
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): **October 20, 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 October 20, 2016, The Travelers Companies, Inc. (the "Company") issued a press release announcing the results of the Company's operations for the quarter ended September 30, 2016, and the availability of the Company's third 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: October 20, 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 October 20, 2016, reporting results of operations (This exhibit is furnished and not filed.)
99.2	Third 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 Third Quarter Net and Operating Income per Diluted Share of \$2.45 and \$2.40, Respectively

Return on Equity and Operating Return on Equity of 11.6% and 12.5%, Respectively

- Net and operating income of \$716 million and \$701 million, respectively, declined from the prior year quarter, primarily due to lower net favorable prior year reserve development and higher non-catastrophe weather-related losses.
- Strong consolidated underwriting results, as reflected in combined ratio of 92.9% and underlying combined ratio of 92.1%.
- Record net written premiums of \$6.389 billion, up 3% from prior year quarter.
- Total capital returned to shareholders of \$755 million in the quarter, including \$562 million of share repurchases. Year-to-date total capital returned to shareholders of \$2.292 billion, including \$1.721 billion of share repurchases.
- Book value per share of \$86.04 increased 9% from end of prior year quarter and 8% from year-end 2015. Adjusted book value per share of \$78.82 increased 6% and 5%, respectively, from the same dates.
- Board of Directors declared quarterly dividend per share of \$0.67.

New York, October 20, 2016 — The Travelers Companies, Inc. today reported net income of \$716 million, or \$2.45 per diluted share, for the quarter ended September 30, 2016, compared to \$928 million, or \$2.97 per diluted share, in the prior year quarter. Operating income in the current quarter was \$701 million, or \$2.40 per diluted share, compared to \$918 million, or \$2.93 per diluted share, in the prior year quarter. These declines were primarily driven by lower net favorable prior year reserve development and higher non-catastrophe weather-related losses. 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)	<u>Three Months Ended September 30,</u>			<u>Nine Months Ended September 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
Net written premiums	\$ 6,389	\$ 6,191	3%	\$ 18,900	\$ 18,257	4%
Total revenues	\$ 6,961	\$ 6,798	2	\$ 20,432	\$ 20,137	1

Net income	\$ 716	\$ 928	(23)	\$ 2,071	\$ 2,573	(20)
<i>per diluted share</i>	<i>\$ 2.45</i>	<i>\$ 2.97</i>	<i>(18)</i>	<i>\$ 7.00</i>	<i>\$ 8.04</i>	<i>(13)</i>
Operating income	\$ 701	\$ 918	(24)	\$ 2,048	\$ 2,551	(20)
<i>per diluted share</i>	<i>\$ 2.40</i>	<i>\$ 2.93</i>	<i>(18)</i>	<i>\$ 6.92</i>	<i>\$ 7.97</i>	<i>(13)</i>
Diluted weighted average shares outstanding	289.8	311.0	(7)	293.6	317.7	(8)
Combined ratio	92.9%	86.9%	6.0pts	92.8%	88.9%	3.9pts
Underlying combined ratio	92.1%	88.8%	3.3pts	91.5%	89.9%	1.6pts
Return on equity	11.6%	15.4%	(3.8)pts	11.4%	14.0%	(2.6)pts
Operating return on equity	12.5%	16.2%	(3.7)pts	12.2%	14.9%	(2.7)pts

	September 30, 2016	December 31, 2015	September 30, 2015	Change from	
				December 31, 2015	September 30, 2015
Book value per share	\$ 86.04	\$ 79.75	\$ 79.00	8%	9%
Adjusted book value per share	78.82	75.39	74.35	5	6

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

“We were pleased with our third quarter operating income of \$701 million and operating return on equity of 12.5%, which brings our year-to-date operating return on equity to 12.2%,” commented Alan Schnitzer, Chief Executive Officer. “Underwriting results for the quarter reflected lower net favorable prior year reserve development, higher non-catastrophe weather-related losses and higher-than-expected losses associated with auto bodily injury but nonetheless remained strong as reflected in our 92.9% combined ratio. While returns from our high-quality fixed income portfolio declined in line with our expectations due to the continued low interest rate environment, returns from our non-fixed income portfolio improved from recent quarters and were comparable to the prior year quarter. In terms of capital management, we returned \$755 million of excess capital to shareholders, including \$562 million of share repurchases. Year to date, we have returned nearly \$2.3 billion to shareholders, including over \$1.7 billion in share repurchases.

“We are encouraged that the markets in which we operate continue to remain stable. In our commercial businesses, we are pleased with our historically high levels of retention and positive renewal premium change. Once again, these results were due to the successful execution of our strategy to retain those accounts that meet our return thresholds and to take appropriate measures to improve profitability on those accounts that do not, while also seeking attractive new business opportunities. In Personal Insurance, growth in auto, driven by the success of our Quantum Auto 2.0 product, and in homeowners, which benefited from our ability to offer a compelling account solution to our customers and agents, resulted in record net written premiums of over \$2.2 billion for the quarter. While we experienced a somewhat higher-than-expected level of bodily injury claim severity across our auto product portfolio, we believe this was attributable to environmental factors and was not product-specific. Accordingly, we continue to believe that growth from Quantum Auto 2.0 is adding meaningful economic value, and the product remains positioned to generate appropriate returns over time.

“Our results this quarter and year to date reflect our continued focus on delivering superior returns. We are confident that our competitive advantages and ability to execute on our marketplace strategies, together with our balance sheet strength and active capital management strategy, will continue to enable us to invest in our businesses while delivering industry-leading returns over time.”

Consolidated Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	Change	2016	2015	Change
Underwriting gain:	\$ 408	\$ 759	\$ (351)	\$ 1,224	\$ 1,890	\$ (666)
<i>Underwriting gain includes:</i>						
<i>Net favorable prior year reserve development</i>	<i>39</i>	<i>199</i>	<i>(160)</i>	<i>507</i>	<i>649</i>	<i>(142)</i>
<i>Catastrophes, net of reinsurance</i>	<i>(89)</i>	<i>(85)</i>	<i>(4)</i>	<i>(740)</i>	<i>(468)</i>	<i>(272)</i>
Net investment income	582	614	(32)	1,675	1,838	(163)
Other income/(expense), including interest expense	(66)	(81)	15	(181)	(232)	51
Operating income before income taxes	924	1,292	(368)	2,718	3,496	(778)
Income tax expense	223	374	(151)	670	945	(275)
Operating income	701	918	(217)	2,048	2,551	(503)
Net realized investment gains after income taxes	15	10	5	23	22	1
Net Income	\$ 716	\$ 928	\$ (212)	\$ 2,071	\$ 2,573	\$ (502)
Combined ratio	92.9%	86.9%	6.0pts	92.8%	88.9%	3.9pts
<i>Impact on combined ratio</i>						
<i>Net favorable prior year reserve development</i>	<i>(0.6)</i>	<i>(3.3)</i>	<i>2.7pts</i>	<i>(2.8)</i>	<i>(3.6)</i>	<i>0.8pts</i>
<i>Catastrophes, net of reinsurance</i>	<i>1.4</i>	<i>1.4</i>	<i>—pts</i>	<i>4.1</i>	<i>2.6</i>	<i>1.5pts</i>
Underlying combined ratio	92.1%	88.8%	3.3pts	91.5%	89.9%	1.6pts

Net written premiums

Business and International Insurance	\$ 3,583	\$ 3,590	—%	\$ 11,177	\$ 11,066	1%
Bond & Specialty Insurance	566	565	—	1,594	1,577	1
Personal Insurance	2,240	2,036	10	6,129	5,614	9
Total	\$ 6,389	\$ 6,191	3%	\$ 18,900	\$ 18,257	4%

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Third Quarter 2016 Results

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

Net income of \$716 million after-tax and operating income of \$701 million after-tax decreased \$212 million and \$217 million, respectively, primarily due to lower net favorable prior year reserve development and higher non-catastrophe weather-related losses.

Underwriting results

- The combined ratio remained strong at 92.9%. It increased 6.0 points due to a higher underlying combined ratio (3.3 points) and lower net favorable prior year reserve development (2.7 points).
- The underlying combined ratio of 92.1% increased 3.3 points, primarily driven by higher non-catastrophe weather-related losses, higher loss estimates in the personal automobile product line for bodily injury liability coverages, including the re-estimation of losses incurred in the first six months of 2016 and the impact of loss cost trends that modestly exceeded earned pricing in the Business and International Insurance segment, as expected, partially offset by lower levels of what the Company defines as large losses.
- Net favorable prior year reserve development in Business and International Insurance and Bond & Specialty Insurance of \$60 million pre-tax was partially offset by net unfavorable prior year reserve development in Personal Insurance of \$21 million pre-tax. Catastrophe losses in the third quarter of 2016 primarily resulted from hail storms in the Western region of the United States and flooding in the Southeast region of the United States.

Net investment income of \$582 million pre-tax (\$472 million after-tax) decreased due to lower returns in the fixed income portfolio, while returns in the non-fixed income portfolio were comparable to the prior year quarter and improved from recent periods. Fixed income returns declined in line with our expectations due to lower reinvestment rates available in the market.

Record net written premiums of \$6.389 billion increased 3% driven by growth in Personal Insurance.

Year-to-Date 2016 Results

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

Net income of \$2.071 billion after-tax and operating income of \$2.048 billion after-tax decreased \$502 million and \$503 million, respectively, primarily driven by higher catastrophe losses, a lower underlying underwriting gain (i.e., excluding net favorable prior year reserve development and catastrophe losses), lower net investment income and lower net favorable prior year reserve development in the Personal Insurance segment.

Underwriting results

- The combined ratio remained strong at 92.8%. It increased 3.9 points due to a higher underlying combined ratio (1.6 points), higher catastrophe losses (1.5 points) and lower net favorable prior year reserve development (0.8 points).
- The underlying combined ratio of 91.5% increased 1.6 points, primarily driven by higher non-catastrophe weather-related losses, as expected, the impact of loss cost trends that modestly exceeded earned pricing in the Business and International Insurance segment, as expected, and higher loss estimates in the personal automobile product line for bodily injury liability coverages, partially offset by lower levels of what the Company defines as large losses.
- Net favorable prior year reserve development occurred in all segments. Catastrophe losses included the third quarter events discussed above, as well as wind and hail storms in several regions of the United States and wildfires in Canada in the second quarter of 2016 and 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 of 2016.

Net investment income of \$1.675 billion pre-tax (\$1.353 billion after-tax) decreased due to lower returns in both the fixed income and non-fixed income portfolios. Fixed income returns declined due to the lower reinvestment rates available in

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the market. Non-fixed income returns, which remained positive, declined due to lower private equity and real estate partnership returns.

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

Record net written premiums of \$18.900 billion increased 4% driven by growth in Personal Insurance.

Shareholders' Equity

Shareholders' equity of \$24.439 billion increased 4% from year-end 2015, primarily due to an increase in after-tax net unrealized investment gains. After-tax net unrealized investment gains were \$2.049 billion (\$3.135 billion pre-tax), compared to \$1.289 billion after-tax (\$1.974 billion pre-tax) at year-end 2015. Book value per share of \$86.04 and adjusted book value per share of \$78.82 increased 8% and 5%, respectively, from year-end 2015.

The Company repurchased 4.8 million shares during the third quarter at an average price of \$117.28 per share for a total cost of \$562 million. Capacity remaining under the existing share repurchase authorization was \$1.684 billion at the end of the quarter. At the end of third quarter 2016, statutory capital and surplus was \$20.609 billion and the ratio of debt-to-capital was 20.8%. 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 December 30, 2016, to shareholders of record as of the close of business on December 9, 2016.

