is average shareholders' equity excluding net unrealized investment gains (losses), net of tax, for all quarters included in the calculation and, for each quarterly period included in the calculation that quarter's net realized investment gains (losses), net of tax.

**Return on equity** is the ratio of annualized net income (loss) to average shareholders' equity for the periods presented. **Operating return on equity** is the ratio of annualized operating income (loss) to adjusted average shareholders' equity for the periods presented. In the opinion of the Company's management, these are important indicators of how well management creates value for its shareholders through its operating activities and its capital management.

**Underwriting gain (loss)** is net earned premiums and fee income less claims and claim adjustment expenses and insurance-related expenses. In the opinion of the Company's management, it is important to measure the profitability of each segment excluding the results of investing activities, which are managed separately from the insurance business. This measure is used to assess each segment's business performance and as a tool in making business decisions.

A **catastrophe** is a severe loss, resulting from natural and man-made events, including risks such as fire, earthquake, windstorm, explosion, terrorism and other similar events. Each catastrophe has unique characteristics, and catastrophes are not predictable as to timing or amount. Their effects are included in net and operating income and claims and claim adjustment expense reserves upon occurrence. A catastrophe may result in the payment of reinsurance reinstatement premiums and assessments from various pools. In the opinion of the Company's management, a discussion of the impact of catastrophes is meaningful to users of the financial statements to understand the Company's periodic earnings and the variability in periodic earnings caused by the unpredictable nature of catastrophes.

**Net favorable (unfavorable) prior year loss reserve development** is the increase or decrease in incurred claims and claim adjustment expenses as a result of the re-estimation of claims and claim adjustment expense reserves at successive valuation dates for a given group of claims, which may be related to one or more prior years. In the opinion of the Company's management, a discussion of loss reserve development is meaningful to users of the financial statements as it allows them to assess the impact between prior and current year development on incurred claims and claim adjustment expenses, net and operating income (loss), and changes in claims and claim adjustment expense reserve levels from period to period.

**Combined ratio** For Statutory Accounting Practices (SAP), the combined ratio is the sum of the SAP loss and LAE ratio and the SAP underwriting expense ratio as defined in the statutory financial statements required by insurance regulators. The combined ratio, as used in this financial supplement, is the equivalent of, and is calculated in the same manner as, the SAP combined ratio except that the SAP underwriting expense ratio is based on net *written* premium and the underwriting expense ratio as used in this financial supplement is based on net *earned* premiums. For SAP, the loss and LAE ratio is the ratio of incurred losses and loss adjustment expenses less certain administrative services fee income to net earned premiums as defined in the statutory financial statements required by insurance regulators. The loss and LAE ratio as used in this financial supplement is calculated in the same manner as the SAP ratio. For SAP, the underwriting expense ratio is the ratio of underwriting expenses incurred (including commissions paid), less certain administrative services fee income and billing and policy fees, to net *written* premiums as defined in the statutory financial statements required by insurance regulators. The underwriting expense ratio as used in this financial supplement, is the ratio of underwriting expenses (including the amortization of deferred acquisition costs), less certain administrative services fee income and billing and policy fees, to net *earned* premiums.

The combined ratio, loss and LAE ratio, and underwriting expense ratio are used as indicators of the Company's underwriting discipline, efficiency in acquiring and servicing its business and overall underwriting profitability. A combined ratio under 100% generally indicates an underwriting profit. A combined ratio over 100% generally indicates an underwriting loss.

Other companies' method of computing similarly titled measures may not be comparable to the Company's method of computing these ratios.

**Combined ratio excluding the incremental impact of the direct to consumer initiative** is the combined ratio adjusted to exclude the direct, variable impact of the Company's direct-to-consumer initiative in Personal Insurance. In the opinion of the Company's management, this is useful in an analysis of the profitability of the Company's ongoing agency business.

**Gross written premiums** reflect the direct and assumed contractually determined amounts charged to policyholders for the effective period of the contract based on the terms and conditions of the insurance contract. **Net written premiums** reflect gross written premiums less premiums ceded to reinsurers.

**Book value per share** is total common shareholders' equity divided by the number of common shares outstanding. **Adjusted book value per share** is total common shareholders' equity excluding the after-tax impact of net unrealized investment gains and losses, divided by the number of common shares outstanding. In the opinion of the Company's management, adjusted book value per share is useful in an analysis of a property casualty company's book value per share as it removes the effect of changing prices on invested assets, (i.e., net unrealized investment gains (losses), net of tax) which do not have an equivalent impact on unpaid claims and claim adjustment expense reserves.

**Total capital** is the sum of total shareholders' equity and debt. **Debt-to-capital ratio excluding net unrealized gain (loss) on investments** is the ratio of debt to total capital excluding the after-tax impact of net unrealized investment gains and losses. In the opinion of the Company's management, the debt to capital ratio is useful in an analysis of the Company's financial leverage.

**Statutory basis surplus** represents the excess of an insurance company's assets over its liabilities in accordance with statutory accounting practices.

**Travelers has organized its businesses into the following reportable business segments, effective July 1, 2014:**

**Business and International Insurance** - The Business and International Insurance segment offers a broad array of property and casualty insurance and insurance related services to its clients, primarily in the United States, as well as in Canada, the United Kingdom, the Republic of Ireland and throughout other parts of the world as a corporate member of Lloyd's. Business and International Insurance is organized as follows: Select Accounts; Middle Market including Commercial Accounts, Construction, Technology, Public Sector Services, Oil & Gas, Excess Casualty and Global Partner Services; National Accounts; First Party including National Property, Inland Marine and Boiler & Machinery; Specialized Distribution including Northland, National Programs, and Agribusiness; and International. In addition, the Company owns 49.5% of the common stock of J. Malucelli Participações em Seguros e Resseguros S.A., its joint venture in Brazil. Business and International Insurance also includes the Special Liability Group (which manages the Company's asbestos and environmental liabilities) and the assumed reinsurance and certain other runoff operations, which are collectively referred to as Business and International Insurance Other.

**Bond & Specialty Insurance** - The Bond & Specialty Insurance segment provides a wide range of customers with bond and insurance products and risk management services. The range of coverages includes performance, payment and commercial surety and fidelity bonds for construction and general commercial enterprises; management liability coverages for losses caused by the actual or alleged negligence or misconduct of directors and officers or employee dishonesty; employment practices liability coverages and fiduciary coverages for public corporations, private companies and not-for-profit organizations; professional liability coverage for actual or alleged errors and omissions committed in the course of professional conduct or practice for a variety of professionals including, among others, lawyers and design professionals; and professional and management liability, property, workers' compensation, auto and general liability and fidelity insurance for financial institutions. The surety and financial liability coverages provided by Bond & Specialty Insurance primarily use credit-based underwriting processes.

**Personal Insurance** - The Personal Insurance segment writes a broad range of property and casualty insurance covering individuals' personal risks. The primary products of automobile and homeowners insurance are complemented by a broad suite of related coverages.