
Section 1: 8-K (8-K)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 21, 2016**

The Travelers Companies, Inc.

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction of
incorporation)

001-10898
(Commission File Number)

41-0518860
(IRS Employer Identification
Number)

485 Lexington Avenue
New York, New York
(Address of principal executive offices)

10017
(Zip Code)

(917) 778-6000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On July 21, 2016, The Travelers Companies, Inc. (the "Company") issued a press release announcing the results of the Company's operations for the quarter ended June 30, 2016, and the availability of the Company's second quarter financial supplement on the Company's web site. The press release and the financial supplement are furnished as Exhibits 99.1 and 99.2 to this Report and are hereby incorporated by reference in this Item 2.02.

As provided in General Instruction B.2 of Form 8-K, the information and exhibits contained in this Form 8-K shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.

Description

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 21, 2016

THE TRAVELERS COMPANIES, INC.

By: /s/ Kenneth F. Spence III

Name: Kenneth F. Spence III

Title: Executive Vice President and General Counsel

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated July 21, 2016, reporting results of operations (This exhibit is furnished and not filed.)
99.2	Second Quarter 2016 Financial Supplement of The Travelers Companies, Inc. (This exhibit is furnished and not filed.)

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Section 2: EX-99.1 (EX-99.1)

Exhibit 99.1



The Travelers Companies, Inc.
485 Lexington Avenue
New York, NY 10017-2630
www.travelers.com

NYSE: TRV

Travelers Reports Second Quarter Net and Operating Income per Diluted Share of \$2.24 and \$2.20, Respectively

Return on Equity and Operating Return on Equity of 10.9% and 11.6%, Respectively

- Net and operating income of \$664 million and \$649 million, respectively, declined from the prior year quarter, primarily due to higher catastrophe losses, including the Fort McMurray wildfires, higher non-catastrophe weather-related losses and lower net investment income.
- Strong consolidated underwriting results, as reflected in combined ratio of 93.1% and underlying combined ratio of 92.3%.
- Record net written premiums of \$6.345 billion, up 3% from prior year quarter.
- Total capital returned to shareholders of \$747 million in the quarter, including \$550 million of share repurchases. Year-to-date total capital returned to shareholders of \$1.537 billion, including \$1.159 billion of share repurchases.
- Book value per share of \$85.73 increased 11% from end of prior year quarter and 7% from year-end 2015. Adjusted book value per share of \$77.61 increased 6% and 3%, respectively, from same dates.
- Board of Directors declared quarterly dividend per share of \$0.67.

New York, July 21, 2016 — The Travelers Companies, Inc. today reported net income of \$664 million, or \$2.24 per diluted share, for the quarter ended June 30, 2016, compared to \$812 million, or \$2.53 per diluted share, in the prior year quarter. Operating income in the current quarter was \$649 million, or \$2.20 per diluted share, compared to \$806 million, or \$2.52 per diluted share, in the prior year quarter. These declines were primarily driven by catastrophe and certain non-catastrophe weather-related losses (i.e., losses from events designated by Property Claim Services (PCS) as catastrophes that did not meet the Company's reporting thresholds for catastrophe losses) that were higher by \$135 million after-tax (\$200 million pre-tax) and net investment income that was lower by \$61 million after-tax (\$83 million pre-tax), partially offset by net favorable prior year reserve development that was higher by \$59 million after-tax (\$81 million pre-tax). The prior year quarter also included a \$32 million tax benefit. Per diluted share amounts benefited from the impact of share repurchases.

Consolidated Highlights

(\$ in millions, except for per share amounts, and after-tax, except for premiums & revenues)	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Net written premiums	\$ 6,345	\$ 6,169	3%	\$ 12,511	\$ 12,066	4%
Total revenues	\$ 6,785	\$ 6,710	1	\$ 13,471	\$ 13,339	1
Net income	\$ 664	\$ 812	(18)	\$ 1,355	\$ 1,645	(18)
<i>per diluted share</i>	\$ 2.24	\$ 2.53	(11)	\$ 4.55	\$ 5.08	(10)
Operating income	\$ 649	\$ 806	(19)	\$ 1,347	\$ 1,633	(18)
<i>per diluted share</i>	\$ 2.20	\$ 2.52	(13)	\$ 4.52	\$ 5.05	(10)
Diluted weighted average shares outstanding	293.6	318.0	(8)	295.6	321.2	(8)
Combined ratio	93.1%	90.8%	2.3pts	92.7%	89.9%	2.8pts
Underlying combined ratio	92.3%	90.6%	1.7pts	91.2%	90.4%	0.8pts
Return on equity	10.9%	13.3%	(2.4)pts	11.2%	13.3%	(2.1)pts
Operating return on equity	11.6%	14.2%	(2.6)pts	12.0%	14.3%	(2.3)pts

	June 30,	December 31,	June 30,	Change from	
	2016	2015	2015	December 31,	June 30,
				2015	2015
Book value per share	\$ 85.73	\$ 79.75	\$ 77.51	7%	11%
Adjusted book value per share	77.61	75.39	73.09	3	6

See Glossary of Financial Measures for definitions and the statistical supplement for additional financial data.

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“Our second quarter results were solid, with operating income of \$649 million and operating return on equity of 11.6%,” commented Alan Schnitzer, Chief Executive Officer. “We were particularly pleased with our operating return on equity relative to the persistent and increasingly low interest rate environment, which highlights our ability to continue to generate attractive underwriting returns. Our underwriting results remained strong, as reflected in a 93.1% combined ratio, despite catastrophe and other PCS weather-related losses being higher by \$135 million after-tax as compared to the prior year quarter. As a consequence of the interest rate environment, returns from our high-quality fixed income portfolio declined by \$21 million after-tax, in line with our expectations. Returns from our non-fixed income portfolio declined from the prior year period but remained positive and improved from recent quarters. In terms of capital management, we returned \$747 million of excess capital to shareholders in the quarter, including \$550 million of share repurchases, bringing the total capital returned to shareholders year-to-date to more than \$1.5 billion.

“We continue to be very pleased with the execution of our marketplace strategies, both in terms of the record volume of premium we wrote in the quarter and the modeled returns on that business. In our commercial businesses, retentions remained at historically high levels, with positive renewal premium change and strong new business growth, including 10% new business growth in domestic Business Insurance. Personal Insurance net written premiums grew 9% from the prior year quarter to a record of over \$2.1 billion, driven by accelerating growth in both auto and homeowners policies in force.

“Our results this quarter again demonstrate the value of our significant competitive advantages, our strong balance sheet, the best talent in the business and our return-focused underwriting culture. With these strengths and our active capital management philosophy, we remain well-positioned to continue to deliver superior shareholder value over time.”

Consolidated Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Underwriting gain:	\$ 388	\$ 511	\$ (123)	\$ 816	\$ 1,131	\$ (315)
<i>Underwriting gain includes:</i>						
<i>Net favorable prior year reserve development</i>	288	207	81	468	450	18
<i>Catastrophes, net of reinsurance</i>	(333)	(221)	(112)	(651)	(383)	(268)
Net investment income	549	632	(83)	1,093	1,224	(131)
Other income/(expense), including interest expense	(69)	(77)	8	(115)	(151)	36
Operating income before income taxes	868	1,066	(198)	1,794	2,204	(410)
Income tax expense	219	260	(41)	447	571	(124)
Operating income	649	806	(157)	1,347	1,633	(286)
Net realized investment gains after income taxes	15	6	9	8	12	(4)
Net Income	\$ 664	\$ 812	\$ (148)	\$ 1,355	\$ 1,645	\$ (290)
Combined ratio	93.1%	90.8%	2.3pts	92.7%	89.9%	2.8pts
<i>Impact on combined ratio</i>						
<i>Net favorable prior year reserve development</i>	(4.7)	(3.5)	(1.2)pts	(3.9)	(3.8)	(0.1)pts

Catastrophes, net of reinsurance	5.5	3.7	1.8pts	5.4	3.3	2.1pts
Underlying combined ratio	92.3%	90.6%	1.7pts	91.2%	90.4%	0.8pts
Net written premiums						
Business and International Insurance	\$ 3,680	\$ 3,679	—%	\$ 7,594	\$ 7,476	2%
Bond & Specialty Insurance	536	534	—	1,028	1,012	2
Personal Insurance	2,129	1,956	9	3,889	3,578	9
Total	\$ 6,345	\$ 6,169	3%	\$ 12,511	\$ 12,066	4%

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Second Quarter 2016 Results

(All comparisons vs. second quarter 2015, unless noted otherwise)

Net income of \$664 million after-tax decreased \$148 million, or 18%. Within net income, operating income of \$649 million after-tax decreased by \$157 million, or 19%, primarily driven by catastrophe and certain non-catastrophe weather-related losses that were higher by \$135 million after-tax (\$200 million pre-tax) and net investment income that was lower by \$61 million after-tax (\$83 million pre-tax), partially offset by net favorable prior year reserve development that was higher by \$59 million after-tax (\$81 million pre-tax). The prior year quarter also included a \$32 million tax benefit. In addition, net income benefited from net realized investment gains of \$15 million after-tax (\$19 million pre-tax) in the current quarter compared to net realized investment gains of \$6 million after-tax (\$10 million pre-tax) in the prior year quarter.

Underwriting results

- The combined ratio remained strong at 93.1%. It increased 2.3 points due to higher catastrophe losses (1.8 points) and a higher underlying combined ratio (1.7 points), partially offset by higher net favorable prior year reserve development (1.2 points).
- The underlying combined ratio of 92.3% increased 1.7 points, primarily driven by higher non-catastrophe weather-related losses and, to a lesser extent, the impact of loss cost trends that exceeded earned pricing.
- Net favorable prior year reserve development occurred in Business and International Insurance and Bond & Specialty Insurance. Catastrophe losses primarily resulted from wind and hail storms in several regions of the United States and the Fort McMurray wildfires in Canada.

Net investment income of \$549 million pre-tax (\$442 million after-tax) decreased due to lower returns in both the non-fixed income and fixed-income portfolios. Non-fixed income returns declined due to lower private equity and real estate partnership returns but remained positive and improved from recent quarters. As a consequence of the low interest rate environment, returns from our high-quality fixed-income portfolio declined in line with our expectations.

Record net written premiums of \$6.345 billion increased 3%, primarily driven by growth in Personal Insurance and domestic Business Insurance net written premiums.

Year-to-Date 2016 Results

(All comparisons vs. year-to-date 2015, unless noted otherwise)

Net income of \$1.355 billion after-tax decreased \$290 million due to lower operating income and lower after-tax net realized investment gains. Operating income of \$1.347 billion after-tax decreased \$286 million, primarily driven by higher catastrophe losses and lower net investment income. The prior year period also included a \$32 million tax benefit.

Underwriting results

- The combined ratio remained strong at 92.7%. It increased 2.8 points due to higher catastrophe losses (2.1 points) and a higher underlying combined ratio (0.8 points), partially offset by higher net favorable prior year reserve development (0.1 points).
- The underlying combined ratio of 91.2% increased 0.8 points, primarily driven by the impact of loss cost trends that exceeded earned pricing.
- Net favorable prior year reserve development occurred in all segments. Catastrophe losses included the second quarter events discussed above, as well as wind and hail storms in Texas and several other regions of the United States and winter storms in the eastern United States in the first quarter.

Net investment income of \$1.093 billion pre-tax (\$881 million after-tax) decreased primarily due to the same factors discussed above, as well as lower hedge fund returns.

Other income/(expense) included proceeds from the favorable settlement of a claims-related legal matter in the first quarter of 2016.

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Record net written premiums of \$12.511 billion increased 4%, benefiting from strong retention, positive renewal premium changes and increases in new business volumes in each segment.

Shareholders' Equity

Shareholders' equity of \$24.714 billion increased 5% from year-end 2015, primarily due to an increase in after-tax net unrealized investment gains. After-tax net unrealized investment gains were \$2.341 billion (\$3.585 billion pre-tax), compared to \$1.289 billion after-tax (\$1.974 billion pre-tax) at year-end 2015. Book value per share of \$85.73 and adjusted book value per share of \$77.61 increased 7% and 3%, respectively, from year-end 2015.

The Company repurchased 4.9 million shares during the second quarter at an average price of \$112.12 per share for a total cost of \$550 million, leaving \$2.234 billion of remaining capacity under the existing share repurchase authorization at the end of the quarter. At the end of second quarter 2016, statutory capital and surplus was \$20.634 billion and the ratio of debt-to-capital was 20.7%. The ratio of debt-to-capital excluding after-tax net unrealized investment gains was 22.3%, well within the Company's target range of 15% to 25%.

The Board of Directors today declared a quarterly dividend of \$0.67 per share. This dividend is payable on September 30, 2016, to shareholders of record as of the close of business on September 9, 2016.

Business and International Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Underwriting gain:	\$ 77	\$ 230	\$ (153)	\$ 249	\$ 458	\$ (209)
<i>Underwriting gain includes:</i>						
<i>Net favorable prior year reserve development</i>	138	103	35	231	180	51
<i>Catastrophes, net of reinsurance</i>	(212)	(108)	(104)	(360)	(207)	(153)
Net investment income	420	487	(67)	835	941	(106)
Other income	8	5	3	41	13	28
Operating income before income taxes	505	722	(217)	1,125	1,412	(287)
Income tax expense	112	179	(67)	256	354	(98)
Operating income	\$ 393	\$ 543	\$ (150)	\$ 869	\$ 1,058	\$ (189)
Combined ratio	97.5%	93.2%	4.3pts	96.2%	93.3%	2.9pts
Impact on combined ratio						
<i>Net favorable prior year reserve development</i>	(3.8)	(2.8)	(1.0)pts	(3.2)	(2.5)	(0.7)pts
<i>Catastrophes, net of reinsurance</i>	5.8	2.9	2.9pts	5.0	2.9	2.1pts
Underlying combined ratio	95.5%	93.1%	2.4pts	94.4%	92.9%	1.5pts
Net written premiums by market						
Domestic						
Select Accounts	\$ 709	\$ 709	—%	\$ 1,433	\$ 1,431	—%
Middle Market	1,494	1,451	3	3,323	3,177	5
National Accounts	234	228	3	554	527	5
First Party	466	452	3	824	792	4
Specialized Distribution	302	300	1	588	568	4
Total Domestic	3,205	3,140	2	6,722	6,495	3
International	475	539	(12)	872	981	(11)
Total	\$ 3,680	\$ 3,679	—%	\$ 7,594	\$ 7,476	2%

Second Quarter 2016 Results

(All comparisons vs. second quarter 2015, unless noted otherwise)

Operating income for Business and International Insurance was \$393 million after-tax, a decrease of \$150 million, primarily driven by higher catastrophe losses, higher non-catastrophe weather-related losses and lower net investment income, partially offset by higher net favorable prior year reserve development. The prior year quarter also included a \$12 million tax benefit.