Business and International Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	Change	2016	2015	Change
Underwriting gain:	\$ 128	\$ 272	\$ (144)	\$ 377	\$ 730	\$ (353)
<i>Underwriting gain includes:</i>						
<i>Net favorable prior year reserve development</i>	19	49	(30)	250	229	21
<i>Catastrophes, net of reinsurance</i>	(72)	(39)	(33)	(432)	(246)	(186)
Net investment income	445	471	(26)	1,280	1,412	(132)
Other income	10	5	5	51	18	33
Operating income before income taxes	583	748	(165)	1,708	2,160	(452)
Income tax expense	126	202	(76)	382	556	(174)
Operating income	\$ 457	\$ 546	\$ (89)	\$ 1,326	\$ 1,604	\$ (278)
Combined ratio	96.1%	92.2%	3.9pts	96.2%	92.9%	3.3pts
Impact on combined ratio						
<i>Net favorable prior year reserve development</i>	(0.5)	(1.4)	0.9pts	(2.3)	(2.1)	(0.2)pts
<i>Catastrophes, net of reinsurance</i>	1.9	1.1	0.8pts	4.0	2.2	1.8pts
Underlying combined ratio	94.7%	92.5%	2.2pts	94.5%	92.8%	1.7pts
Net written premiums by market						
Domestic						
Select Accounts	\$ 657	\$ 654	—%	\$ 2,090	\$ 2,085	—%
Middle Market	1,616	1,597	1	4,939	4,774	3
National Accounts	245	254	(4)	799	781	2
First Party	399	411	(3)	1,223	1,203	2
Specialized Distribution	263	277	(5)	851	845	1
Total Domestic	3,180	3,193	—	9,902	9,688	2
International	403	397	2	1,275	1,378	(7)
Total	\$ 3,583	\$ 3,590	—%	\$ 11,177	\$ 11,066	1%

Third Quarter 2016 Results

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

Operating income for Business and International Insurance was \$457 million after-tax, a decrease of \$89 million, primarily due to a lower underlying underwriting gain, higher catastrophe losses and lower net favorable prior year reserve development.

Underwriting results

- The combined ratio of 96.1% increased 3.9 points due to a higher underlying combined ratio (2.2 points), lower net favorable prior year reserve development (0.9 points) and higher catastrophe losses (0.8 points).
- The underlying combined ratio of 94.7% increased 2.2 points, primarily driven by higher non-catastrophe weather-related losses, the impact of loss cost trends that modestly exceeded earned pricing, as expected, and a modestly higher expense ratio, partially offset by lower levels of what the Company defines as large losses.
- Net favorable prior year reserve development primarily resulted from better than expected loss experience in the Company's domestic operations in (i) the general liability product line for both primary and excess coverages for accident years 2006 and prior as well as accident years 2014 and 2015 (excluding an increase to asbestos reserves discussed below), (ii) the workers' compensation product line for accident years 2006 and prior

as well as accident year 2015 and (iii) the commercial auto product line for accident years 2011 and prior, partially offset by (iv) a \$225 million increase to asbestos reserves.

- The asbestos reserve strengthening, which resulted from the Company's annual in-depth asbestos claim review that was completed in the third quarter, was driven by increases in the Company's estimate for projected settlement and defense costs related to a broad number of policyholders. The increase in the estimate of projected settlement and defense costs resulted from recent payment trends that continue to be higher than previously anticipated. While the overall view of the underlying asbestos environment is essentially unchanged from recent periods, there remains a high degree of uncertainty with respect to future exposure to asbestos claims.

Net written premiums of \$3.583 billion were comparable with the prior year quarter.

Year-to-Date 2016 Results

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

Operating income for Business and International Insurance was \$1.326 billion after-tax, a decrease of \$278 million, primarily driven by higher catastrophe losses, a lower underlying underwriting gain and lower net investment income, partially offset by higher other income and higher net favorable prior year reserve development. The prior year period also included a \$12 million tax benefit.

Underwriting results

- The combined ratio of 96.2% increased 3.3 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 (0.2 points).
- The underlying combined ratio of 94.5% increased 1.7 points, primarily driven by the impact of loss cost trends that modestly exceeded earned pricing, as expected, higher non-catastrophe weather-related losses and a modestly higher expense ratio, partially offset by lower levels of what the Company defines as large losses.
- 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 2006 and prior as well as accident years 2011, 2013 and 2015 (excluding an increase to asbestos and environmental reserves discussed below) and (iii) the commercial automobile product line for accident years 2011 and prior, as well as in the Company's international operations in Europe and Canada.

These factors contributing to net favorable prior year reserve development were partially offset by a \$225 million increase to asbestos reserves and by an \$82 million 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 \$11.177 billion increased 1% driven by continued high retention rates, positive renewal premium changes and an increase in new business volume in domestic Business Insurance.

Bond & Specialty Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	Change	2016	2015	Change
Underwriting gain:	\$ 156	\$ 229	\$ (73)	\$ 554	\$ 483	\$ 71
<i>Underwriting gain includes:</i>						
<i>Net favorable prior year reserve development</i>	41	103	(62)	251	178	73
<i>Catastrophes, net of reinsurance</i>	(1)	(1)	—	(5)	(3)	(2)
Net investment income	53	56	(3)	156	169	(13)
Other income	4	4	—	13	14	(1)
Operating income before income taxes	213	289	(76)	723	666	57
Income tax expense	67	93	(26)	231	195	36
Operating income	\$ 146	\$ 196	\$ (50)	\$ 492	\$ 471	\$ 21
Combined ratio	70.1%	57.1%	13.0pts	64.0%	68.8%	(4.8)pts
<i>Impact on combined ratio</i>						
<i>Net favorable prior year reserve development</i>	(7.5)pts	(19.1)pts	11.6pts	(16.1)pts	(11.4)pts	(4.7)pts
<i>Catastrophes, net of reinsurance</i>	0.2pts	0.1pts	0.1pts	0.3pts	0.2pts	0.1pts
Underlying combined ratio	77.4%	76.1%	1.3pts	79.8%	80.0%	(0.2)pts
Net written premiums						
Management Liability	\$ 354	\$ 350	1%	\$ 1,010	\$ 993	2%

Surety	212	215	(1)	584	584	—
Total	\$ 566	\$ 565	—%	\$ 1,594	\$ 1,577	1%

Third Quarter 2016 Results

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

Operating income for Bond & Specialty Insurance was \$146 million after-tax, a decrease of \$50 million, primarily driven by lower net favorable prior year reserve development.

Underwriting results

- The combined ratio of 70.1% increased 13.0 points due to lower net favorable prior year reserve development (11.6 points), a higher underlying combined ratio (1.3 points) and higher catastrophe losses (0.1 points).
- The underlying combined ratio was strong at 77.4%.
- Net favorable prior year reserve development resulted from better than expected loss experience in the fidelity and surety product line for accident years 2009 through 2015.

Net written premiums of \$566 million were comparable to the prior year quarter.

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Year-to-Date 2016 Results

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

Operating income for Bond & Specialty Insurance was \$492 million after-tax, an increase of \$21 million, primarily driven by higher net favorable prior year reserve development, partially offset by lower net investment income. The prior year period also included a \$16 million tax benefit.

Underwriting results

- The combined ratio of 64.0% improved 4.8 points due to higher net favorable prior year reserve development (4.7 points) and a lower underlying combined ratio (0.2 points), partially offset by higher catastrophe losses (0.1 points).
- The underlying combined ratio was strong at 79.8%.
- 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 2009 through 2015 and (ii) the general liability product line for accident years 2007 through 2011.

Net written premiums of \$1.594 billion increased 1%, primarily driven by continued high retention rates, positive renewal premium changes and an increase in new business volume in Management Liability.

Personal Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	Change	2016	2015	Change
Underwriting gain:	\$ 124	\$ 258	\$ (134)	\$ 293	\$ 677	\$ (384)
<i>Underwriting gain includes:</i>						
<i>Net favorable/(unfavorable) prior year reserve development</i>	(21)	47	(68)	6	242	(236)
<i>Catastrophes, net of reinsurance</i>	(16)	(45)	29	(303)	(219)	(84)
Net investment income	84	87	(3)	239	257	(18)
Other income	14	9	5	42	33	9
Operating income before income taxes	222	354	(132)	574	967	(393)
Income tax expense	64	113	(49)	161	300	(139)
Operating income	\$ 158	\$ 241	\$ (83)	\$ 413	\$ 667	\$ (254)
Combined ratio	92.9%	85.1%	7.8pts	94.1%	86.6%	7.5pts
Impact on combined ratio						
<i>Net (favorable)/unfavorable prior year reserve development</i>	1.1pts	(2.6)pts	3.7pts	(0.1)pts	(4.5)pts	4.4pts
<i>Catastrophes, net of reinsurance</i>	0.8pts	2.5pts	(1.7)pts	5.3pts	4.1pts	1.2pts
Underlying combined ratio	91.0%	85.2%	5.8pts	88.9%	87.0%	1.9pts
Net written premiums						

Agency Automobile(1)	\$ 1,095	\$ 934	17%	\$ 3,045	\$ 2,646	15%
Agency Homeowners & Other(1)	1,058	1,035	2	2,854	2,793	2
Direct to Consumer	87	67	30	230	175	31
Total	\$ 2,240	\$ 2,036	10%	\$ 6,129	\$ 5,614	9%

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

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Third Quarter 2016 Results

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

Operating income for Personal Insurance was \$158 million after-tax, a decrease of \$83 million, primarily driven by a lower underlying underwriting gain and net unfavorable prior year reserve development compared to net favorable prior year reserve development in the prior year quarter, partially offset by lower catastrophe losses.

Underwriting results

- The combined ratio of 92.9% increased 7.8 points due to a higher underlying combined ratio (5.8 points) and net unfavorable prior year reserve development compared to net favorable prior year reserve development in the prior year quarter (3.7 points), partially offset by lower catastrophe losses (1.7 points).
- The underlying combined ratio of 91.0% increased 5.8 points, primarily driven by higher non-catastrophe weather-related losses, higher loss estimates in the automobile product line for bodily injury liability coverages, including the re-estimation of losses incurred in the first six months of 2016, and the impact of a significant level of new business in recent years, partially offset by a lower expense ratio.
- While net unfavorable prior year reserve development primarily resulted from higher than expected loss experience in a modest number of claims in the Homeowners and Other product line for liability coverages for accident years 2013 and 2014, overall these accident years have developed net favorably since inception.

Record net written premiums of \$2.240 billion increased 10%. Agency Automobile net written premiums grew 17% with an increase in policies in force of 12% from the prior year period, driven by the success of Quantum Auto 2.0. Agency Homeowners & Other net written premiums increased 2% with an increase in policies in force of 3% 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 \$413 million after-tax, a decrease of \$254 million, primarily driven by lower net favorable prior year reserve development, higher catastrophe losses and a lower underlying underwriting gain. The prior year period included a \$4 million tax benefit.

Underwriting results

- The combined ratio of 94.1% increased 7.5 points due to lower net favorable prior year reserve development (4.4 points), a higher underlying combined ratio (1.9 points) and higher catastrophe losses (1.2 points).
- The underlying combined ratio remained strong at 88.9% and increased 1.9 points, primarily driven by higher loss estimates in the automobile product line for bodily injury liability coverages, higher non-catastrophe weather-related losses and the impact of a significant level of new business in recent years, partially offset by a lower expense ratio.

