
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): **January 24, 2017**

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 January 24, 2017, The Travelers Companies, Inc. (the "Company") issued a press release announcing the results of the Company's operations for the quarter ended December 31, 2016, and the availability of the Company's fourth 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: January 24, 2017

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 January 24, 2017, reporting results of operations (This exhibit is furnished and not filed.)
99.2	Fourth 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



NYSE: TRV

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

Travelers Reports Record Fourth Quarter Net Income and Operating Income per Diluted Share of \$3.28 and \$3.20, Respectively, Up 16% and 10% from Prior Year Quarter

Fourth Quarter Net Income and Operating Income of \$943 Million and \$919 Million, Respectively, Up 9% and 4% from Prior Year Quarter

Fourth Quarter Return on Equity and Operating Return on Equity of 15.8% and 16.4%, Respectively

Full Year Net Income and Operating Income of \$3.014 Billion and \$2.967 Billion, Respectively, Down 12% and 14% from Prior Year

Full Year Return on Equity and Operating Return on Equity of 12.5% and 13.3%, Respectively

- Fourth quarter consolidated combined ratio of 90.0% reflected strong performance in Business and International Insurance and Bond & Specialty Insurance and lower underwriting results in Personal Insurance due to auto.
- Current quarter other income included an \$82 million after-tax (\$126 million pre-tax) benefit from a previously announced settlement of a reinsurance dispute; the combined ratio did not benefit from this gain.
- Fourth quarter net written premiums of \$6.058 billion and full year net written premiums of \$24.958 billion, both up 3% from the prior year periods.
- Total capital returned to shareholders of \$942 million in the quarter, including \$751 million of share repurchases. Full year total capital returned to shareholders of \$3.234 billion, including \$2.472 billion of share repurchases.
- Book value per share of \$83.05 and adjusted book value per share of \$80.44 increased 4% and 7%, respectively, from year-end 2015.
- Board of Directors declared quarterly dividend per share of \$0.67.

New York, January 24, 2017 — The Travelers Companies, Inc. today reported net income of \$943 million, or \$3.28 per diluted share, for the quarter ended December 31, 2016, compared to \$866 million, or \$2.83 per diluted share, in the prior year quarter. Operating income in the current quarter was \$919 million, or \$3.20 per diluted share, compared to \$886 million, or \$2.90 per diluted share, in the prior year quarter. These increases were primarily driven by the benefit from the settlement of a reinsurance dispute and higher net investment income, partially offset by a lower underwriting gain driven by higher catastrophe losses and higher loss estimates for personal auto bodily injury liability coverages. Per diluted share amounts benefited from the impact of share repurchases.

Consolidated Highlights

(\$ in millions, except for per share amounts, and after-tax, except for premiums & revenues)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2016	2015	Change	2016	2015	Change
Net written premiums	\$ 6,058	\$ 5,864	3%	\$ 24,958	\$ 24,121	3%
Total revenues	\$ 7,193	\$ 6,678	8	\$ 27,625	\$ 26,815	3
Net income	\$ 943	\$ 866	9	\$ 3,014	\$ 3,439	(12)
<i>per diluted share</i>	\$ 3.28	\$ 2.83	16	\$ 10.28	\$ 10.88	(6)
Operating income	\$ 919	\$ 886	4	\$ 2,967	\$ 3,437	(14)
<i>per diluted share</i>	\$ 3.20	\$ 2.90	10	\$ 10.12	\$ 10.87	(7)
Diluted weighted average shares outstanding	285.1	303.3	(6)	291.0	313.9	(7)
Combined ratio	90.0%	86.6%	3.4pts	92.0%	88.3%	3.7pts
Underlying combined ratio	92.0%	90.7%	1.3pts	91.6%	90.1%	1.5pts
Return on equity	15.8%	14.5%	1.3pts	12.5%	14.2%	(1.7)pts
Operating return on equity	16.4%	15.8%	0.6pts	13.3%	15.2%	(1.9)pts
				As of December 31,		
				2016	2015	Change
Book value per share				\$ 83.05	\$ 79.75	4%
Adjusted book value per share				80.44	75.39	7%

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

“We are pleased to report fourth quarter operating income of \$919 million and operating return on equity of 16.4%,” commented Alan Schnitzer, Chief Executive Officer. “Underwriting results in the quarter were solid, as evidenced by our consolidated combined ratio of 90% inclusive of the impacts of higher catastrophe losses and higher-than-expected personal auto bodily injury losses. Net investment income increased sequentially on a quarter-by-quarter basis during the year, driven by higher returns in our non-fixed income portfolio. After-tax net investment income in the fourth quarter increased 12% over the prior year quarter. This quarter’s results brought our full year operating income to \$2.967 billion and operating return on equity to 13.3%. Our balance sheet remains strong, and our results for the year enabled us to return over \$3.2 billion of excess capital to our shareholders, including over \$2.4 billion in share repurchases.