Underwriting results

- The combined ratio of 97.5% increased 4.3 points due to higher catastrophe losses (2.9 points) and a higher underlying combined ratio (2.4 points), partially offset by higher net favorable prior year reserve development (1.0 point).
- The underlying combined ratio of 95.5% increased 2.4 points, primarily driven by higher non-catastrophe weather-related losses and the impact of loss cost trends that exceeded earned pricing.
- Net favorable prior year reserve development primarily resulted from better than expected loss experience in the Company's domestic operations in (i) the workers' compensation product line for accident years 2006 and prior as well as accident year 2015 and (ii) the general liability product line for both primary and excess coverages for accident years 2011 and 2015, as well as in the Company's international operations in Europe. These improvements were partially offset by a \$53 million after-tax (\$82 million pre-tax) increase to environmental reserves.

Net written premiums of \$3.680 billion were comparable with the prior year quarter. Domestic net written premiums increased 2%, primarily driven by an increase in retention rates, positive renewal premium changes and an increase in new business volume. International net written premiums decreased 12%, primarily driven by the impact of changes in foreign currency exchange rates and the impacts of disciplined underwriting and lower levels of economic activity impacting insured exposures in the Company's European operations, including Lloyd's.

Year-to-Date 2016 Results

(All comparisons vs. year-to-date 2015, unless noted otherwise)

Operating income for Business and International Insurance was \$869 million after-tax, a decrease of \$189 million, primarily driven by higher catastrophe losses and lower net investment income. The prior year period also included a \$12 million tax benefit.

Underwriting results

- The combined ratio of 96.2% increased 2.9 points due to higher catastrophe losses (2.1 points) and a higher underlying combined ratio (1.5 points), partially offset by higher net favorable prior year reserve development (0.7 points).
- The underlying combined ratio of 94.4% increased 1.5 points, primarily driven by the impact of loss cost trends that exceeded earned pricing and a slight increase in the expense ratio due to normal quarterly fluctuations in expenses and the impact of strategic initiatives in the Company's international businesses.
- Net favorable prior year reserve development primarily resulted from better than expected loss experience in the Company's domestic operations in (i) the workers' compensation product line for accident years 2006 and prior as well as accident year 2015 and (ii) the general liability product line related to both primary and excess coverages for accident years 2011, 2013 and 2015 and (iii) the commercial automobile product line for accident years 2010 and prior, as well as in the Company's international operations in Europe and Canada. These improvements were partially offset by a \$53 million after-tax (\$82 million pre-tax) increase to environmental reserves.

Other income included proceeds from the favorable settlement of a claims-related legal matter in the first quarter of 2016.

Net written premiums of \$7.594 billion increased 2% due to the same factors discussed above for the second quarter.

Bond & Specialty Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Underwriting gain:	\$ 244	\$ 136	\$ 108	\$ 398	\$ 254	\$ 144
<i>Underwriting gain includes:</i>						
<i>Net favorable prior year reserve development</i>	150	40	110	210	75	135
<i>Catastrophes, net of reinsurance</i>	(3)	(1)	(2)	(4)	(2)	(2)
Net investment income	51	57	(6)	103	113	(10)
Other income	6	5	1	9	10	(1)
Operating income before income taxes	301	198	103	510	377	133
Income tax expense	99	47	52	164	102	62
Operating income	\$ 202	\$ 151	\$ 51	\$ 346	\$ 275	\$ 71
Combined ratio	52.4%	73.7%	(21.3)pts	60.8%	74.9%	(14.1)pts
Impact on combined ratio						
<i>Net favorable prior year reserve development</i>	(29.1)pts	(7.7)pts	(21.4)pts	(20.6)pts	(7.3)pts	(13.3)pts
<i>Catastrophes, net of reinsurance</i>	0.6pts	0.3pts	0.3pts	0.4pts	0.2pts	0.2pts
Underlying combined ratio	80.9%	81.1%	(0.2)pts	81.0%	82.0%	(1.0)pts
Net written premiums						
<i>Management Liability</i>	\$ 331	\$ 322	3%	\$ 656	\$ 643	2%
<i>Surety</i>	205	212	(3)	372	369	1
Total	\$ 536	\$ 534	—%	\$ 1,028	\$ 1,012	2%

Second Quarter 2016 Results

(All comparisons vs. second quarter 2015, unless noted otherwise)

Operating income for Bond & Specialty Insurance was \$202 million after-tax, an increase of \$51 million, primarily driven by higher net favorable prior year reserve development. The prior year quarter included a \$16 million tax benefit.

Underwriting results

- The combined ratio was very strong at 52.4% and improved 21.3 points due to higher net favorable prior year reserve development (21.4 points) and a lower underlying combined ratio (0.2 points), partially offset by higher catastrophe losses (0.3 points).
- The underlying combined ratio was strong at 80.9%.
- Net favorable prior year reserve development primarily resulted from better than expected loss experience in (i) the fidelity and surety product line for accident years 2010, 2013 and 2014 and (ii) the general liability product line for accident years 2007 through 2011.

Net written premiums of \$536 million were comparable to the prior year quarter.

Year-to-Date 2016 Results

(All comparisons vs. year-to-date 2015, unless noted otherwise)

Operating income for Bond & Specialty Insurance was \$346 million after-tax, an increase of \$71 million, primarily driven by the same factors discussed above for the second quarter.

Underwriting results

- The combined ratio of 60.8% improved 14.1 points due to higher net favorable prior year reserve development (13.3 points) and a lower underlying combined ratio (1.0 point), partially offset by higher catastrophe losses (0.2 points).
- The underlying combined ratio of 81.0% improved 1.0 point, primarily driven by the impact of certain customer-related intangible assets which became fully amortized during the second quarter of 2015.
- Net favorable prior year reserve development primarily resulted from better than expected loss experience in (i) the surety and fidelity product line for accident years 2010 through 2014 and (ii) the general liability product line for accident years 2007 through 2011.

Net written premiums of \$1.028 billion increased 2%, primarily driven by an increase in retention rates, positive renewal premium changes and an increase in new business volume in Management Liability, as well as higher volume in Surety.

Personal Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Underwriting gain:	\$ 67	\$ 145	\$ (78)	\$ 169	\$ 419	\$ (250)
<i>Underwriting gain includes:</i>						
Net favorable prior year reserve development	—	64	(64)	27	195	(168)
Catastrophes, net of reinsurance	(118)	(112)	(6)	(287)	(174)	(113)
Net investment income	78	88	(10)	155	170	(15)
Other income	14	12	2	28	24	4
Operating income before income taxes	159	245	(86)	352	613	(261)
Income tax expense	43	71	(28)	97	187	(90)
Operating income	\$ 116	\$ 174	\$ (58)	\$ 255	\$ 426	\$ (171)
Combined ratio	95.7%	91.1%	4.6pts	94.7%	87.3%	7.4pts
Impact on combined ratio						
Net favorable prior year reserve development	—pts	(3.5)pts	3.5pts	(0.7)pts	(5.5)pts	4.8pts
Catastrophes, net of reinsurance	6.2pts	6.2pts	—pts	7.6pts	4.9pts	2.7pts
Underlying combined ratio	89.5%	88.4%	1.1pts	87.8%	87.9%	(0.1)pts
Net written premiums						
Agency Automobile(1)	\$ 1,018	\$ 890	14%	\$ 1,950	\$ 1,712	14%
Agency Homeowners & Other(1)	1,036	1,010	3	1,796	1,758	2
Direct to Consumer	75	56	34	143	108	32
Total	\$ 2,129	\$ 1,956	9%	\$ 3,889	\$ 3,578	9%

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

Second Quarter 2016 Results

(All comparisons vs. second quarter 2015, unless noted otherwise)

Operating income for Personal Insurance was \$116 million after-tax, a decrease of \$58 million, primarily driven by lower net favorable prior year reserve

development. The prior year quarter included a \$4 million tax benefit.

Underwriting results

- The combined ratio of 95.7% increased 4.6 points due to lower net favorable prior year reserve development (3.5 points) and a higher underlying combined ratio (1.1 points).

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- The underlying combined ratio of 89.5% increased 1.1 points, primarily driven by the impact of significantly higher new business volumes in recent years and normal quarterly variability in weather and other loss activity, partially offset by a lower expense ratio.

Record net written premiums of \$2.129 billion increased 9%. Agency Automobile net written premiums grew 14% with an increase in policies in force of 11% from the prior year period, driven by the success of Quantum Auto 2.0. Agency Homeowners & Other net written premiums grew 3% with an increase in policies in force of 2% from the prior year period.

Year-to-Date 2016 Results

(All comparisons vs. year-to-date 2015, unless noted otherwise)

Operating income for Personal Insurance was \$255 million after-tax, a decrease of \$171 million, primarily due to lower net favorable prior year reserve development, higher catastrophe losses and lower net investment income, partially offset by a higher underlying underwriting gain (i.e., excluding net favorable prior year reserve development and catastrophe losses). The prior year period included a \$4 million tax benefit.

Underwriting results

- The combined ratio of 94.7% increased 7.4 points due to lower net favorable prior year reserve development (4.8 points) and higher catastrophe losses (2.7 points).
- The underlying combined ratio remained strong at 87.8%.
- Net favorable prior year reserve development primarily resulted from better than expected loss experience in (i) the Automobile product line for accident year 2014 and (ii) the Homeowners and Other product line for liability coverages for accident year 2014.

Record net written premiums of \$3.889 billion increased 9% due to the same factors as discussed above for second quarter 2016.

Financial Supplement and Conference Call

The information in this press release should be read in conjunction with a financial supplement that is available on our website at www.travelers.com. Travelers management will discuss the contents of this release and other relevant topics via webcast at 9 a.m. Eastern (8 a.m. Central) on Thursday, July 21, 2016. Investors can access the call via webcast at <http://investor.travelers.com> or by dialing 1-800-763-5615 within the U.S. and 1-212-231-2926 outside the U.S. (use passcode 14788 for both the U.S. and international calls). Prior to the webcast, a slide presentation pertaining to the quarterly earnings will be available on the Company's website.

Following the live event, an audio playback of the webcast and the slide presentation will be available at the same website. An audio playback can also be accessed by phone at 1-800-633-8284 within the U.S. and 1-402-977-9140 outside the U.S. (use reservation 21811916 for both the U.S. and international calls).

About Travelers

The Travelers Companies, Inc. (NYSE: TRV) is a leading provider of property casualty insurance for auto, home and business. A component of the Dow Jones Industrial Average, Travelers has approximately 30,000 employees and generated revenues of approximately \$27 billion in 2015. For more information, visit www.travelers.com.

From time to time, Travelers may use its website and/or social media outlets, such as Facebook and Twitter, as distribution channels of material Company information. Financial and other important information regarding the Company is routinely accessible through and posted on our website at <http://investor.travelers.com>, our Facebook page at <https://www.facebook.com/travelers> and our Twitter account (@Travelers) at <https://twitter.com/travelers>. In addition, you may automatically receive email alerts and other information about Travelers when you enroll your email address by visiting the Email Notifications section at <http://investor.travelers.com>.

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Travelers is organized into the following reportable business segments:

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

Bond & Specialty Insurance — The Bond & Specialty Insurance segment 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.

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

* * * * *

Forward-Looking Statements

This press release contains, and management may make, certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as "may," "will," "should," "likely," "anticipates," "expects," "intends," "plans," "projects," "believes," "estimates" and similar expressions are used to identify these forward-looking statements. These statements include, among other things, the Company's statements about:

- the Company's outlook and its future results of operations and financial condition (including, among other things, anticipated premium volume, premium rates, margins, net and operating income, investment income and performance, loss costs, return on equity and expected current returns and combined ratios);
- share repurchase plans;
- future pension plan contributions;
- the sufficiency of the Company's asbestos and other reserves;
- the impact of emerging claims issues as well as other insurance and non-insurance litigation;
- the cost and availability of reinsurance coverage;
- catastrophe losses;
- the impact of investment, economic (including rapid changes in commodity prices, such as a significant decline in oil and gas prices, as well as fluctuations in foreign currency exchange rates) and underwriting market conditions; and
- strategic initiatives to improve profitability and competitiveness.

