

The Travelers Companies, Inc.
Financial Supplement - First Quarter 2017



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<p>As a result of recent SEC insurance industry guidance concerning terminology, what we previously referred to as "operating income (loss)" in our public disclosures we now refer to as "core income (loss)". Additionally, the related financial measures of "operating income (loss) per share" and "operating return on equity" were changed accordingly. In addition, what we previously referred to as "operating income (loss)" when referring to business segment results is now labeled "segment income (loss)". There were no changes in the calculation of these amounts.</p> <p>Effective April 1, 2017, the Company's results will be 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 will be managed. While the segmentation of the Company's domestic businesses will be unchanged, the Company's international businesses, which were previously reported in total within the Business and International Insurance segment, will now be disaggregated among these three newly aligned business segments. The newly aligned segments will be presented in the Company's financial statements beginning with the period ending June 30, 2017, and prior periods presented therein will be reclassified to conform to the new presentation.</p> <p>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.</p>	

The Travelers Companies, Inc.
Financial Highlights

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



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Net income	\$ 691	\$ 664	\$ 716	\$ 943	\$ 617
Net income per share:					
Basic	\$ 2.33	\$ 2.27	\$ 2.48	\$ 3.32	\$ 2.19
Diluted	\$ 2.30	\$ 2.24	\$ 2.45	\$ 3.28	\$ 2.17
Core income	\$ 698	\$ 649	\$ 701	\$ 919	\$ 614
Core income per share:					
Basic	\$ 2.35	\$ 2.22	\$ 2.43	\$ 3.23	\$ 2.18
Diluted	\$ 2.33	\$ 2.20	\$ 2.40	\$ 3.20	\$ 2.16
Return on equity	11.6%	10.9%	11.6%	15.8%	10.5%
Core return on equity	12.5%	11.6%	12.5%	16.4%	10.8%
Total assets, at period end	\$ 101,680	\$ 102,446	\$ 102,787	\$ 100,245	\$ 101,246
Total equity, at period end	\$ 24,166	\$ 24,714	\$ 24,439	\$ 23,221	\$ 23,612
Book value per share, at period end	\$ 82.65	\$ 85.73	\$ 86.04	\$ 83.05	\$ 84.51
Less: Net unrealized investment gains, net of tax	6.02	8.12	7.22	2.61	2.95
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>
Weighted average number of common shares outstanding (basic)	294.2	290.1	286.0	282.1	279.7
Weighted average number of common shares outstanding and common stock equivalents (diluted)	297.9	293.6	289.8	285.1	282.4
Common shares outstanding at period end	292.4	288.3	284.1	279.6	279.4
Common stock dividends declared	\$ 181	\$ 197	\$ 193	\$ 191	\$ 190
Common stock repurchased:					
Under Board of Directors authorization					
Shares	5.1	4.9	4.7	6.6	1.9
Cost	\$ 550	\$ 550	\$ 550	\$ 750	\$ 225
Other					
Shares	0.5	-	0.1	-	0.5
Cost	\$ 59	\$ -	\$ 12	\$ 1	\$ 61

See 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
Net income					
Net income	\$ 691	\$ 664	\$ 716	\$ 943	\$ 617
Less: Net realized investment gains (losses), after-tax	(7)	15	15	24	3
Core income	<u>\$ 698</u>	<u>\$ 649</u>	<u>\$ 701</u>	<u>\$ 919</u>	<u>\$ 614</u>
Basic earnings per share					
Net income	\$ 2.33	\$ 2.27	\$ 2.48	\$ 3.32	\$ 2.19
Less: Net realized investment gains (losses), after-tax	(0.02)	0.05	0.05	0.09	0.01
Core income	<u>\$ 2.35</u>	<u>\$ 2.22</u>	<u>\$ 2.43</u>	<u>\$ 3.23</u>	<u>\$ 2.18</u>
Diluted earnings per share					
Net income	\$ 2.30	\$ 2.24	\$ 2.45	\$ 3.28	\$ 2.17
Less: Net realized investment gains (losses), after-tax	(0.03)	0.04	0.05	0.08	0.01
Core income	<u>\$ 2.33</u>	<u>\$ 2.20</u>	<u>\$ 2.40</u>	<u>\$ 3.20</u>	<u>\$ 2.16</u>
Adjustments to net income and weighted average shares for net income EPS calculations: (1)					
	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Basic and Diluted					
Net income, as reported	\$ 691	\$ 664	\$ 716	\$ 943	\$ 617
Participating share-based awards - allocated income	(5)	(5)	(6)	(7)	(4)
Net income available to common shareholders - basic and diluted	<u>\$ 686</u>	<u>\$ 659</u>	<u>\$ 710</u>	<u>\$ 936</u>	<u>\$ 613</u>
Common Shares					
Basic					
Weighted average shares outstanding	<u>294.2</u>	<u>290.1</u>	<u>286.0</u>	<u>282.1</u>	<u>279.7</u>
Diluted					
Weighted average shares outstanding	294.2	290.1	286.0	282.1	279.7
Weighted average effects of dilutive securities - stock options and performance shares	3.7	3.5	3.8	3.0	2.7
Diluted weighted average shares outstanding	<u>297.9</u>	<u>293.6</u>	<u>289.8</u>	<u>285.1</u>	<u>282.4</u>

