

**The Travelers Companies, Inc.**  
**Financial Supplement - Second Quarter 2017**



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<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 - Second Quarter 2017

### Business Realignment



Effective April 1, 2017, the Company's results are reported in the following three business segments – Business Insurance, Bond & Specialty Insurance and Personal Insurance, reflecting a change in the manner in which the Company's businesses are managed as of that date, as well as 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. While the segmentation of the Company's domestic businesses is unchanged, the Company's international businesses, which were previously managed and reported in total within the Business and International Insurance segment, are now disaggregated by product type among the three newly aligned reportable business segments. All prior periods presented have been reclassified to conform to this presentation.

In connection with these changes, the Company has revised the names and descriptions of certain businesses comprising the Company's segments. The new reportable business segments are as follows:

#### Business Insurance

Business Insurance offers a broad array of property and casualty insurance and insurance related services to its customers, primarily in the United States, as well as in Canada, the United Kingdom, the Republic of Ireland, Brazil and throughout other parts of the world as a corporate member of Lloyd's. Business 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*, and additionally, provides mono-line umbrella and excess coverage insurance through *Excess Casualty*. Middle Market also provides 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*.
- *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.
- *National Property and Other* provides traditional and customized property insurance programs to large and mid-sized customers through *National Property*. National Property and Other also provides insurance coverage for the commercial transportation industry through *Northland Transportation*, 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 *Northfield*, and tailored property and casualty programs on an admitted basis for customers with common risk characteristics or coverage requirements through *National Programs*. National Property and Other also serves small to medium-sized agricultural businesses, including farms, ranches, wineries and related operations, through *Agribusiness*.

##### International

- *International*, through its operations in Canada, the United Kingdom and the Republic of Ireland, provides property and casualty insurance and risk management services to several customer groups, including, among others, those in the technology, manufacturing and public services industry sectors. International also provides insurance coverages for both the foreign exposures of United States organizations and the United States exposures of foreign organizations through *Global Services*. Through its Lloyd's syndicate (Syndicate 5000), for which the Company provides 100% of the capital, International underwrites five principal businesses — marine, global property, accident & special risks, power & utilities and aviation. Through its 100% ownership of the common stock of Travelers Participações em Seguros Brazil S.A., International also underwrites property and casualty insurance business in Brazil.

Business 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 Insurance Other.

**The Travelers Companies, Inc.**  
**Financial Supplement - Second Quarter 2017**  
**Business Realignment (Continued)**



**Bond & Specialty Insurance**

Bond & Specialty Insurance provides surety, fidelity, management liability, professional liability, and other property and casualty coverages and related risk management services to its customers in the United States, and certain specialty insurance products in Canada, the United Kingdom, the Republic of Ireland and Brazil, utilizing various degrees of financially-based underwriting approaches. The range of coverages includes performance, payment and commercial surety and fidelity bonds for construction and general commercial enterprises; management liability coverages including directors' and officers' liability, employee dishonesty, employment practices liability, fiduciary liability and cyber risk for public corporations, private companies, not-for-profit organizations and financial institutions; professional liability coverage for a variety of professionals including, among others, lawyers and design professionals; and in the United States only, property, workers' compensation, auto and general liability for financial institutions.

Bond & Specialty Insurance surety business in Brazil and Colombia is conducted through J. Malucelli Participações em Seguros e Resseguros S.A. (JMalucelli) and J. Malucelli Latam S.A. in Brazil. The Company owns 49.5% of both JMalucelli, a market leader in surety coverages in Brazil, and J. Malucelli Latam S.A., which in September 2015 acquired a majority interest in JMalucelli Travelers Seguros S.A., a Colombian start-up surety provider. These joint venture investments are accounted for using the equity method and are included in "other investments" on the consolidated balance sheet.

**Personal Insurance**

Personal Insurance writes a broad range of property and casualty insurance covering individuals' personal risks, primarily in the United States, as well as in Canada. 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 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
Net income	\$ 691	\$ 664	\$ 716	\$ 943	\$ 617	\$ 595	\$ 1,355	\$ 1,212
Net income per share:								
Basic	\$ 2.33	\$ 2.27	\$ 2.48	\$ 3.32	\$ 2.19	\$ 2.13	\$ 4.60	\$ 4.32
Diluted	\$ 2.30	\$ 2.24	\$ 2.45	\$ 3.28	\$ 2.17	\$ 2.11	\$ 4.55	\$ 4.28
Core income	\$ 698	\$ 649	\$ 701	\$ 919	\$ 614	\$ 543	\$ 1,347	\$ 1,157
Core income per share:								
Basic	\$ 2.35	\$ 2.22	\$ 2.43	\$ 3.23	\$ 2.18	\$ 1.94	\$ 4.58	\$ 4.12
Diluted	\$ 2.33	\$ 2.20	\$ 2.40	\$ 3.20	\$ 2.16	\$ 1.92	\$ 4.52	\$ 4.08
Return on equity	11.6%	10.9%	11.6%	15.8%	10.5%	10.0%	11.2%	10.3%
Core return on equity	12.5%	11.6%	12.5%	16.4%	10.8%	9.5%	12.0%	10.2%
Total assets, at period end	\$ 101,680	\$ 102,446	\$ 102,787	\$ 100,245	\$ 101,246	\$ 102,669	\$ 102,446	\$ 102,669
Total equity, at period end	\$ 24,166	\$ 24,714	\$ 24,439	\$ 23,221	\$ 23,612	\$ 23,858	\$ 24,714	\$ 23,858
Book value per share, at period end	\$ 82.65	\$ 85.73	\$ 86.04	\$ 83.05	\$ 84.51	\$ 86.46	\$ 85.73	\$ 86.46
Less: Net unrealized investment gains, net of tax	6.02	8.12	7.22	2.61	2.95	3.75	8.12	3.75
Adjusted book value per share, at period end	<u>\$ 76.63</u>	<u>\$ 77.61</u>	<u>\$ 78.82</u>	<u>\$ 80.44</u>	<u>\$ 81.56</u>	<u>\$ 82.71</u>	<u>\$ 77.61</u>	<u>\$ 82.71</u>
Weighted average number of common shares outstanding (basic)	294.2	290.1	286.0	282.1	279.7	277.5	292.1	278.6
Weighted average number of common shares outstanding and common stock equivalents (diluted)	297.9	293.6	289.8	285.1	282.4	280.0	295.6	281.2
Common shares outstanding at period end	292.4	288.3	284.1	279.6	279.4	275.9	288.3	275.9
Common stock dividends declared	\$ 181	\$ 197	\$ 193	\$ 191	\$ 190	\$ 201	\$ 378	\$ 391
Common stock repurchased:								
Under Board of Directors authorization								
Shares	5.1	4.9	4.7	6.6	1.9	3.8	10.0	5.7
Cost	\$ 550	\$ 550	\$ 550	\$ 750	\$ 225	\$ 475	\$ 1,100	\$ 700
Other								
Shares	0.5	-	0.1	-	0.5	-	0.5	0.5
Cost	\$ 59	\$ -	\$ 12	\$ 1	\$ 61	\$ -	\$ 59	\$ 61

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 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Net income</b>								
Net income	\$ 691	\$ 664	\$ 716	\$ 943	\$ 617	\$ 595	\$ 1,355	\$ 1,212
Less: Net realized investment gains (losses), after-tax	(7)	15	15	24	3	52	8	55
Core income	\$ 698	\$ 649	\$ 701	\$ 919	\$ 614	\$ 543	\$ 1,347	\$ 1,157
<b>Basic earnings per share</b>								
Net income	\$ 2.33	\$ 2.27	\$ 2.48	\$ 3.32	\$ 2.19	\$ 2.13	\$ 4.60	\$ 4.32
Less: Net realized investment gains (losses), after-tax	(0.02)	0.05	0.05	0.09	0.01	0.19	0.02	0.20
Core income	\$ 2.35	\$ 2.22	\$ 2.43	\$ 3.23	\$ 2.18	\$ 1.94	\$ 4.58	\$ 4.12
<b>Diluted earnings per share</b>								
Net income	\$ 2.30	\$ 2.24	\$ 2.45	\$ 3.28	\$ 2.17	\$ 2.11	\$ 4.55	\$ 4.28
Less: Net realized investment gains (losses), after-tax	(0.03)	0.04	0.05	0.08	0.01	0.19	0.03	0.20
Core income	\$ 2.33	\$ 2.20	\$ 2.40	\$ 3.20	\$ 2.16	\$ 1.92	\$ 4.52	\$ 4.08
<b>Adjustments to net income and weighted average shares for net income EPS calculations: (1)</b>								
	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Basic and Diluted</b>								
Net income, as reported	\$ 691	\$ 664	\$ 716	\$ 943	\$ 617	\$ 595	\$ 1,355	\$ 1,212
Participating share-based awards - allocated income	(5)	(5)	(6)	(7)	(4)	(5)	(10)	(9)
Net income available to common shareholders - basic and diluted	\$ 686	\$ 659	\$ 710	\$ 936	\$ 613	\$ 590	\$ 1,345	\$ 1,203
<b>Common Shares</b>								
<b>Basic</b>								
Weighted average shares outstanding	294.2	290.1	286.0	282.1	279.7	277.5	292.1	278.6
<b>Diluted</b>								
Weighted average shares outstanding	294.2	290.1	286.0	282.1	279.7	277.5	292.1	278.6
Weighted average effects of dilutive securities - stock options and performance shares	3.7	3.5	3.8	3.0	2.7	2.5	3.5	2.6
Diluted weighted average shares outstanding	297.9	293.6	289.8	285.1	282.4	280.0	295.6	281.2