Record net written premiums of \$6.129 billion increased 9% due to the same factors as discussed above for third 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, October 20, 2016. Investors can access the call via webcast

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at <http://investor.travelers.com> or by dialing 1-800-732-5617 within the U.S. and 1-212-231-2918 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 on 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 21817065 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.

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>.

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.

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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;

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- 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, including as a result of, among other things, changes in the legal, regulatory and economic environments in which the Company operates, the Company's financial results could be materially and adversely affected;
- 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;

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- 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

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

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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 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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Operating income	\$ 924	\$ 1,292	\$ 2,718	\$ 3,496
Net realized investment gains	23	15	33	35
Net income	\$ 947	\$ 1,307	\$ 2,751	\$ 3,531

(\$ in millions, after-tax)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Operating income	\$ 701	\$ 918	\$ 2,048	\$ 2,551
Net realized investment gains	15	10	23	22
Net income	\$ 716	\$ 928	\$ 2,071	\$ 2,573

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(\$ 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	3,437	3,641	3,567	2,441	1,390	3,043	3,600	3,195	4,500	4,200	2,026
Net realized investment gains/(losses)	2	51	106	32	36	173	22	(271)	101	8	35
Income from continuing operations	3,439	3,692	3,673	2,473	1,426	3,216	3,622	2,924	4,601	4,208	2,061
Discontinued operations	—	—	—	—	—	—	—	—	—	—	(439)
Net income	\$ 3,439	\$ 3,692	\$ 3,673	\$ 2,473	\$ 1,426	\$ 3,216	\$ 3,622	\$ 2,924	\$ 4,601	\$ 4,208	\$ 1,622

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015

Basic earnings per share

Operating income	\$	2.43	\$	2.96	\$	7.01	\$	8.06
Net realized investment gains		0.05		0.04		0.08		0.07
Net income	\$	2.48	\$	3.00	\$	7.09	\$	8.13
Diluted earnings per share								
Operating income	\$	2.40	\$	2.93	\$	6.92	\$	7.97
Net realized investment gains		0.05		0.04		0.08		0.07
Net income	\$	2.45	\$	2.97	\$	7.00	\$	8.04

Reconciliation of Operating Income by Segment to Total Operating Income

(\$ in millions, after-tax)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Business and International Insurance	\$ 457	\$ 546	\$ 1,326	\$ 1,604
Bond & Specialty Insurance	146	196	492	471
Personal Insurance	158	241	413	667
Total segment operating income	761	983	2,231	2,742
Interest Expense and Other	(60)	(65)	(183)	(191)
Total operating income	\$ 701	\$ 918	\$ 2,048	\$ 2,551

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.

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Reconciliation of Adjusted Shareholders' Equity to Shareholders' Equity

(\$ in millions)	As of September 30,	
	2016	2015
Adjusted shareholders' equity	\$ 22,367	\$ 22,597
Net unrealized investment gains, net of tax	2,049	1,414
Net realized investment gains, net of tax	23	22
Shareholders' equity	\$ 24,439	\$ 24,033

(\$ 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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Annualized operating income	\$ 2,802	\$ 3,671	\$ 2,730	\$ 3,401
Adjusted average shareholders' equity	22,373	22,676	22,373	22,750
Operating return on equity	12.5%	16.2%	12.2%	14.9%
Annualized net income	\$ 2,863	\$ 3,715	\$ 2,761	\$ 3,431

Average shareholders' equity	24,576	24,077	24,300	24,467
Return on equity	11.6%	15.4%	11.4%	14.0%

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.

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

(\$ in millions)	Nine Months Ended September 30,		Twelve Months Ended December 31,										
	2016	2015	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating income, less preferred dividends	\$ 2,048	\$ 2,551	\$ 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	2,730	3,401											
Adjusted average shareholders' equity	22,373	22,750	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	12.2%	14.9%	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 September 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 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.

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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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Pre-tax underwriting gain excluding the impact of catastrophes and net favorable prior year loss reserve development	\$ 458	\$ 645	\$ 1,457	\$ 1,709
Pre-tax impact of catastrophes	(89)	(85)	(740)	(468)
Pre-tax impact of net favorable prior year loss reserve development	39	199	507	649
Pre-tax underwriting gain	408	759	1,224	1,890
Income tax expense on underwriting results	139	273	418	656
Underwriting gain	269	486	806	1,234
Net investment income	472	484	1,353	1,465
Other expense, including interest expense	(40)	(52)	(111)	(148)
Operating income	701	918	2,048	2,551
Net realized investment gains	15	10	23	22

Net income	\$	716	\$	928	\$	2,071	\$	2,573
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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 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.

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Calculation of the Combined Ratio

(\$ in millions, pre-tax)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Loss and loss adjustment expense ratio				
Claims and claim adjustment expenses	\$ 3,856	\$ 3,382	\$ 11,330	\$ 10,360
Less:				
Policyholder dividends	11	10	32	29
Allocated fee income	44	44	133	129
Loss ratio numerator	\$ 3,801	\$ 3,328	\$ 11,165	\$ 10,202
Underwriting expense ratio				
Amortization of deferred acquisition costs	\$ 1,012	\$ 987	\$ 2,972	\$ 2,913
General and administrative expenses (G&A)	1,057	1,028	3,106	3,055
Less:				
G&A included in Interest Expense and Other	8	8	23	22
Allocated fee income	72	72	219	216
Billing and policy fees and other	23	20	67	65
Expense ratio numerator	\$ 1,966	\$ 1,915	\$ 5,769	\$ 5,665
Earned premium	\$ 6,209	\$ 6,032	\$ 18,257	\$ 17,851
Combined ratio (1)				
Loss and loss adjustment expense ratio	61.2%	55.2%	61.2%	57.2%
Underwriting expense ratio	31.7%	31.7%	31.6%	31.7%
Combined ratio	92.9%	86.9%	92.8%	88.9%

(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.

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		
	September 30, 2016	December 31, 2015	September 30, 2015
Tangible shareholders' equity	\$ 18,596	\$ 18,517	\$ 18,818
Goodwill	3,585	3,573	3,579
Other intangible assets	271	279	280
Less: Impact of deferred tax on other intangible assets	(62)	(60)	(58)
Shareholders' equity, excluding net unrealized investment gains, net of tax	22,390	22,309	22,619
Net unrealized investment gains, net of tax	2,049	1,289	1,414
Shareholders' equity	\$ 24,439	\$ 23,598	\$ 24,033
Common shares outstanding	284.1	295.9	304.2
Tangible book value per share	\$ 65.47	\$ 62.58	\$ 61.86
Adjusted book value per share	78.82	75.39	74.35
Book value per share	86.04	79.75	79.00

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

(\$ in millions)	As of		
	September 30, 2016	December 31, 2015	September 30, 2015
Debt	\$ 6,436	\$ 6,344	\$ 6,743
Shareholders' equity	24,439	23,598	24,033
Total capitalization	30,875	29,942	30,776
Net unrealized investment gains, net of tax	2,049	1,289	1,414
Total capitalization excluding net unrealized gain on investments, net of tax	\$ 28,826	\$ 28,653	\$ 29,362
Debt-to-capital ratio	20.8%	21.2%	21.9%
Debt-to-capital ratio excluding net unrealized investment gains, net of tax	22.3%	22.1%	23.0%

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

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

The Travelers Companies, Inc.
Financial Supplement - Third Quarter 2016



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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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Net income	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 716	\$ 2,573	\$ 2,071
Net income per share:									
Basic	\$ 2.58	\$ 2.56	\$ 3.00	\$ 2.87	\$ 2.33	\$ 2.27	\$ 2.48	\$ 8.13	\$ 7.09
Diluted	\$ 2.55	\$ 2.53	\$ 2.97	\$ 2.83	\$ 2.30	\$ 2.24	\$ 2.45	\$ 8.04	\$ 7.00
Operating income	\$ 827	\$ 806	\$ 918	\$ 886	\$ 698	\$ 649	\$ 701	\$ 2,551	\$ 2,048
Operating income per share:									
Basic	\$ 2.56	\$ 2.54	\$ 2.96	\$ 2.94	\$ 2.35	\$ 2.22	\$ 2.43	\$ 8.06	\$ 7.01
Diluted	\$ 2.53	\$ 2.52	\$ 2.93	\$ 2.90	\$ 2.33	\$ 2.20	\$ 2.40	\$ 7.97	\$ 6.92
Return on equity	13.4%	13.3%	15.4%	14.5%	11.6%	10.9%	11.6%	14.0%	11.4%
Operating return on equity	14.5%	14.2%	16.2%	15.8%	12.5%	11.6%	12.5%	14.9%	12.2%
Total assets, at period end	\$102,691	\$101,664	\$102,110	\$100,184	\$101,680	\$102,446	\$102,787	\$102,110	\$102,787
Total equity, at period end	\$ 24,847	\$ 24,121	\$ 24,033	\$ 23,598	\$ 24,166	\$ 24,714	\$ 24,439	\$ 24,033	\$ 24,439
Book value per share, at period end	\$ 77.96	\$ 77.51	\$ 79.00	\$ 79.75	\$ 82.65	\$ 85.73	\$ 86.04	\$ 79.00	\$ 86.04
Less: Net unrealized investment gains, net of tax	6.51	4.42	4.65	4.36	6.02	8.12	7.22	4.65	7.22
Adjusted book value per share, at period end	\$ 71.45	\$ 73.09	\$ 74.35	\$ 75.39	\$ 76.63	\$ 77.61	\$ 78.82	\$ 74.35	\$ 78.82
Weighted average number of common shares outstanding (basic)	320.8	314.8	307.6	299.7	294.2	290.1	286.0	314.3	290.0
Weighted average number of common shares outstanding and common stock equivalents (diluted)	324.5	318.0	311.0	303.3	297.9	293.6	289.8	317.7	293.6
Common shares outstanding at period end	318.7	311.2	304.2	295.9	292.4	288.3	284.1	304.2	284.1
Common stock dividends declared	\$ 178	\$ 194	\$ 189	\$ 183	\$ 181	\$ 197	\$ 193	\$ 561	\$ 571
Common stock repurchased:									
Under Board of Directors authorization									
Shares	5.6	7.9	7.3	8.8	5.1	4.9	4.7	20.8	14.7
Cost	\$ 600	\$ 800	\$ 750	\$ 1,000	\$ 550	\$ 550	\$ 550	\$ 2,150	\$ 1,650
Other									
Shares	0.7	—	—	—	0.5	—	0.1	0.7	0.6
Cost	\$ 72	\$ 1	\$ —	\$ 1	\$ 59	\$ —	\$ 12	\$ 73	\$ 71

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	2Q	3Q	4Q	1Q	2Q	3Q	YTD 3Q	YTD 3Q
----	----	----	----	----	----	----	-----------	-----------