(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 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
Revenues					
Premiums	\$ 5,981	\$ 6,067	\$ 6,209	\$ 6,277	\$ 6,183
Net investment income	544	549	582	627	610
Fee income	117	119	116	106	113
Net realized investment gains (losses)	(9)	19	23	35	5
Other revenues	53	31	31	148	31
Total revenues	<u>6,686</u>	<u>6,785</u>	<u>6,961</u>	<u>7,193</u>	<u>6,942</u>
Claims and expenses					
Claims and claim adjustment expenses	3,712	3,762	3,856	3,740	4,094
Amortization of deferred acquisition costs	971	989	1,012	1,013	1,003
General and administrative expenses	995	1,054	1,057	1,048	996
Interest expense	91	93	89	90	89
Total claims and expenses	<u>5,769</u>	<u>5,898</u>	<u>6,014</u>	<u>5,891</u>	<u>6,182</u>
Income before income taxes	917	887	947	1,302	760
Income tax expense	226	223	231	359	143
Net income	<u>\$ 691</u>	<u>\$ 664</u>	<u>\$ 716</u>	<u>\$ 943</u>	<u>\$ 617</u>
Other-than-temporary impairments (OTTI)					
Total OTTI losses	\$ (28)	\$ (4)	\$ (4)	\$ (4)	\$ (1)
OTTI losses recognized in net realized investment gains (losses)	\$ (18)	\$ (4)	\$ (4)	\$ (3)	\$ (2)
OTTI gains (losses) recognized in other comprehensive income	\$ (10)	\$ -	\$ -	\$ (1)	\$ 1
Other statistics					
Effective tax rate on net investment income	19.3%	19.4%	19.0%	21.3%	21.3%
Net investment income (after-tax)	\$ 439	\$ 442	\$ 472	\$ 493	\$ 480
Catastrophes, net of reinsurance:					
Pre-tax	\$ 318	\$ 333	\$ 89	\$ 137	\$ 347
After-tax	\$ 207	\$ 222	\$ 58	\$ 89	\$ 226
Prior year reserve development - favorable (unfavorable)					
Pre-tax	\$ 180	\$ 288	\$ 39	\$ 264	\$ 81
After-tax	\$ 119	\$ 192	\$ 27	\$ 172	\$ 44

See 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
Underwriting gain	\$ 289	\$ 248	\$ 269	\$ 393	\$ 175
Net investment income	439	442	472	493	480
Other income (expense), including interest expense	(30)	(41)	(40)	33	(41)
Core income	698	649	701	919	614
Net realized investment gains (losses)	(7)	15	15	24	3
Net income	\$ 691	\$ 664	\$ 716	\$ 943	\$ 617
Combined ratio (1) (2)					
Loss and loss adjustment expense ratio	61.1%	61.1%	61.2%	58.8%	65.3%
Underwriting expense ratio	31.2%	32.0%	31.7%	31.2%	30.7%
Combined ratio	92.3%	93.1%	92.9%	90.0%	96.0%
<i>Combined ratio excluding incremental impact of direct to consumer initiative</i>	92.0%	92.7%	92.5%	89.6%	95.7%
Impact on combined ratio:					
Net favorable prior year reserve development	-3.0%	-4.7%	-0.6%	-4.2%	-1.3%
Catastrophes, net of reinsurance	5.3%	5.5%	1.4%	2.2%	5.6%
Underlying combined ratio	90.0%	92.3%	92.1%	92.0%	91.7%

(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
Billing and policy fees and other	\$ 22	\$ 22	\$ 23	\$ 22	\$ 23
Fee income:					
Loss and loss adjustment expenses	\$ 44	\$ 45	\$ 44	\$ 35	\$ 42
Underwriting expenses	73	74	72	71	71
Total fee income	\$ 117	\$ 119	\$ 116	\$ 106	\$ 113

See 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
Revenues					
Premiums	\$ 5,981	\$ 6,067	\$ 6,209	\$ 6,277	\$ 6,183
Net investment income	544	549	582	627	610
Fee income	117	119	116	106	113
Other revenues	53	31	31	148	31
Total revenues	<u>6,695</u>	<u>6,766</u>	<u>6,938</u>	<u>7,158</u>	<u>6,937</u>
Claims and expenses					
Claims and claim adjustment expenses	3,712	3,762	3,856	3,740	4,094
Amortization of deferred acquisition costs	971	989	1,012	1,013	1,003
General and administrative expenses	995	1,054	1,057	1,048	996
Interest expense	91	93	89	90	89
Total claims and expenses	<u>5,769</u>	<u>5,898</u>	<u>6,014</u>	<u>5,891</u>	<u>6,182</u>
Core income before income taxes	926	868	924	1,267	755
Income tax expense	228	219	223	348	141
Core income	<u>\$ 698</u>	<u>\$ 649</u>	<u>\$ 701</u>	<u>\$ 919</u>	<u>\$ 614</u>
Other statistics					
Effective tax rate on net investment income	19.3%	19.4%	19.0%	21.3%	21.3%
Net investment income (after-tax)	\$ 439	\$ 442	\$ 472	\$ 493	\$ 480
Catastrophes, net of reinsurance:					
Pre-tax	\$ 318	\$ 333	\$ 89	\$ 137	\$ 347
After-tax	\$ 207	\$ 222	\$ 58	\$ 89	\$ 226
Prior year reserve development - favorable (unfavorable)					
Pre-tax	\$ 180	\$ 288	\$ 39	\$ 264	\$ 81
After-tax	\$ 119	\$ 192	\$ 27	\$ 172	\$ 44

See 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
Statutory underwriting					
Gross written premiums	\$ 6,712	\$ 6,688	\$ 6,798	\$ 6,297	\$ 7,018
Net written premiums	\$ 6,166	\$ 6,345	\$ 6,389	\$ 6,058	\$ 6,495
Net earned premiums	\$ 5,981	\$ 6,067	\$ 6,209	\$ 6,277	\$ 6,183
Losses and loss adjustment expenses	3,663	3,709	3,803	3,685	4,043
Underwriting expenses	1,932	2,009	2,001	1,926	1,975
Statutory underwriting gain	386	349	405	666	165
Policyholder dividends	10	11	11	16	11
Statutory underwriting gain after policyholder dividends	<u>\$ 376</u>	<u>\$ 338</u>	<u>\$ 394</u>	<u>\$ 650</u>	<u>\$ 154</u>
Other statutory statistics					
Reserves for losses and loss adjustment expenses	\$ 40,224	\$ 39,797	\$ 39,956	\$ 39,904	\$ 40,313
Increase (decrease) in reserves	\$ 442	\$ (427)	\$ 159	\$ (52)	\$ 409
Statutory capital and surplus	\$ 20,569	\$ 20,634	\$ 20,609	\$ 20,759	\$ 20,617
Net written premiums/surplus (1)	1.19:1	1.19:1	1.20:1	1.20:1	1.23:1