(1) Adjustments to net income and weighted average shares for net income EPS calculations can generally be used for the core 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 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Revenues</b>								
Premiums	\$ 5,981	\$ 6,067	\$ 6,209	\$ 6,277	\$ 6,183	\$ 6,351	\$ 12,048	\$ 12,534
Net investment income	544	549	582	627	610	598	1,093	1,208
Fee income	117	119	116	106	113	116	236	229
Net realized investment gains (losses)	(9)	19	23	35	5	80	10	85
Other revenues	53	31	31	148	31	39	84	70
Total revenues	6,686	6,785	6,961	7,193	6,942	7,184	13,471	14,126
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	3,712	3,762	3,856	3,740	4,094	4,225	7,474	8,319
Amortization of deferred acquisition costs	971	989	1,012	1,013	1,003	1,032	1,960	2,035
General and administrative expenses	995	1,054	1,057	1,048	996	1,045	2,049	2,041
Interest expense	91	93	89	90	89	92	184	181
Total claims and expenses	5,769	5,898	6,014	5,891	6,182	6,394	11,667	12,576
Income before income taxes	917	887	947	1,302	760	790	1,804	1,550
Income tax expense	226	223	231	359	143	195	449	338
Net income	\$ 691	\$ 664	\$ 716	\$ 943	\$ 617	\$ 595	\$ 1,355	\$ 1,212
<b>Other-than-temporary impairments (OTTI)</b>								
Total OTTI losses	\$ (28)	\$ (4)	\$ (4)	\$ (4)	\$ (1)	\$ (5)	\$ (32)	\$ (6)
OTTI losses recognized in net realized investment gains (losses)	\$ (18)	\$ (4)	\$ (4)	\$ (3)	\$ (2)	\$ (5)	\$ (22)	\$ (7)
OTTI gains (losses) recognized in other comprehensive income	\$ (10)	\$ -	\$ -	\$ (1)	\$ 1	\$ -	\$ (10)	\$ 1
<b>Other statistics</b>								
Effective tax rate on net investment income	19.3%	19.4%	19.0%	21.3%	21.3%	21.9%	19.3%	21.6%
Net investment income (after-tax)	\$ 439	\$ 442	\$ 472	\$ 493	\$ 480	\$ 468	\$ 881	\$ 948
Catastrophes, net of reinsurance:								
Pre-tax	\$ 318	\$ 333	\$ 89	\$ 137	\$ 347	\$ 403	\$ 651	\$ 750
After-tax	\$ 207	\$ 222	\$ 58	\$ 89	\$ 226	\$ 262	\$ 429	\$ 488
Prior year reserve development - favorable (unfavorable)								
Pre-tax	\$ 180	\$ 288	\$ 39	\$ 264	\$ 81	\$ 203	\$ 468	\$ 284
After-tax	\$ 119	\$ 192	\$ 27	\$ 172	\$ 44	\$ 132	\$ 311	\$ 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.**  
**Net Income by Major Component and Combined Ratio - Consolidated**

(\$ in millions, net of tax)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
Underwriting gain	\$ 289	\$ 248	\$ 269	\$ 393	\$ 175	\$ 112	\$ 537	\$ 287
Net investment income	439	442	472	493	480	468	881	948
Other income (expense), including interest expense	(30)	(41)	(40)	33	(41)	(37)	(71)	(78)
Core income	698	649	701	919	614	543	1,347	1,157
Net realized investment gains (losses)	(7)	15	15	24	3	52	8	55
<b>Net income</b>	<b>\$ 691</b>	<b>\$ 664</b>	<b>\$ 716</b>	<b>\$ 943</b>	<b>\$ 617</b>	<b>\$ 595</b>	<b>\$ 1,355</b>	<b>\$ 1,212</b>
<b>Combined ratio (1) (2)</b>								
Loss and loss adjustment expense ratio	61.1%	61.1%	61.2%	58.8%	65.3%	65.6%	61.1%	65.5%
Underwriting expense ratio	31.2%	32.0%	31.7%	31.2%	30.7%	31.1%	31.6%	30.9%
Combined ratio	<u>92.3%</u>	<u>93.1%</u>	<u>92.9%</u>	<u>90.0%</u>	<u>96.0%</u>	<u>96.7%</u>	<u>92.7%</u>	<u>96.4%</u>
Impact on combined ratio:								
Net favorable prior year reserve development	-3.0%	-4.7%	-0.6%	-4.2%	-1.3%	-3.2%	-3.9%	-2.3%
Catastrophes, net of reinsurance	5.3%	5.5%	1.4%	2.2%	5.6%	6.4%	5.4%	6.0%
Underlying combined ratio	<u>90.0%</u>	<u>92.3%</u>	<u>92.1%</u>	<u>92.0%</u>	<u>91.7%</u>	<u>93.5%</u>	<u>91.2%</u>	<u>92.7%</u>

(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 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
Billing and policy fees and other	\$ 22	\$ 22	\$ 23	\$ 22	\$ 23	\$ 22	\$ 44	\$ 45
Fee income:								
Loss and loss adjustment expenses	\$ 44	\$ 45	\$ 44	\$ 35	\$ 42	\$ 42	\$ 89	\$ 84
Underwriting expenses	73	74	72	71	71	74	147	145
Total fee income	<u>\$ 117</u>	<u>\$ 119</u>	<u>\$ 116</u>	<u>\$ 106</u>	<u>\$ 113</u>	<u>\$ 116</u>	<u>\$ 236</u>	<u>\$ 229</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.**  
**Core Income - Consolidated**

(\$ in millions)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Revenues</b>								
Premiums	\$ 5,981	\$ 6,067	\$ 6,209	\$ 6,277	\$ 6,183	\$ 6,351	\$ 12,048	\$ 12,534
Net investment income	544	549	582	627	610	598	1,093	1,208
Fee income	117	119	116	106	113	116	236	229
Other revenues	53	31	31	148	31	39	84	70
Total revenues	6,695	6,766	6,938	7,158	6,937	7,104	13,461	14,041
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	3,712	3,762	3,856	3,740	4,094	4,225	7,474	8,319
Amortization of deferred acquisition costs	971	989	1,012	1,013	1,003	1,032	1,960	2,035
General and administrative expenses	995	1,054	1,057	1,048	996	1,045	2,049	2,041
Interest expense	91	93	89	90	89	92	184	181
Total claims and expenses	5,769	5,898	6,014	5,891	6,182	6,394	11,667	12,576
Core income before income taxes	926	868	924	1,267	755	710	1,794	1,465
Income tax expense	228	219	223	348	141	167	447	308
Core income	\$ 698	\$ 649	\$ 701	\$ 919	\$ 614	\$ 543	\$ 1,347	\$ 1,157
<b>Other statistics</b>								
Effective tax rate on net investment income	19.3%	19.4%	19.0%	21.3%	21.3%	21.9%	19.3%	21.6%
Net investment income (after-tax)	\$ 439	\$ 442	\$ 472	\$ 493	\$ 480	\$ 468	\$ 881	\$ 948
Catastrophes, net of reinsurance:								
Pre-tax	\$ 318	\$ 333	\$ 89	\$ 137	\$ 347	\$ 403	\$ 651	\$ 750
After-tax	\$ 207	\$ 222	\$ 58	\$ 89	\$ 226	\$ 262	\$ 429	\$ 488
Prior year reserve development - favorable (unfavorable)								
Pre-tax	\$ 180	\$ 288	\$ 39	\$ 264	\$ 81	\$ 203	\$ 468	\$ 284
After-tax	\$ 119	\$ 192	\$ 27	\$ 172	\$ 44	\$ 132	\$ 311	\$ 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.**  
**Selected Statistics - Property and Casualty Operations**

(\$ in millions)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Statutory underwriting</b>								
Gross written premiums	\$ 6,712	\$ 6,688	\$ 6,798	\$ 6,297	\$ 7,018	\$ 6,927	\$ 13,400	\$ 13,945
Net written premiums	\$ 6,166	\$ 6,345	\$ 6,389	\$ 6,058	\$ 6,495	\$ 6,640	\$ 12,511	\$ 13,135
Net earned premiums	\$ 5,981	\$ 6,067	\$ 6,209	\$ 6,277	\$ 6,183	\$ 6,351	\$ 12,048	\$ 12,534
Losses and loss adjustment expenses	3,663	3,709	3,803	3,685	4,043	4,169	7,372	8,212
Underwriting expenses	1,932	2,009	2,001	1,926	1,975	2,049	3,941	4,024
Statutory underwriting gain	386	349	405	666	165	133	735	298
Policyholder dividends	10	11	11	16	11	15	21	26
Statutory underwriting gain after policyholder dividends	\$ 376	\$ 338	\$ 394	\$ 650	\$ 154	\$ 118	\$ 714	\$ 272
<b>Other statutory statistics</b>								
Reserves for losses and loss adjustment expenses	\$ 40,224	\$ 39,797	\$ 39,956	\$ 39,904	\$ 40,313	\$ 40,630	\$ 39,797	\$ 40,630
Increase (decrease) in reserves	\$ 442	\$ (427)	\$ 159	\$ (52)	\$ 409	\$ 317	\$ 15	\$ 726
Statutory capital and surplus	\$ 20,569	\$ 20,634	\$ 20,609	\$ 20,759	\$ 20,617	\$ 20,607	\$ 20,634	\$ 20,607
Net written premiums/surplus (1)	1.19:1	1.19:1	1.20:1	1.20:1	1.23:1	1.24:1	1.19:1	1.24:1