	2015	2015	2015	2015	2016	2016	2016	2015	2016
Net income									
Operating income	\$ 827	\$ 806	\$ 918	\$ 886	\$ 698	\$ 649	\$ 701	\$ 2,551	\$ 2,048
Net realized investment gains (losses), after-tax	6	6	10	(20)	(7)	15	15	22	23
Net income	<u>\$ 833</u>	<u>\$ 812</u>	<u>\$ 928</u>	<u>\$ 866</u>	<u>\$ 691</u>	<u>\$ 664</u>	<u>\$ 716</u>	<u>\$ 2,573</u>	<u>\$ 2,071</u>
Basic earnings per share									
Operating income	\$ 2.56	\$ 2.54	\$ 2.96	\$ 2.94	\$ 2.35	\$ 2.22	\$ 2.43	\$ 8.06	\$ 7.01
Net realized investment gains (losses), after-tax	0.02	0.02	0.04	(0.07)	(0.02)	0.05	0.05	0.07	0.08
Net income	<u>\$ 2.58</u>	<u>\$ 2.56</u>	<u>\$ 3.00</u>	<u>\$ 2.87</u>	<u>\$ 2.33</u>	<u>\$ 2.27</u>	<u>\$ 2.48</u>	<u>\$ 8.13</u>	<u>\$ 7.09</u>
Diluted earnings per share									
Operating income	\$ 2.53	\$ 2.52	\$ 2.93	\$ 2.90	\$ 2.33	\$ 2.20	\$ 2.40	\$ 7.97	\$ 6.92
Net realized investment gains (losses), after-tax	0.02	0.01	0.04	(0.07)	(0.03)	0.04	0.05	0.07	0.08
Net income	<u>\$ 2.55</u>	<u>\$ 2.53</u>	<u>\$ 2.97</u>	<u>\$ 2.83</u>	<u>\$ 2.30</u>	<u>\$ 2.24</u>	<u>\$ 2.45</u>	<u>\$ 8.04</u>	<u>\$ 7.00</u>

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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Basic and Diluted									
Net income, as reported	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 716	\$ 2,573	\$ 2,071
Participating share-based awards - allocated income	(6)	(6)	(6)	(6)	(5)	(5)	(6)	(18)	(16)
Net income available to common shareholders - basic and diluted	<u>\$ 827</u>	<u>\$ 806</u>	<u>\$ 922</u>	<u>\$ 860</u>	<u>\$ 686</u>	<u>\$ 659</u>	<u>\$ 710</u>	<u>\$ 2,555</u>	<u>\$ 2,055</u>
Common Shares									
Basic									
Weighted average shares outstanding	<u>320.8</u>	<u>314.8</u>	<u>307.6</u>	<u>299.7</u>	<u>294.2</u>	<u>290.1</u>	<u>286.0</u>	<u>314.3</u>	<u>290.0</u>
Diluted									
Weighted average shares outstanding	320.8	314.8	307.6	299.7	294.2	290.1	286.0	314.3	290.0
Weighted average effects of dilutive securities - stock options and performance shares	3.7	3.2	3.4	3.6	3.7	3.5	3.8	3.4	3.6
Diluted weighted average shares outstanding	<u>324.5</u>	<u>318.0</u>	<u>311.0</u>	<u>303.3</u>	<u>297.9</u>	<u>293.6</u>	<u>289.8</u>	<u>317.7</u>	<u>293.6</u>

(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.

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



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Revenues									
Premiums	\$ 5,888	\$ 5,931	\$ 6,032	\$ 6,023	\$ 5,981	\$ 6,067	\$ 6,209	\$ 17,851	\$ 18,257
Net investment income	592	632	614	541	544	549	582	1,838	1,675
Fee income	114	115	116	115	117	119	116	345	352
Net realized investment gains (losses)	10	10	15	(32)	(9)	19	23	35	33
Other revenues	25	22	21	31	53	31	31	68	115
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>6,961</u>	<u>20,137</u>	<u>20,432</u>
Claims and expenses									
Claims and claim adjustment expenses	3,431	3,547	3,382	3,363	3,712	3,762	3,856	10,360	11,330
Amortization of deferred acquisition costs	963	963	987	972	971	989	1,012	2,913	2,972
General and administrative expenses	995	1,032	1,028	1,039	995	1,054	1,057	3,055	3,106
Interest expense	92	92	94	95	91	93	89	278	273
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>6,014</u>	<u>16,606</u>	<u>17,681</u>
Income before income taxes	1,148	1,076	1,307	1,209	917	887	947	3,531	2,751
Income tax expense	315	264	379	343	226	223	231	958	680

Net income	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 716	\$ 2,573	\$ 2,071
Other-than-temporary impairments (OTTI)									
Total OTTI losses	\$ (4)	\$ (8)	\$ (14)	\$ (28)	\$ (28)	\$ (4)	\$ (4)	\$ (26)	\$ (36)
OTTI losses recognized in net realized investment gains (losses)	\$ (3)	\$ (6)	\$ (14)	\$ (29)	\$ (18)	\$ (4)	\$ (4)	\$ (23)	\$ (26)
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%	19.0%	20.3%	19.2%
Net investment income (after-tax)	\$ 478	\$ 503	\$ 484	\$ 440	\$ 439	\$ 442	\$ 472	\$ 1,465	\$ 1,353

Catastrophes, net of reinsurance:

Pre-tax	\$ 162	\$ 221	\$ 85	\$ 46	\$ 318	\$ 333	\$ 89	\$ 468	\$ 740
After-tax	\$ 106	\$ 143	\$ 56	\$ 33	\$ 207	\$ 222	\$ 58	\$ 305	\$ 487

Prior year reserve development - favorable (unfavorable)

Pre-tax	\$ 243	\$ 207	\$ 199	\$ 292	\$ 180	\$ 288	\$ 39	\$ 649	\$ 507
After-tax	\$ 158	\$ 133	\$ 132	\$ 194	\$ 119	\$ 192	\$ 27	\$ 423	\$ 338

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



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Underwriting gain	\$ 395	\$ 353	\$ 486	\$ 491	\$ 289	\$ 248	\$ 269	\$ 1,234	\$ 806
Net investment income	478	503	484	440	439	442	472	1,465	1,353
Other income (expense), including interest expense	(46)	(50)	(52)	(45)	(30)	(41)	(40)	(148)	(111)
Operating income	827	806	918	886	698	649	701	2,551	2,048
Net realized investment gains (losses)	6	6	10	(20)	(7)	15	15	22	23
Net income	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 716	\$ 2,573	\$ 2,071

Combined ratio (1) (2)

Loss and loss adjustment expense ratio	57.4%	58.9%	55.2%	55.0%	61.1%	61.1%	61.2%	57.2%	61.2%
Underwriting expense ratio	31.5%	31.9%	31.7%	31.6%	31.2%	32.0%	31.7%	31.7%	31.6%
Combined ratio	88.9%	90.8%	86.9%	86.6%	92.3%	93.1%	92.9%	88.9%	92.8%
<i>Combined ratio excluding incremental impact of direct to consumer initiative</i>	88.5 %	90.3 %	86.4 %	86.1 %	92.0 %	92.7 %	92.5 %	88.4 %	92.4 %
Impact of catastrophes on combined ratio	2.7%	3.7%	1.4%	0.8%	5.3%	5.5%	1.4%	2.6%	4.1%
Impact of prior year reserve development on combined ratio	-4.1%	-3.5%	-3.3%	-4.9%	-3.0%	-4.7%	-0.6%	-3.6%	-2.8%

(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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Billing and policy fees and other	\$ 23	\$ 22	\$ 20	\$ 22	\$ 22	\$ 22	\$ 23	\$ 65	\$ 67
Fee income:									
Loss and loss adjustment expenses	\$ 42	\$ 43	\$ 44	\$ 41	\$ 44	\$ 45	\$ 44	\$ 129	\$ 133
Underwriting expenses	72	72	72	74	73	74	72	216	219
Total fee income	\$ 114	\$ 115	\$ 116	\$ 115	\$ 117	\$ 119	\$ 116	\$ 345	\$ 352

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

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



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Revenues									
Premiums	\$ 5,888	\$ 5,931	\$ 6,032	\$ 6,023	\$ 5,981	\$ 6,067	\$ 6,209	\$ 17,851	\$ 18,257
Net investment income	592	632	614	541	544	549	582	1,838	1,675
Fee income	114	115	116	115	117	119	116	345	352
Other revenues	25	22	21	31	53	31	31	68	115
Total revenues	<u>6,619</u>	<u>6,700</u>	<u>6,783</u>	<u>6,710</u>	<u>6,695</u>	<u>6,766</u>	<u>6,938</u>	<u>20,102</u>	<u>20,399</u>
Claims and expenses									
Claims and claim adjustment expenses	3,431	3,547	3,382	3,363	3,712	3,762	3,856	10,360	11,330
Amortization of deferred acquisition costs	963	963	987	972	971	989	1,012	2,913	2,972
General and administrative expenses	995	1,032	1,028	1,039	995	1,054	1,057	3,055	3,106
Interest expense	92	92	94	95	91	93	89	278	273
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>6,014</u>	<u>16,606</u>	<u>17,681</u>
Operating income before income taxes	1,138	1,066	1,292	1,241	926	868	924	3,496	2,718
Income tax expense	311	260	374	355	228	219	223	945	670
Operating income	<u>\$ 827</u>	<u>\$ 806</u>	<u>\$ 918</u>	<u>\$ 886</u>	<u>\$ 698</u>	<u>\$ 649</u>	<u>\$ 701</u>	<u>\$ 2,551</u>	<u>\$ 2,048</u>
Other statistics									
Effective tax rate on net investment income	19.3%	20.5%	21.1%	18.7%	19.3%	19.4%	19.0%	20.3%	19.2%
Net investment income (after-tax)	\$ 478	\$ 503	\$ 484	\$ 440	\$ 439	\$ 442	\$ 472	\$ 1,465	\$ 1,353
Catastrophes, net of reinsurance:									
Pre-tax	\$ 162	\$ 221	\$ 85	\$ 46	\$ 318	\$ 333	\$ 89	\$ 468	\$ 740
After-tax	\$ 106	\$ 143	\$ 56	\$ 33	\$ 207	\$ 222	\$ 58	\$ 305	\$ 487
Prior year reserve development - favorable (unfavorable)									
Pre-tax	\$ 243	\$ 207	\$ 199	\$ 292	\$ 180	\$ 288	\$ 39	\$ 649	\$ 507
After-tax	\$ 158	\$ 133	\$ 132	\$ 194	\$ 119	\$ 192	\$ 27	\$ 423	\$ 338

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 - Property and Casualty Operations
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Statutory underwriting									
Gross written premiums	\$ 6,474	\$ 6,542	\$ 6,618	\$ 6,148	\$ 6,712	\$ 6,688	\$ 6,798	\$ 19,634	\$ 20,198
Net written premiums	\$ 5,897	\$ 6,169	\$ 6,191	\$ 5,864	\$ 6,166	\$ 6,345	\$ 6,389	\$ 18,257	\$ 18,900
Net earned premiums	\$ 5,888	\$ 5,931	\$ 6,032	\$ 6,023	\$ 5,981	\$ 6,067	\$ 6,209	\$ 17,851	\$ 18,257
Losses and loss adjustment expenses	3,379	3,495	3,333	3,307	3,663	3,709	3,803	10,207	11,175
Underwriting expenses	1,890	1,949	1,947	1,867	1,932	2,009	2,001	5,786	5,942
Statutory underwriting gain	619	487	752	849	386	349	405	1,858	1,140
Policyholder dividends	9	10	10	12	10	11	11	29	32
Statutory underwriting gain after policyholder dividends	<u>\$ 610</u>	<u>\$ 477</u>	<u>\$ 742</u>	<u>\$ 837</u>	<u>\$ 376</u>	<u>\$ 338</u>	<u>\$ 394</u>	<u>\$ 1,829</u>	<u>\$ 1,108</u>