The Company cautions investors that such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond the Company's control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Some of the factors that could cause actual results to differ include, but are not limited to, the following:

- catastrophe losses could materially and adversely affect the Company's results of operations, its financial position and/or liquidity, and could adversely impact the Company's ratings, the Company's ability to raise capital and the availability and cost of reinsurance;
- during or following a period of financial market disruption, economic downturn or prolonged period of slow economic growth, the Company's business could be materially and adversely affected;
- if actual claims exceed the Company's claims and claim adjustment expense reserves, or if changes in the estimated level of claims and claim adjustment expense reserves are necessary, the Company's financial results could be materially and adversely affected;

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- the Company's investment portfolio may suffer material realized or unrealized losses. The Company's investment portfolio may also suffer reduced or low returns, particularly if interest rates remain at historically low levels for a prolonged period of time or decline further as a result of actions taken by central banks (a risk which potentially could be increased by, among other things, the United Kingdom's expected withdrawal from the European Union);
 - the Company's business could be harmed because of its potential exposure to asbestos and environmental claims and related litigation;
 - the Company is exposed to, and may face adverse developments involving, mass tort claims such as those relating to exposure to potentially harmful products or substances;
 - the effects of emerging claim and coverage issues on the Company's business are uncertain;
 - the intense competition that the Company faces could harm its ability to maintain or increase its business volumes and its profitability;
 - disruptions to the Company's relationships with its independent agents and brokers could adversely affect the Company;
 - the Company may not be able to collect all amounts due to it from reinsurers and reinsurance coverage may not be available to the Company in the future at commercially reasonable rates or at all;
 - the Company is exposed to credit risk in certain of its business and investment operations including through the utilization of reinsurance or structured settlements, as well as guarantees or indemnifications from third parties;
 - within the United States, the Company's businesses are heavily regulated by the states in which it conducts business, including licensing and supervision, and changes in regulation may reduce the Company's profitability and limit its growth;
 - changes in federal regulation could impose significant burdens on the Company and otherwise adversely impact the Company's results;

- a downgrade in the Company's claims-paying and financial strength ratings could adversely impact the Company's business volumes, adversely impact the Company's ability to access the capital markets and increase the Company's borrowing costs;
- the inability of the Company's insurance subsidiaries to pay dividends to the Company's holding company in sufficient amounts would harm the Company's ability to meet its obligations, pay future shareholder dividends or make future share repurchases;
- the Company's efforts to develop new products or expand in targeted markets may not be successful and may create enhanced risks;
- the Company may be adversely affected if its pricing and capital models provide materially different indications than actual results;
- the Company's business success and profitability depend, in part, on effective information technology systems and on continuing to develop and implement improvements in technology;
- if the Company experiences difficulties with technology, data and network security, including as a result of cyber-attacks, outsourcing relationships, or cloud-based technology, the Company's ability to conduct its business could be negatively impacted;
- the Company is also subject to a number of additional risks associated with its business outside the United States, including foreign currency exchange fluctuations and restrictive regulations, as well as the risks and uncertainties associated with the United Kingdom's expected withdrawal from the European Union;
- regulatory changes outside of the United States, including in Canada and the European Union, could adversely impact the Company's results of operations and limit its growth;
- loss of or significant restrictions on the use of particular types of underwriting criteria, such as credit scoring, or other data or methodologies, in the pricing and underwriting of the Company's products could reduce the Company's future profitability;
- acquisitions and integration of acquired businesses may result in operating difficulties and other unintended consequences;

- the Company could be adversely affected if its controls designed to ensure compliance with guidelines, policies and legal and regulatory standards are not effective;
- the Company's businesses may be adversely affected if it is unable to hire and retain qualified employees;
- intellectual property is important to the Company's business, and the Company may be unable to protect and enforce its own intellectual property or the Company may be subject to claims for infringing the intellectual property of others;
- changes to existing accounting standards may adversely impact the Company's reported results;
- changes in U.S. tax laws or in the tax laws of other jurisdictions in which the Company operates could adversely impact the Company; and
- the Company's share repurchase plans depend on a variety of factors, including the Company's financial position, earnings, share price, catastrophe losses, maintaining capital levels commensurate with the Company's desired ratings from independent rating agencies, funding of the Company's qualified pension plan, capital requirements of the Company's operating subsidiaries, legal requirements, regulatory constraints, other investment opportunities (including mergers and acquisitions and related financings), market conditions and other factors.

Our forward-looking statements speak only as of the date of this press release or as of the date they are made, and we undertake no obligation to update forward-looking statements. For a more detailed discussion of these factors, see the information under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent annual report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 11, 2016, as updated by our periodic filings with the SEC.

GLOSSARY OF FINANCIAL MEASURES AND RECONCILIATIONS OF NON-GAAP MEASURES TO GAAP MEASURES

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. Reconciliations of non-GAAP measures to their most directly comparable GAAP measures also follow.

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, to establish financial targets on a consolidated basis and for other reasons, which are discussed below.

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.

RECONCILIATION OF OPERATING INCOME AND CERTAIN OTHER NON-GAAP MEASURES TO NET INCOME

Operating income is net income excluding the after-tax impact of net realized investment gains (losses) and discontinued operations. Management uses operating income to analyze each segment's performance and as a tool in making

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business decisions. Financial statement users also consider operating income when analyzing the results and trends of insurance companies. **Operating earnings per share** is operating income on a per common share basis.

Reconciliation of Operating Income less Preferred Dividends to Net Income

(\$ in millions, pre-tax)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Operating income	\$ 868	\$ 1,066	\$ 1,794	\$ 2,204
Net realized investment gains	19	10	10	20
Net income	<u>\$ 887</u>	<u>\$ 1,076</u>	<u>\$ 1,804</u>	<u>\$ 2,224</u>

(\$ in millions, after-tax)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Operating income	\$ 649	\$ 806	\$ 1,347	\$ 1,633
Net realized investment gains	15	6	8	12
Net income	<u>\$ 664</u>	<u>\$ 812</u>	<u>\$ 1,355</u>	<u>\$ 1,645</u>

(\$ in millions, after-tax)	Twelve Months Ended December 31,										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating income, less preferred dividends	\$ 3,437	\$ 3,641	\$ 3,567	\$ 2,441	\$ 1,389	\$ 3,040	\$ 3,597	\$ 3,191	\$ 4,496	\$ 4,195	\$ 2,020
Preferred dividends	—	—	—	—	1	3	3	4	4	5	6
Operating income	<u>3,437</u>	<u>3,641</u>	<u>3,567</u>	<u>2,441</u>	<u>1,390</u>	<u>3,043</u>	<u>3,600</u>	<u>3,195</u>	<u>4,500</u>	<u>4,200</u>	<u>2,026</u>
Net realized investment gains/(losses)	2	51	106	32	36	173	22	(271)	101	8	35
Income from continuing operations	<u>3,439</u>	<u>3,692</u>	<u>3,673</u>	<u>2,473</u>	<u>1,426</u>	<u>3,216</u>	<u>3,622</u>	<u>2,924</u>	<u>4,601</u>	<u>4,208</u>	<u>2,061</u>
Discontinued operations	—	—	—	—	—	—	—	—	—	—	(439)
Net income	<u>\$ 3,439</u>	<u>\$ 3,692</u>	<u>\$ 3,673</u>	<u>\$ 2,473</u>	<u>\$ 1,426</u>	<u>\$ 3,216</u>	<u>\$ 3,622</u>	<u>\$ 2,924</u>	<u>\$ 4,601</u>	<u>\$ 4,208</u>	<u>\$ 1,622</u>

Reconciliation of Operating Earnings per Share to Net Income per Share on a Basic and Diluted Basis

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Basic earnings per share				
Operating income	\$ 2.22	\$ 2.54	\$ 4.58	\$ 5.10
Net realized investment gains	0.05	0.02	0.02	0.04
Net income	<u>\$ 2.27</u>	<u>\$ 2.56</u>	<u>\$ 4.60</u>	<u>\$ 5.14</u>
Diluted earnings per share				
Operating income	\$ 2.20	\$ 2.52	\$ 4.52	\$ 5.05
Net realized investment gains	0.04	0.01	0.03	0.03
Net income	<u>\$ 2.24</u>	<u>\$ 2.53</u>	<u>\$ 4.55</u>	<u>\$ 5.08</u>

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Reconciliation of Operating Income by Segment to Total Operating Income

(\$ in millions, after-tax)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Business and International Insurance	\$ 393	\$ 543	\$ 869	\$ 1,058
Bond & Specialty Insurance	202	151	346	275
Personal Insurance	116	174	255	426
Total segment operating income	711	868	1,470	1,759
Interest Expense and Other	(62)	(62)	(123)	(126)
Total operating income	<u>\$ 649</u>	<u>\$ 806</u>	<u>\$ 1,347</u>	<u>\$ 1,633</u>

RECONCILIATION OF ADJUSTED SHAREHOLDERS' EQUITY TO SHAREHOLDERS' EQUITY AND OPERATING RETURN ON EQUITY TO

RETURN ON EQUITY

Adjusted shareholders' equity is shareholders' equity excluding net unrealized investment gains (losses), net of tax, net realized investment gains (losses), net of tax, for the period presented, preferred stock and discontinued operations.

Reconciliation of Adjusted Shareholders' Equity to Shareholders' Equity

(\$ in millions)	As of December 31,										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Adjusted shareholders' equity	\$ 22,307	\$ 22,819	\$ 23,368	\$ 22,270	\$ 21,570	\$ 23,375	\$ 25,458	\$ 25,647	\$ 25,783	\$ 24,545	\$ 22,227
Net unrealized investment gains/(losses), net of tax	1,289	1,966	1,322	3,103	2,871	1,859	1,856	(146)	620	453	327
Net realized investment gains/(losses), net of tax	2	51	106	32	36	173	22	(271)	101	8	35
Preferred stock	—	—	—	—	—	68	79	89	112	129	153
Discontinued operations	—	—	—	—	—	—	—	—	—	—	(439)
Shareholders' equity	\$ 23,598	\$ 24,836	\$ 24,796	\$ 25,405	\$ 24,477	\$ 25,475	\$ 27,415	\$ 25,319	\$ 26,616	\$ 25,135	\$ 22,303

Return on equity is the ratio of annualized net income less preferred dividends to average shareholders' equity for the periods presented. **Operating return on equity** is the ratio of annualized operating income less preferred dividends 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.

Average shareholders' equity is (a) the sum of total shareholders' equity excluding preferred stock 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 average shareholders' equity** is (a) the sum of 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.

Calculation of Operating Return on Equity and Return on Equity

(\$ in millions, after-tax)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Annualized operating income	\$ 2,598	\$ 3,225	\$ 2,695	\$ 3,266
Adjusted average shareholders' equity	22,383	22,755	22,372	22,786
Operating return on equity	11.6%	14.2%	12.0%	14.3%
Annualized net income	\$ 2,654	\$ 3,247	\$ 2,710	\$ 3,289
Average shareholders' equity	24,440	24,484	24,161	24,662
Return on equity	10.9%	13.3%	11.2%	13.3%

Average annual operating return on equity over a period is the ratio of:

- the sum of operating income less preferred dividends for the periods presented to
- the sum of: 1) the sum of the adjusted average shareholders' equity for all full years in the period presented, and 2) for partial years in the period presented, the number of quarters in that partial year divided by four, multiplied by the adjusted average shareholders' equity of the partial year.

Calculation of Average Annual Operating Return on Equity from January 1, 2005 through June 30, 2016

(\$ in millions)	Six Months Ended June 30,		Twelve Months Ended December 31,										
	2016	2015	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating income, less preferred dividends	\$ 1,347	\$ 1,633	\$ 3,437	\$ 3,641	\$ 3,567	\$ 2,441	\$ 1,389	\$ 3,040	\$ 3,597	\$ 3,191	\$ 4,496	\$ 4,195	\$ 2,020
Annualized operating income	2,695	3,266											
Adjusted average shareholders' equity	22,372	22,786	22,681	23,447	23,004	22,158	22,806	24,285	25,777	25,668	25,350	23,381	21,118
Operating return on equity	12.0%	14.3%	15.2%	15.5%	15.5%	11.0%	6.1%	12.5%	14.0%	12.4%	17.7%	17.9%	9.6%
Average annual operating return on equity for the period Jan. 1, 2005 through June 30, 2016													13.4%

RECONCILIATION OF PRE-TAX UNDERWRITING GAIN EXCLUDING CERTAIN ITEMS TO NET INCOME

Underwriting gain 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. **Pre-tax underwriting gain, excluding the impact of catastrophes and net favorable prior year loss reserve development**, is the underwriting gain adjusted to exclude claims and claim adjustment expenses, reinstatement premiums and assessments related to catastrophes and loss reserve development related to time periods prior to the current year. In the opinion of the Company's management, this measure is meaningful to users of the financial statements to understand the Company's periodic earnings and the variability of earnings caused by the unpredictable nature (i.e., the timing and amount) of catastrophes and loss reserve development. This measure is also referred to as **underlying underwriting margin** or **underlying underwriting gain**.

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

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of catastrophes is meaningful to users of the financial statements to understand the Company's periodic earnings and the variability in periodic earnings caused by the unpredictable nature of catastrophes.

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

Reconciliation of Pre-tax Underwriting Gain (Excluding the Impact of Catastrophes and Net Favorable Prior Year Loss Reserve Development) to Net Income

(\$ in millions, after-tax except as noted)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Pre-tax underwriting gain excluding the impact of catastrophes and net favorable prior year loss reserve development	\$ 433	\$ 525	\$ 999	\$ 1,064
Pre-tax impact of catastrophes	(333)	(221)	(651)	(383)
Pre-tax impact of net favorable prior year loss reserve development	288	207	468	450
Pre-tax underwriting gain	388	511	816	1,131
Income tax expense on underwriting results	140	158	279	383
Underwriting gain	248	353	537	748
Net investment income	442	503	881	981
Other expense, including interest expense	(41)	(50)	(71)	(96)
Operating income	649	806	1,347	1,633
Net realized investment gains	15	6	8	12
Net income	\$ 664	\$ 812	\$ 1,355	\$ 1,645

COMBINED RATIO AND ADJUSTMENTS FOR UNDERLYING COMBINED RATIO

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 earnings release 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 earnings release 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 earnings release 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 earnings release, is the ratio of underwriting expenses (including the amortization of deferred acquisition costs), less certain administrative services fee income, billing and policy fees and other, to net *earned* premiums.

The combined ratio, loss and LAE ratio, and underwriting expense ratio are used as indicators of the Company's underwriting discipline, efficiency in acquiring and servicing its business and overall underwriting profitability. A combined

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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.