(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 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Written premiums</b>								
Gross	\$ 6,712	\$ 6,688	\$ 6,798	\$ 6,297	\$ 7,018	\$ 6,927	\$ 13,400	\$ 13,945
Ceded	(546)	(343)	(409)	(239)	(523)	(287)	(889)	(810)
Net	<u>\$ 6,166</u>	<u>\$ 6,345</u>	<u>\$ 6,389</u>	<u>\$ 6,058</u>	<u>\$ 6,495</u>	<u>\$ 6,640</u>	<u>\$ 12,511</u>	<u>\$ 13,135</u>
<b>Earned premiums</b>								
Gross	\$ 6,381	\$ 6,487	\$ 6,604	\$ 6,665	\$ 6,550	\$ 6,720	\$ 12,868	\$ 13,270
Ceded	(400)	(420)	(395)	(388)	(367)	(369)	(820)	(736)
Net	<u>\$ 5,981</u>	<u>\$ 6,067</u>	<u>\$ 6,209</u>	<u>\$ 6,277</u>	<u>\$ 6,183</u>	<u>\$ 6,351</u>	<u>\$ 12,048</u>	<u>\$ 12,534</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.**  
**Segment Income - Business Insurance**

(\$ in millions)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Revenues</b>								
Premiums	\$ 3,414	\$ 3,439	\$ 3,497	\$ 3,505	\$ 3,429	\$ 3,504	\$ 6,853	\$ 6,933
Net investment income	399	404	431	467	453	447	803	900
Fee income	114	115	111	102	109	112	229	221
Other revenues	30	8	7	123	9	15	38	24
Total revenues	3,957	3,966	4,046	4,197	4,000	4,078	7,923	8,078
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	2,213	2,244	2,274	2,022	2,265	2,306	4,457	4,571
Amortization of deferred acquisition costs	546	553	563	559	554	567	1,099	1,121
General and administrative expenses	615	649	650	640	610	636	1,264	1,246
Total claims and expenses	3,374	3,446	3,487	3,221	3,429	3,509	6,820	6,938
Segment income before income taxes	583	520	559	976	571	569	1,103	1,140
Income tax expense	136	119	126	275	129	140	255	269
Segment income	\$ 447	\$ 401	\$ 433	\$ 701	\$ 442	\$ 429	\$ 848	\$ 871
<b>Other statistics</b>								
Effective tax rate on net investment income	19.5%	19.5%	19.9%	21.9%	22.0%	22.2%	19.5%	22.1%
Net investment income (after-tax)	\$ 321	\$ 325	\$ 346	\$ 364	\$ 353	\$ 348	\$ 646	\$ 701
Catastrophes, net of reinsurance:								
Pre-tax	\$ 148	\$ 167	\$ 74	\$ 74	\$ 132	\$ 184	\$ 315	\$ 316
After-tax	\$ 97	\$ 110	\$ 49	\$ 47	\$ 86	\$ 120	\$ 207	\$ 206
Prior year reserve development - favorable (unfavorable)								
Pre-tax (1)	\$ 74	\$ 125	\$ 4	\$ 221	\$ 61	\$ 125	\$ 199	\$ 186
After-tax (1)	\$ 49	\$ 84	\$ 2	\$ 144	\$ 30	\$ 81	\$ 133	\$ 111

(1) The first quarter of 2017 includes the unfavorable impact of \$62 million pre-tax (\$51 million after-tax) in the Company's international operations in Europe due to the UK Ministry of Justice's recent "Ogden" discount rate adjustment applied to lump sum bodily injury payouts.

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.

## Segment Income by Major Component and Combined Ratio - Business Insurance

(\$ in millions, net of tax)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
Underwriting gain	\$ 107	\$ 69	\$ 82	\$ 257	\$ 83	\$ 69	\$ 176	\$ 152
Net investment income	321	325	346	364	353	348	646	701
Other income	19	7	5	80	6	12	26	18
<b>Segment income</b>	<b>\$ 447</b>	<b>\$ 401</b>	<b>\$ 433</b>	<b>\$ 701</b>	<b>\$ 442</b>	<b>\$ 429</b>	<b>\$ 848</b>	<b>\$ 871</b>
<b>Combined ratio (1) (2)</b>								
Loss and loss adjustment expense ratio	63.3%	63.7%	63.5%	56.4%	64.5%	64.3%	63.5%	64.4%
Underwriting expense ratio	31.8%	32.8%	32.6%	32.2%	31.9%	32.2%	32.3%	32.1%
Combined ratio	95.1%	96.5%	96.1%	88.6%	96.4%	96.5%	95.8%	96.5%
Impact on combined ratio:								
Net favorable prior year reserve development	-2.2%	-3.6%	-0.1%	-6.3%	-1.8%	-3.6%	-2.9%	-2.7%
Catastrophes, net of reinsurance	4.3%	4.8%	2.1%	2.1%	3.8%	5.3%	4.6%	4.6%
Underlying combined ratio	93.0%	95.3%	94.1%	92.8%	94.4%	94.8%	94.1%	94.6%

(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 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
Billing and policy fees and other	\$ 4	\$ 4	\$ 5	\$ 4	\$ 4	\$ 4	\$ 8	\$ 8
Fee income:								
Loss and loss adjustment expenses	\$ 44	\$ 45	\$ 44	\$ 35	\$ 42	\$ 42	\$ 89	\$ 84
Underwriting expenses	70	70	67	67	67	70	140	137
Total fee income	\$ 114	\$ 115	\$ 111	\$ 102	\$ 109	\$ 112	\$ 229	\$ 221

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 Insurance**

(\$ in millions)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Statutory underwriting</b>								
Gross written premiums	\$ 4,199	\$ 3,780	\$ 3,752	\$ 3,501	\$ 4,271	\$ 3,794	\$ 7,979	\$ 8,065
Net written premiums	\$ 3,760	\$ 3,472	\$ 3,388	\$ 3,280	\$ 3,855	\$ 3,544	\$ 7,232	\$ 7,399
Net earned premiums	\$ 3,414	\$ 3,439	\$ 3,497	\$ 3,505	\$ 3,429	\$ 3,504	\$ 6,853	\$ 6,933
Losses and loss adjustment expenses	2,166	2,193	2,223	1,975	2,215	2,254	4,359	4,469
Underwriting expenses	1,160	1,145	1,118	1,089	1,169	1,153	2,305	2,322
Statutory underwriting gain	88	101	156	441	45	97	189	142
Policyholder dividends	8	9	9	9	9	12	17	21
Statutory underwriting gain after policyholder dividends	<u>\$ 80</u>	<u>\$ 92</u>	<u>\$ 147</u>	<u>\$ 432</u>	<u>\$ 36</u>	<u>\$ 85</u>	<u>\$ 172</u>	<u>\$ 121</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.**  
**Net Written Premiums - Business Insurance**

(\$ in millions)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Net written premiums by market</b>								
Domestic								
Select Accounts	\$ 724	\$ 709	\$ 657	\$ 639	\$ 755	\$ 720	\$ 1,433	\$ 1,475
Middle Market	2,063	1,741	1,824	1,751	2,177	1,820	3,804	3,997
National Accounts	320	234	245	259	288	219	554	507
National Property and Other	410	521	454	394	386	496	931	882
Total Domestic	3,517	3,205	3,180	3,043	3,606	3,255	6,722	6,861
International	243	267	208	237	249	289	510	538
Total	\$ 3,760	\$ 3,472	\$ 3,388	\$ 3,280	\$ 3,855	\$ 3,544	\$ 7,232	\$ 7,399
<b>Net written premiums by product line</b>								
Domestic								
Workers' compensation	\$ 1,198	\$ 916	\$ 939	\$ 892	\$ 1,207	\$ 925	\$ 2,114	\$ 2,132
Commercial automobile	544	517	502	474	581	543	1,061	1,124
Commercial property	406	520	437	424	402	506	926	908
General liability	537	471	506	473	558	491	1,008	1,049
Commercial multi-peril	829	777	777	774	855	788	1,606	1,643
Other	3	4	19	6	3	2	7	5
Total Domestic	3,517	3,205	3,180	3,043	3,606	3,255	6,722	6,861
International	243	267	208	237	249	289	510	538
Total	\$ 3,760	\$ 3,472	\$ 3,388	\$ 3,280	\$ 3,855	\$ 3,544	\$ 7,232	\$ 7,399
<b>National Accounts</b>								
Additions to claim volume under administration (1)	\$ 797	\$ 545	\$ 553	\$ 661	\$ 734	\$ 529	\$ 1,342	\$ 1,263
Written fees	\$ 115	\$ 91	\$ 87	\$ 84	\$ 104	\$ 85	\$ 206	\$ 189

(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.**  
**Segment Income - Bond & Specialty Insurance**