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

See 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
Written premiums					
Gross	\$ 6,712	\$ 6,688	\$ 6,798	\$ 6,297	\$ 7,018
Ceded	(546)	(343)	(409)	(239)	(523)
Net	<u>\$ 6,166</u>	<u>\$ 6,345</u>	<u>\$ 6,389</u>	<u>\$ 6,058</u>	<u>\$ 6,495</u>
Earned premiums					
Gross	\$ 6,381	\$ 6,487	\$ 6,604	\$ 6,665	\$ 6,550
Ceded	(400)	(420)	(395)	(388)	(367)
Net	<u>\$ 5,981</u>	<u>\$ 6,067</u>	<u>\$ 6,209</u>	<u>\$ 6,277</u>	<u>\$ 6,183</u>

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Segment Income - Business and International Insurance



(\$ in millions)

	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Revenues					
Premiums	\$ 3,599	\$ 3,631	\$ 3,692	\$ 3,698	\$ 3,620
Net investment income	415	420	445	483	470
Fee income	114	115	111	102	109
Other revenues	33	8	10	125	10
Total revenues	<u>4,161</u>	<u>4,174</u>	<u>4,258</u>	<u>4,408</u>	<u>4,209</u>
Claims and expenses					
Claims and claim adjustment expenses	2,299	2,385	2,380	2,126	2,364
Amortization of deferred acquisition costs	579	588	598	593	588
General and administrative expenses	663	696	697	690	656
Total claims and expenses	<u>3,541</u>	<u>3,669</u>	<u>3,675</u>	<u>3,409</u>	<u>3,608</u>
Segment income before income taxes	620	505	583	999	601
Income tax expense	144	112	126	277	133
Segment income	<u>\$ 476</u>	<u>\$ 393</u>	<u>\$ 457</u>	<u>\$ 722</u>	<u>\$ 468</u>
Other statistics					
Effective tax rate on net investment income	19.4%	19.5%	18.7%	21.4%	21.4%
Net investment income (after-tax)	\$ 335	\$ 337	\$ 363	\$ 378	\$ 369
Catastrophes, net of reinsurance:					
Pre-tax	\$ 148	\$ 212	\$ 72	\$ 80	\$ 134
After-tax	\$ 97	\$ 143	\$ 47	\$ 52	\$ 88
Prior year reserve development - favorable (unfavorable)					
Pre-tax (1)	\$ 93	\$ 138	\$ 19	\$ 234	\$ 71
After-tax (1)	\$ 63	\$ 94	\$ 14	\$ 152	\$ 38

(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 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 and International Insurance



(\$ in millions, net of tax)

	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Underwriting gain	\$ 121	\$ 48	\$ 87	\$ 263	\$ 91
Net investment income	335	337	363	378	369
Other income (expense)	20	8	7	81	8
Segment income	\$ 476	\$ 393	\$ 457	\$ 722	\$ 468
Combined ratio (1) (2)					
Loss and loss adjustment expense ratio	62.4%	64.2%	63.0%	56.3%	63.9%
Underwriting expense ratio	32.4%	33.3%	33.1%	32.7%	32.4%
Combined ratio	<u>94.8%</u>	<u>97.5%</u>	<u>96.1%</u>	<u>89.0%</u>	<u>96.3%</u>
Impact on combined ratio:					
Net favorable prior year reserve development	-2.6%	-3.8%	-0.5%	-6.3%	-1.9%
Catastrophes, net of reinsurance	4.1%	5.8%	1.9%	2.2%	3.7%
Underlying combined ratio	<u>93.3%</u>	<u>95.5%</u>	<u>94.7%</u>	<u>93.1%</u>	<u>94.5%</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
Billing and policy fees and other	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6
Fee income:					
Loss and loss adjustment expenses	\$ 44	\$ 45	\$ 44	\$ 35	\$ 42
Underwriting expenses	70	70	67	67	67
Total fee income	<u>\$ 114</u>	<u>\$ 115</u>	<u>\$ 111</u>	<u>\$ 102</u>	<u>\$ 109</u>

See 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)

	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Statutory underwriting					
Gross written premiums	\$ 4,366	\$ 3,997	\$ 3,956	\$ 3,717	\$ 4,457
Net written premiums	\$ 3,914	\$ 3,680	\$ 3,583	\$ 3,498	\$ 4,027
Net earned premiums	\$ 3,599	\$ 3,631	\$ 3,692	\$ 3,698	\$ 3,620
Losses and loss adjustment expenses	2,252	2,334	2,330	2,077	2,314
Underwriting expenses	1,236	1,231	1,203	1,173	1,246
Statutory underwriting gain	111	66	159	448	60
Policyholder dividends	8	9	9	9	9
Statutory underwriting gain after policyholder dividends	<u>\$ 103</u>	<u>\$ 57</u>	<u>\$ 150</u>	<u>\$ 439</u>	<u>\$ 51</u>

See 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)



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Net written premiums by market					
Domestic					
Select Accounts	\$ 724	\$ 709	\$ 657	\$ 639	\$ 755
Middle Market	1,830	1,495	1,618	1,526	1,956
National Accounts	320	234	245	259	288
First Party	358	466	399	378	352
Specialized Distribution	285	301	261	241	255
Total Domestic	3,517	3,205	3,180	3,043	3,606
International	397	475	403	455	421
Total	\$ 3,914	\$ 3,680	\$ 3,583	\$ 3,498	\$ 4,027
Net written premiums by product line					
Workers' compensation	\$ 1,198	\$ 916	\$ 939	\$ 892	\$ 1,207
Commercial automobile	544	517	502	474	581
Commercial property	406	520	437	424	402
General liability	537	471	506	473	558
Commercial multi-peril	829	777	777	774	855
International	397	475	403	455	421
Other	3	4	19	6	3
Total	\$ 3,914	\$ 3,680	\$ 3,583	\$ 3,498	\$ 4,027
National Accounts					
Additions to claim volume under administration (1)	\$ 797	\$ 545	\$ 553	\$ 661	\$ 734
Written fees	\$ 115	\$ 91	\$ 87	\$ 84	\$ 104

(1) Includes new and renewal business.