Underlying combined ratio represents the combined ratio excluding the impact of net prior year reserve development and catastrophes. The underlying combined ratio is an indicator of the Company's underwriting discipline and underwriting profitability for the current accident year.

Calculation of the Combined Ratio

(\$ in millions, pre-tax)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015

Loss and loss adjustment expense ratio				
Claims and claim adjustment expenses	\$ 3,762	\$ 3,547	\$ 7,474	\$ 6,978
Less:				
Policyholder dividends	11	10	21	19
Allocated fee income	45	43	89	85
Loss ratio numerator	\$ 3,706	\$ 3,494	\$ 7,364	\$ 6,874
Underwriting expense ratio				
Amortization of deferred acquisition costs	\$ 989	\$ 963	\$ 1,960	\$ 1,926
General and administrative expenses (G&A)	1,054	1,032	2,049	2,027
Less:				
G&A included in Interest Expense and Other	7	7	15	14
Allocated fee income	74	72	147	144
Billing and policy fees and other	22	22	44	45
Expense ratio numerator	\$ 1,940	\$ 1,894	\$ 3,803	\$ 3,750
Earned premium	\$ 6,067	\$ 5,931	\$ 12,048	\$ 11,819
Combined ratio (1)				
Loss and loss adjustment expense ratio	61.1%	58.9%	61.1%	58.2%
Underwriting expense ratio	32.0%	31.9%	31.6%	31.7%
Combined ratio	93.1%	90.8%	92.7%	89.9%

- (1) For purposes of computing ratios, 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.

RECONCILIATION OF CERTAIN NON-GAAP MEASURES TO BOOK VALUE PER SHARE AND SHAREHOLDERS' EQUITY

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. **Tangible book value per share** is adjusted book value per share excluding the after-tax value of goodwill and other intangible assets divided by the number of common shares outstanding. In the opinion of the Company's management, tangible book value per share is useful in an analysis of a property casualty company's book value on a nominal basis as it removes certain effects of purchase accounting (i.e., goodwill and other intangible assets), in addition to the effect of changing prices on invested assets.

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Reconciliation of Tangible and Shareholders' Equity, excluding net unrealized investment gains, net of tax, to Shareholders' Equity

(\$ in millions, except per share amounts)	As of		
	June 30, 2016	December 31, 2015	June 30, 2015
Tangible shareholders' equity	\$ 18,573	\$ 18,517	\$ 18,924
Goodwill	3,588	3,573	3,594
Other intangible assets	274	279	284
Less: Impact of deferred tax on other intangible assets	(62)	(60)	(57)
Shareholders' equity, excluding net unrealized investment gains, net of tax	22,373	22,309	22,745
Net unrealized investment gains, net of tax	2,341	1,289	1,376
Shareholders' equity	\$ 24,714	\$ 23,598	\$ 24,121
Common shares outstanding	288.3	295.9	311.2
Tangible book value per share	\$ 64.43	\$ 62.58	\$ 60.81
Adjusted book value per share	77.61	75.39	73.09
Book value per share	85.73	79.75	77.51

RECONCILIATION OF CERTAIN NON-GAAP MEASURES TO TOTAL CAPITALIZATION

Total capitalization is the sum of total shareholders' equity and debt. **Debt-to-capital ratio excluding net unrealized gain on investments** is the ratio of debt to total capitalization 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.

Reconciliation of Total Debt and Equity Excluding Net Unrealized Investment Gain to Total Capitalization

As of

(\$ in millions)	June 30, 2016	December 31, 2015	June 30, 2015
Debt	\$ 6,436	\$ 6,344	\$ 6,350
Shareholders' equity	24,714	23,598	24,121
Total capitalization	31,150	29,942	30,471
Net unrealized investment gains, net of tax	2,341	1,289	1,376
Total capitalization excluding net unrealized gain on investments, net of tax	\$ 28,809	\$ 28,653	\$ 29,095
Debt-to-capital ratio	20.7%	21.2%	20.8%
Debt-to-capital ratio excluding net unrealized investment gains, net of tax	22.3%	22.1%	21.8%

OTHER DEFINITIONS

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.

For the Business and International Insurance and Bond & Specialty Insurance segments, **retention** is the amount of premium available for renewal that was retained, excluding rate and exposure changes. For the Personal Insurance segment, **retention** is the ratio of the expected number of renewal policies that will be retained throughout the annual policy period to the number of available renewal base policies. For all of the segments, **renewal rate change** represents

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the estimated change in average premium on policies that renew, excluding exposure changes. **Exposure** is the measure of risk used in the pricing of an insurance product. The change in exposure is the amount of change in premium on policies that renew attributable to the change in portfolio risk. **Renewal premium change** represents the estimated change in average premium on policies that renew, including rate and exposure changes. **New business** is the amount of written premium related to new policyholders and additional products sold to existing policyholders. These are operating statistics, which are in part dependent on the use of estimates and are therefore subject to change. For the Business and International Insurance segment, retention, renewal premium change and new business exclude National Accounts and surety. For the Bond & Specialty Insurance segment, retention, renewal premium change and new business exclude surety.

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 (SAP).

Holding company liquidity is the total funds available at the holding company level to fund general corporate purposes, primarily the payment of shareholder dividends and debt service. These funds consist of total cash, short-term invested assets and other readily marketable securities held by the holding company.

For a glossary of other financial terms used in this press release, we refer you to the Company's most recent annual report on Form 10-K filed with the SEC on February 11, 2016.

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Section 3: EX-99.2 (EX-99.2)

Exhibit 99.2

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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.

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The Travelers Companies, Inc.

Financial Highlights

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



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Net income	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 1,645	\$ 1,355
Net income per share:								
Basic	\$ 2.58	\$ 2.56	\$ 3.00	\$ 2.87	\$ 2.33	\$ 2.27	\$ 5.14	\$ 4.60
Diluted	\$ 2.55	\$ 2.53	\$ 2.97	\$ 2.83	\$ 2.30	\$ 2.24	\$ 5.08	\$ 4.55
Operating income	\$ 827	\$ 806	\$ 918	\$ 886	\$ 698	\$ 649	\$ 1,633	\$ 1,347
Operating income per share:								
Basic	\$ 2.56	\$ 2.54	\$ 2.96	\$ 2.94	\$ 2.35	\$ 2.22	\$ 5.10	\$ 4.58
Diluted	\$ 2.53	\$ 2.52	\$ 2.93	\$ 2.90	\$ 2.33	\$ 2.20	\$ 5.05	\$ 4.52
Return on equity	13.4%	13.3%	15.4%	14.5%	11.6%	10.9%	13.3%	11.2%

Operating return on equity	14.5%	14.2%	16.2%	15.8%	12.5%	11.6%	14.3%	12.0%
Total assets, at period end	\$ 102,691	\$ 101,664	\$ 102,110	\$ 100,184	\$ 101,680	\$ 102,446	\$ 101,664	\$ 102,446
Total equity, at period end	\$ 24,847	\$ 24,121	\$ 24,033	\$ 23,598	\$ 24,166	\$ 24,714	\$ 24,121	\$ 24,714
Book value per share, at period end	\$ 77.96	\$ 77.51	\$ 79.00	\$ 79.75	\$ 82.65	\$ 85.73	\$ 77.51	\$ 85.73
Less: Net unrealized investment gains, net of tax	6.51	4.42	4.65	4.36	6.02	8.12	4.42	8.12
Adjusted book value per share, at period end	\$ 71.45	\$ 73.09	\$ 74.35	\$ 75.39	\$ 76.63	\$ 77.61	\$ 73.09	\$ 77.61
Weighted average number of common shares outstanding (basic)	320.8	314.8	307.6	299.7	294.2	290.1	317.7	292.1
Weighted average number of common shares outstanding and common stock equivalents (diluted)	324.5	318.0	311.0	303.3	297.9	293.6	321.2	295.6
Common shares outstanding at period end	318.7	311.2	304.2	295.9	292.4	288.3	311.2	288.3
Common stock dividends declared	\$ 178	\$ 194	\$ 189	\$ 183	\$ 181	\$ 197	\$ 372	\$ 378
Common stock repurchased:								
Under Board of Directors authorization								
Shares	5.6	7.9	7.3	8.8	5.1	4.9	13.5	10.0
Cost	\$ 600	\$ 800	\$ 750	\$ 1,000	\$ 550	\$ 550	\$ 1,400	\$ 1,100
Other								
Shares	0.7	—	—	—	0.5	—	0.7	0.5
Cost	\$ 72	\$ 1	\$ —	\$ 1	\$ 59	\$ —	\$ 73	\$ 59

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 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Net income								
Operating income	\$ 827	\$ 806	\$ 918	\$ 886	\$ 698	\$ 649	\$ 1,633	\$ 1,347
Net realized investment gains (losses), after-tax	6	6	10	(20)	(7)	15	12	8
Net income	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 1,645	\$ 1,355
Basic earnings per share								
Operating income	\$ 2.56	\$ 2.54	\$ 2.96	\$ 2.94	\$ 2.35	\$ 2.22	\$ 5.10	\$ 4.58
Net realized investment gains (losses), after-tax	0.02	0.02	0.04	(0.07)	(0.02)	0.05	0.04	0.02
Net income	\$ 2.58	\$ 2.56	\$ 3.00	\$ 2.87	\$ 2.33	\$ 2.27	\$ 5.14	\$ 4.60
Diluted earnings per share								
Operating income	\$ 2.53	\$ 2.52	\$ 2.93	\$ 2.90	\$ 2.33	\$ 2.20	\$ 5.05	\$ 4.52
Net realized investment gains (losses), after-tax	0.02	0.01	0.04	(0.07)	(0.03)	0.04	0.03	0.03
Net income	\$ 2.55	\$ 2.53	\$ 2.97	\$ 2.83	\$ 2.30	\$ 2.24	\$ 5.08	\$ 4.55

Adjustments to net income and weighted average shares for net income EPS calculations: (1)

	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Basic and Diluted								
Net income, as reported	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 1,645	\$ 1,355
Participating share-based awards - allocated income	(6)	(6)	(6)	(6)	(5)	(5)	(12)	(10)
Net income available to common shareholders - basic and diluted	\$ 827	\$ 806	\$ 922	\$ 860	\$ 686	\$ 659	\$ 1,633	\$ 1,345
Common Shares								
Basic								
Weighted average shares outstanding	320.8	314.8	307.6	299.7	294.2	290.1	317.7	292.1
Diluted								
Weighted average shares outstanding	320.8	314.8	307.6	299.7	294.2	290.1	317.7	292.1
Weighted average effects of dilutive securities - stock options and performance shares	3.7	3.2	3.4	3.6	3.7	3.5	3.5	3.5

Diluted weighted average shares outstanding 324.5 318.0 311.0 303.3 297.9 293.6 321.2 295.6

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

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

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The Travelers Companies, Inc.
Statement of Income - Consolidated
(\$ in millions)



	<u>1Q</u> <u>2015</u>	<u>2Q</u> <u>2015</u>	<u>3Q</u> <u>2015</u>	<u>4Q</u> <u>2015</u>	<u>1Q</u> <u>2016</u>	<u>2Q</u> <u>2016</u>	<u>YTD</u> <u>2Q</u> <u>2015</u>	<u>YTD</u> <u>2Q</u> <u>2016</u>
Revenues								
Premiums	\$ 5,888	\$ 5,931	\$ 6,032	\$ 6,023	\$ 5,981	\$ 6,067	\$ 11,819	\$ 12,048
Net investment income	592	632	614	541	544	549	1,224	1,093
Fee income	114	115	116	115	117	119	229	236
Net realized investment gains (losses)	10	10	15	(32)	(9)	19	20	10
Other revenues	25	22	21	31	53	31	47	84
Total revenues	<u>6,629</u>	<u>6,710</u>	<u>6,798</u>	<u>6,678</u>	<u>6,686</u>	<u>6,785</u>	<u>13,339</u>	<u>13,471</u>
Claims and expenses								
Claims and claim adjustment expenses	3,431	3,547	3,382	3,363	3,712	3,762	6,978	7,474
Amortization of deferred acquisition costs	963	963	987	972	971	989	1,926	1,960
General and administrative expenses	995	1,032	1,028	1,039	995	1,054	2,027	2,049
Interest expense	92	92	94	95	91	93	184	184
Total claims and expenses	<u>5,481</u>	<u>5,634</u>	<u>5,491</u>	<u>5,469</u>	<u>5,769</u>	<u>5,898</u>	<u>11,115</u>	<u>11,667</u>
Income before income taxes	1,148	1,076	1,307	1,209	917	887	2,224	1,804
Income tax expense	315	264	379	343	226	223	579	449
Net income	<u>\$ 833</u>	<u>\$ 812</u>	<u>\$ 928</u>	<u>\$ 866</u>	<u>\$ 691</u>	<u>\$ 664</u>	<u>\$ 1,645</u>	<u>\$ 1,355</u>

Other-than-temporary impairments (OTTI)

Total OTTI losses	\$ (4)	\$ (8)	\$ (14)	\$ (28)	\$ (28)	\$ (4)	\$ (12)	\$ (32)
OTTI losses recognized in net realized investment gains (losses)	\$ (3)	\$ (6)	\$ (14)	\$ (29)	\$ (18)	\$ (4)	\$ (9)	\$ (22)
OTTI gains (losses) recognized in other comprehensive income	\$ (1)	\$ (2)	\$ —	\$ 1	\$ (10)	\$ —	\$ (3)	\$ (10)

Other statistics

Effective tax rate on net investment income	19.3%	20.5%	21.1%	18.7%	19.3%	19.4%	19.9%	19.3%
Net investment income (after-tax)	\$ 478	\$ 503	\$ 484	\$ 440	\$ 439	\$ 442	\$ 981	\$ 881

Catastrophes, net of reinsurance:

Pre-tax	\$ 162	\$ 221	\$ 85	\$ 46	\$ 318	\$ 333	\$ 383	\$ 651
After-tax	\$ 106	\$ 143	\$ 56	\$ 33	\$ 207	\$ 222	\$ 249	\$ 429

Prior year reserve development - favorable (unfavorable)

Pre-tax	\$ 243	\$ 207	\$ 199	\$ 292	\$ 180	\$ 288	\$ 450	\$ 468
After-tax	\$ 158	\$ 133	\$ 132	\$ 194	\$ 119	\$ 192	\$ 291	\$ 311

Certain prior period amounts have been restated to conform to the 2016 presentation.