(\$ in millions)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Revenues</b>								
Premiums	\$ 552	\$ 559	\$ 573	\$ 576	\$ 555	\$ 575	\$ 1,111	\$ 1,130
Net investment income	60	58	59	62	61	56	118	117
Other revenues	4	5	5	7	5	6	9	11
Total revenues	616	622	637	645	621	637	1,238	1,258
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	179	93	186	175	227	174	272	401
Amortization of deferred acquisition costs	102	104	109	106	103	108	206	211
General and administrative expenses	107	109	112	117	113	116	216	229
Total claims and expenses	388	306	407	398	443	398	694	841
Segment income before income taxes	228	316	230	247	178	239	544	417
Income tax expense	68	101	65	75	33	76	169	109
Segment income	\$ 160	\$ 215	\$ 165	\$ 172	\$ 145	\$ 163	\$ 375	\$ 308
<b>Other statistics</b>								
Effective tax rate on net investment income	16.9%	17.3%	9.8%	15.2%	14.6%	17.6%	17.1%	16.0%
Net investment income (after-tax)	\$ 50	\$ 48	\$ 53	\$ 53	\$ 52	\$ 46	\$ 98	\$ 98
Catastrophes, net of reinsurance:								
Pre-tax	\$ 1	\$ 3	\$ 1	\$ 1	\$ 1	\$ 1	\$ 4	\$ 2
After-tax	\$ -	\$ 2	\$ 1	\$ 1	\$ -	\$ 1	\$ 2	\$ 1
Prior year reserve development - favorable (unfavorable)								
Pre-tax	\$ 66	\$ 159	\$ 46	\$ 79	\$ 14	\$ 78	\$ 225	\$ 92
After-tax	\$ 43	\$ 105	\$ 31	\$ 51	\$ 10	\$ 51	\$ 148	\$ 61

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.**

**Segment Income by Major Component and Combined Ratio - Bond & Specialty Insurance**

(\$ in millions, net of tax)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
Underwriting gain	\$ 108	\$ 163	\$ 108	\$ 115	\$ 89	\$ 114	\$ 271	\$ 203
Net investment income	50	48	53	53	52	46	98	98
Other income	2	4	4	4	4	3	6	7
<b>Segment income</b>	<b>\$ 160</b>	<b>\$ 215</b>	<b>\$ 165</b>	<b>\$ 172</b>	<b>\$ 145</b>	<b>\$ 163</b>	<b>\$ 375</b>	<b>\$ 308</b>
<b>Combined ratio</b>								
Loss and loss adjustment expense ratio	32.1%	16.2%	32.0%	29.1%	40.6%	29.7%	24.1%	35.1%
Underwriting expense ratio	37.7%	38.3%	38.6%	38.7%	38.8%	39.0%	38.0%	38.9%
Combined ratio	69.8%	54.5%	70.6%	67.8%	79.4%	68.7%	62.1%	74.0%
Impact on combined ratio:								
Net favorable prior year reserve development	-12.0%	-28.4%	-8.1%	-13.7%	-2.6%	-13.5%	-20.2%	-8.2%
Catastrophes, net of reinsurance	0.1%	0.5%	0.2%	0.2%	0.1%	0.2%	0.3%	0.2%
Underlying combined ratio	81.7%	82.4%	78.5%	81.3%	81.9%	82.0%	82.0%	82.0%

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)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Statutory underwriting</b>								
Gross written premiums	\$ 577	\$ 589	\$ 618	\$ 588	\$ 601	\$ 620	\$ 1,166	\$ 1,221
Net written premiums	\$ 522	\$ 570	\$ 600	\$ 579	\$ 544	\$ 598	\$ 1,092	\$ 1,142
Net earned premiums	\$ 552	\$ 559	\$ 573	\$ 576	\$ 555	\$ 575	\$ 1,111	\$ 1,130
Losses and loss adjustment expenses	177	91	184	167	226	170	268	396
Underwriting expenses	212	218	225	217	219	228	430	447
Statutory underwriting gain	163	250	164	192	110	177	413	287
Policyholder dividends	2	2	2	7	2	3	4	5
Statutory underwriting gain after policyholder dividends	\$ 161	\$ 248	\$ 162	\$ 185	\$ 108	\$ 174	\$ 409	\$ 282

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)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Net written premiums by market</b>								
Domestic								
Management Liability	\$ 325	\$ 331	\$ 354	\$ 332	\$ 330	\$ 341	\$ 656	\$ 671
Surety	167	205	212	173	174	211	372	385
Total Domestic	492	536	566	505	504	552	1,028	1,056
International	30	34	34	74	40	46	64	86
Total	<u>\$ 522</u>	<u>\$ 570</u>	<u>\$ 600</u>	<u>\$ 579</u>	<u>\$ 544</u>	<u>\$ 598</u>	<u>\$ 1,092</u>	<u>\$ 1,142</u>
<b>Net written premiums by product line</b>								
Domestic								
Fidelity & surety	\$ 219	\$ 255	\$ 266	\$ 221	\$ 225	\$ 260	\$ 474	\$ 485
General liability	227	240	246	241	234	249	467	483
Other	46	41	54	43	45	43	87	88
Total Domestic	492	536	566	505	504	552	1,028	1,056
International	30	34	34	74	40	46	64	86
Total	<u>\$ 522</u>	<u>\$ 570</u>	<u>\$ 600</u>	<u>\$ 579</u>	<u>\$ 544</u>	<u>\$ 598</u>	<u>\$ 1,092</u>	<u>\$ 1,142</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.**  
**Segment Income - Personal Insurance**

(\$ in millions)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Revenues</b>								
Premiums	\$ 2,015	\$ 2,069	\$ 2,139	\$ 2,196	\$ 2,199	\$ 2,272	\$ 4,084	\$ 4,471
Net investment income	85	87	92	98	96	95	172	191
Fee income	3	4	5	4	4	4	7	8
Other revenues	16	15	16	16	16	15	31	31
Total revenues	2,119	2,175	2,252	2,314	2,315	2,386	4,294	4,701
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	1,320	1,425	1,396	1,543	1,602	1,745	2,745	3,347
Amortization of deferred acquisition costs	323	332	340	348	346	357	655	703
General and administrative expenses	265	289	287	283	265	285	554	550
Total claims and expenses	1,908	2,046	2,023	2,174	2,213	2,387	3,954	4,600
Segment income (loss) before income taxes	211	129	229	140	102	(1)	340	101
Income tax expense (benefit)	59	34	66	33	13	(13)	93	-
Segment income	\$ 152	\$ 95	\$ 163	\$ 107	\$ 89	\$ 12	\$ 247	\$ 101
<b>Other statistics</b>								
Effective tax rate on net investment income	20.2%	20.3%	21.0%	22.2%	22.3%	22.5%	20.2%	22.4%
Net investment income (after-tax)	\$ 68	\$ 69	\$ 73	\$ 76	\$ 75	\$ 74	\$ 137	\$ 149
Catastrophes, net of reinsurance:								
Pre-tax	\$ 169	\$ 163	\$ 14	\$ 62	\$ 214	\$ 218	\$ 332	\$ 432
After-tax	\$ 110	\$ 110	\$ 8	\$ 41	\$ 140	\$ 141	\$ 220	\$ 281
Prior year reserve development - favorable (unfavorable)								
Pre-tax	\$ 40	\$ 4	\$ (11)	\$ (36)	\$ 6	\$ -	\$ 44	\$ 6
After-tax	\$ 27	\$ 3	\$ (6)	\$ (23)	\$ 4	\$ -	\$ 30	\$ 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.**  
**Segment Income by Major Component and Combined Ratio - Personal Insurance**

(\$ in millions, net of tax)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
Underwriting gain (loss)	\$ 74	\$ 16	\$ 79	\$ 21	\$ 3	\$ (71)	\$ 90	\$ (68)
Net investment income	68	69	73	76	75	74	137	149
Other income	10	10	11	10	11	9	20	20
<b>Segment income</b>	<b>\$ 152</b>	<b>\$ 95</b>	<b>\$ 163</b>	<b>\$ 107</b>	<b>\$ 89</b>	<b>\$ 12</b>	<b>\$ 247</b>	<b>\$ 101</b>
<b>Combined ratio (1)</b>								
Loss and loss adjustment expense ratio	65.5%	68.9%	65.2%	70.3%	72.9%	76.8%	67.2%	74.9%
Underwriting expense ratio	28.1%	28.9%	28.3%	27.7%	26.7%	27.3%	28.6%	27.0%
Combined ratio	93.6%	97.8%	93.5%	98.0%	99.6%	104.1%	95.8%	101.9%
<i>Domestic Agency combined ratio</i>	92.8%	94.6%	91.7%	97.1%	99.0%	103.5%	93.7%	101.3%
Impact on combined ratio:								
Net (favorable)/unfavorable prior year reserve development	-2.0%	-0.2%	0.5%	1.6%	-0.3%	0.0%	-1.1%	-0.2%
Catastrophes, net of reinsurance	8.4%	7.8%	0.6%	2.8%	9.8%	9.6%	8.2%	9.7%
Underlying combined ratio	87.2%	90.2%	92.4%	93.6%	90.1%	94.5%	88.7%	92.4%