“In our commercial businesses, we continue to be pleased with the stability of the markets in which we operate and the execution of our strategies. Once again, we were able to maintain historically high levels of retention while achieving stable and positive renewal premium change. These results demonstrate the continued success of our granular pricing and segmentation strategies — retaining those accounts that meet our return thresholds and taking appropriate measures to improve profitability on those accounts that do not, while seeking attractive new business opportunities. Within Personal Insurance, both homeowners and auto delivered accelerating growth in policies in force and net written premiums throughout the year. While homeowners profitability remains strong, we are disappointed with the underwriting results in personal auto and are taking pricing and other actions to improve its profitability.

“With our proven commitment to building meaningful and sustainable competitive advantages, our track record of successfully managing our businesses for the long term and our active capital management strategy, we remain well positioned to continue to deliver superior returns over time.”

Consolidated Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2016	2015	Change	2016	2015	Change
Underwriting gain:	\$ 590	\$ 773	\$ (183)	\$ 1,814	\$ 2,663	\$ (849)
<i>Underwriting gain includes:</i>						
<i>Net favorable prior year reserve development</i>	264	292	(28)	771	941	(170)
<i>Catastrophes, net of reinsurance</i>	(137)	(46)	(91)	(877)	(514)	(363)
Net investment income	627	541	86	2,302	2,379	(77)
Other income/(expense), including interest expense	50	(73)	123	(131)	(305)	174
Operating income before income taxes	1,267	1,241	26	3,985	4,737	(752)
Income tax expense	348	355	(7)	1,018	1,300	(282)
Operating income	919	886	33	2,967	3,437	(470)

Net realized investment gains/(losses) after income taxes	24	(20)	44	47	2	45
Net income	\$ 943	\$ 866	\$ 77	\$ 3,014	\$ 3,439	\$ (425)
Combined ratio	90.0%	86.6%	3.4pts	92.0%	88.3%	3.7pts
<u>Impact on combined ratio</u>						
Net favorable prior year reserve development	(4.2)	(4.9)	0.7pts	(3.2)	(3.9)	0.7pts
Catastrophes, net of reinsurance	2.2	0.8	1.4pts	3.6	2.1	1.5pts
Underlying combined ratio	92.0%	90.7%	1.3pts	91.6%	90.1%	1.5pts
<u>Net written premiums</u>						
Business and International Insurance	\$ 3,498	\$ 3,517	(1)%	\$ 14,675	\$ 14,583	1%
Bond & Specialty Insurance	505	504	—	2,099	2,081	1
Personal Insurance	2,055	1,843	12	8,184	7,457	10
Total	\$ 6,058	\$ 5,864	3%	\$ 24,958	\$ 24,121	3%

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Fourth Quarter 2016 Results

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

Net income of \$943 million after-tax increased \$77 million due to higher operating income as well as net realized investment gains in the current quarter as compared to net realized investment losses in the prior year quarter. Operating income of \$919 million after-tax increased \$33 million, primarily due to the \$82 million after-tax (\$126 million pre-tax) benefit related to a previously announced settlement of a reinsurance dispute and higher net investment income, partially offset by a lower underwriting gain driven by higher catastrophe losses and personal auto results.

Underwriting results

- While the combined ratio remained strong at 90.0%, it increased 3.4 points due to higher catastrophe losses (1.4 points), a higher underlying combined ratio (1.3 points) and lower net favorable prior year reserve development (0.7 points).
- The underlying combined ratio of 92.0% increased 1.3 points, primarily driven by higher loss estimates in the personal automobile product line for bodily injury liability coverages (1.5 points), including the re-estimation of losses incurred in the first three quarters of 2016.
- Net favorable prior year reserve development in Business and International Insurance and Bond & Specialty Insurance of \$309 million pre-tax was partially offset by net unfavorable prior year reserve development in Personal Insurance of \$45 million pre-tax. Catastrophe losses in the fourth quarter of 2016 primarily resulted from Hurricane Matthew and wildfires in Tennessee.