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

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The Travelers Companies, Inc.
Net Income by Major Component and Combined Ratio - Consolidated
(\$ in millions, net of tax)



	<u>1Q</u> <u>2015</u>	<u>2Q</u> <u>2015</u>	<u>3Q</u> <u>2015</u>	<u>4Q</u> <u>2015</u>	<u>1Q</u> <u>2016</u>	<u>2Q</u> <u>2016</u>	<u>YTD</u> <u>2Q</u> <u>2015</u>	<u>YTD</u> <u>2Q</u> <u>2016</u>
Underwriting gain	\$ 395	\$ 353	\$ 486	\$ 491	\$ 289	\$ 248	\$ 748	\$ 537

Net investment income	478	503	484	440	439	442	981	881
Other income (expense), including interest expense	(46)	(50)	(52)	(45)	(30)	(41)	(96)	(71)
Operating income	827	806	918	886	698	649	1,633	1,347
Net realized investment gains (losses)	6	6	10	(20)	(7)	15	12	8
Net income	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 1,645	\$ 1,355
Combined ratio (1) (2)								
Loss and loss adjustment expense ratio	57.4%	58.9%	55.2%	55.0%	61.1%	61.1%	58.2%	61.1%
Underwriting expense ratio	31.5%	31.9%	31.7%	31.6%	31.2%	32.0%	31.7%	31.6%
Combined ratio	88.9%	90.8%	86.9%	86.6%	92.3%	93.1%	89.9%	92.7%
<i>Combined ratio excluding incremental impact of direct to consumer initiative</i>	88.5 %	90.3 %	86.4 %	86.1 %	92.0 %	92.7 %	89.4 %	92.4 %
Impact of catastrophes on combined ratio	2.7%	3.7%	1.4%	0.8%	5.3%	5.5%	3.3%	5.4%
Impact of prior year reserve development on combined ratio	-4.1%	-3.5%	-3.3%	-4.9%	-3.0%	-4.7%	-3.8%	-3.9%

(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 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Billing and policy fees and other	\$ 23	\$ 22	\$ 20	\$ 22	\$ 22	\$ 22	\$ 45	\$ 44
Fee income:								
Loss and loss adjustment expenses	\$ 42	\$ 43	\$ 44	\$ 41	\$ 44	\$ 45	\$ 85	\$ 88
Underwriting expenses	72	72	72	74	73	74	144	147
Total fee income	\$ 114	\$ 115	\$ 116	\$ 115	\$ 117	\$ 119	\$ 229	\$ 231

Certain prior period amounts have been restated to conform to the 2016 presentation.

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

The Travelers Companies, Inc.
Operating Income - Consolidated
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Revenues								
Premiums	\$ 5,888	\$ 5,931	\$ 6,032	\$ 6,023	\$ 5,981	\$ 6,067	\$ 11,819	\$ 12,048
Net investment income	592	632	614	541	544	549	1,224	1,093
Fee income	114	115	116	115	117	119	229	236
Other revenues	25	22	21	31	53	31	47	84
Total revenues	6,619	6,700	6,783	6,710	6,695	6,766	13,319	13,461
Claims and expenses								
Claims and claim adjustment expenses	3,431	3,547	3,382	3,363	3,712	3,762	6,978	7,474
Amortization of deferred acquisition costs	963	963	987	972	971	989	1,926	1,960
General and administrative expenses	995	1,032	1,028	1,039	995	1,054	2,027	2,049
Interest expense	92	92	94	95	91	93	184	184
Total claims and expenses	5,481	5,634	5,491	5,469	5,769	5,898	11,115	11,667
Operating income before income taxes	1,138	1,066	1,292	1,241	926	868	2,204	1,794
Income tax expense	311	260	374	355	228	219	571	447
Operating income	\$ 827	\$ 806	\$ 918	\$ 886	\$ 698	\$ 649	\$ 1,633	\$ 1,347
Other statistics								
Effective tax rate on net investment income	19.3%	20.5%	21.1%	18.7%	19.3%	19.4%	19.9%	19.3%
Net investment income (after-tax)	\$ 478	\$ 503	\$ 484	\$ 440	\$ 439	\$ 442	\$ 981	\$ 881
Catastrophes, net of reinsurance:								
Pre-tax	\$ 162	\$ 221	\$ 85	\$ 46	\$ 318	\$ 333	\$ 383	\$ 651
After-tax	\$ 106	\$ 143	\$ 56	\$ 33	\$ 207	\$ 222	\$ 249	\$ 429

Prior year reserve development - favorable (unfavorable)

Pre-tax	\$ 243	\$ 207	\$ 199	\$ 292	\$ 180	\$ 288	\$ 450	\$ 468
After-tax	\$ 158	\$ 133	\$ 132	\$ 194	\$ 119	\$ 192	\$ 291	\$ 311

Certain prior period amounts have been restated to conform to the 2016 presentation.

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

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The Travelers Companies, Inc.
Selected Statistics - Property and Casualty Operations
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Statutory underwriting								
Gross written premiums	\$ 6,474	\$ 6,542	\$ 6,618	\$ 6,148	\$ 6,712	\$ 6,688	\$ 13,016	\$ 13,400
Net written premiums	\$ 5,897	\$ 6,169	\$ 6,191	\$ 5,864	\$ 6,166	\$ 6,345	\$ 12,066	\$ 12,511
Net earned premiums	\$ 5,888	\$ 5,931	\$ 6,032	\$ 6,023	\$ 5,981	\$ 6,067	\$ 11,819	\$ 12,048
Losses and loss adjustment expenses	3,379	3,495	3,333	3,307	3,663	3,709	6,874	7,372
Underwriting expenses	1,890	1,949	1,947	1,867	1,932	2,009	3,839	3,941
Statutory underwriting gain	619	487	752	849	386	349	1,106	735
Policyholder dividends	9	10	10	12	10	11	19	21
Statutory underwriting gain after policyholder dividends	\$ 610	\$ 477	\$ 742	\$ 837	\$ 376	\$ 338	\$ 1,087	\$ 714
Other statutory statistics								
Reserves for losses and loss adjustment expenses	\$ 40,296	\$ 40,273	\$ 40,091	\$ 39,782	\$ 40,224	\$ 39,797	\$ 40,273	\$ 39,797
Increase (decrease) in reserves	\$ (711)	\$ (23)	\$ (182)	\$ (309)	\$ 442	\$ (427)	\$ (734)	\$ 15
Statutory capital and surplus	\$ 20,944	\$ 20,851	\$ 20,822	\$ 20,567	\$ 20,569	\$ 20,634	\$ 20,851	\$ 20,634
Net written premiums/surplus (1)	1.14:1	1.15:1	1.16:1	1.17:1	1.19:1	1.19:1	1.15:1	1.19:1

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

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

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The Travelers Companies, Inc.
Written and Earned Premiums - Property and Casualty Operations
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Written premiums								
Gross	\$ 6,474	\$ 6,542	\$ 6,618	\$ 6,148	\$ 6,712	\$ 6,688	\$ 13,016	\$ 13,400
Ceded	(577)	(373)	(427)	(284)	(546)	(343)	(950)	(889)
Net	\$ 5,897	\$ 6,169	\$ 6,191	\$ 5,864	\$ 6,166	\$ 6,345	\$ 12,066	\$ 12,511
Earned premiums								
Gross	\$ 6,308	\$ 6,356	\$ 6,447	\$ 6,443	\$ 6,381	\$ 6,487	\$ 12,664	\$ 12,868
Ceded	(420)	(425)	(415)	(420)	(400)	(420)	(845)	(820)
Net	\$ 5,888	\$ 5,931	\$ 6,032	\$ 6,023	\$ 5,981	\$ 6,067	\$ 11,819	\$ 12,048

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

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The Travelers Companies, Inc.
Operating Income - Business and International Insurance
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Revenues								
Premiums	\$ 3,620	\$ 3,609	\$ 3,653	\$ 3,639	\$ 3,599	\$ 3,631	\$ 7,229	\$ 7,230
Net investment income	454	487	471	412	415	420	941	835
Fee income	111	111	112	111	114	115	222	229
Other revenues	8	5	5	5	33	8	13	41
Total revenues	<u>4,193</u>	<u>4,212</u>	<u>4,241</u>	<u>4,167</u>	<u>4,161</u>	<u>4,174</u>	<u>8,405</u>	<u>8,335</u>
Claims and expenses								
Claims and claim adjustment expenses	2,265	2,238	2,229	2,127	2,299	2,385	4,503	4,684
Amortization of deferred acquisition costs	584	578	589	578	579	588	1,162	1,167
General and administrative expenses	654	674	675	683	663	696	1,328	1,359
Total claims and expenses	<u>3,503</u>	<u>3,490</u>	<u>3,493</u>	<u>3,388</u>	<u>3,541</u>	<u>3,669</u>	<u>6,993</u>	<u>7,210</u>
Operating income before income taxes	690	722	748	779	620	505	1,412	1,125
Income tax expense	175	179	202	213	144	112	354	256
Operating income	<u>\$ 515</u>	<u>\$ 543</u>	<u>\$ 546</u>	<u>\$ 566</u>	<u>\$ 476</u>	<u>\$ 393</u>	<u>\$ 1,058</u>	<u>\$ 869</u>
Other statistics								
Effective tax rate on net investment income	19.4%	20.7%	21.5%	18.9%	19.4%	19.5%	20.0%	19.5%
Net investment income (after-tax)	\$ 366	\$ 386	\$ 371	\$ 334	\$ 335	\$ 337	\$ 752	\$ 672
Catastrophes, net of reinsurance:								
Pre-tax	\$ 99	\$ 108	\$ 39	\$ 1	\$ 148	\$ 212	\$ 207	\$ 360
After-tax	\$ 65	\$ 70	\$ 25	\$ 4	\$ 97	\$ 143	\$ 135	\$ 240
Prior year reserve development - favorable (unfavorable)								
Pre-tax	\$ 77	\$ 103	\$ 49	\$ 176	\$ 93	\$ 138	\$ 180	\$ 231
After-tax	\$ 50	\$ 65	\$ 35	\$ 118	\$ 63	\$ 94	\$ 115	\$ 157

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

The Travelers Companies, Inc.
Operating Income by Major Component and Combined Ratio - Business and International Insurance
(\$ in millions, net of tax)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Underwriting gain	\$ 142	\$ 155	\$ 172	\$ 227	\$ 121	\$ 48	\$ 297	\$ 169
Net investment income	366	386	371	334	335	337	752	672
Other income (expense)	7	2	3	5	20	8	9	28
Operating income	<u>\$ 515</u>	<u>\$ 543</u>	<u>\$ 546</u>	<u>\$ 566</u>	<u>\$ 476</u>	<u>\$ 393</u>	<u>\$ 1,058</u>	<u>\$ 869</u>
Combined ratio (1) (2)								
Loss and loss adjustment expense ratio	61.2%	60.6%	59.6%	57.0%	62.4%	64.2%	60.9%	63.3%
Underwriting expense ratio	32.1%	32.6%	32.6%	32.6%	32.4%	33.3%	32.4%	32.9%
Combined ratio	<u>93.3%</u>	<u>93.2%</u>	<u>92.2%</u>	<u>89.6%</u>	<u>94.8%</u>	<u>97.5%</u>	<u>93.3%</u>	<u>96.2%</u>
Impact of catastrophes on combined ratio	2.7%	2.9%	1.1%	0.0%	4.1%	5.8%	2.9%	5.0%
Impact of prior year reserve development on combined ratio	-2.1%	-2.8%	-1.4%	-4.8%	-2.6%	-3.8%	-2.5%	-3.2%

(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 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Billing and policy fees and other	\$ 7	\$ 6	\$ 4	\$ 6	\$ 6	\$ 6	\$ 13	\$ 12
Fee income:								
Loss and loss adjustment expenses	\$ 42	\$ 43	\$ 44	\$ 41	\$ 44	\$ 45	\$ 85	\$ 89
Underwriting expenses	69	68	68	70	70	70	137	140
Total fee income	\$ 111	\$ 111	\$ 112	\$ 111	\$ 114	\$ 115	\$ 222	\$ 229

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

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The Travelers Companies, Inc.
Selected Statistics - Business and International Insurance
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Statutory underwriting								
Gross written premiums	\$ 4,276	\$ 4,027	\$ 3,981	\$ 3,783	\$ 4,366	\$ 3,997	\$ 8,303	\$ 8,363
Net written premiums	\$ 3,797	\$ 3,679	\$ 3,590	\$ 3,517	\$ 3,914	\$ 3,680	\$ 7,476	\$ 7,594
Net earned premiums	\$ 3,620	\$ 3,609	\$ 3,653	\$ 3,639	\$ 3,599	\$ 3,631	\$ 7,229	\$ 7,230
Losses and loss adjustment expenses	2,216	2,187	2,182	2,073	2,252	2,334	4,403	4,586
Underwriting expenses	1,206	1,192	1,178	1,151	1,236	1,231	2,398	2,467
Statutory underwriting gain	198	230	293	415	111	66	428	177
Policyholder dividends	7	8	7	9	8	9	15	17
Statutory underwriting gain after policyholder dividends	\$ 191	\$ 222	\$ 286	\$ 406	\$ 103	\$ 57	\$ 413	\$ 160

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

10

The Travelers Companies, Inc.
Net Written Premiums - Business and International Insurance
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Net written premiums by market								
Domestic								
Select Accounts	\$ 722	\$ 709	\$ 654	\$ 631	\$ 724	\$ 709	\$ 1,431	\$ 1,433
Middle Market	1,726	1,451	1,597	1,528	1,829	1,494	3,177	3,323
National Accounts	299	228	254	267	320	234	527	554
First Party	340	452	411	361	358	466	792	824
Specialized Distribution	268	300	277	266	286	302	568	588
Total Domestic	3,355	3,140	3,193	3,053	3,517	3,205	6,495	6,722
International	442	539	397	464	397	475	981	872
Total	\$ 3,797	\$ 3,679	\$ 3,590	\$ 3,517	\$ 3,914	\$ 3,680	\$ 7,476	\$ 7,594
Net written premiums by product line								
Workers' compensation	\$ 1,142	\$ 906	\$ 957	\$ 910	\$ 1,198	\$ 916	\$ 2,048	\$ 2,114
Commercial automobile	502	487	494	475	544	517	989	1,061
Commercial property	391	507	451	411	406	520	898	926
General liability	491	469	489	475	537	471	960	1,008
Commercial multi-peril	822	765	780	779	829	777	1,587	1,606
International	442	539	397	464	397	475	981	872
Other	7	6	22	3	3	4	13	7
Total	\$ 3,797	\$ 3,679	\$ 3,590	\$ 3,517	\$ 3,914	\$ 3,680	\$ 7,476	\$ 7,594

National Accounts

Additions to claim volume under administration

(1)	\$ 761	\$ 536	\$ 558	\$ 667	\$ 797	\$ 545	\$ 1,297	\$ 1,342
Written fees	\$ 114	\$ 92	\$ 91	\$ 88	\$ 115	\$ 91	\$ 206	\$ 206

Certain prior period amounts have been restated to conform to the 2016 presentation.