Other statutory statistics

Reserves for losses and loss adjustment expenses	\$ 40,296	\$ 40,273	\$ 40,091	\$ 39,782	\$ 40,224	\$ 39,797	\$ 39,956	\$ 40,091	\$ 39,956
Increase (decrease) in reserves	\$ (711)	\$ (23)	\$ (182)	\$ (309)	\$ 442	\$ (427)	\$ 159	\$ (916)	\$ 174
Statutory capital and surplus	\$ 20,944	\$ 20,851	\$ 20,822	\$ 20,567	\$ 20,569	\$ 20,634	\$ 20,609	\$ 20,822	\$ 20,609
Net written premiums/surplus (1)	1.14:1	1.15:1	1.16:1	1.17:1	1.19:1	1.19:1	1.20:1	1.16:1	1.20:1

(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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Written premiums									
Gross	\$ 6,474	\$ 6,542	\$ 6,618	\$ 6,148	\$ 6,712	\$ 6,688	\$ 6,798	\$ 19,634	\$ 20,198
Ceded	(577)	(373)	(427)	(284)	(546)	(343)	(409)	(1,377)	(1,298)
Net	\$ 5,897	\$ 6,169	\$ 6,191	\$ 5,864	\$ 6,166	\$ 6,345	\$ 6,389	\$ 18,257	\$ 18,900
Earned premiums									
Gross	\$ 6,308	\$ 6,356	\$ 6,447	\$ 6,443	\$ 6,381	\$ 6,487	\$ 6,604	\$ 19,111	\$ 19,472
Ceded	(420)	(425)	(415)	(420)	(400)	(420)	(395)	(1,260)	(1,215)
Net	\$ 5,888	\$ 5,931	\$ 6,032	\$ 6,023	\$ 5,981	\$ 6,067	\$ 6,209	\$ 17,851	\$ 18,257

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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Revenues									
Premiums	\$ 3,620	\$ 3,609	\$ 3,653	\$ 3,639	\$ 3,599	\$ 3,631	\$ 3,692	\$ 10,882	\$ 10,922
Net investment income	454	487	471	412	415	420	445	1,412	1,280
Fee income	111	111	112	111	114	115	111	334	340
Other revenues	8	5	5	5	33	8	10	18	51
Total revenues	4,193	4,212	4,241	4,167	4,161	4,174	4,258	12,646	12,593
Claims and expenses									
Claims and claim adjustment expenses	2,265	2,238	2,229	2,127	2,299	2,385	2,380	6,732	7,064
Amortization of deferred acquisition costs	584	578	589	578	579	588	598	1,751	1,765
General and administrative expenses	654	674	675	683	663	696	697	2,003	2,056
Total claims and expenses	3,503	3,490	3,493	3,388	3,541	3,669	3,675	10,486	10,885
Operating income before income taxes	690	722	748	779	620	505	583	2,160	1,708
Income tax expense	175	179	202	213	144	112	126	556	382
Operating income	\$ 515	\$ 543	\$ 546	\$ 566	\$ 476	\$ 393	\$ 457	\$ 1,604	\$ 1,326
Other statistics									
Effective tax rate on net investment income	19.4%	20.7%	21.5%	18.9%	19.4%	19.5%	18.7%	20.5%	19.2%
Net investment income (after-tax)	\$ 366	\$ 386	\$ 371	\$ 334	\$ 335	\$ 337	\$ 363	\$ 1,123	\$ 1,035
Catastrophes, net of reinsurance:									
Pre-tax	\$ 99	\$ 108	\$ 39	\$ 1	\$ 148	\$ 212	\$ 72	\$ 246	\$ 432
After-tax	\$ 65	\$ 70	\$ 25	\$ 4	\$ 97	\$ 143	\$ 47	\$ 160	\$ 287

Prior year reserve development -
favorable (unfavorable)

Pre-tax	\$ 77	\$ 103	\$ 49	\$ 176	\$ 93	\$ 138	\$ 19	\$ 229	\$ 250
After-tax	\$ 50	\$ 65	\$ 35	\$ 118	\$ 63	\$ 94	\$ 14	\$ 150	\$ 171

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

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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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Underwriting gain	\$ 142	\$ 155	\$ 172	\$ 227	\$ 121	\$ 48	\$ 87	\$ 469	\$ 256
Net investment income	366	386	371	334	335	337	363	1,123	1,035
Other income (expense)	7	2	3	5	20	8	7	12	35
Operating income	\$ 515	\$ 543	\$ 546	\$ 566	\$ 476	\$ 393	\$ 457	\$ 1,604	\$ 1,326

Combined ratio (1) (2)

Loss and loss adjustment expense ratio	61.2%	60.6%	59.6%	57.0%	62.4%	64.2%	63.0%	60.5%	63.2%
Underwriting expense ratio	32.1%	32.6%	32.6%	32.6%	32.4%	33.3%	33.1%	32.4%	33.0%
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>96.1%</u>	<u>92.9%</u>	<u>96.2%</u>

Impact of catastrophes on combined ratio	2.7%	2.9%	1.1%	0.0%	4.1%	5.8%	1.9%	2.2%	4.0%
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Impact of prior year reserve development on combined ratio	-2.1%	-2.8%	-1.4%	-4.8%	-2.6%	-3.8%	-0.5%	-2.1%	-2.3%
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(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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Billing and policy fees and other	\$ 7	\$ 6	\$ 4	\$ 6	\$ 6	\$ 6	\$ 6	\$ 17	\$ 18
Fee income:									
Loss and loss adjustment expenses	\$ 42	\$ 43	\$ 44	\$ 41	\$ 44	\$ 45	\$ 44	\$ 129	\$ 133
Underwriting expenses	69	68	68	70	70	70	67	205	207
Total fee income	<u>\$ 111</u>	<u>\$ 111</u>	<u>\$ 112</u>	<u>\$ 111</u>	<u>\$ 114</u>	<u>\$ 115</u>	<u>\$ 111</u>	<u>\$ 334</u>	<u>\$ 340</u>

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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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Statutory underwriting									
Gross written premiums	\$ 4,276	\$ 4,027	\$ 3,981	\$ 3,783	\$ 4,366	\$ 3,997	\$ 3,956	\$ 12,284	\$ 12,319
Net written premiums	\$ 3,797	\$ 3,679	\$ 3,590	\$ 3,517	\$ 3,914	\$ 3,680	\$ 3,583	\$ 11,066	\$ 11,177
Net earned premiums	\$ 3,620	\$ 3,609	\$ 3,653	\$ 3,639	\$ 3,599	\$ 3,631	\$ 3,692	\$ 10,882	\$ 10,922
Losses and loss adjustment expenses	2,216	2,187	2,182	2,073	2,252	2,334	2,330	6,585	6,916
Underwriting expenses	1,206	1,192	1,178	1,151	1,236	1,231	1,203	3,576	3,670

Statutory underwriting gain	198	230	293	415	111	66	159	721	336
Policyholder dividends	7	8	7	9	8	9	9	22	26
Statutory underwriting gain after policyholder dividends	\$ 191	\$ 222	\$ 286	\$ 406	\$ 103	\$ 57	\$ 150	\$ 699	\$ 310

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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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Net written premiums by market									
Domestic									
Select Accounts	\$ 722	\$ 709	\$ 654	\$ 631	\$ 724	\$ 709	\$ 657	\$ 2,085	\$ 2,090
Middle Market	1,726	1,451	1,597	1,528	1,829	1,494	1,616	4,774	4,939
National Accounts	299	228	254	267	320	234	245	781	799
First Party	340	452	411	361	358	466	399	1,203	1,223
Specialized Distribution	268	300	277	266	286	302	263	845	851
Total Domestic	3,355	3,140	3,193	3,053	3,517	3,205	3,180	9,688	9,902
International	442	539	397	464	397	475	403	1,378	1,275
Total	\$ 3,797	\$ 3,679	\$ 3,590	\$ 3,517	\$ 3,914	\$ 3,680	\$ 3,583	\$ 11,066	\$ 11,177

Net written premiums by product line

Workers' compensation	\$ 1,142	\$ 906	\$ 957	\$ 910	\$ 1,198	\$ 916	\$ 939	\$ 3,005	\$ 3,053
Commercial automobile	502	487	494	475	544	517	502	1,483	1,563
Commercial property	391	507	451	411	406	520	437	1,349	1,363
General liability	491	469	489	475	537	471	506	1,449	1,514
Commercial multi-peril	822	765	780	779	829	777	777	2,367	2,383
International	442	539	397	464	397	475	403	1,378	1,275
Other	7	6	22	3	3	4	19	35	26
Total	\$ 3,797	\$ 3,679	\$ 3,590	\$ 3,517	\$ 3,914	\$ 3,680	\$ 3,583	\$ 11,066	\$ 11,177

National Accounts

Additions to claim volume under administration (1)	\$ 761	\$ 536	\$ 558	\$ 667	\$ 797	\$ 545	\$ 553	\$ 1,855	\$ 1,895
Written fees	\$ 114	\$ 92	\$ 91	\$ 88	\$ 115	\$ 91	\$ 87	\$ 297	\$ 293

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.

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



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Revenues									
Premiums	\$ 504	\$ 524	\$ 539	\$ 518	\$ 508	\$ 518	\$ 529	\$ 1,567	\$ 1,555
Net investment income	56	57	56	54	52	51	53	169	156
Other revenues	5	5	4	8	3	6	4	14	13
Total revenues	565	586	599	580	563	575	586	1,750	1,724
Claims and expenses									
Claims and claim adjustment expenses	192	192	113	146	164	80	173	497	417

Amortization of deferred acquisition costs	94	97	104	98	96	98	102	295	296
General and administrative expenses	100	99	93	97	94	96	98	292	288
Total claims and expenses	386	388	310	341	354	274	373	1,084	1,001
Operating income before income taxes	179	198	289	239	209	301	213	666	723
Income tax expense	55	47	93	77	65	99	67	195	231
Operating income	\$ 124	\$ 151	\$ 196	\$ 162	\$ 144	\$ 202	\$ 146	\$ 471	\$ 492

Other statistics

Effective tax rate on net investment income	18.3%	18.6%	18.6%	17.6%	18.1%	18.1%	18.8%	18.5%	18.3%
Net investment income (after-tax)	\$ 46	\$ 47	\$ 45	\$ 44	\$ 42	\$ 42	\$ 43	\$ 138	\$ 127

Catastrophes, net of reinsurance:

Pre-tax	\$ 1	\$ 1	\$ 1	\$ —	\$ 1	\$ 3	\$ 1	\$ 3	\$ 5
After-tax	\$ —	\$ 1	\$ 1	\$ —	\$ —	\$ 2	\$ 1	\$ 2	\$ 3

Prior year reserve development - favorable (unfavorable)

Pre-tax	\$ 35	\$ 40	\$ 103	\$ 80	\$ 60	\$ 150	\$ 41	\$ 178	\$ 251
After-tax	\$ 23	\$ 26	\$ 67	\$ 52	\$ 39	\$ 98	\$ 26	\$ 116	\$ 163

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

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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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Underwriting gain	\$ 75	\$ 101	\$ 148	\$ 113	\$ 100	\$ 156	\$ 99	\$ 324	\$ 355
Net investment income	46	47	45	44	42	42	43	138	127
Other income (expense)	3	3	3	5	2	4	4	9	10
Operating income	\$ 124	\$ 151	\$ 196	\$ 162	\$ 144	\$ 202	\$ 146	\$ 471	\$ 492