See 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
Revenues					
Premiums	\$ 508	\$ 518	\$ 529	\$ 533	\$ 514
Net investment income	52	51	53	54	52
Other revenues	3	6	4	7	5
Total revenues	<u>563</u>	<u>575</u>	<u>586</u>	<u>594</u>	<u>571</u>
Claims and expenses					
Claims and claim adjustment expenses	164	80	173	155	213
Amortization of deferred acquisition costs	96	98	102	101	97
General and administrative expenses	94	96	98	101	100
Total claims and expenses	<u>354</u>	<u>274</u>	<u>373</u>	<u>357</u>	<u>410</u>
Segment income before income taxes	209	301	213	237	161
Income tax expense	65	99	67	76	32
Segment income	<u>\$ 144</u>	<u>\$ 202</u>	<u>\$ 146</u>	<u>\$ 161</u>	<u>\$ 129</u>
Other statistics					
Effective tax rate on net investment income	18.1%	18.1%	18.8%	19.0%	19.2%
Net investment income (after-tax)	\$ 42	\$ 42	\$ 43	\$ 44	\$ 42
Catastrophes, net of reinsurance:					
Pre-tax	\$ 1	\$ 3	\$ 1	\$ 1	\$ 1
After-tax	\$ -	\$ 2	\$ 1	\$ 1	\$ -
Prior year reserve development - favorable (unfavorable)					
Pre-tax	\$ 60	\$ 150	\$ 41	\$ 75	\$ 10
After-tax	\$ 39	\$ 98	\$ 26	\$ 49	\$ 6

See 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
Underwriting gain	\$ 100	\$ 156	\$ 99	\$ 113	\$ 84
Net investment income	42	42	43	44	42
Other income (expense)	2	4	4	4	3
Segment income	\$ 144	\$ 202	\$ 146	\$ 161	\$ 129
Combined ratio					
Loss and loss adjustment expense ratio	31.9%	15.0%	32.3%	27.8%	41.1%
Underwriting expense ratio	37.4%	37.4%	37.8%	37.9%	38.2%
Combined ratio	<u>69.3%</u>	<u>52.4%</u>	<u>70.1%</u>	<u>65.7%</u>	<u>79.3%</u>
Impact on combined ratio:					
Net favorable prior year reserve development	-11.9%	-29.1%	-7.5%	-14.2%	-1.9%
Catastrophes, net of reinsurance	0.1%	0.6%	0.2%	0.2%	0.1%
Underlying combined ratio	<u>81.1%</u>	<u>80.9%</u>	<u>77.4%</u>	<u>79.7%</u>	<u>81.1%</u>

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

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



(\$ in millions)

	<u>1Q 2016</u>	<u>2Q 2016</u>	<u>3Q 2016</u>	<u>4Q 2016</u>	<u>1Q 2017</u>
Statutory underwriting					
Gross written premiums	\$ 536	\$ 549	\$ 580	\$ 518	\$ 549
Net written premiums	\$ 492	\$ 536	\$ 566	\$ 505	\$ 504
Net earned premiums	\$ 508	\$ 518	\$ 529	\$ 533	\$ 514
Losses and loss adjustment expenses	162	78	171	147	211
Underwriting expenses	195	198	205	196	201
Statutory underwriting gain	151	242	153	190	102
Policyholder dividends	2	2	2	7	2
Statutory underwriting gain after policyholder dividends	<u>\$ 149</u>	<u>\$ 240</u>	<u>\$ 151</u>	<u>\$ 183</u>	<u>\$ 100</u>

See 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
Net written premiums by product line					
Fidelity & surety	\$ 219	\$ 255	\$ 266	\$ 221	\$ 225
General liability	227	240	246	241	234
Other	46	41	54	43	45
Total	<u>\$ 492</u>	<u>\$ 536</u>	<u>\$ 566</u>	<u>\$ 505</u>	<u>\$ 504</u>

See 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
Revenues					
Premiums	\$ 1,874	\$ 1,918	\$ 1,988	\$ 2,046	\$ 2,049
Net investment income	77	78	84	90	88
Fee income	3	4	5	4	4
Other revenues	14	14	14	14	15
Total revenues	<u>1,968</u>	<u>2,014</u>	<u>2,091</u>	<u>2,154</u>	<u>2,156</u>
Claims and expenses					
Claims and claim adjustment expenses	1,249	1,297	1,303	1,459	1,517
Amortization of deferred acquisition costs	296	303	312	319	318
General and administrative expenses	230	255	254	249	232
Total claims and expenses	<u>1,775</u>	<u>1,855</u>	<u>1,869</u>	<u>2,027</u>	<u>2,067</u>
Segment income before income taxes	193	159	222	127	89
Income tax expense	54	43	64	30	10
Segment income	<u>\$ 139</u>	<u>\$ 116</u>	<u>\$ 158</u>	<u>\$ 97</u>	<u>\$ 79</u>
Other statistics					
Effective tax rate on net investment income	19.5%	19.7%	21.0%	21.9%	22.0%
Net investment income (after-tax)	\$ 62	\$ 63	\$ 66	\$ 71	\$ 69
Catastrophes, net of reinsurance:					
Pre-tax	\$ 169	\$ 118	\$ 16	\$ 56	\$ 212
After-tax	\$ 110	\$ 77	\$ 10	\$ 36	\$ 138
Prior year reserve development - favorable (unfavorable)					
Pre-tax	\$ 27	\$ -	\$ (21)	\$ (45)	\$ -
After-tax	\$ 17	\$ -	\$ (13)	\$ (29)	\$ -

See 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
Underwriting gain	\$ 68	\$ 44	\$ 83	\$ 17	\$ -
Net investment income	62	63	66	71	69
Other income (expense)	9	9	9	9	10
Segment income	\$ 139	\$ 116	\$ 158	\$ 97	\$ 79
Combined ratio (1)					
Loss and loss adjustment expense ratio	66.7%	67.6%	65.5%	71.4%	74.1%
Underwriting expense ratio	27.0%	28.1%	27.4%	26.8%	25.8%
Combined ratio	93.7%	95.7%	92.9%	98.2%	99.9%
<i>Combined ratio excluding incremental impact of direct to consumer initiative</i>	92.8%	94.6%	91.7%	97.1%	99.0%
Impact on combined ratio:					
Net (favorable)/unfavorable prior year reserve development	-1.4%	0.0%	1.1%	2.2%	0.0%
Catastrophes, net of reinsurance	9.0%	6.2%	0.8%	2.8%	10.4%
Underlying combined ratio	86.1%	89.5%	91.0%	93.2%	89.5%

(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
Billing and policy fees and other	\$ 16	\$ 16	\$ 17	\$ 16	\$ 17
Fee income	\$ 3	\$ 4	\$ 5	\$ 4	\$ 4