(1) Includes new and renewal business.

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

11

The Travelers Companies, Inc.
Operating Income - Bond & Specialty Insurance
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Revenues								
Premiums	\$ 504	\$ 524	\$ 539	\$ 518	\$ 508	\$ 518	\$ 1,028	\$ 1,026
Net investment income	56	57	56	54	52	51	113	103
Other revenues	5	5	4	8	3	6	10	9
Total revenues	565	586	599	580	563	575	1,151	1,138
Claims and expenses								
Claims and claim adjustment expenses	192	192	113	146	164	80	384	244
Amortization of deferred acquisition costs	94	97	104	98	96	98	191	194
General and administrative expenses	100	99	93	97	94	96	199	190
Total claims and expenses	386	388	310	341	354	274	774	628
Operating income before income taxes	179	198	289	239	209	301	377	510
Income tax expense	55	47	93	77	65	99	102	164
Operating income	\$ 124	\$ 151	\$ 196	\$ 162	\$ 144	\$ 202	\$ 275	\$ 346

Other statistics

Effective tax rate on net investment income	18.3%	18.6%	18.6%	17.6%	18.1%	18.1%	18.4%	18.1%
Net investment income (after-tax)	\$ 46	\$ 47	\$ 45	\$ 44	\$ 42	\$ 42	\$ 93	\$ 84

Catastrophes, net of reinsurance:

Pre-tax	\$ 1	\$ 1	\$ 1	\$ —	\$ 1	\$ 3	\$ 2	\$ 4
After-tax	\$ —	\$ 1	\$ 1	\$ —	\$ —	\$ 2	\$ 1	\$ 2

**Prior year reserve development - favorable
(unfavorable)**

Pre-tax	\$ 35	\$ 40	\$ 103	\$ 80	\$ 60	\$ 150	\$ 75	\$ 210
After-tax	\$ 23	\$ 26	\$ 67	\$ 52	\$ 39	\$ 98	\$ 49	\$ 137

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

12

The Travelers Companies, Inc.
**Operating Income by Major Component and Combined Ratio - Bond &
Specialty Insurance**
(\$ in millions, net of tax)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Underwriting gain	\$ 75	\$ 101	\$ 148	\$ 113	\$ 100	\$ 156	\$ 176	\$ 256
Net investment income	46	47	45	44	42	42	93	84
Other income (expense)	3	3	3	5	2	4	6	6
Operating income	\$ 124	\$ 151	\$ 196	\$ 162	\$ 144	\$ 202	\$ 275	\$ 346

Combined ratio

Loss and loss adjustment expense ratio	37.6%	36.3%	20.6%	27.6%	31.9%	15.0%	36.9%	23.4%
Underwriting expense ratio	38.5%	37.4%	36.5%	37.5%	37.4%	37.4%	38.0%	37.4%
Combined ratio	76.1%	73.7%	57.1%	65.1%	69.3%	52.4%	74.9%	60.8%
Impact of catastrophes on combined ratio	0.1%	0.3%	0.1%	0.0%	0.1%	0.6%	0.2%	0.4%
Impact of prior year reserve development on combined ratio	-6.9%	-7.7%	-19.1%	-15.6%	-11.9%	-29.1%	-7.3%	-20.6%

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

13

The Travelers Companies, Inc.
Selected Statistics - Bond & Specialty Insurance
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Statutory underwriting								
Gross written premiums	\$ 522	\$ 537	\$ 580	\$ 514	\$ 536	\$ 549	\$ 1,059	\$ 1,085
Net written premiums	\$ 478	\$ 534	\$ 565	\$ 504	\$ 492	\$ 536	\$ 1,012	\$ 1,028
Net earned premiums	\$ 504	\$ 524	\$ 539	\$ 518	\$ 508	\$ 518	\$ 1,028	\$ 1,026
Losses and loss adjustment expenses	189	191	111	143	162	78	380	240
Underwriting expenses	196	199	202	188	195	198	395	393
Statutory underwriting gain	119	134	226	187	151	242	253	393
Policyholder dividends	2	2	3	3	2	2	4	4
Statutory underwriting gain after policyholder dividends	\$ 117	\$ 132	\$ 223	\$ 184	\$ 149	\$ 240	\$ 249	\$ 389

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

14

The Travelers Companies, Inc.
Net Written Premiums - Bond & Specialty Insurance
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Net written premiums by product line								
Fidelity & surety	\$ 206	\$ 259	\$ 267	\$ 220	\$ 219	\$ 255	\$ 465	\$ 474
General liability	226	236	247	243	227	240	462	467
Other	46	39	51	41	46	41	85	87
Total	\$ 478	\$ 534	\$ 565	\$ 504	\$ 492	\$ 536	\$ 1,012	\$ 1,028

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

15

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



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Revenues								
Premiums	\$ 1,764	\$ 1,798	\$ 1,840	\$ 1,866	\$ 1,874	\$ 1,918	\$ 3,562	\$ 3,792
Net investment income	82	88	87	75	77	78	170	155

Fee income	3	4	4	4	3	4	7	7
Other revenues	12	12	9	15	14	14	24	28
Total revenues	<u>1,861</u>	<u>1,902</u>	<u>1,940</u>	<u>1,960</u>	<u>1,968</u>	<u>2,014</u>	<u>3,763</u>	<u>3,982</u>
Claims and expenses								
Claims and claim adjustment expenses	974	1,117	1,040	1,090	1,249	1,297	2,091	2,546
Amortization of deferred acquisition costs	285	288	294	296	296	303	573	599
General and administrative expenses	234	252	252	250	230	255	486	485
Total claims and expenses	<u>1,493</u>	<u>1,657</u>	<u>1,586</u>	<u>1,636</u>	<u>1,775</u>	<u>1,855</u>	<u>3,150</u>	<u>3,630</u>
Operating income before income taxes	368	245	354	324	193	159	613	352
Income tax expense	116	71	113	102	54	43	187	97
Operating income	<u>\$ 252</u>	<u>\$ 174</u>	<u>\$ 241</u>	<u>\$ 222</u>	<u>\$ 139</u>	<u>\$ 116</u>	<u>\$ 426</u>	<u>\$ 255</u>
Other statistics								
Effective tax rate on net investment income	19.6%	20.8%	20.9%	18.5%	19.5%	19.7%	20.2%	19.6%
Net investment income (after-tax)	\$ 66	\$ 70	\$ 68	\$ 62	\$ 62	\$ 63	\$ 136	\$ 125
Catastrophes, net of reinsurance:								
Pre-tax	\$ 62	\$ 112	\$ 45	\$ 45	\$ 169	\$ 118	\$ 174	\$ 287
After-tax	\$ 41	\$ 72	\$ 30	\$ 29	\$ 110	\$ 77	\$ 113	\$ 187
Prior year reserve development - favorable (unfavorable)								
Pre-tax	\$ 131	\$ 64	\$ 47	\$ 36	\$ 27	\$ —	\$ 195	\$ 27
After-tax	\$ 85	\$ 42	\$ 30	\$ 24	\$ 17	\$ —	\$ 127	\$ 17

Certain prior period amounts have been restated to conform to the 2016 presentation.

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

The Travelers Companies, Inc.
Operating Income by Major Component and Combined Ratio - Personal Insurance
(\$ in millions, net of tax)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Underwriting gain	\$ 178	\$ 97	\$ 166	\$ 151	\$ 68	\$ 44	\$ 275	\$ 112
Net investment income	66	70	68	62	62	63	136	125
Other income (expense)	8	7	7	9	9	9	15	18
Operating income	<u>\$ 252</u>	<u>\$ 174</u>	<u>\$ 241</u>	<u>\$ 222</u>	<u>\$ 139</u>	<u>\$ 116</u>	<u>\$ 426</u>	<u>\$ 255</u>
Combined ratio (1)								
Loss and loss adjustment expense ratio	55.2%	62.2%	56.5%	58.5%	66.7%	67.6%	58.7%	67.1%
Underwriting expense ratio	28.3%	28.9%	28.6%	28.2%	27.0%	28.1%	28.6%	27.6%
Combined ratio	<u>83.5%</u>	<u>91.1%</u>	<u>85.1%</u>	<u>86.7%</u>	<u>93.7%</u>	<u>95.7%</u>	<u>87.3%</u>	<u>94.7%</u>
<i>Combined ratio excluding incremental impact of direct to consumer initiative</i>	<i>81.8 %</i>	<i>89.4 %</i>	<i>83.2 %</i>	<i>85.0 %</i>	<i>92.8 %</i>	<i>94.6 %</i>	<i>85.6 %</i>	<i>93.7 %</i>
Impact of catastrophes on combined ratio	3.5%	6.2%	2.5%	2.4%	9.0%	6.2%	4.9%	7.6%
Impact of prior year reserve development on combined ratio	-7.5%	-3.5%	-2.6%	-1.9%	-1.4%	0.0%	-5.5%	-0.7%

(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 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Billing and policy fees and other	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 32</u>	<u>\$ 32</u>
Fee income	<u>\$ 3</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ 4</u>	<u>\$ 7</u>	<u>\$ 7</u>

Certain prior period amounts have been restated to conform to the 2016 presentation.

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 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Statutory underwriting								
Gross written premiums	\$ 1,676	\$ 1,978	\$ 2,057	\$ 1,851	\$ 1,810	\$ 2,142	\$ 3,654	\$ 3,952
Net written premiums	\$ 1,622	\$ 1,956	\$ 2,036	\$ 1,843	\$ 1,760	\$ 2,129	\$ 3,578	\$ 3,889
Net earned premiums	\$ 1,764	\$ 1,798	\$ 1,840	\$ 1,866	\$ 1,874	\$ 1,918	\$ 3,562	\$ 3,792
Losses and loss adjustment expenses	974	1,117	1,040	1,091	1,249	1,297	2,091	2,546
Underwriting expenses	488	558	567	528	501	580	1,046	1,081
Statutory underwriting gain	\$ 302	\$ 123	\$ 233	\$ 247	\$ 124	\$ 41	\$ 425	\$ 165
Policies in force (in thousands)								
Automobile	2,125	2,166	2,224	2,283	2,346	2,417	2,166	2,417
Homeowners and other	4,107	4,121	4,145	4,158	4,188	4,244	4,121	4,244

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 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Statutory underwriting								
Gross written premiums	\$ 828	\$ 893	\$ 938	\$ 892	\$ 939	\$ 1,022	\$ 1,721	\$ 1,961
Net written premiums	\$ 822	\$ 890	\$ 934	\$ 888	\$ 932	\$ 1,018	\$ 1,712	\$ 1,950
Net earned premiums	\$ 802	\$ 827	\$ 854	\$ 878	\$ 891	\$ 925	\$ 1,629	\$ 1,816
Losses and loss adjustment expenses	516	582	585	640	626	703	1,098	1,329
Underwriting expenses	215	230	234	227	234	252	445	486
Statutory underwriting gain (loss)	\$ 71	\$ 15	\$ 35	\$ 11	\$ 31	\$ (30)	\$ 86	\$ 1
Other statistics								
Combined ratio (2):								
Loss and loss adjustment expense ratio	64.4%	70.4%	68.5%	73.0%	70.3%	75.9%	67.4%	73.2%
Underwriting expense ratio	25.8%	26.1%	25.4%	25.1%	24.9%	25.4%	26.0%	25.1%
Combined ratio	90.2%	96.5%	93.9%	98.1%	95.2%	101.3%	93.4%	98.3%
Impact of catastrophes on combined ratio	0.0%	2.1%	0.1%	0.1%	2.0%	2.7%	1.1%	2.4%
Impact of prior year reserve development on combined ratio	-2.8%	-2.5%	-2.4%	-2.2%	-0.8%	0.0%	-2.7%	-0.4%
Catastrophe losses, net of reinsurance:								
Pre-tax	\$ —	\$ 18	\$ —	\$ 1	\$ 19	\$ 24	\$ 18	\$ 43
After-tax	\$ —	\$ 12	\$ —	\$ —	\$ 12	\$ 16	\$ 12	\$ 28
Prior year reserve development - favorable (unfavorable)								
Pre-tax	\$ 22	\$ 21	\$ 21	\$ 20	\$ 7	\$ —	\$ 43	\$ 7
After-tax	\$ 15	\$ 14	\$ 13	\$ 13	\$ 4	\$ —	\$ 29	\$ 4
Policies in force (in thousands)	2,021	2,057	2,106	2,157	2,212	2,275		
Change from prior year quarter	1.8%	3.8%	5.8%	7.9%	9.5%	10.6%		

Change from prior quarter	1.1%	1.8%	2.4%	2.4%	2.5%	2.8%
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(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 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Billing and policy fees and other	\$ 9	\$ 8	\$ 8	\$ 9	\$ 9	\$ 9	\$ 17	\$ 18
Fee income	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 4	\$ 4

Certain prior period amounts have been restated to conform to the 2016 presentation.