Combined ratio

Loss and loss adjustment expense ratio	37.6%	36.3%	20.6%	27.6%	31.9%	15.0%	32.3%	31.3%	26.4%
Underwriting expense ratio	38.5%	37.4%	36.5%	37.5%	37.4%	37.4%	37.8%	37.5%	37.6%
Combined ratio	76.1%	73.7%	57.1%	65.1%	69.3%	52.4%	70.1%	68.8%	64.0%

Impact of catastrophes on combined ratio	0.1%	0.3%	0.1%	0.0%	0.1%	0.6%	0.2%	0.2%	0.3%
Impact of prior year reserve development on combined ratio	-6.9%	-7.7%	-19.1%	-15.6%	-11.9%	-29.1%	-7.5%	-11.4%	-16.1%

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

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

(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Statutory underwriting									
Gross written premiums	\$ 522	\$ 537	\$ 580	\$ 514	\$ 536	\$ 549	\$ 580	\$ 1,639	\$ 1,665
Net written premiums	\$ 478	\$ 534	\$ 565	\$ 504	\$ 492	\$ 536	\$ 566	\$ 1,577	\$ 1,594
Net earned premiums	\$ 504	\$ 524	\$ 539	\$ 518	\$ 508	\$ 518	\$ 529	\$ 1,567	\$ 1,555

Losses and loss adjustment expenses	189	191	111	143	162	78	171	491	411
Underwriting expenses	196	199	202	188	195	198	205	597	598
Statutory underwriting gain	119	134	226	187	151	242	153	479	546
Policyholder dividends	2	2	3	3	2	2	2	7	6
Statutory underwriting gain after policyholder dividends	\$ 117	\$ 132	\$ 223	\$ 184	\$ 149	\$ 240	\$ 151	\$ 472	\$ 540

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

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



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Net written premiums by product line									
Fidelity & surety	\$ 206	\$ 259	\$ 267	\$ 220	\$ 219	\$ 255	\$ 266	\$ 732	\$ 740
General liability	226	236	247	243	227	240	246	709	713
Other	46	39	51	41	46	41	54	136	141
Total	\$ 478	\$ 534	\$ 565	\$ 504	\$ 492	\$ 536	\$ 566	\$ 1,577	\$ 1,594

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

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



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Revenues									
Premiums	\$ 1,764	\$ 1,798	\$ 1,840	\$ 1,866	\$ 1,874	\$ 1,918	\$ 1,988	\$ 5,402	\$ 5,780
Net investment income	82	88	87	75	77	78	84	257	239
Fee income	3	4	4	4	3	4	5	11	12
Other revenues	12	12	9	15	14	14	14	33	42
Total revenues	1,861	1,902	1,940	1,960	1,968	2,014	2,091	5,703	6,073
Claims and expenses									
Claims and claim adjustment expenses	974	1,117	1,040	1,090	1,249	1,297	1,303	3,131	3,849
Amortization of deferred acquisition costs	285	288	294	296	296	303	312	867	911
General and administrative expenses	234	252	252	250	230	255	254	738	739
Total claims and expenses	1,493	1,657	1,586	1,636	1,775	1,855	1,869	4,736	5,499
Operating income before income taxes	368	245	354	324	193	159	222	967	574
Income tax expense	116	71	113	102	54	43	64	300	161
Operating income	\$ 252	\$ 174	\$ 241	\$ 222	\$ 139	\$ 116	\$ 158	\$ 667	\$ 413
Other statistics									
Effective tax rate on net investment income	19.6%	20.8%	20.9%	18.5%	19.5%	19.7%	21.0%	20.4%	20.1%
Net investment income (after-tax)	\$ 66	\$ 70	\$ 68	\$ 62	\$ 62	\$ 63	\$ 66	\$ 204	\$ 191
Catastrophes, net of reinsurance:									
Pre-tax	\$ 62	\$ 112	\$ 45	\$ 45	\$ 169	\$ 118	\$ 16	\$ 219	\$ 303
After-tax	\$ 41	\$ 72	\$ 30	\$ 29	\$ 110	\$ 77	\$ 10	\$ 143	\$ 197
Prior year reserve development - favorable (unfavorable)									
Pre-tax	\$ 131	\$ 64	\$ 47	\$ 36	\$ 27	\$ —	\$ (21)	\$ 242	\$ 6
After-tax	\$ 85	\$ 42	\$ 30	\$ 24	\$ 17	\$ —	\$ (13)	\$ 157	\$ 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.
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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Underwriting gain	\$ 178	\$ 97	\$ 166	\$ 151	\$ 68	\$ 44	\$ 83	\$ 441	\$ 195
Net investment income	66	70	68	62	62	63	66	204	191
Other income (expense)	8	7	7	9	9	9	9	22	27
Operating income	\$ 252	\$ 174	\$ 241	\$ 222	\$ 139	\$ 116	\$ 158	\$ 667	\$ 413
Combined ratio (1)									
Loss and loss adjustment expense ratio	55.2%	62.2%	56.5%	58.5%	66.7%	67.6%	65.5%	58.0%	66.6%
Underwriting expense ratio	28.3%	28.9%	28.6%	28.2%	27.0%	28.1%	27.4%	28.6%	27.5%
Combined ratio	83.5%	91.1%	85.1%	86.7%	93.7%	95.7%	92.9%	86.6%	94.1%
<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>91.7 %</i>	<i>84.8 %</i>	<i>93.0 %</i>
Impact of catastrophes on combined ratio	3.5%	6.2%	2.5%	2.4%	9.0%	6.2%	0.8%	4.1%	5.3%
Impact of prior year reserve development on combined ratio	-7.5%	-3.5%	-2.6%	-1.9%	-1.4%	0.0%	1.1%	-4.5%	-0.1%

(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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Billing and policy fees and other	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 17	\$ 48	\$ 49
Fee income	\$ 3	\$ 4	\$ 4	\$ 4	\$ 3	\$ 4	\$ 5	\$ 11	\$ 12

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
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Statutory underwriting									
Gross written premiums	\$ 1,676	\$ 1,978	\$ 2,057	\$ 1,851	\$ 1,810	\$ 2,142	\$ 2,262	\$ 5,711	\$ 6,214
Net written premiums	\$ 1,622	\$ 1,956	\$ 2,036	\$ 1,843	\$ 1,760	\$ 2,129	\$ 2,240	\$ 5,614	\$ 6,129
Net earned premiums	\$ 1,764	\$ 1,798	\$ 1,840	\$ 1,866	\$ 1,874	\$ 1,918	\$ 1,988	\$ 5,402	\$ 5,780
Losses and loss adjustment expenses	974	1,117	1,040	1,091	1,249	1,297	1,302	3,131	3,848
Underwriting expenses	488	558	567	528	501	580	593	1,613	1,674
Statutory underwriting gain	\$ 302	\$ 123	\$ 233	\$ 247	\$ 124	\$ 41	\$ 93	\$ 658	\$ 258
Policies in force (in thousands)									

Automobile	2,125	2,166	2,224	2,283	2,346	2,417	2,502	2,224	2,502
Homeowners and other	4,107	4,121	4,145	4,158	4,188	4,244	4,279	4,145	4,279

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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Statutory underwriting									
Gross written premiums	\$ 828	\$ 893	\$ 938	\$ 892	\$ 939	\$ 1,022	\$ 1,099	\$ 2,659	\$ 3,060
Net written premiums	\$ 822	\$ 890	\$ 934	\$ 888	\$ 932	\$ 1,018	\$ 1,095	\$ 2,646	\$ 3,045
Net earned premiums	\$ 802	\$ 827	\$ 854	\$ 878	\$ 891	\$ 925	\$ 973	\$ 2,483	\$ 2,789
Losses and loss adjustment expenses	516	582	585	640	626	703	751	1,683	2,080
Underwriting expenses	215	230	234	227	234	252	259	679	745
Statutory underwriting gain (loss)	\$ 71	\$ 15	\$ 35	\$ 11	\$ 31	\$ (30)	\$ (37)	\$ 121	\$ (36)

Other statistics

Combined ratio (2):

Loss and loss adjustment expense ratio	64.4%	70.4%	68.5%	73.0%	70.3%	75.9%	77.1%	67.8%	74.6%
Underwriting expense ratio	25.8%	26.1%	25.4%	25.1%	24.9%	25.4%	24.3%	25.8%	24.8%
Combined ratio	90.2%	96.5%	93.9%	98.1%	95.2%	101.3%	101.4%	93.6%	99.4%

Impact of catastrophes on combined ratio	0.0%	2.1%	0.1%	0.1%	2.0%	2.7%	0.3%	0.8%	1.7%
Impact of prior year reserve development on combined ratio	-2.8%	-2.5%	-2.4%	-2.2%	-0.8%	0.0%	0.0%	-2.6%	-0.3%

Catastrophe losses, net of reinsurance:

Pre-tax	\$ —	\$ 18	\$ —	\$ 1	\$ 19	\$ 24	\$ 4	\$ 18	\$ 47
After-tax	\$ —	\$ 12	\$ —	\$ —	\$ 12	\$ 16	\$ 2	\$ 12	\$ 30

Prior year reserve development - favorable (unfavorable)

Pre-tax	\$ 22	\$ 21	\$ 21	\$ 20	\$ 7	\$ —	\$ —	\$ 64	\$ 7
After-tax	\$ 15	\$ 14	\$ 13	\$ 13	\$ 4	\$ —	\$ —	\$ 42	\$ 4

Policies in force (in thousands)	2,021	2,057	2,106	2,157	2,212	2,275	2,350		
Change from prior year quarter	1.8%	3.8%	5.8%	7.9%	9.5%	10.6%	11.6%		
Change from prior quarter	1.1%	1.8%	2.4%	2.4%	2.5%	2.8%	3.3%		

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

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

	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Billing and policy fees and other	\$ 9	\$ 8	\$ 8	\$ 9	\$ 9	\$ 9	\$ 9	\$ 25	\$ 27
Fee income	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 6	\$ 6

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 (Agency Homeowners and Other) (1)
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Statutory underwriting									
Gross written premiums	\$ 795	\$ 1,029	\$ 1,052	\$ 897	\$ 803	\$ 1,045	\$ 1,075	\$ 2,876	\$ 2,923
Net written premiums	\$ 748	\$ 1,010	\$ 1,035	\$ 894	\$ 760	\$ 1,036	\$ 1,058	\$ 2,793	\$ 2,854
Net earned premiums	\$ 914	\$ 920	\$ 930	\$ 929	\$ 920	\$ 926	\$ 942	\$ 2,764	\$ 2,788
Losses and loss adjustment expenses	425	498	414	407	578	541	493	1,337	1,612
Underwriting expenses	236	289	291	263	236	297	301	816	834
Statutory underwriting gain	\$ 253	\$ 133	\$ 225	\$ 259	\$ 106	\$ 88	\$ 148	\$ 611	\$ 342
Other statistics									
Combined ratio (2):									
Loss and loss adjustment expense ratio	46.5%	54.2%	44.6%	43.8%	62.8%	58.4%	52.3%	48.4%	57.8%
Underwriting expense ratio	27.9%	28.8%	28.8%	28.8%	27.6%	29.5%	29.2%	28.5%	28.8%
Combined ratio	74.4%	83.0%	73.4%	72.6%	90.4%	87.9%	81.5%	76.9%	86.6%
Impact of catastrophes on combined ratio	6.7%	10.1%	4.7%	4.7%	16.0%	9.7%	1.2%	7.1%	8.9%
Impact of prior year reserve development on combined ratio	-11.8%	-4.6%	-2.8%	-1.6%	-1.8%	0.0%	2.0%	-6.4%	0.1%
Catastrophe losses, net of reinsurance:									
Pre-tax	\$ 61	\$ 93	\$ 43	\$ 44	\$ 147	\$ 91	\$ 11	\$ 197	\$ 249
After-tax	\$ 40	\$ 60	\$ 28	\$ 29	\$ 96	\$ 59	\$ 7	\$ 128	\$ 162
Prior year reserve development - favorable (unfavorable)									
Pre-tax	\$ 108	\$ 43	\$ 26	\$ 15	\$ 17	\$ —	\$ (19)	\$ 177	\$ (2)
After-tax	\$ 70	\$ 28	\$ 17	\$ 10	\$ 11	\$ —	\$ (12)	\$ 115	\$ (1)
Policies in force (in thousands)	4,008	4,017	4,034	4,042	4,068	4,117	4,146		
Change from prior year quarter	-3.3%	-2.3%	-0.9%	0.2%	1.5%	2.5%	2.8%		
Change from prior quarter	-0.6%	0.2%	0.4%	0.2%	0.6%	1.2%	0.7%		