See 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
Statutory underwriting					
Gross written premiums	\$ 1,810	\$ 2,142	\$ 2,262	\$ 2,062	\$ 2,012
Net written premiums	\$ 1,760	\$ 2,129	\$ 2,240	\$ 2,055	\$ 1,964
Net earned premiums	\$ 1,874	\$ 1,918	\$ 1,988	\$ 2,046	\$ 2,049
Losses and loss adjustment expenses	1,249	1,297	1,302	1,461	1,518
Underwriting expenses	501	580	593	557	528
Statutory underwriting gain	<u>\$ 124</u>	<u>\$ 41</u>	<u>\$ 93</u>	<u>\$ 28</u>	<u>\$ 3</u>
Policies in force (in thousands)					
Automobile	2,346	2,417	2,502	2,587	2,645
Homeowners and other	4,188	4,244	4,279	4,311	4,362

See 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 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Statutory underwriting					
Gross written premiums	\$ 939	\$ 1,022	\$ 1,099	\$ 1,063	\$ 1,094
Net written premiums	\$ 932	\$ 1,018	\$ 1,095	\$ 1,058	\$ 1,087
Net earned premiums	\$ 891	\$ 925	\$ 973	\$ 1,019	\$ 1,035
Losses and loss adjustment expenses	626	703	751	945	800
Underwriting expenses	234	252	259	256	260
Statutory underwriting gain (loss)	<u>\$ 31</u>	<u>\$ (30)</u>	<u>\$ (37)</u>	<u>\$ (182)</u>	<u>\$ (25)</u>
Other statistics					
Combined ratio (2):					
Loss and loss adjustment expense ratio	70.3%	75.9%	77.1%	92.8%	77.3%
Underwriting expense ratio	24.9%	25.4%	24.3%	23.9%	23.8%
Combined ratio	<u>95.2%</u>	<u>101.3%</u>	<u>101.4%</u>	<u>116.7%</u>	<u>101.1%</u>
Impact on combined ratio:					
Net (favorable)/unfavorable prior year reserve development	-0.8%	0.0%	0.0%	3.9%	0.0%
Catastrophes, net of reinsurance	2.0%	2.7%	0.3%	0.6%	2.5%
Underlying combined ratio	<u>94.0%</u>	<u>98.6%</u>	<u>101.1%</u>	<u>112.2%</u>	<u>98.6%</u>
Catastrophe losses, net of reinsurance:					
Pre-tax	\$ 19	\$ 24	\$ 4	\$ 5	\$ 26
After-tax	\$ 12	\$ 16	\$ 2	\$ 4	\$ 17
Prior year reserve development - favorable (unfavorable)					
Pre-tax	\$ 7	\$ -	\$ -	\$ (40)	\$ -
After-tax	\$ 4	\$ -	\$ -	\$ (25)	\$ -
Policies in force (in thousands)	2,212	2,275	2,350	2,428	2,482
Change from prior year quarter	9.5%	10.6%	11.6%	12.6%	12.2%
Change from prior quarter	2.5%	2.8%	3.3%	3.3%	2.2%

(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
Billing and policy fees and other	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 10</u>
Fee income	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>

See 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 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Statutory underwriting					
Gross written premiums	\$ 803	\$ 1,045	\$ 1,075	\$ 920	\$ 835
Net written premiums	\$ 760	\$ 1,036	\$ 1,058	\$ 918	\$ 794
Net earned premiums	\$ 920	\$ 926	\$ 942	\$ 949	\$ 934
Losses and loss adjustment expenses	578	541	493	447	646
Underwriting expenses	236	297	301	272	243
Statutory underwriting gain	<u>\$ 106</u>	<u>\$ 88</u>	<u>\$ 148</u>	<u>\$ 230</u>	<u>\$ 45</u>
Other statistics					
Combined ratio (2):					
Loss and loss adjustment expense ratio	62.8%	58.4%	52.3%	47.2%	69.1%
Underwriting expense ratio	27.6%	29.5%	29.2%	28.9%	27.6%
Combined ratio	<u>90.4%</u>	<u>87.9%</u>	<u>81.5%</u>	<u>76.1%</u>	<u>96.7%</u>
Impact on combined ratio:					
Net (favorable)/unfavorable prior year reserve development	-1.8%	0.0%	2.0%	0.5%	0.0%
Catastrophes, net of reinsurance	16.0%	9.7%	1.2%	5.2%	19.1%
Underlying combined ratio	<u>76.2%</u>	<u>78.2%</u>	<u>78.3%</u>	<u>70.4%</u>	<u>77.6%</u>
Catastrophe losses, net of reinsurance:					
Pre-tax	\$ 147	\$ 91	\$ 11	\$ 49	\$ 178
After-tax	\$ 96	\$ 59	\$ 7	\$ 31	\$ 116
Prior year reserve development - favorable (unfavorable)					
Pre-tax	\$ 17	\$ -	\$ (19)	\$ (5)	\$ -
After-tax	\$ 11	\$ -	\$ (12)	\$ (4)	\$ -
Policies in force (in thousands)	4,068	4,117	4,146	4,174	4,222
Change from prior year quarter	1.5%	2.5%	2.8%	3.3%	3.8%
Change from prior quarter	0.6%	1.2%	0.7%	0.7%	1.1%

(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
Billing and policy fees and other	<u>\$ 7</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 7</u>	<u>\$ 7</u>
Fee income	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 2</u>