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

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

(1)
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Statutory underwriting								
Gross written premiums	\$ 795	\$ 1,029	\$ 1,052	\$ 897	\$ 803	\$ 1,045	\$ 1,824	\$ 1,848
Net written premiums	\$ 748	\$ 1,010	\$ 1,035	\$ 894	\$ 760	\$ 1,036	\$ 1,758	\$ 1,796
Net earned premiums	\$ 914	\$ 920	\$ 930	\$ 929	\$ 920	\$ 926	\$ 1,834	\$ 1,846
Losses and loss adjustment expenses	425	498	414	407	578	541	923	1,119
Underwriting expenses	236	289	291	263	236	297	525	533
Statutory underwriting gain	\$ 253	\$ 133	\$ 225	\$ 259	\$ 106	\$ 88	\$ 386	\$ 194
Other statistics								
Combined ratio (2):								
Loss and loss adjustment expense ratio	46.5%	54.2%	44.6%	43.8%	62.8%	58.4%	50.3%	60.6%
Underwriting expense ratio	27.9%	28.8%	28.8%	28.8%	27.6%	29.5%	28.4%	28.6%
Combined ratio	74.4%	83.0%	73.4%	72.6%	90.4%	87.9%	78.7%	89.2%
Impact of catastrophes on combined ratio	6.7%	10.1%	4.7%	4.7%	16.0%	9.7%	8.4%	12.9%
Impact of prior year reserve development on combined ratio	-11.8%	-4.6%	-2.8%	-1.6%	-1.8%	0.0%	-8.2%	-0.9%
Catastrophe losses, net of reinsurance:								
Pre-tax	\$ 61	\$ 93	\$ 43	\$ 44	\$ 147	\$ 91	\$ 154	\$ 238
After-tax	\$ 40	\$ 60	\$ 28	\$ 29	\$ 96	\$ 59	\$ 100	\$ 155
Prior year reserve development - favorable (unfavorable)								
Pre-tax	\$ 108	\$ 43	\$ 26	\$ 15	\$ 17	\$ —	\$ 151	\$ 17
After-tax	\$ 70	\$ 28	\$ 17	\$ 10	\$ 11	\$ —	\$ 98	\$ 11
Policies in force (in thousands)	4,008	4,017	4,034	4,042	4,068	4,117		
Change from prior year quarter	-3.3%	-2.3%	-0.9%	0.2%	1.5%	2.5%		
Change from prior quarter	-0.6%	0.2%	0.4%	0.2%	0.6%	1.2%		

(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 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Billing and policy fees and other	\$ 7	\$ 7	\$ 7	\$ 6	\$ 7	\$ 6	\$ 14	\$ 13
Fee income	\$ 1	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 3	\$ 4

Certain prior period amounts have been restated to conform to the 2016 presentation.

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

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The Travelers Companies, Inc.
Selected Statistics - Direct to Consumer (1)
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Net written premiums								
Automobile	\$ 38	\$ 38	\$ 47	\$ 43	\$ 51	\$ 53	\$ 76	\$ 104
Homeowners and other	14	18	20	18	17	22	32	39
Total net written premiums	\$ 52	\$ 56	\$ 67	\$ 61	\$ 68	\$ 75	\$ 108	\$ 143
Revenues								
Premiums	\$ 48	\$ 51	\$ 56	\$ 59	\$ 63	\$ 67	\$ 99	\$ 130
Other revenues	—	1	—	1	—	1	1	1
Total revenues	48	52	56	60	63	68	100	131
Claims and expenses								
Claims and claim adjustment expenses	32	39	39	45	45	53	71	98
Amortization of deferred acquisition costs	1	1	2	1	1	2	2	3
General and administrative expenses	37	38	41	37	30	30	75	60
Total claims and expenses	70	78	82	83	76	85	148	161
Operating loss before income taxes	(22)	(26)	(26)	(23)	(13)	(17)	(48)	(30)
Income taxes	(8)	(9)	(9)	(8)	(5)	(5)	(17)	(10)
Operating loss	\$ (14)	\$ (17)	\$ (17)	\$ (15)	\$ (8)	\$ (12)	\$ (31)	\$ (20)

Other statistics

Policies in force (in thousands)

Automobile	104	109	118	126	134	142
Homeowners and other	99	104	111	116	120	127

Catastrophes, net of reinsurance:

Pre-tax	\$ 1	\$ 1	\$ 2	\$ —	\$ 3	\$ 3	\$ 2	\$ 6
After-tax	\$ 1	\$ —	\$ 2	\$ —	\$ 2	\$ 2	\$ 1	\$ 4

Prior year reserve development - favorable
(unfavorable)

Pre-tax	\$ 1	\$ —	\$ —	\$ 1	\$ 3	\$ —	\$ 1	\$ 3
After-tax	\$ —	\$ —	\$ —	\$ 1	\$ 2	\$ —	\$ —	\$ 2

(1) Represents incremental premiums, other revenues and claims and expenses of Direct to Consumer business activities included in Personal Insurance operating 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 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Revenues								
Other revenues	\$ —	\$ —	\$ 3	\$ 3	\$ 3	\$ 3	\$ —	\$ 6
Claims and expenses								
Interest expense	92	92	94	95	91	93	184	184
General and administrative expenses	7	7	8	9	8	7	14	15
Total claims and expenses	99	99	102	104	99	100	198	199
Operating loss before income								

tax benefit	(99)	(99)	(99)	(101)	(96)	(97)	(198)	(193)
Income taxes	(35)	(37)	(34)	(37)	(35)	(35)	(72)	(70)
Operating loss	\$ (64)	\$ (62)	\$ (65)	\$ (64)	\$ (61)	\$ (62)	\$ (126)	\$ (123)

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

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



	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Assets		
Fixed maturities, available for sale, at fair value (amortized cost \$59,975 and \$58,878)	\$ 63,311	\$ 60,658
Equity securities, available for sale, at fair value (cost \$525 and \$528)	752	705
Real estate investments	929	989
Short-term securities	3,988	4,671
Other investments	3,490	3,447
Total investments	<u>72,470</u>	<u>70,470</u>
Cash	265	380
Investment income accrued	627	642
Premiums receivable	7,014	6,437
Reinsurance recoverables	8,603	8,910
Ceded unearned premiums	726	656
Deferred acquisition costs	1,954	1,849
Deferred taxes	—	296
Contractholder receivables	4,541	4,374
Goodwill	3,588	3,573
Other intangible assets	274	279
Other assets	2,384	2,318
Total assets	<u>\$ 102,446</u>	<u>\$ 100,184</u>
	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Liabilities		
Claims and claim adjustment expense reserves	\$ 47,953	\$ 48,295
Unearned premium reserves	12,520	11,971
Contractholder payables	4,541	4,374
Payables for reinsurance premiums	401	296
Deferred taxes	370	—
Debt	6,436	6,344
Other liabilities	5,511	5,306
Total liabilities	<u>77,732</u>	<u>76,586</u>
Shareholders' equity		
Common stock (1,750.0 shares authorized; 288.3 and 295.9 shares issued and outstanding)	22,349	22,172
Retained earnings	30,921	29,945
Accumulated other comprehensive income (loss)	965	(157)
Treasury stock, at cost (478.1 and 467.6 shares)	(29,521)	(28,362)
Total shareholders' equity	<u>24,714</u>	<u>23,598</u>
Total liabilities and shareholders' equity	<u>\$ 102,446</u>	<u>\$ 100,184</u>

The Travelers Companies, Inc.
Investment Portfolio
(at carrying value, \$ in millions)



	<u>June 30, 2016</u>	<u>Pre-tax Book Yield (1)</u>	<u>December 31, 2015</u>	<u>Pre-tax Book Yield (1)</u>
Investment portfolio				
Taxable fixed maturities (including redeemable preferred stock)	\$ 29,998	3.23%	\$ 29,612	3.30%

Tax-exempt fixed maturities	33,313	3.44%	31,046	3.58%
Total fixed maturities	63,311	3.34%	60,658	3.44%
Non-redeemable preferred stocks	155	5.70%	162	5.73%
Public common stocks	597		543	
Total equity securities	752		705	
Real estate investments	929		989	
Short-term securities	3,988	0.57%	4,671	0.37%
Private equities	2,021		2,056	
Hedge funds	395		416	
Real estate partnerships	659		626	
Other investments	415		349	
Total other investments	3,490		3,447	
Total investments	\$ 72,470		\$ 70,470	
Net unrealized investment gains, net of tax, included in shareholders' equity	\$ 2,341		\$ 1,289	

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

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The Travelers Companies, Inc.
Investment Portfolio - Fixed Maturities Data
(at carrying value, \$ in millions)



	June 30, 2016	December 31, 2015
Fixed maturities		
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 2,073	\$ 2,194
Obligations of states and political subdivisions:		
Pre-refunded	5,724	6,060
All other	27,908	25,351
Total	33,632	31,411
Debt securities issued by foreign governments	1,801	1,873
Mortgage-backed securities - principally obligations of U.S. Government agencies	1,833	1,981
Corporates (including redeemable preferreds)	23,972	23,199
Total fixed maturities	<u>\$ 63,311</u>	<u>\$ 60,658</u>

Fixed Maturities
Quality Characteristics (1)

	June 30, 2016	
	Amount	% of Total
Quality Ratings		
Aaa	\$ 26,123	41.3%
Aa	19,193	30.3
A	9,130	14.4
Baa	7,099	11.2
Total investment grade	61,545	97.2
Ba	1,036	1.7
B	457	0.7
Caa and lower	273	0.4
Total below investment grade	1,766	2.8
Total fixed maturities	<u>\$ 63,311</u>	<u>100.0%</u>
Average weighted quality	Aa2, AA	
Average duration of fixed maturities and short-term securities, net of securities lending activities and net receivables and payables on investment sales and purchases	<u>3.9</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.

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The Travelers Companies, Inc.
Investment Income
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Gross investment income								
Fixed maturities	\$ 531	\$ 526	\$ 516	\$ 518	\$ 503	\$ 497	\$ 1,057	\$ 1,000
Short-term securities	2	3	3	4	6	7	5	13
Other	69	113	105	30	44	53	182	97
	602	642	624	552	553	557	1,244	1,110
Investment expenses	10	10	10	11	9	8	20	17
Net investment income, pre-tax	592	632	614	541	544	549	1,224	1,093
Income taxes	114	129	130	101	105	107	243	212
Net investment income, after-tax	\$ 478	\$ 503	\$ 484	\$ 440	\$ 439	\$ 442	\$ 981	\$ 881
Effective tax rate	19.3%	20.5%	21.1%	18.7%	19.3%	19.4%	19.9%	19.3%
Average invested assets (1)	\$ 70,722	\$ 70,291	\$ 70,569	\$ 70,756	\$ 69,926	\$ 70,033	\$ 70,548	\$ 69,989
Average yield pre-tax (1)	3.3%	3.6%	3.5%	3.1%	3.1%	3.1%	3.5%	3.1%
Average yield after-tax	2.7%	2.9%	2.7%	2.5%	2.5%	2.5%	2.8%	2.5%

(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 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Net realized investment gains (losses)								
Fixed maturities	\$ 17	\$ 14	\$ 30	\$ 7	\$ 4	\$ 21	\$ 31	\$ 25
Equity securities	—	(1)	(10)	(20)	(5)	2	(1)	(3)
Other (1)	(7)	(3)	(5)	(19)	(8)	(4)	(10)	(12)
Realized investment gains (losses) before tax	10	10	15	(32)	(9)	19	20	10
Related taxes	4	4	5	(12)	(2)	4	8	2
Net realized investment gains (losses)	\$ 6	\$ 6	\$ 10	\$ (20)	\$ (7)	\$ 15	\$ 12	\$ 8
Gross investment gains (1)	\$ 71	\$ 102	\$ 108	\$ 96	\$ 120	\$ 150	\$ 173	\$ 270
Gross investment losses before impairments (1)	(58)	(86)	(79)	(99)	(111)	(127)	(144)	(238)
Net investment gains (losses) before impairments	13	16	29	(3)	9	23	29	32
Other-than-temporary impairment losses	(3)	(6)	(14)	(29)	(18)	(4)	(9)	(22)
Net realized investment gains (losses) before tax	10	10	15	(32)	(9)	19	20	10
Related taxes	4	4	5	(12)	(2)	4	8	2
Net realized investment gains (losses)	\$ 6	\$ 6	\$ 10	\$ (20)	\$ (7)	\$ 15	\$ 12	\$ 8
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016		
Net unrealized investment gains, net of tax, by asset type								
Fixed maturities	\$ 2,853	\$ 1,830	\$ 1,983	\$ 1,780	\$ 2,495	\$ 3,336		
Equity securities & other	319	274	183	194	198	249		
Unrealized investment gains before tax	3,172	2,104	2,166	1,974	2,693	3,585		
Related taxes	1,096	728	752	685	934	1,244		
Balance, end of period	\$ 2,076	\$ 1,376	\$ 1,414	\$ 1,289	\$ 1,759	\$ 2,341		

(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	\$	44	\$	56	\$	47	\$	44	\$	30	\$	31	\$	100	\$	61
Gross investment Treasury future losses	\$	54	\$	47	\$	61	\$	34	\$	49	\$	42	\$	101	\$	91

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)



	June 30, 2016	December 31, 2015
Gross reinsurance recoverables on paid and unpaid claims and claim adjustment expenses	\$ 3,530	\$ 3,848
Allowance for uncollectible reinsurance	(151)	(157)
Net reinsurance recoverables (i)	3,379	3,691
Mandatory pools and associations (ii)	2,026	2,015
Structured settlements (iii)	3,198	3,204
Total reinsurance recoverables	<u>\$ 8,603</u>	<u>\$ 8,910</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	June 30, 2016
Swiss Re Group	A+ second highest of 16 ratings	\$ 420
Munich Re Group	A+ second highest of 16 ratings	385
Berkshire Hathaway	A++ highest of 16 ratings	226
Sompo Japan Nipponkoa Group	A+ second highest of 16 ratings	223
XL Capital Group	A third highest of 16 ratings	149

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, 2016, after deducting mandatory pools and associations and structured settlement balances, \$2.7 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: 5% related to the Company's participation in voluntary pools, 12% related to recoverables from captive insurance companies and 3% were balances from other companies not rated by A.M. Best Company. In addition, \$1.1 billion of the net recoverables were collateralized by letters of credit, funds held or trust agreements at June 30, 2016.