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

	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
Billing and policy fees and other	\$ 18	\$ 18	\$ 18	\$ 18	\$ 19	\$ 18	\$ 36	\$ 37
Fee income	\$ 3	\$ 4	\$ 5	\$ 4	\$ 4	\$ 4	\$ 7	\$ 8

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 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Statutory underwriting</b>								
Gross written premiums	\$ 1,936	\$ 2,319	\$ 2,428	\$ 2,208	\$ 2,146	\$ 2,513	\$ 4,255	\$ 4,659
Net written premiums	\$ 1,884	\$ 2,303	\$ 2,401	\$ 2,199	\$ 2,096	\$ 2,498	\$ 4,187	\$ 4,594
Net earned premiums	\$ 2,015	\$ 2,069	\$ 2,139	\$ 2,196	\$ 2,199	\$ 2,272	\$ 4,084	\$ 4,471
Losses and loss adjustment expenses	1,320	1,425	1,396	1,543	1,602	1,745	2,745	3,347
Underwriting expenses	560	646	658	620	587	668	1,206	1,255
Statutory underwriting gain (loss)	\$ 135	\$ (2)	\$ 85	\$ 33	\$ 10	\$ (141)	\$ 133	\$ (131)
Policies in force (in thousands)								
Automobile	2,630	2,704	2,788	2,871	2,929	2,962	2,704	2,962
Homeowners and Other	4,474	4,531	4,564	4,591	4,639	4,702	4,531	4,702

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 - Personal Insurance**

(\$ in millions)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Net written premiums by market</b>								
Domestic								
Agency								
Automobile	\$ 932	\$ 1,018	\$ 1,095	\$ 1,058	\$ 1,087	\$ 1,159	\$ 1,950	\$ 2,246
Homeowners and Other	760	1,036	1,058	918	794	1,077	1,796	1,871
Total Agency	1,692	2,054	2,153	1,976	1,881	2,236	3,746	4,117
Direct-to-Consumer	68	75	87	79	83	88	143	171
Total Domestic	1,760	2,129	2,240	2,055	1,964	2,324	3,889	4,288
International	124	174	161	144	132	174	298	306
Total	\$ 1,884	\$ 2,303	\$ 2,401	\$ 2,199	\$ 2,096	\$ 2,498	\$ 4,187	\$ 4,594

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 - Domestic Agency Automobile (1)**



(\$ in millions)

	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Statutory underwriting</b>								
Gross written premiums	\$ 939	\$ 1,022	\$ 1,099	\$ 1,063	\$ 1,094	\$ 1,164	\$ 1,961	\$ 2,258
Net written premiums	\$ 932	\$ 1,018	\$ 1,095	\$ 1,058	\$ 1,087	\$ 1,159	\$ 1,950	\$ 2,246
Net earned premiums	\$ 891	\$ 925	\$ 973	\$ 1,019	\$ 1,035	\$ 1,083	\$ 1,816	\$ 2,118
Losses and loss adjustment expenses	626	703	751	945	800	890	1,329	1,690
Underwriting expenses	234	252	259	256	260	278	486	538
Statutory underwriting gain (loss)	\$ 31	\$ (30)	\$ (37)	\$ (182)	\$ (25)	\$ (85)	\$ 1	\$ (110)
<b>Other statistics</b>								
Combined ratio (2):								
Loss and loss adjustment expense ratio	70.3%	75.9%	77.1%	92.8%	77.3%	82.2%	73.2%	79.8%
Underwriting expense ratio	24.9%	25.4%	24.3%	23.9%	23.8%	24.2%	25.1%	24.0%
Combined ratio	95.2%	101.3%	101.4%	116.7%	101.1%	106.4%	98.3%	103.8%
Impact on combined ratio:								
Net (favorable)/unfavorable prior year reserve development	-0.8%	0.0%	0.0%	3.9%	0.0%	0.0%	-0.4%	0.0%
Catastrophes, net of reinsurance	2.0%	2.7%	0.3%	0.6%	2.5%	4.0%	2.4%	3.3%
Underlying combined ratio	94.0%	98.6%	101.1%	112.2%	98.6%	102.4%	96.3%	100.5%
Catastrophe losses, net of reinsurance:								
Pre-tax	\$ 19	\$ 24	\$ 4	\$ 5	\$ 26	\$ 43	\$ 43	\$ 69
After-tax	\$ 12	\$ 16	\$ 2	\$ 4	\$ 17	\$ 28	\$ 28	\$ 45
Prior year reserve development - favorable (unfavorable)								
Pre-tax	\$ 7	\$ -	\$ -	\$ (40)	\$ -	\$ -	\$ 7	\$ -
After-tax	\$ 4	\$ -	\$ -	\$ (25)	\$ -	\$ -	\$ 4	\$ -
Policies in force (in thousands)	2,212	2,275	2,350	2,428	2,482	2,514		
Change from prior year quarter	9.5%	10.6%	11.6%	12.6%	12.2%	10.5%		
Change from prior quarter	2.5%	2.8%	3.3%	3.3%	2.2%	1.3%		

(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, and fee income are allocated as a reduction of underwriting expenses.

	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
Billing and policy fees and other	\$ 9	\$ 9	\$ 9	\$ 9	\$ 10	\$ 10	\$ 18	\$ 20
Fee income	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 3	\$ 4	\$ 5

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 - Domestic Agency Homeowners and Other (1)**



(\$ in millions)

	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Statutory underwriting</b>								
Gross written premiums	\$ 803	\$ 1,045	\$ 1,075	\$ 920	\$ 835	\$ 1,085	\$ 1,848	\$ 1,920
Net written premiums	\$ 760	\$ 1,036	\$ 1,058	\$ 918	\$ 794	\$ 1,077	\$ 1,796	\$ 1,871
Net earned premiums	\$ 920	\$ 926	\$ 942	\$ 949	\$ 934	\$ 955	\$ 1,846	\$ 1,889
Losses and loss adjustment expenses	578	541	493	447	646	686	1,119	1,332
Underwriting expenses	236	297	301	272	243	299	533	542
Statutory underwriting gain (loss)	\$ 106	\$ 88	\$ 148	\$ 230	\$ 45	\$ (30)	\$ 194	\$ 15
<b>Other statistics</b>								
Combined ratio (2):								
Loss and loss adjustment expense ratio	62.8%	58.4%	52.3%	47.2%	69.1%	71.9%	60.6%	70.5%
Underwriting expense ratio	27.6%	29.5%	29.2%	28.9%	27.6%	28.4%	28.6%	28.0%
Combined ratio	90.4%	87.9%	81.5%	76.1%	96.7%	100.3%	89.2%	98.5%
Impact on combined ratio:								
Net (favorable)/unfavorable prior year reserve development	-1.8%	0.0%	2.0%	0.5%	0.0%	0.0%	-0.9%	0.0%
Catastrophes, net of reinsurance	16.0%	9.7%	1.2%	5.2%	19.1%	17.5%	12.9%	18.3%
Underlying combined ratio	76.2%	78.2%	78.3%	70.4%	77.6%	82.8%	77.2%	80.2%
Catastrophe losses, net of reinsurance:								
Pre-tax	\$ 147	\$ 91	\$ 11	\$ 49	\$ 178	\$ 168	\$ 238	\$ 346
After-tax	\$ 96	\$ 59	\$ 7	\$ 31	\$ 116	\$ 109	\$ 155	\$ 225
Prior year reserve development - favorable (unfavorable)								
Pre-tax	\$ 17	\$ -	\$ (19)	\$ (5)	\$ -	\$ -	\$ 17	\$ -
After-tax	\$ 11	\$ -	\$ (12)	\$ (4)	\$ -	\$ -	\$ 11	\$ -
Policies in force (in thousands)	4,068	4,117	4,146	4,174	4,222	4,283		
Change from prior year quarter	1.5%	2.5%	2.8%	3.3%	3.8%	4.0%		
Change from prior quarter	0.6%	1.2%	0.7%	0.7%	1.1%	1.4%		

(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, and fee income are allocated as a reduction of underwriting expenses.