See 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 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Net written premiums					
Automobile	\$ 51	\$ 53	\$ 63	\$ 57	\$ 64
Homeowners and other	17	22	24	22	19
Total net written premiums	<u>\$ 68</u>	<u>\$ 75</u>	<u>\$ 87</u>	<u>\$ 79</u>	<u>\$ 83</u>
Revenues					
Premiums	\$ 63	\$ 67	\$ 73	\$ 78	\$ 80
Other revenues	-	1	1	1	1
Total revenues	<u>63</u>	<u>68</u>	<u>74</u>	<u>79</u>	<u>81</u>
Claims and expenses					
Claims and claim adjustment expenses	45	53	59	68	72
Amortization of deferred acquisition costs	1	2	2	1	2
General and administrative expenses	30	30	32	29	24
Total claims and expenses	<u>76</u>	<u>85</u>	<u>93</u>	<u>98</u>	<u>98</u>
Direct to Consumer loss before income taxes	(13)	(17)	(19)	(19)	(17)
Income taxes	(5)	(5)	(7)	(7)	(6)
Direct to Consumer loss	<u>\$ (8)</u>	<u>\$ (12)</u>	<u>\$ (12)</u>	<u>\$ (12)</u>	<u>\$ (11)</u>
Other statistics					
Policies in force (in thousands)					
Automobile	134	142	152	159	163
Homeowners and other	120	127	133	137	140
Catastrophes, net of reinsurance:					
Pre-tax	\$ 3	\$ 3	\$ 1	\$ 2	\$ 8
After-tax	\$ 2	\$ 2	\$ 1	\$ 1	\$ 5
Prior year reserve development - favorable (unfavorable)					
Pre-tax	\$ 3	\$ -	\$ (2)	\$ -	\$ -
After-tax	\$ 2	\$ -	\$ (1)	\$ -	\$ -

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

See 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
Revenues					
Other revenues	\$ 3	\$ 3	\$ 3	\$ 2	\$ 1
Claims and expenses					
Interest expense	91	93	89	90	89
General and administrative expenses	8	7	8	8	8
Total claims and expenses	99	100	97	98	97
Loss before income tax benefit	(96)	(97)	(94)	(96)	(96)
Income taxes	(35)	(35)	(34)	(35)	(34)
Loss	\$ (61)	\$ (62)	\$ (60)	\$ (61)	\$ (62)

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Consolidated Balance Sheet

(in millions)



	March 31, 2017	December 31, 2016		March 31, 2017	December 31, 2016
Assets			Liabilities		
Fixed maturities, available for sale, at fair value (amortized cost \$60,269 and \$59,650)	\$ 61,268	\$ 60,515	Claims and claim adjustment expense reserves	\$ 48,320	\$ 47,949
Equity securities, available for sale, at fair value (cost \$512 and \$504)	751	732	Unearned premium reserves	12,814	12,329
Real estate investments	926	928	Contractholder payables	4,668	4,609
Short-term securities	4,817	4,865	Payables for reinsurance premiums	429	273
Other investments	3,495	3,448	Debt	6,438	6,437
Total investments	<u>71,257</u>	<u>70,488</u>	Other liabilities	4,965	5,427
			Total liabilities	<u>77,634</u>	<u>77,024</u>
Cash	249	307	Shareholders' equity		
Investment income accrued	575	630	Common stock (1,750.0 shares authorized; 279.4 and 279.6 shares issued and outstanding)	22,724	22,614
Premiums receivable	7,012	6,722	Retained earnings	32,623	32,196
Reinsurance recoverables	8,199	8,287	Accumulated other comprehensive loss	(615)	(755)
Ceded unearned premiums	745	589	Treasury stock, at cost (491.9 and 489.5 shares)	(31,120)	(30,834)
Deferred acquisition costs	1,987	1,923	Total shareholders' equity	<u>23,612</u>	<u>23,221</u>
Deferred taxes	261	465	Total liabilities and shareholders' equity	<u>\$ 101,246</u>	<u>\$ 100,245</u>
Contractholder receivables	4,668	4,609			
Goodwill	3,584	3,580			
Other intangible assets	266	268			
Other assets	2,443	2,377			
Total assets	<u>\$ 101,246</u>	<u>\$ 100,245</u>			

The Travelers Companies, Inc.

Investment Portfolio

(at carrying value, \$ in millions)



	March 31, 2017	Pre-tax Book Yield (1)	December 31, 2016	Pre-tax Book Yield (1)
Investment portfolio				
Taxable fixed maturities (including redeemable preferred stock)	\$ 29,587	3.16%	\$ 28,895	3.17%
Tax-exempt fixed maturities	31,681	3.18%	31,620	3.25%
Total fixed maturities	61,268	3.17%	60,515	3.21%
Non-redeemable preferred stocks	132	5.37%	129	5.37%
Public common stocks	619		603	
Total equity securities	751		732	
Real estate investments	926		928	
Short-term securities	4,817	0.87%	4,865	0.74%
Private equities	2,079		2,049	
Hedge funds	336		339	
Real estate partnerships	645		644	
Other investments	435		416	
Total other investments	3,495		3,448	
Total investments	\$ 71,257		\$ 70,488	
Net unrealized investment gains, net of tax, included in shareholders' equity	\$ 823		\$ 730	

(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

	March 31, 2017		December 31, 2016
\$	2,049	\$	2,035
	4,612		5,157
	<u>27,348</u>		<u>26,753</u>
	<u>31,960</u>		<u>31,910</u>
	1,590		1,662
	1,780		1,708
	<u>23,889</u>		<u>23,200</u>
\$	<u><u>61,268</u></u>	\$	<u><u>60,515</u></u>

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

March 31, 2017		
	Amount	% of Total
\$	26,252	42.8 %
	17,379	28.4
	8,576	14.0
	<u>7,309</u>	<u>11.9</u>
	<u>59,516</u>	<u>97.1</u>
	1,062	1.8
	439	0.7
	<u>251</u>	<u>0.4</u>
	<u>1,752</u>	<u>2.9</u>
\$	<u><u>61,268</u></u>	<u><u>100.0 %</u></u>
	Aa2, AA	
	<u><u>4.3</u></u>	