(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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Billing and policy fees and other	\$ 7	\$ 7	\$ 7	\$ 6	\$ 7	\$ 6	\$ 6	\$ 21	\$ 19
Fee income	\$ 1	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 5	\$ 6

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 - Direct to Consumer (1)
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
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Net written premiums																		
Automobile	\$	38	\$	38	\$	47	\$	43	\$	51	\$	53	\$	63	\$	123	\$	167
Homeowners and other		14		18		20		18		17		22		24		52		63
Total net written premiums	\$	52	\$	56	\$	67	\$	61	\$	68	\$	75	\$	87	\$	175	\$	230
Revenues																		
Premiums	\$	48	\$	51	\$	56	\$	59	\$	63	\$	67	\$	73	\$	155	\$	203
Other revenues		—		1		—		1		—		1		1		1		2
Total revenues		48		52		56		60		63		68		74		156		205
Claims and expenses																		
Claims and claim adjustment expenses		32		39		39		45		45		53		59		110		157
Amortization of deferred acquisition costs		1		1		2		1		1		2		2		4		5
General and administrative expenses		37		38		41		37		30		30		32		116		92
Total claims and expenses		70		78		82		83		76		85		93		230		254
Operating loss before income taxes		(22)		(26)		(26)		(23)		(13)		(17)		(19)		(74)		(49)
Income taxes		(8)		(9)		(9)		(8)		(5)		(5)		(7)		(26)		(17)
Operating loss	\$	(14)	\$	(17)	\$	(17)	\$	(15)	\$	(8)	\$	(12)	\$	(12)	\$	(48)	\$	(32)
Other statistics																		
Policies in force (in thousands)																		
Automobile		104		109		118		126		134		142		152				
Homeowners and other		99		104		111		116		120		127		133				
Catastrophes, net of reinsurance:																		
Pre-tax	\$	1	\$	1	\$	2	\$	—	\$	3	\$	3	\$	1	\$	4	\$	7
After-tax	\$	1	\$	—	\$	2	\$	—	\$	2	\$	2	\$	1	\$	3	\$	5
Prior year reserve development - favorable (unfavorable)																		
Pre-tax	\$	1	\$	—	\$	—	\$	1	\$	3	\$	—	\$	(2)	\$	1	\$	1
After-tax	\$	—	\$	—	\$	—	\$	1	\$	2	\$	—	\$	(1)	\$	—	\$	1

(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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016									
Revenues																		
Other revenues	\$	—	\$	—	\$	3	\$	3	\$	3	\$	3	\$	3	\$	3	\$	9
Claims and expenses																		
Interest expense		92		92		94		95		91		93		89		278		273
General and administrative expenses		7		7		8		9		8		7		8		22		23
Total claims and expenses		99		99		102		104		99		100		97		300		296
Operating loss before income tax benefit		(99)		(99)		(99)		(101)		(96)		(97)		(94)		(297)		(287)
Income taxes		(35)		(37)		(34)		(37)		(35)		(35)		(34)		(106)		(104)
Operating loss	\$	(64)	\$	(62)	\$	(65)	\$	(64)	\$	(61)	\$	(62)	\$	(60)	\$	(191)	\$	(183)

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

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



	September 30, 2016	December 31, 2015
Assets		
Fixed maturities, available for sale, at fair value (amortized cost \$60,149 and \$58,878)	\$ 63,036	\$ 60,658
Equity securities, available for sale, at fair value (cost \$510 and \$528)	744	705
Real estate investments	929	989
Short-term securities	4,803	4,671
Other investments	3,452	3,447
Total investments	72,964	70,470
Cash	269	380
Investment income accrued	586	642
Premiums receivable	6,785	6,437
Reinsurance recoverables	8,665	8,910
Ceded unearned premiums	741	656
Deferred acquisition costs	1,975	1,849
Deferred taxes	—	296
Contractholder receivables	4,580	4,374
Goodwill	3,585	3,573
Other intangible assets	271	279
Other assets	2,366	2,318
Total assets	\$ 102,787	\$ 100,184
	September 30, 2016	December 31, 2015
Liabilities		
Claims and claim adjustment expense reserves	\$ 48,168	\$ 48,295
Unearned premium reserves	12,706	11,971
Contractholder payables	4,580	4,374
Payables for reinsurance premiums	431	296
Deferred taxes	171	—
Debt	6,436	6,344
Other liabilities	5,856	5,306
Total liabilities	78,348	76,586
Shareholders' equity		
Common stock (1,750.0 shares authorized; 284.1 and 295.9 shares issued and outstanding)	22,419	22,172
Retained earnings	31,443	29,945
Accumulated other comprehensive income (loss)	660	(157)
Treasury stock, at cost (482.9 and 467.6 shares)	(30,083)	(28,362)
Total shareholders' equity	24,439	23,598
Total liabilities and shareholders' equity	\$ 102,787	\$ 100,184

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



	September 30, 2016	Pre-tax Book Yield (1)	December 31, 2015	Pre-tax Book Yield (1)
Investment portfolio				
Taxable fixed maturities (including redeemable preferred stock)	\$ 30,069	3.17%	\$ 29,612	3.30%
Tax-exempt fixed maturities	32,967	3.30%	31,046	3.58%
Total fixed maturities	63,036	3.24%	60,658	3.44%
Non-redeemable preferred stocks	135	5.41%	162	5.73%
Public common stocks	609		543	
Total equity securities	744		705	
Real estate investments	929		989	

Short-term securities	4,803	0.63%	4,671	0.37%
Private equities	2,017		2,056	
Hedge funds	367		416	
Real estate partnerships	658		626	
Other investments	410		349	
Total other investments	3,452		3,447	
Total investments	\$ 72,964		\$ 70,470	
Net unrealized investment gains, net of tax, included in shareholders' equity	\$ 2,049		\$ 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)



	September 30, 2016	December 31, 2015
Fixed maturities		
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 2,071	\$ 2,194
Obligations of states and political subdivisions:		
Pre-refunded	5,365	6,060
All other	27,915	25,351
Total	33,280	31,411
Debt securities issued by foreign governments	1,757	1,873
Mortgage-backed securities - principally obligations of U.S. Government agencies	1,778	1,981
Corporates (including redeemable preferreds)	24,150	23,199
Total fixed maturities	\$ 63,036	\$ 60,658

Fixed Maturities
Quality Characteristics (1)

	September 30, 2016	
	Amount	% of Total
Quality Ratings		
Aaa	\$ 26,508	42.1%
Aa	18,588	29.5
A	8,900	14.1
Baa	7,279	11.5
Total investment grade	61,275	97.2
Ba	1,060	1.7
B	434	0.7
Caa and lower	267	0.4
Total below investment grade	1,761	2.8
Total fixed maturities	\$ 63,036	100.0%
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	4.1	

(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)



YTD YTD

	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	3Q 2015	3Q 2016
Gross investment income									
Fixed maturities	\$ 531	\$ 526	\$ 516	\$ 518	\$ 503	\$ 497	\$ 490	\$ 1,573	\$ 1,490
Short-term securities	2	3	3	4	6	7	7	8	20
Other	69	113	105	30	44	53	95	287	192
	602	642	624	552	553	557	592	1,868	1,702
Investment expenses	10	10	10	11	9	8	10	30	27
Net investment income, pre-tax	592	632	614	541	544	549	582	1,838	1,675
Income taxes	114	129	130	101	105	107	110	373	322
Net investment income, after-tax	\$ 478	\$ 503	\$ 484	\$ 440	\$ 439	\$ 442	\$ 472	\$ 1,465	\$ 1,353
Effective tax rate	19.3%	20.5%	21.1%	18.7%	19.3%	19.4%	19.0%	20.3%	19.2%
Average invested assets (1)	\$ 70,722	\$ 70,291	\$ 70,569	\$ 70,756	\$ 69,926	\$ 70,033	\$ 70,110	\$ 70,607	\$ 70,082
Average yield pre-tax (1)	3.3%	3.6%	3.5%	3.1%	3.1%	3.1%	3.3%	3.5%	3.2%
Average yield after-tax	2.7%	2.9%	2.7%	2.5%	2.5%	2.5%	2.7%	2.8%	2.6%

(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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Net realized investment gains (losses)									
Fixed maturities	\$ 17	\$ 14	\$ 30	\$ 7	\$ 4	\$ 21	\$ 11	\$ 61	\$ 36
Equity securities	—	(1)	(10)	(20)	(5)	2	2	(11)	(1)
Other (1)	(7)	(3)	(5)	(19)	(8)	(4)	10	(15)	(2)
Realized investment gains (losses) before tax	10	10	15	(32)	(9)	19	23	35	33
Related taxes	4	4	5	(12)	(2)	4	8	13	10
Net realized investment gains (losses)	\$ 6	\$ 6	\$ 10	\$ (20)	\$ (7)	\$ 15	\$ 15	\$ 22	\$ 23
Gross investment gains (1)	\$ 71	\$ 102	\$ 108	\$ 96	\$ 120	\$ 150	\$ 68	\$ 281	\$ 338
Gross investment losses before impairments (1)	(58)	(86)	(79)	(99)	(111)	(127)	(41)	(223)	(279)
Net investment gains (losses) before impairments	13	16	29	(3)	9	23	27	58	59
Other-than-temporary impairment losses	(3)	(6)	(14)	(29)	(18)	(4)	(4)	(23)	(26)
Net realized investment gains (losses) before tax	10	10	15	(32)	(9)	19	23	35	33
Related taxes	4	4	5	(12)	(2)	4	8	13	10
Net realized investment gains (losses)	\$ 6	\$ 6	\$ 10	\$ (20)	\$ (7)	\$ 15	\$ 15	\$ 22	\$ 23

March 31, 2015, June 30, 2015, September 30, 2015, December 31, 2015, March 31, 2016, June 30, 2016, September 30, 2016