	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
Billing and policy fees and other	\$ 7	\$ 6	\$ 6	\$ 7	\$ 7	\$ 6	\$ 13	\$ 13
Fee income	\$ 2	\$ 2	\$ 2	\$ 1	\$ 2	\$ 2	\$ 4	\$ 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.**  
**Interest Expense and Other**

(\$ in millions)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Revenues</b>								
Other revenues	\$ 3	\$ 3	\$ 3	\$ 2	\$ 1	\$ 3	\$ 6	\$ 4
<b>Claims and expenses</b>								
Interest expense	91	93	89	90	89	92	184	181
General and administrative expenses	8	7	8	8	8	8	15	16
Total claims and expenses	99	100	97	98	97	100	199	197
Loss before income tax benefit	(96)	(97)	(94)	(96)	(96)	(97)	(193)	(193)
Income taxes	(35)	(35)	(34)	(35)	(34)	(36)	(70)	(70)
Loss	\$ (61)	\$ (62)	\$ (60)	\$ (61)	\$ (62)	\$ (61)	\$ (123)	\$ (123)

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)



	June 30, 2017	December 31, 2016		June 30, 2017	December 31, 2016
<b>Assets</b>			<b>Liabilities</b>		
Fixed maturities, available for sale, at fair value (amortized cost \$60,482 and \$59,650)	\$ 61,907	\$ 60,515	Claims and claim adjustment expense reserves	\$ 48,574	\$ 47,949
Equity securities, available for sale, at fair value (cost \$558 and \$504)	700	732	Unearned premium reserves	13,052	12,329
Real estate investments	920	928	Contractholder payables	4,700	4,609
Short-term securities	5,292	4,865	Payables for reinsurance premiums	364	273
Other investments	3,512	3,448	Debt	6,920	6,437
Total investments	<u>72,331</u>	<u>70,488</u>	Other liabilities	5,201	5,427
			<b>Total liabilities</b>	<u>78,811</u>	<u>77,024</u>
Cash	328	307	<b>Shareholders' equity</b>		
Investment income accrued	602	630	Common stock (1,750.0 shares authorized; 275.9 and 279.6 shares issued and outstanding)	22,781	22,614
Premiums receivable	7,345	6,722	Retained earnings	33,016	32,196
Reinsurance recoverables	8,150	8,287	Accumulated other comprehensive loss	(344)	(755)
Ceded unearned premiums	665	589	Treasury stock, at cost (495.7 and 489.5 shares)	(31,595)	(30,834)
Deferred acquisition costs	2,051	1,923	<b>Total shareholders' equity</b>	<u>23,858</u>	<u>23,221</u>
Deferred taxes	201	465	<b>Total liabilities and shareholders' equity</b>	<u>\$ 102,669</u>	<u>\$ 100,245</u>
Contractholder receivables	4,700	4,609			
Goodwill	3,589	3,580			
Other intangible assets	264	268			
Other assets	2,443	2,377			
<b>Total assets</b>	<u>\$ 102,669</u>	<u>\$ 100,245</u>			

# The Travelers Companies, Inc.

## Investment Portfolio

(at carrying value, \$ in millions)



	June 30, 2017	Pre-tax Book Yield (1)	December 31, 2016	Pre-tax Book Yield (1)
<b>Investment portfolio</b>				
Taxable fixed maturities (including redeemable preferred stock)	\$ 30,072	3.14%	\$ 28,895	3.17%
Tax-exempt fixed maturities	31,835	3.13%	31,620	3.25%
<b>Total fixed maturities</b>	<b>61,907</b>	<b>3.14%</b>	<b>60,515</b>	<b>3.21%</b>
Non-redeemable preferred stocks	133	5.34%	129	5.37%
Public common stocks	567		603	
<b>Total equity securities</b>	<b>700</b>		<b>732</b>	
<b>Real estate investments</b>	<b>920</b>		<b>928</b>	
<b>Short-term securities</b>	<b>5,292</b>	<b>1.07%</b>	<b>4,865</b>	<b>0.74%</b>
Private equities	2,105		2,049	
Hedge funds	335		339	
Real estate partnerships	657		644	
Other investments	415		416	
<b>Total other investments</b>	<b>3,512</b>		<b>3,448</b>	
<b>Total investments</b>	<b>\$ 72,331</b>		<b>\$ 70,488</b>	
<b>Net unrealized investment gains, net of tax, included in shareholders' equity</b>	<b>\$ 1,035</b>		<b>\$ 730</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

	June 30, 2017		December 31, 2016
\$	2,028	\$	2,035
	4,284		5,157
	27,830		26,753
	32,114		31,910
	1,556		1,662
	1,767		1,708
	24,442		23,200
\$	61,907	\$	60,515

**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

June 30, 2017		
	Amount	% of Total
\$	26,321	42.5 %
	17,136	27.7
	9,321	15.1
	7,442	12.0
	60,220	97.3
	1,005	1.6
	438	0.7
	244	0.4
	1,687	2.7
\$	61,907	100.0 %
	Aa2, AA	
	4.2	

(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 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Gross investment income</b>								
Fixed maturities	\$ 503	\$ 497	\$ 490	\$ 491	\$ 477	\$ 471	\$ 1,000	\$ 948
Short-term securities	6	7	7	9	11	13	13	24
Other	44	53	95	138	131	124	97	255
	553	557	592	638	619	608	1,110	1,227
Investment expenses	9	8	10	11	9	10	17	19
Net investment income, pre-tax	544	549	582	627	610	598	1,093	1,208
Income taxes	105	107	110	134	130	130	212	260
Net investment income, after-tax	\$ 439	\$ 442	\$ 472	\$ 493	\$ 480	\$ 468	\$ 881	\$ 948
Effective tax rate	19.3%	19.4%	19.0%	21.3%	21.3%	21.9%	19.3%	21.6%
Average invested assets (1)	\$ 69,926	\$ 70,033	\$ 70,110	\$ 70,697	\$ 70,865	\$ 71,385	\$ 69,989	\$ 71,154
Average yield pre-tax (1)	3.1%	3.1%	3.3%	3.5%	3.4%	3.4%	3.1%	3.4%
Average yield after-tax	2.5%	2.5%	2.7%	2.8%	2.7%	2.6%	2.5%	2.7%

(1) Excludes net unrealized investment gains, 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 (Losses)**

(\$ in millions)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Net realized investment gains (losses)</b>								
Fixed maturities	\$ 4	\$ 21	\$ 11	\$ 8	\$ 4	\$ 5	\$ 25	\$ 9
Equity securities	(5)	2	2	3	5	79	(3)	84
Other (1)	(8)	(4)	10	24	(4)	(4)	(12)	(8)
Realized investment gains (losses) before tax	(9)	19	23	35	5	80	10	85
Related taxes	(2)	4	8	11	2	28	2	30
Net realized investment gains (losses)	<u>\$ (7)</u>	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ 24</u>	<u>\$ 3</u>	<u>\$ 52</u>	<u>\$ 8</u>	<u>\$ 55</u>
Gross investment gains (1)	\$ 120	\$ 150	\$ 68	\$ 141	\$ 58	\$ 128	\$ 270	\$ 186
Gross investment losses before impairments (1)	(111)	(127)	(41)	(103)	(51)	(43)	(238)	(94)
Net investment gains (losses) before impairments	9	23	27	38	7	85	32	92
Other-than-temporary impairment losses	(18)	(4)	(4)	(3)	(2)	(5)	(22)	(7)
Net realized investment gains (losses) before tax	(9)	19	23	35	5	80	10	85
Related taxes	(2)	4	8	11	2	28	2	30
Net realized investment gains (losses)	<u>\$ (7)</u>	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ 24</u>	<u>\$ 3</u>	<u>\$ 52</u>	<u>\$ 8</u>	<u>\$ 55</u>
	<b>March 31, 2016</b>	<b>June 30, 2016</b>	<b>September 30, 2016</b>	<b>December 31, 2016</b>	<b>March 31, 2017</b>	<b>June 30, 2017</b>		
<b>Net unrealized investment gains, net of tax, by asset type</b>								
Fixed maturities	\$ 2,495	\$ 3,336	\$ 2,887	\$ 865	\$ 999	\$ 1,425		
Equity securities & other	198	249	248	247	256	160		
Unrealized investment gains before tax	2,693	3,585	3,135	1,112	1,255	1,585		
Related taxes	934	1,244	1,086	382	432	550		
Balance, end of period	<u>\$ 1,759</u>	<u>\$ 2,341</u>	<u>\$ 2,049</u>	<u>\$ 730</u>	<u>\$ 823</u>	<u>\$ 1,035</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	\$ 30	\$ 31	\$ 36	\$ 45	\$ 31	\$ 26	\$ 61	\$ 57
Gross investment Treasury future losses	\$ 49	\$ 42	\$ 33	\$ 20	\$ 34	\$ 31	\$ 91	\$ 65

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

June 30, 2017
\$ 3,076
(114)
2,962
2,064
3,124
\$ 8,150

December 31, 2016
\$ 3,181
(116)
3,065
2,054
3,168
\$ 8,287

(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
Swiss Re Group	A+ second highest of 16 ratings
Berkshire Hathaway	A++ highest of 16 ratings
Sompo Japan Nipponkoa Group	A+ second highest of 16 ratings
Munich Re Group	A+ second highest of 16 ratings
XL Capital Group	A third highest of 16 ratings

June 30, 2017
\$ 369
243
210
184
153

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 June 30, 2017, after deducting mandatory pools and associations and structured settlement balances, \$2.4 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: 4% related to the Company's participation in voluntary pools, 13% related to recoverables from captive insurance companies and 3% were balances from other companies not rated by A.M. Best Company. In addition, \$1.0 billion of the net recoverables were collateralized by letters of credit, funds held or trust agreements at June 30, 2017.

(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
Fidelity and Guaranty Life (1)	B++ fifth highest of 16 ratings
MetLife (2)	A third highest of 16 ratings
Genworth Financial Group (3)	B++ fifth highest of 16 ratings
John Hancock Group	A+ second highest of 16 ratings
Symetra Financial Corporation	A third highest of 16 ratings

June 30, 2017
\$ 871
385
371
285
261

(1) On May 24, 2017, CF Corporation (CF Corp) and Fidelity & Guaranty Life (FGL) announced that they have entered into a definitive agreement under which CF Corp will acquire FGL. The transaction is expected to close in the fourth quarter of 2017, subject to the approval of the shareholders of CF Corp and FGL, and receipt of required regulatory approvals and other customary closing conditions.