(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	June 30, 2016
Fidelity and Guaranty Life (1)	B++ fifth highest of 16 ratings	\$ 892
Metlife (2)	A+ second highest of 16 ratings	398
Genworth Financial Group	B++ fifth highest of 16 ratings	379
John Hancock Group	A+ second highest of 16 ratings	302
Symetra Financial Corporation	A third highest of 16 ratings	271

(1) Fidelity and Guaranty Life (FGL) has entered into a definitive merger agreement with Anbang Insurance Group Co., Ltd. whereby Anbang will acquire all of the outstanding shares of FGL. Regulatory approvals are still in progress. A.M. Best's ratings of FGL were placed under review with developing implications following the announcement of the merger agreement. The Company does not have any structured settlements with Anbang.

(2) MetLife Inc. has announced a plan to pursue the separation of a substantial portion of its U.S. Retail segment. MetLife is currently evaluating structural alternatives for such a separation, including a public offering of shares in an independent, publicly-traded company, a spin-off, or a sale. A.M. Best's ratings of MetLife Inc. and its subsidiaries were placed under review with developing implications following the announcement of this plan.

The Travelers Companies, Inc.
Net Reserves for Losses and Loss Adjustment Expense
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Statutory Reserves for Losses and Loss Adjustment Expenses								
Business and International Insurance								
Beginning of period	\$ 34,568	\$ 33,924	\$ 33,905	\$ 33,856	\$ 33,669	\$ 34,002	\$ 34,568	\$ 33,669
Incurred	2,216	2,187	2,182	2,073	2,252	2,334	4,403	4,586
Paid	(2,616)	(2,291)	(2,075)	(2,173)	(2,020)	(2,642)	(4,907)	(4,662)
Foreign exchange and other	(244)	85	(156)	(87)	101	(62)	(159)	39
End of period	\$ 33,924	\$ 33,905	\$ 33,856	\$ 33,669	\$ 34,002	\$ 33,632	\$ 33,905	\$ 33,632
Bond & Specialty Insurance								
Beginning of period	\$ 3,239	\$ 3,228	\$ 3,212	\$ 3,142	\$ 3,030	\$ 3,020	\$ 3,239	\$ 3,030
Incurred	189	191	111	143	162	78	380	240
Paid	(200)	(207)	(181)	(255)	(172)	(168)	(407)	(340)
Foreign exchange and other	—	—	—	—	—	(3)	—	(3)
End of period	\$ 3,228	\$ 3,212	\$ 3,142	\$ 3,030	\$ 3,020	\$ 2,927	\$ 3,212	\$ 2,927
Personal Insurance								
Beginning of period	\$ 3,200	\$ 3,144	\$ 3,156	\$ 3,093	\$ 3,083	\$ 3,202	\$ 3,200	\$ 3,083
Incurred	974	1,117	1,040	1,091	1,249	1,297	2,091	2,546
Paid	(1,030)	(1,105)	(1,103)	(1,101)	(1,130)	(1,261)	(2,135)	(2,391)
End of period	\$ 3,144	\$ 3,156	\$ 3,093	\$ 3,083	\$ 3,202	\$ 3,238	\$ 3,156	\$ 3,238
Total								
Beginning of period	\$ 41,007	\$ 40,296	\$ 40,273	\$ 40,091	\$ 39,782	\$ 40,224	\$ 41,007	\$ 39,782
Incurred	3,379	3,495	3,333	3,307	3,663	3,709	6,874	7,372
Paid	(3,846)	(3,603)	(3,359)	(3,529)	(3,322)	(4,071)	(7,449)	(7,393)
Foreign exchange and other	(244)	85	(156)	(87)	101	(65)	(159)	36
End of period	\$ 40,296	\$ 40,273	\$ 40,091	\$ 39,782	\$ 40,224	\$ 39,797	\$ 40,273	\$ 39,797
Prior Year Reserve Development: Unfavorable (Favorable)								
Business and International Insurance								
Asbestos	\$ —	\$ —	\$ 224	\$ —	\$ —	\$ —	\$ —	\$ —
Environmental	—	72	—	—	—	82	72	82
All other	(77)	(175)	(273)	(176)	(93)	(220)	(252)	(313)
Total Business and International Insurance (1)	(77)	(103)	(49)	(176)	(93)	(138)	(180)	(231)
Bond & Specialty Insurance	(35)	(40)	(103)	(80)	(60)	(150)	(75)	(210)
Personal Insurance	(131)	(64)	(47)	(36)	(27)	—	(195)	(27)
Total	\$ (243)	\$ (207)	\$ (199)	\$ (292)	\$ (180)	\$ (288)	\$ (450)	\$ (468)

(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 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	YTD 2Q 2015	YTD 2Q 2016
Asbestos reserves								
Beginning reserves:								
Gross	\$ 2,520	\$ 1,959	\$ 1,856	\$ 2,086	\$ 1,989	\$ 1,937	\$ 2,520	\$ 1,989
Ceded	(163)	(123)	(122)	(190)	(179)	(164)	(163)	(179)
Net	2,357	1,836	1,734	1,896	1,810	1,773	2,357	1,810
Incurred losses and loss expenses:								
Gross	—	—	313	—	—	—	—	—
Ceded	—	—	(89)	—	—	—	—	—
Paid loss and loss expenses:								
Gross	560	104	83	96	52	619	664	671
Ceded	(40)	(1)	(22)	(10)	(15)	(81)	(41)	(96)
Foreign exchange and other:								
Gross	(1)	1	—	(1)	—	(1)	—	(1)
Ceded	—	—	(1)	1	—	—	—	—
Ending reserves:								
Gross	1,959	1,856	2,086	1,989	1,937	1,317	1,856	1,317
Ceded	(123)	(122)	(190)	(179)	(164)	(83)	(122)	(83)
Net	\$ 1,836	\$ 1,734	\$ 1,896	\$ 1,810	\$ 1,773	\$ 1,234	\$ 1,734	\$ 1,234
Environmental reserves								
Beginning reserves:								
Gross	\$ 353	\$ 341	\$ 406	\$ 393	\$ 375	\$ 366	\$ 353	\$ 375
Ceded	(7)	(6)	(15)	(15)	(14)	(14)	(7)	(14)
Net	346	335	391	378	361	352	346	361
Incurred losses and loss expenses:								
Gross	—	81	—	—	—	87	81	87
Ceded	—	(9)	—	—	—	(5)	(9)	(5)
Paid loss and loss expenses:								
Gross	11	15	13	17	10	14	26	24
Ceded	(1)	—	—	—	—	(1)	(1)	(1)
Foreign exchange and other:								
Gross	(1)	(1)	—	(1)	1	—	(2)	1
Ceded	—	—	—	1	—	—	—	—
Ending reserves:								
Gross	341	406	393	375	366	439	406	439
Ceded	(6)	(15)	(15)	(14)	(14)	(18)	(15)	(18)
Net	\$ 335	\$ 391	\$ 378	\$ 361	\$ 352	\$ 421	\$ 391	\$ 421

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

The Travelers Companies, Inc.
Capitalization
(\$ in millions)



	June 30, 2016	December 31, 2015
Debt		
Short-term debt		
Commercial paper	\$ 100	\$ 100
6.25% Senior notes due June 20, 2016	—	400
Total short-term debt	100	500

Long-term debt		
5.75% Senior notes due December 15, 2017 (1)	450	450
5.80% Senior notes due May 15, 2018 (1)	500	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	—
8.312% Junior subordinated debentures due July 1, 2046	73	73
6.25% Fixed-to-floating rate junior subordinated debentures due March 15, 2067 (1)	107	107
Total long-term debt	6,361	5,861
Unamortized fair value adjustment	48	49
Unamortized debt issuance costs	(73)	(66)
	6,336	5,844
Total debt	6,436	6,344
Common equity (excluding net unrealized investment gains, net of tax)	22,373	22,309
Total capital (excluding net unrealized investment gains, net of tax)	\$ 28,809	\$ 28,653
Total debt to capital (excluding net unrealized investment gains, net of tax)	22.3%	22.1%

(1) Redeemable anytime with “make-whole” premium.

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>June 30,</u> <u>2016 (1)</u>	<u>December 31,</u> <u>2015</u>
Statutory capital and surplus	\$ 20,634	\$ 20,567
GAAP adjustments		
Goodwill and intangible assets	3,697	3,687
Investments	3,811	2,258
Noninsurance companies	(4,647)	(4,688)
Deferred acquisition costs	1,954	1,849
Deferred federal income tax	(1,886)	(1,269)
Current federal income tax	(21)	(23)
Reinsurance recoverables	109	109
Furniture, equipment & software	678	672
Agents balances	167	153
Other	218	283
Total GAAP adjustments	4,080	3,031
GAAP shareholders' equity	\$ 24,714	\$ 23,598

compensation	(71)	(1)	(1)	(1)	(59)	—	(72)	(59)
Dividends paid to shareholders	(177)	(192)	(188)	(182)	(180)	(195)	(369)	(375)
Payment of debt	—	—	—	(400)	—	(400)	—	(400)
Issuance of debt	—	—	392	—	—	491	—	491
Issuance of common stock - employee share options	90	27	25	41	64	65	117	129
Excess tax benefits from share-based payment arrangements (1)	27	4	11	13	—	—	31	—
Net cash used in financing activities	(731)	(962)	(511)	(1,529)	(725)	(589)	(1,693)	(1,314)
Effect of exchange rate changes on cash	(8)	4	(5)	(3)	2	(5)	(4)	(3)
Net increase (decrease) in cash	(66)	9	27	36	(19)	(96)	(57)	(115)
Cash at beginning of period	374	308	317	344	380	361	374	380
Cash at end of period	<u>\$ 308</u>	<u>\$ 317</u>	<u>\$ 344</u>	<u>\$ 380</u>	<u>\$ 361</u>	<u>\$ 265</u>	<u>\$ 317</u>	<u>\$ 265</u>
Income taxes paid	\$ 126	\$ 471	\$ 285	\$ 325	\$ 63	\$ 404	\$ 597	\$ 467
Interest paid	\$ 34	\$ 149	\$ 34	\$ 148	\$ 42	\$ 138	\$ 183	\$ 180

(1) In connection with the Company's adoption of the new accounting standard related to *Improvements to Employee Share-Based Payment Accounting* in the first quarter of 2016, cash flows related to taxes on share-based payments are included in net income as an operating activity rather than being reported separately as a financing activity.

The Travelers Companies, Inc.
Financial Supplement - Second Quarter 2016
Glossary of Financial Measures and Description of Reportable Business Segments



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

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

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

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

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

Average shareholders' equity is (a) the sum of total shareholders' equity at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two. **Adjusted shareholders' equity** is shareholders' equity excluding net unrealized investment gains (losses), net of tax, and net realized investment gains (losses), net of tax, for the period presented. **Adjusted average shareholders' equity** is (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. **Operating return on equity** is the ratio of annualized operating income (loss) to adjusted average shareholders' equity for the periods presented. In the opinion of the Company's management, these are important indicators of how well management creates value for its shareholders through its operating activities and its capital management.

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

A **catastrophe** is a severe loss, resulting from a variety of events, including, among others, hurricanes, tornadoes and other windstorms, earthquakes, hail, wildfires, severe winter weather, floods, tsunamis and volcanic eruptions. Catastrophes can also result from a terrorist attack (including those involving nuclear, biological, chemical or radiological events), explosions, infrastructure failures or as a consequence of political instability. Each catastrophe has unique characteristics and catastrophes are not predictable as to timing or amount. Their effects are included in net and operating income and claims and claim adjustment expense reserves upon occurrence. A catastrophe may result in the payment of reinsurance reinstatement premiums and assessments from various pools. In the opinion of the Company's management, a discussion of the impact of catastrophes is meaningful to users of the financial

statements to understand the Company's periodic earnings and the variability in periodic earnings caused by the unpredictable nature of catastrophes.

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

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

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

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

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

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

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

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

Statutory 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 - The Business and International Insurance segment offers a broad array of property and casualty insurance and insurance related services to its clients, primarily in the United States and in Canada, as well as in the United Kingdom, the Republic of Ireland, Brazil 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. As of January 1, 2016, Global Partner Services, which had previously been included in Middle Market, is now being included in International. Financial data for all periods presented has been restated to be consistent with the 2016 presentation. Business and International Insurance also includes the Special Liability Group (which manages the Company's asbestos and environmental liabilities) and the assumed reinsurance and certain other runoff operations, which are collectively referred to as Business and International Insurance Other.

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