Net unrealized investment gains, net of tax, by asset type	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016
Fixed maturities	\$ 2,853	\$ 1,830	\$ 1,983	\$ 1,780	\$ 2,495	\$ 3,336	\$ 2,887
Equity securities & other	319	274	183	194	198	249	248
Unrealized investment gains before tax	3,172	2,104	2,166	1,974	2,693	3,585	3,135
Related taxes	1,096	728	752	685	934	1,244	1,086
Balance, end of period	\$ 2,076	\$ 1,376	\$ 1,414	\$ 1,289	\$ 1,759	\$ 2,341	\$ 2,049

(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	\$	36	\$	147	\$	97
Gross investment Treasury future losses	\$	54	\$	47	\$	61	\$	34	\$	49	\$	42	\$	33	\$	162	\$	124

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)



	September 30, 2016	December 31, 2015
Gross reinsurance recoverables on paid and unpaid claims and claim adjustment expenses	\$ 3,586	\$ 3,848
Allowance for uncollectible reinsurance	(117)	(157)
Net reinsurance recoverables (i)	3,469	3,691
Mandatory pools and associations (ii)	2,015	2,015
Structured settlements (iii)	3,181	3,204
Total reinsurance recoverables	<u>\$ 8,665</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	September 30, 2016
Swiss Re Group	A+ second highest of 16 ratings	\$ 421
Munich Re Group	A+ second highest of 16 ratings	419
Berkshire Hathaway	A++ highest of 16 ratings	265
Sompo Japan Nipponkoa Group	A+ second highest of 16 ratings	221
XL Capital Group	A third highest of 16 ratings	134

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

The net reinsurance recoverables reflect an allowance for uncollectible reinsurance that is based upon the Company's ongoing review of amounts outstanding, reinsurer solvency, the Company's experience, current economic conditions, and other relevant factors. Of the total net recoverables due from reinsurers at September 30, 2016, after deducting mandatory pools and associations and structured settlement balances, \$2.8 billion, or 79%, were rated by A.M. Best Company. Of the total rated by A.M. Best Company, 99% were rated A- or better. The remaining 21% of net recoverables from reinsurers were comprised of the following: 5% related to the Company's participation in voluntary pools, 12% related to recoverables from captive insurance companies and 4% 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 September 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	September 30, 2016
Fidelity and Guaranty Life (1)	B++ fifth highest of 16 ratings	\$ 887
Metlife (2)	A third highest of 16 ratings	393
Genworth Financial Group	B++ fifth highest of 16 ratings	380
John Hancock Group	A+ second highest of 16 ratings	290
Symetra Financial Corporation	A third highest of 16 ratings	269

(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. previously announced a plan to pursue the separation of a substantial portion of its U.S. Retail segment, to be named Brighthouse Financial, Inc. Brighthouse will include MetLife Insurance Company USA, which represents the majority of the structured settlement annuities Travelers holds with MetLife. On October 7, 2016, A.M. Best downgraded MetLife Insurance Company USA's financial strength rating to A (Excellent) from A+ (Superior), with a stable outlook.

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	3Q 2016	YTD 3Q 2015	YTD 3Q 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	\$ 33,632	\$ 34,568	\$ 33,669
Incurred	2,216	2,187	2,182	2,073	2,252	2,334	2,330	6,585	6,916
Paid	(2,616)	(2,291)	(2,075)	(2,173)	(2,020)	(2,642)	(2,137)	(6,982)	(6,799)
Foreign exchange and other	(244)	85	(156)	(87)	101	(62)	(24)	(315)	15
End of period	\$ 33,924	\$ 33,905	\$ 33,856	\$ 33,669	\$ 34,002	\$ 33,632	\$ 33,801	\$ 33,856	\$ 33,801
Bond & Specialty Insurance									
Beginning of period	\$ 3,239	\$ 3,228	\$ 3,212	\$ 3,142	\$ 3,030	\$ 3,020	\$ 2,927	\$ 3,239	\$ 3,030
Incurred	189	191	111	143	162	78	171	491	411
Paid	(200)	(207)	(181)	(255)	(172)	(168)	(217)	(588)	(557)
Foreign exchange and other	—	—	—	—	—	(3)	—	—	(3)
End of period	\$ 3,228	\$ 3,212	\$ 3,142	\$ 3,030	\$ 3,020	\$ 2,927	\$ 2,881	\$ 3,142	\$ 2,881
Personal Insurance									
Beginning of period	\$ 3,200	\$ 3,144	\$ 3,156	\$ 3,093	\$ 3,083	\$ 3,202	\$ 3,238	\$ 3,200	\$ 3,083
Incurred	974	1,117	1,040	1,091	1,249	1,297	1,302	3,131	3,848
Paid	(1,030)	(1,105)	(1,103)	(1,101)	(1,130)	(1,261)	(1,266)	(3,238)	(3,657)
End of period	\$ 3,144	\$ 3,156	\$ 3,093	\$ 3,083	\$ 3,202	\$ 3,238	\$ 3,274	\$ 3,093	\$ 3,274
Total									
Beginning of period	\$ 41,007	\$ 40,296	\$ 40,273	\$ 40,091	\$ 39,782	\$ 40,224	\$ 39,797	\$ 41,007	\$ 39,782
Incurred	3,379	3,495	3,333	3,307	3,663	3,709	3,803	10,207	11,175
Paid	(3,846)	(3,603)	(3,359)	(3,529)	(3,322)	(4,071)	(3,620)	(10,808)	(11,013)
Foreign exchange and other	(244)	85	(156)	(87)	101	(65)	(24)	(315)	12
End of period	\$ 40,296	\$ 40,273	\$ 40,091	\$ 39,782	\$ 40,224	\$ 39,797	\$ 39,956	\$ 40,091	\$ 39,956
Prior Year Reserve Development: Unfavorable (Favorable)									
Business and International Insurance									
Asbestos	\$ —	\$ —	\$ 224	\$ —	\$ —	\$ —	\$ 225	\$ 224	\$ 225
Environmental	—	72	—	—	—	82	—	72	82
All other	(77)	(175)	(273)	(176)	(93)	(220)	(244)	(525)	(557)
Total Business and International Insurance (1)	(77)	(103)	(49)	(176)	(93)	(138)	(19)	(229)	(250)
Bond & Specialty Insurance									
	(35)	(40)	(103)	(80)	(60)	(150)	(41)	(178)	(251)
Personal Insurance									
	(131)	(64)	(47)	(36)	(27)	—	21	(242)	(6)
Total	\$ (243)	\$ (207)	\$ (199)	\$ (292)	\$ (180)	\$ (288)	\$ (39)	\$ (649)	\$ (507)

(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	3Q 2016	YTD 3Q 2015	YTD 3Q 2016
Asbestos reserves									
Beginning reserves:									
Gross	\$ 2,520	\$ 1,959	\$ 1,856	\$ 2,086	\$ 1,989	\$ 1,937	\$ 1,317	\$ 2,520	\$ 1,989
Ceded	(163)	(123)	(122)	(190)	(179)	(164)	(83)	(163)	(179)
Net	2,357	1,836	1,734	1,896	1,810	1,773	1,234	2,357	1,810
Incurred losses and loss expenses:									
Gross	—	—	313	—	—	—	355	313	355
Ceded	—	—	(89)	—	—	—	(130)	(89)	(130)
Paid loss and loss expenses:									
Gross	560	104	83	96	52	619	75	747	746
Ceded	(40)	(1)	(22)	(10)	(15)	(81)	(18)	(63)	(114)
Foreign exchange and other:									
Gross	(1)	1	—	(1)	—	(1)	—	—	(1)
Ceded	—	—	(1)	1	—	—	—	(1)	—
Ending reserves:									
Gross	1,959	1,856	2,086	1,989	1,937	1,317	1,597	2,086	1,597
Ceded	(123)	(122)	(190)	(179)	(164)	(83)	(195)	(190)	(195)
Net	\$ 1,836	\$ 1,734	\$ 1,896	\$ 1,810	\$ 1,773	\$ 1,234	\$ 1,402	\$ 1,896	\$ 1,402
Environmental reserves									
Beginning reserves:									
Gross	\$ 353	\$ 341	\$ 406	\$ 393	\$ 375	\$ 366	\$ 439	\$ 353	\$ 375
Ceded	(7)	(6)	(15)	(15)	(14)	(14)	(18)	(7)	(14)
Net	346	335	391	378	361	352	421	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	28	39	52
Ceded	(1)	—	—	—	—	(1)	(1)	(1)	(2)
Foreign exchange and other:									
Gross	(1)	(1)	—	(1)	1	—	—	(2)	1
Ceded	—	—	—	1	—	—	—	—	—
Ending reserves:									
Gross	341	406	393	375	366	439	411	393	411
Ceded	(6)	(15)	(15)	(14)	(14)	(18)	(17)	(15)	(17)
Net	\$ 335	\$ 391	\$ 378	\$ 361	\$ 352	\$ 421	\$ 394	\$ 378	\$ 394

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

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



	September 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 (2)	107	107
Total long-term debt	6,361	5,861
Unamortized fair value adjustment	47	49
Unamortized debt issuance costs	(72)	(66)
	6,336	5,844
Total debt	6,436	6,344
Common equity (excluding net unrealized investment gains, net of tax)	22,390	22,309
Total capital (excluding net unrealized investment gains, net of tax)	\$ 28,826	\$ 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.

(2) Redeemable anytime prior to March 15, 2017 with make-whole premium. Redeemable anytime on or after March 15, 2017 at par.

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>September 30, 2016 (1)</u>	<u>December 31, 2015</u>
Statutory capital and surplus	\$ 20,609	\$ 20,567
GAAP adjustments		
Goodwill and intangible assets	3,692	3,687
Investments	3,327	2,258
Noninsurance companies	(4,665)	(4,688)
Deferred acquisition costs	1,975	1,849
Deferred federal income tax	(1,730)	(1,269)
Current federal income tax	(21)	(23)
Reinsurance recoverables	109	109
Furniture, equipment & software	683	672
Agents balances	179	153
Other	281	283
Total GAAP adjustments	3,830	3,031

authorization	(600)	(800)	(750)	(1,000)	(550)	(550)	(550)	(2,150)	(1,650)
Treasury stock acquired - net employee share-based compensation	(71)	(1)	(1)	(1)	(59)	—	(12)	(73)	(71)
Dividends paid to shareholders	(177)	(192)	(188)	(182)	(180)	(195)	(194)	(557)	(569)
Payment of debt	—	—	—	(400)	—	(400)	—	—	(400)
Issuance of debt	—	—	392	—	—	491	—	392	491
Issuance of common stock - employee share options	90	27	25	41	64	65	35	142	164
Excess tax benefits from share-based payment arrangements (1)	27	4	11	13	—	—	—	42	—
Net cash used in financing activities	<u>(731)</u>	<u>(962)</u>	<u>(511)</u>	<u>(1,529)</u>	<u>(725)</u>	<u>(589)</u>	<u>(721)</u>	<u>(2,204)</u>	<u>(2,035)</u>
Effect of exchange rate changes on cash	(8)	4	(5)	(3)	2	(5)	(2)	(9)	(5)
Net increase (decrease) in cash	(66)	9	27	36	(19)	(96)	4	(30)	(111)
Cash at beginning of period	374	308	317	344	380	361	265	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>\$ 269</u>	<u>\$ 344</u>	<u>\$ 269</u>
Income taxes paid	\$ 126	\$ 471	\$ 285	\$ 325	\$ 63	\$ 404	\$ 181	\$ 882	\$ 648
Interest paid	\$ 34	\$ 149	\$ 34	\$ 148	\$ 42	\$ 138	\$ 43	\$ 217	\$ 223

(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 - Third 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.

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