(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
Gross investment income					
Fixed maturities	\$ 503	\$ 497	\$ 490	\$ 491	\$ 477
Short-term securities	6	7	7	9	11
Other	44	53	95	138	131
	<u>553</u>	<u>557</u>	<u>592</u>	<u>638</u>	<u>619</u>
Investment expenses	9	8	10	11	9
Net investment income, pre-tax	544	549	582	627	610
Income taxes	105	107	110	134	130
Net investment income, after-tax	<u>\$ 439</u>	<u>\$ 442</u>	<u>\$ 472</u>	<u>\$ 493</u>	<u>\$ 480</u>
Effective tax rate	19.3%	19.4%	19.0%	21.3%	21.3%
Average invested assets (1)	\$ 69,926	\$ 70,033	\$ 70,110	\$ 70,697	\$ 70,865
Average yield pre-tax (1)	3.1%	3.1%	3.3%	3.5%	3.4%
Average yield after-tax	2.5%	2.5%	2.7%	2.8%	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
Net realized investment gains (losses)					
Fixed maturities	\$ 4	\$ 21	\$ 11	\$ 8	\$ 4
Equity securities	(5)	2	2	3	5
Other (1)	(8)	(4)	10	24	(4)
Realized investment gains (losses) before tax	(9)	19	23	35	5
Related taxes	(2)	4	8	11	2
Net realized investment gains (losses)	<u>\$ (7)</u>	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ 24</u>	<u>\$ 3</u>
Gross investment gains (1)	\$ 120	\$ 150	\$ 68	\$ 141	\$ 58
Gross investment losses before impairments (1)	(111)	(127)	(41)	(103)	(51)
Net investment gains (losses) before impairments	9	23	27	38	7
Other-than-temporary impairment losses	(18)	(4)	(4)	(3)	(2)
Net realized investment gains (losses) before tax	(9)	19	23	35	5
Related taxes	(2)	4	8	11	2
Net realized investment gains (losses)	<u>\$ (7)</u>	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ 24</u>	<u>\$ 3</u>
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017
Net unrealized investment gains, net of tax, by asset type					
Fixed maturities	\$ 2,495	\$ 3,336	\$ 2,887	\$ 865	\$ 999
Equity securities & other	198	249	248	247	256
Unrealized investment gains before tax	2,693	3,585	3,135	1,112	1,255
Related taxes	934	1,244	1,086	382	432
Balance, end of period	<u>\$ 1,759</u>	<u>\$ 2,341</u>	<u>\$ 2,049</u>	<u>\$ 730</u>	<u>\$ 823</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
Gross investment Treasury future losses	\$ 49	\$ 42	\$ 33	\$ 20	\$ 34

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

	March 31, 2017	December 31, 2016
	\$ 3,153	\$ 3,181
	(115)	(116)
	3,038	3,065
	2,016	2,054
	3,145	3,168
	<u>\$ 8,199</u>	<u>\$ 8,287</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	March 31, 2017
Swiss Re Group	A+ second highest of 16 ratings	\$ 373
Berkshire Hathaway	A++ highest of 16 ratings	242
Sompo Japan Nipponkoa Group	A+ second highest of 16 ratings	216
Munich Re Group	A+ second highest of 16 ratings	189
XL Capital Group	A third highest of 16 ratings	147

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 March 31, 2017, after deducting mandatory pools and associations and structured settlement balances, \$2.4 billion, or 79%, were rated by A.M. Best Company. Of the total rated by A.M. Best Company, 99% were rated A- or better. The remaining 21% of net recoverables from reinsurers were comprised of the following: 5% 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 March 31, 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	March 31, 2017
Fidelity and Guaranty Life	B++ fifth highest of 16 ratings	\$ 877
MetLife (1)	A third highest of 16 ratings	389
Genworth Financial Group (2)	B++ fifth highest of 16 ratings	374
John Hancock Group	A+ second highest of 16 ratings	295
Symetra Financial Corporation	A third highest of 16 ratings	262

(1) 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 March 31, 2017, Brighthouse Life Insurance Company was still part of the MetLife group.

(2) 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
Statutory Reserves for Losses and Loss Adjustment Expenses					
Business and International Insurance					
Beginning of period	\$ 33,669	\$ 34,002	\$ 33,632	\$ 33,801	\$ 33,581
Incurred	2,252	2,334	2,330	2,077	2,314
Paid	(2,020)	(2,642)	(2,137)	(2,213)	(2,165)
Foreign exchange and other	101	(62)	(24)	(84)	33
End of period	<u>\$ 34,002</u>	<u>\$ 33,632</u>	<u>\$ 33,801</u>	<u>\$ 33,581</u>	<u>\$ 33,763</u>
Bond & Specialty Insurance					
Beginning of period	\$ 3,030	\$ 3,020	\$ 2,927	\$ 2,881	\$ 2,826
Incurred	162	78	171	147	211
Paid	(172)	(168)	(217)	(201)	(217)
Foreign exchange and other	-	(3)	-	(1)	1
End of period	<u>\$ 3,020</u>	<u>\$ 2,927</u>	<u>\$ 2,881</u>	<u>\$ 2,826</u>	<u>\$ 2,821</u>
Personal Insurance					
Beginning of period	\$ 3,083	\$ 3,202	\$ 3,238	\$ 3,274	\$ 3,497
Incurred	1,249	1,297	1,302	1,461	1,518
Paid	(1,130)	(1,261)	(1,266)	(1,238)	(1,286)
End of period	<u>\$ 3,202</u>	<u>\$ 3,238</u>	<u>\$ 3,274</u>	<u>\$ 3,497</u>	<u>\$ 3,729</u>
Total					
Beginning of period	\$ 39,782	\$ 40,224	\$ 39,797	\$ 39,956	\$ 39,904
Incurred	3,663	3,709	3,803	3,685	4,043
Paid	(3,322)	(4,071)	(3,620)	(3,652)	(3,668)
Foreign exchange and other	101	(65)	(24)	(85)	34
End of period	<u>\$ 40,224</u>	<u>\$ 39,797</u>	<u>\$ 39,956</u>	<u>\$ 39,904</u>	<u>\$ 40,313</u>
Prior Year Reserve Development: Unfavorable (Favorable)					
Business and International Insurance					
Asbestos	\$ -	\$ -	\$ 225	\$ -	\$ -
Environmental	-	82	-	-	-
All other	(93)	(220)	(244)	(234)	(71)
Total Business and International Insurance (1)	(93)	(138)	(19)	(234)	(71)
Bond & Specialty Insurance					
	(60)	(150)	(41)	(75)	(10)
Personal Insurance					
	(27)	-	21	45	-
Total	<u>\$ (180)</u>	<u>\$ (288)</u>	<u>\$ (39)</u>	<u>\$ (264)</u>	<u>\$ (81)</u>

(1) Excludes accretion of discount.