(2) MetLife Inc. previously announced a plan to pursue the separation of a substantial portion of its U.S. Retail segment into an entity to be named Brighthouse Financial, Inc. MetLife Insurance Company USA, which holds the majority of the structured settlement annuities that the Company has with MetLife, has been renamed Brighthouse Life Insurance Company. As of June 30, 2017, Brighthouse Life Insurance Company was still part of the MetLife group.

(3) On October 23, 2016, Genworth Financial (Genworth) announced that they have entered into a definitive agreement under which China Oceanwide Holdings Group Co., Ltd. (China Oceanwide) agreed to acquire all of the outstanding shares of Genworth. The transaction, which has been approved by both companies' boards of directors, is expected to close by the middle of 2017. On March 7, 2017 Genworth's stockholders adopted the merger agreement, and the acquisition is pending the receipt of required regulatory approvals. China Oceanwide is a privately held, family owned international financial holding group headquartered in Beijing, China. Following the announcement A.M. Best affirmed the financial strength rating of Genworth Life & Annuity Insurance Company at B++ (Good), and downgraded Genworth Life Insurance Company and Genworth Life Insurance Company of New York from B++ (Good) to B (Fair) and placed all ratings under review with negative implications.

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

(\$ in millions)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Statutory Reserves for Losses and Loss Adjustment Expenses</b>								
<b>Business Insurance</b>								
Beginning of period	\$ 32,363	\$ 32,677	\$ 32,331	\$ 32,540	\$ 32,407	\$ 32,621	\$ 32,363	\$ 32,407
Incurred	2,166	2,193	2,223	1,975	2,215	2,254	4,359	4,469
Paid	(1,890)	(2,491)	(2,001)	(2,061)	(2,019)	(2,132)	(4,381)	(4,151)
Foreign exchange and other	38	(48)	(13)	(47)	18	46	(10)	64
End of period	\$ 32,677	\$ 32,331	\$ 32,540	\$ 32,407	\$ 32,621	\$ 32,789	\$ 32,331	\$ 32,789
<b>Bond &amp; Specialty Insurance</b>								
Beginning of period	\$ 3,406	\$ 3,383	\$ 3,278	\$ 3,224	\$ 3,150	\$ 3,132	\$ 3,406	\$ 3,150
Incurred	177	91	184	167	226	170	268	396
Paid	(203)	(179)	(234)	(225)	(249)	(193)	(382)	(442)
Foreign exchange and other	3	(17)	(4)	(16)	5	13	(14)	18
End of period	\$ 3,383	\$ 3,278	\$ 3,224	\$ 3,150	\$ 3,132	\$ 3,122	\$ 3,278	\$ 3,122
<b>Personal Insurance</b>								
Beginning of period	\$ 4,013	\$ 4,164	\$ 4,188	\$ 4,192	\$ 4,347	\$ 4,560	\$ 4,013	\$ 4,347
Incurred	1,320	1,425	1,396	1,543	1,602	1,745	2,745	3,347
Paid	(1,229)	(1,401)	(1,385)	(1,366)	(1,400)	(1,609)	(2,630)	(3,009)
Foreign exchange and other	60	-	(7)	(22)	11	23	60	34
End of period	\$ 4,164	\$ 4,188	\$ 4,192	\$ 4,347	\$ 4,560	\$ 4,719	\$ 4,188	\$ 4,719
<b>Total</b>								
Beginning of period	\$ 39,782	\$ 40,224	\$ 39,797	\$ 39,956	\$ 39,904	\$ 40,313	\$ 39,782	\$ 39,904
Incurred	3,663	3,709	3,803	3,685	4,043	4,169	7,372	8,212
Paid	(3,322)	(4,071)	(3,620)	(3,652)	(3,668)	(3,934)	(7,393)	(7,602)
Foreign exchange and other	101	(65)	(24)	(85)	34	82	36	116
End of period	\$ 40,224	\$ 39,797	\$ 39,956	\$ 39,904	\$ 40,313	\$ 40,630	\$ 39,797	\$ 40,630
<b>Prior Year Reserve Development: Unfavorable (Favorable)</b>								
<b>Business Insurance</b>								
Asbestos	\$ -	\$ -	\$ 225	\$ -	\$ -	\$ -	\$ -	\$ -
Environmental	-	82	-	-	-	65	82	65
All other	(74)	(207)	(229)	(221)	(61)	(190)	(281)	(251)
Total Business Insurance (1)	(74)	(125)	(4)	(221)	(61)	(125)	(199)	(186)
<b>Bond &amp; Specialty Insurance</b>	(66)	(159)	(46)	(79)	(14)	(78)	(225)	(92)
<b>Personal Insurance</b>	(40)	(4)	11	36	(6)	-	(44)	(6)
<b>Total</b>	\$ (180)	\$ (288)	\$ (39)	\$ (264)	\$ (81)	\$ (203)	\$ (468)	\$ (284)

(1) 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 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Asbestos reserves</b>								
Beginning reserves:								
Gross	\$ 1,989	\$ 1,937	\$ 1,317	\$ 1,597	\$ 1,512	\$ 1,436	\$ 1,989	\$ 1,512
Ceded	(179)	(164)	(83)	(195)	(186)	(168)	(179)	(186)
Net	1,810	1,773	1,234	1,402	1,326	1,268	1,810	1,326
Incurred losses and loss expenses:								
Gross	-	-	355	-	-	-	-	-
Ceded	-	-	(130)	-	-	-	-	-
Paid loss and loss expenses:								
Gross	52	619	75	85	76	90	671	166
Ceded	(15)	(81)	(18)	(9)	(18)	(9)	(96)	(27)
Foreign exchange and other:								
Gross	-	(1)	-	-	-	1	(1)	1
Ceded	-	-	-	-	-	-	-	-
Ending reserves:								
Gross	1,937	1,317	1,597	1,512	1,436	1,347	1,317	1,347
Ceded	(164)	(83)	(195)	(186)	(168)	(159)	(83)	(159)
Net	<u>\$ 1,773</u>	<u>\$ 1,234</u>	<u>\$ 1,402</u>	<u>\$ 1,326</u>	<u>\$ 1,268</u>	<u>\$ 1,188</u>	<u>\$ 1,234</u>	<u>\$ 1,188</u>
<b>Environmental reserves</b>								
Beginning reserves:								
Gross	\$ 375	\$ 366	\$ 439	\$ 411	\$ 395	\$ 379	\$ 375	\$ 395
Ceded	(14)	(14)	(18)	(17)	(13)	(13)	(14)	(13)
Net	361	352	421	394	382	366	361	382
Incurred losses and loss expenses:								
Gross	-	87	-	-	-	74	87	74
Ceded	-	(5)	-	-	-	(9)	(5)	(9)
Paid loss and loss expenses:								
Gross	10	14	28	15	16	23	24	39
Ceded	-	(1)	(1)	(4)	-	(2)	(1)	(2)
Foreign exchange and other:								
Gross	1	-	-	(1)	-	1	1	1
Ceded	-	-	-	-	-	-	-	-
Ending reserves:								
Gross	366	439	411	395	379	431	439	431
Ceded	(14)	(18)	(17)	(13)	(13)	(20)	(18)	(20)
Net	<u>\$ 352</u>	<u>\$ 421</u>	<u>\$ 394</u>	<u>\$ 382</u>	<u>\$ 366</u>	<u>\$ 411</u>	<u>\$ 421</u>	<u>\$ 411</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.

## Capitalization

(\$ in millions)



	June 30, 2017	December 31, 2016
<b>Debt</b>		
<b>Short-term debt</b>		
Commercial paper	\$ -	\$ 100
5.75% Senior notes due December 15, 2017 (1)	450	450
5.80% Senior notes due May 15, 2018 (1)	500	-
Total short-term debt	950	550
<b>Long-term debt</b>		
5.80% Senior notes due May 15, 2018 (1)	-	500
5.90% Senior notes due June 2, 2019 (1)	500	500
3.90% Senior notes due November 1, 2020 (1)	500	500
7.75% Senior notes due April 15, 2026	200	200
7.625% Junior subordinated debentures due December 15, 2027	125	125
6.375% Senior notes due March 15, 2033 (1)	500	500
6.75% Senior notes due June 20, 2036 (1)	400	400
6.25% Senior notes due June 15, 2037 (1)	800	800
5.35% Senior notes due November 1, 2040 (1)	750	750
4.60% Senior notes due August 1, 2043 (1)	500	500
4.30% Senior notes due August 25, 2045 (1)	400	400
8.50% Junior subordinated debentures due December 15, 2045	56	56
3.75% Senior notes due May 15, 2046 (1)	500	500
8.312% Junior subordinated debentures due July 1, 2046	73	73
4.00% Senior notes due May 30, 2047 (1)	700	-
6.25% Fixed-to-floating rate junior subordinated debentures due March 15, 2067 (2)	-	107
Total long-term debt	6,004	5,911
Unamortized fair value adjustment	46	47
Unamortized debt issuance costs	(80)	(71)
Total debt	6,920	6,437
<b>Common equity (excluding net unrealized investment gains, net of tax)</b>	22,823	22,491
<b>Total capital (excluding net unrealized investment gains, net of tax)</b>	\$ 29,743	\$ 28,928
<b>Total debt to capital (excluding net unrealized investment gains, net of tax)</b>	23.3%	22.3%

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

(2) Redeemed in full at par on June 2, 2017.