See 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
Asbestos reserves					
Beginning reserves:					
Gross	\$ 1,989	\$ 1,937	\$ 1,317	\$ 1,597	\$ 1,512
Ceded	(179)	(164)	(83)	(195)	(186)
Net	1,810	1,773	1,234	1,402	1,326
Incurred losses and loss expenses:					
Gross	-	-	355	-	-
Ceded	-	-	(130)	-	-
Paid loss and loss expenses:					
Gross	52	619	75	85	76
Ceded	(15)	(81)	(18)	(9)	(18)
Foreign exchange and other:					
Gross	-	(1)	-	-	-
Ceded	-	-	-	-	-
Ending reserves:					
Gross	1,937	1,317	1,597	1,512	1,436
Ceded	(164)	(83)	(195)	(186)	(168)
Net	<u>\$ 1,773</u>	<u>\$ 1,234</u>	<u>\$ 1,402</u>	<u>\$ 1,326</u>	<u>\$ 1,268</u>
Environmental reserves					
Beginning reserves:					
Gross	\$ 375	\$ 366	\$ 439	\$ 411	\$ 395
Ceded	(14)	(14)	(18)	(17)	(13)
Net	361	352	421	394	382
Incurred losses and loss expenses:					
Gross	-	87	-	-	-
Ceded	-	(5)	-	-	-
Paid loss and loss expenses:					
Gross	10	14	28	15	16
Ceded	-	(1)	(1)	(4)	-
Foreign exchange and other:					
Gross	1	-	-	(1)	-
Ceded	-	-	-	-	-
Ending reserves:					
Gross	366	439	411	395	379
Ceded	(14)	(18)	(17)	(13)	(13)
Net	<u>\$ 352</u>	<u>\$ 421</u>	<u>\$ 394</u>	<u>\$ 382</u>	<u>\$ 366</u>

See 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		
5.75% Senior notes due December 15, 2017 (1)		
Total short-term debt		

Long-term debt

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)		
4.30% Senior notes due August 25, 2045 (1)		
8.50% Junior subordinated debentures due December 15, 2045		
3.75% Senior notes due May 15, 2046 (1)		
8.312% Junior subordinated debentures due July 1, 2046		
6.25% Fixed-to-floating rate junior subordinated debentures due March 15, 2067 (2)		
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)

	March 31, 2017	December 31, 2016
	\$ 100	\$ 100
	450	450
	<u>550</u>	<u>550</u>
	500	500
	500	500
	500	500
	200	200
	125	125
	500	500
	400	400
	800	800
	750	750
	500	500
	400	400
	56	56
	500	500
	73	73
	107	107
	<u>5,911</u>	<u>5,911</u>
	47	47
	(70)	(71)
	<u>5,888</u>	<u>5,887</u>
	<u>6,438</u>	<u>6,437</u>
	22,789	22,491
	<u>\$ 29,227</u>	<u>\$ 28,928</u>
	22.0%	22.3%

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

(2) Redeemable at anytime at par. On March 15, 2017 interest was converted from a fixed rate to a floating rate, which was 3.346% on March 31, 2017.

See 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>March 31, 2017 (1)</u>	<u>December 31, 2016</u>
Statutory capital and surplus	\$ 20,617	\$ 20,759
GAAP adjustments		
Goodwill and intangible assets	3,686	3,684
Investments	1,421	1,273
Noninsurance companies	(4,135)	(4,559)
Deferred acquisition costs	1,987	1,923
Deferred federal income tax	(1,183)	(1,038)
Current federal income tax	(13)	(31)
Reinsurance recoverables	69	69
Furniture, equipment & software	696	690
Agents balances	166	156
Other	301	295
Total GAAP adjustments	<u>2,995</u>	<u>2,462</u>
GAAP shareholders' equity	<u>\$ 23,612</u>	<u>\$ 23,221</u>

(1) Estimated and Preliminary

See 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
Cash flows from operating activities					
Net income	\$ 691	\$ 664	\$ 716	\$ 943	\$ 617
Adjustments to reconcile net income to net cash provided by operating activities:					
Net realized investment (gains) losses	9	(19)	(23)	(35)	(5)
Depreciation and amortization	213	200	211	202	211
Deferred federal income tax expense	105	(30)	(46)	81	151
Amortization of deferred acquisition costs	971	989	1,012	1,013	1,003
Equity in income from other investments	(17)	(27)	(70)	(118)	(109)
Premiums receivable	(393)	(174)	227	54	(286)
Reinsurance recoverables	126	190	(68)	362	94
Deferred acquisition costs	(1,014)	(1,048)	(1,034)	(965)	(1,065)
Claims and claim adjustment expense reserves	226	(613)	248	(118)	334
Unearned premium reserves	328	203	194	(353)	475
Other	(395)	108	403	73	(645)
Net cash provided by operating activities	<u>850</u>	<u>443</u>	<u>1,770</u>	<u>1,139</u>	<u>775</u>
Cash flows from investing activities					
Proceeds from maturities of fixed maturities	1,748	2,025	2,875	2,327	2,218
Proceeds from sales of investments:					
Fixed maturities	421	318	126	552	188
Equity securities	14	24	33	21	21
Real estate investments	69	-	-	-	11
Other investments	186	157	226	270	195
Purchases of investments:					
Fixed maturities	(2,700)	(3,005)	(3,299)	(2,605)	(3,056)
Equity securities	(12)	(14)	(10)	(15)	(22)
Real estate investments	(7)	(13)	(10)	(18)	(16)
Other investments	(162)	(128)	(132)	(158)	(124)
Net sales (purchases) of short-term securities	85	596	(816)	(64)	49
Securities transactions in course of settlement	291	170	50	(532)	157
Other	(79)	(75)	(86)	(104)	(63)
Net cash provided by (used in) investing activities	<u>(146)</u>	<u>55</u>	<u>(1,043)</u>	<u>(326)</u>	<u>(442)</u>

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

(\$ in millions)



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

The Travelers Companies, Inc.
Financial Supplement - First 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.

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.

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 and International Insurance - Business and International Insurance offers a broad array of property and casualty insurance and insurance related services to its clients, primarily in the United States and in Canada, as well as in the United Kingdom, the Republic of Ireland, Brazil, Colombia 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, and Excess Casualty; National Accounts; First Party including National Property, Inland Marine, Ocean Marine and Boiler & Machinery; Specialized Distribution including Northland, National Programs, and Agribusiness; and International. 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 - Bond & Specialty Insurance provides surety, crime, management and professional liability, and cyber risk coverages and related risk management services to a wide range of primarily domestic customers, 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 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.

Personal Insurance - Personal Insurance 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.