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 Capital and Surplus to GAAP Shareholders' Equity Reconciliation**



(\$ in millions)

	<u>June 30, 2017 (1)</u>	<u>December 31, 2016</u>
<b>Statutory capital and surplus</b>	\$ 20,607	\$ 20,759
<b>GAAP adjustments</b>		
Goodwill and intangible assets	3,689	3,684
Investments	1,843	1,273
Noninsurance companies	(4,156)	(4,559)
Deferred acquisition costs	2,051	1,923
Deferred federal income tax	(1,339)	(1,038)
Current federal income tax	(15)	(31)
Reinsurance recoverables	69	69
Furniture, equipment & software	705	690
Agents balances	173	156
Other	231	295
Total GAAP adjustments	<u>3,251</u>	<u>2,462</u>
<b>GAAP shareholders' equity</b>	<u>\$ 23,858</u>	<u>\$ 23,221</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 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Cash flows from operating activities</b>								
Net income	\$ 691	\$ 664	\$ 716	\$ 943	\$ 617	\$ 595	\$ 1,355	\$ 1,212
Adjustments to reconcile net income to net cash provided by operating activities:								
Net realized investment (gains) losses	9	(19)	(23)	(35)	(5)	(80)	(10)	(85)
Depreciation and amortization	213	200	211	202	211	198	413	409
Deferred federal income tax expense	105	(30)	(46)	81	151	(45)	75	106
Amortization of deferred acquisition costs	971	989	1,012	1,013	1,003	1,032	1,960	2,035
Equity in income from other investments	(17)	(27)	(70)	(118)	(109)	(101)	(44)	(210)
Premiums receivable	(393)	(174)	227	54	(286)	(323)	(567)	(609)
Reinsurance recoverables	126	190	(68)	362	94	63	316	157
Deferred acquisition costs	(1,014)	(1,048)	(1,034)	(965)	(1,065)	(1,092)	(2,062)	(2,157)
Claims and claim adjustment expense reserves	226	(613)	248	(118)	334	164	(387)	498
Unearned premium reserves	328	203	194	(353)	475	214	531	689
Other	(395)	108	403	73	(645)	185	(287)	(460)
<b>Net cash provided by operating activities</b>	<u>850</u>	<u>443</u>	<u>1,770</u>	<u>1,139</u>	<u>775</u>	<u>810</u>	<u>1,293</u>	<u>1,585</u>
<b>Cash flows from investing activities</b>								
Proceeds from maturities of fixed maturities	1,748	2,025	2,875	2,327	2,218	2,082	3,773	4,300
Proceeds from sales of investments:								
Fixed maturities	421	318	126	552	188	375	739	563
Equity securities	14	24	33	21	21	179	38	200
Real estate investments	69	-	-	-	11	9	69	20
Other investments	186	157	226	270	195	208	343	403
Purchases of investments:								
Fixed maturities	(2,700)	(3,005)	(3,299)	(2,605)	(3,056)	(2,617)	(5,705)	(5,673)
Equity securities	(12)	(14)	(10)	(15)	(22)	(144)	(26)	(166)
Real estate investments	(7)	(13)	(10)	(18)	(16)	(10)	(20)	(26)
Other investments	(162)	(128)	(132)	(158)	(124)	(135)	(290)	(259)
Net sales (purchases) of short-term securities	85	596	(816)	(64)	49	(473)	681	(424)
Securities transactions in course of settlement	291	170	50	(532)	157	13	461	170
Other	(79)	(75)	(86)	(104)	(63)	(66)	(154)	(129)
<b>Net cash provided by (used in) investing activities</b>	<u>(146)</u>	<u>55</u>	<u>(1,043)</u>	<u>(326)</u>	<u>(442)</u>	<u>(579)</u>	<u>(91)</u>	<u>(1,021)</u>

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

(\$ in millions)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	YTD 2Q 2016	YTD 2Q 2017
<b>Cash flows from financing activities</b>								
Treasury stock acquired - share repurchase authorization	(550)	(550)	(550)	(750)	(225)	(475)	(1,100)	(700)
Treasury stock acquired - net employee share-based compensation	(59)	-	(12)	(1)	(61)	-	(59)	(61)
Dividends paid to shareholders	(180)	(195)	(194)	(188)	(190)	(199)	(375)	(389)
Payment of debt	-	(400)	-	-	-	(207)	(400)	(207)
Issuance of debt	-	491	-	-	-	689	491	689
Issuance of common stock - employee share options	64	65	35	168	83	35	129	118
<b>Net cash used in financing activities</b>	<u>(725)</u>	<u>(589)</u>	<u>(721)</u>	<u>(771)</u>	<u>(393)</u>	<u>(157)</u>	<u>(1,314)</u>	<u>(550)</u>
Effect of exchange rate changes on cash	<u>2</u>	<u>(5)</u>	<u>(2)</u>	<u>(4)</u>	<u>2</u>	<u>5</u>	<u>(3)</u>	<u>7</u>
Net increase (decrease) in cash	(19)	(96)	4	38	(58)	79	(115)	21
Cash at beginning of period	380	361	265	269	307	249	380	307
Cash at end of period	<u>\$ 361</u>	<u>\$ 265</u>	<u>\$ 269</u>	<u>\$ 307</u>	<u>\$ 249</u>	<u>\$ 328</u>	<u>\$ 265</u>	<u>\$ 328</u>
Income taxes paid	\$ 63	\$ 404	\$ 181	\$ 244	\$ 2	\$ 321	\$ 467	\$ 323
Interest paid	\$ 42	\$ 138	\$ 43	\$ 135	\$ 43	\$ 135	\$ 180	\$ 178

**The Travelers Companies, Inc.**  
**Financial Supplement - Second Quarter 2017**  
**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.

**Core income (loss)** is net income (loss) excluding the after-tax impact of net realized investment gains (losses), discontinued operations and cumulative effect of changes in accounting principles when applicable. **Segment income (loss)** is comparable to core income (loss) on a segment basis. Management uses segment income (loss) to analyze each segment's performance and as a tool in making business decisions. Financial statement users also consider core income when analyzing the results and trends of insurance companies. **Core income (loss) per share** is core 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 (a) the sum of total adjusted 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.

**Return on equity** is the ratio of annualized net income (loss) to average shareholders' equity for the periods presented. **Core return on equity** is the ratio of annualized core 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 caused by various natural events, including, among others, hurricanes, tornadoes and other windstorms, earthquakes, hail, wildfires, severe winter weather, floods, tsunamis, volcanic eruptions and other naturally-occurring events, such as solar flares. Catastrophes can also be man-made, such as terrorist attacks and other intentionally destructive acts including those involving nuclear, biological, chemical, radiological, cyber-attacks, explosions and infrastructure failures. Each catastrophe has unique characteristics and catastrophes are not predictable as to timing or amount. Their effects are included in net and core 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.

**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 core 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. **Underlying combined ratio** is the combined ratio adjusted to exclude the impact of prior year reserve development and catastrophes, net of reinsurance.

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.

**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 capital and surplus** represents the excess of an insurance company's admitted assets over its liabilities, including loss reserves, as determined in accordance with statutory accounting practices.

**Travelers has organized its businesses into the following reportable business segments:**

**Business Insurance** - Business Insurance offers a broad array of property and casualty insurance and insurance related services to its customers, primarily in the United States, as well as in Canada, the United Kingdom, the Republic of Ireland, Brazil and throughout other parts of the world as a corporate member of Lloyd's. Business Insurance is organized as follows: Select Accounts; Middle Market including Commercial Accounts, Construction, Technology, Public Sector Services, Oil & Gas, Excess Casualty, Inland Marine, Ocean Marine, and Boiler & Machinery; National Accounts; National Property and Other including National Property, Northland Transportation, Northfield, National Programs, and Agribusiness; and International including Global Services. Business 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 Insurance Other.

**Bond & Specialty Insurance** - Bond & Specialty Insurance provides surety, fidelity, management liability, professional liability, and other property and casualty coverages and related risk management services to its customers in the United States, and certain specialty insurance products in Canada, the United Kingdom, the Republic of Ireland and Brazil, utilizing various degrees of financially-based underwriting approaches. The range of coverages includes performance, payment and commercial surety and fidelity bonds for construction and general commercial enterprises; management liability coverages including directors' and officers' liability, employee dishonesty, employment practices liability, fiduciary liability and cyber risk for public corporations, private companies, not-for-profit organizations and financial institutions; professional liability coverage for a variety of professionals including, among others, lawyers and design professionals; and in the United States only, property, workers' compensation, auto and general liability for financial institutions.

Bond & Specialty Insurance surety business in Brazil and Colombia is conducted through J. Malucelli Participações em Seguros e Resseguros S.A. (JMalucelli) and J. Malucelli Latam S.A. in Brazil. The Company owns 49.5% of both JMalucelli, a market leader in surety coverages in Brazil, and J. Malucelli Latam S.A., which in September 2015 acquired a majority interest in JMalucelli Travelers Seguros S.A., a Colombian start-up surety provider. These joint venture investments are accounted for using the equity method and are included in "other investments" on the consolidated balance sheet.

**Personal Insurance** - Personal Insurance writes a broad range of property and casualty insurance covering individuals' personal risks, primarily in the United States, as well as in Canada. The primary products of automobile and homeowners insurance are complemented by a broad suite of related coverages.