Net investment income of \$627 million pre-tax (\$493 million after-tax) increased due to higher returns in the non-fixed income portfolio, partially offset by lower returns in the fixed income portfolio. Non-fixed income returns increased primarily due to higher private equity returns, while fixed income returns declined in line with our expectations due to lower reinvestment rates available in the market.

Net written premiums of \$6.058 billion increased 3%, driven by Personal Insurance.

Full Year 2016 Results

(All comparisons vs. full year 2015, unless noted otherwise)

Net income of \$3.014 billion after-tax decreased \$425 million due to lower operating income, partially offset by higher net realized investment gains. Operating income of \$2.967 billion after-tax decreased \$470 million, 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 favorable prior year reserve development and lower net investment income, partially offset by the benefit from the above-mentioned settlement of a reinsurance dispute.

Underwriting results

- While the combined ratio remained strong at 92.0%, it increased 3.7 points due to higher catastrophe losses (1.5 points), a higher underlying combined ratio (1.5 points) and lower net favorable prior year reserve development (0.7 points).
- The underlying combined ratio of 91.6% increased 1.5 points, primarily driven by higher loss estimates in the personal automobile product line for bodily injury liability coverages (0.6 points) and the impact of loss cost trends that modestly exceeded earned pricing in Business and International Insurance.
- Net favorable prior year reserve development in Business and International Insurance and Bond & Specialty Insurance of \$810 million pre-tax was partially offset by net unfavorable prior year reserve development in Personal Insurance of \$39 million pre-tax. Catastrophe losses in 2016 included losses from Hurricane Matthew, wind and hail storms in several regions of the United States, flooding in the Southeast region of the United States, wildfires in Canada and Tennessee, and winter storms in the eastern United States.

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Net investment income of \$2.302 billion pre-tax (\$1.846 billion after-tax) decreased due to lower returns in the fixed income portfolio, partially offset by higher returns in the non-fixed income portfolio. Fixed income returns declined in line with our expectations due to lower reinvestment rates available in the market. Non-fixed income returns increased due to higher private equity returns, partially offset by lower real estate partnership returns.

Net written premiums of \$24.958 billion increased 3% driven by Personal Insurance.

Shareholders' Equity

Shareholders' equity of \$23.221 billion decreased 2% from year-end 2015, primarily due to a reduction in net unrealized investment gains primarily associated with higher interest rates. After-tax net unrealized investment gains were \$730 million (\$1.112 billion pre-tax) compared to \$1.289 billion after-tax (\$1.974 billion pre-tax) at year-end 2015. Book value per share of \$83.05 and adjusted book value per share of \$80.44 increased 4% and 7%, respectively, from year-end 2015.

The Company repurchased 6.6 million shares during the fourth quarter at an average price of \$113.53 per share for a total cost of \$751 million. Capacity remaining under the existing share repurchase authorization was \$934 million at the end of the quarter. At the end of fourth quarter 2016, statutory capital and surplus was \$20.759 billion and the ratio of debt-to-capital was 21.7%. The ratio of debt-to-capital excluding after-tax net unrealized investment gains was 22.3%, well within the Company's target range of 15% to 25%.

The Board of Directors today declared a quarterly dividend of \$0.67 per share. This dividend is payable on March 31, 2017, to shareholders of record as of the close of business on March 10, 2017.

Business and International Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2016	2015	Change	2016	2015	Change
Underwriting gain:	\$ 391	\$ 362	\$ 29	\$ 768	\$ 1,092	\$ (324)
<i>Underwriting gain includes:</i>						
<i>Net favorable prior year reserve development</i>	234	176	58	484	405	79
<i>Catastrophes, net of reinsurance</i>	(80)	(1)	(79)	(512)	(247)	(265)
Net investment income	483	412	71	1,763	1,824	(61)
Other income	125	5	120	176	23	153
Operating income before income taxes	999	779	220	2,707	2,939	(232)
Income tax expense	277	213	64	659	769	(110)
Operating income	\$ 722	\$ 566	\$ 156	\$ 2,048	\$ 2,170	\$ (122)
Combined ratio	89.0%	89.6%	(0.6)pts	94.3%	92.1%	2.2pts
<i>Impact on combined ratio</i>						
<i>Net favorable prior year reserve development</i>	(6.3)	(4.8)	(1.5)pts	(3.3)	(2.8)	(0.5)pts
<i>Catastrophes, net of reinsurance</i>	2.2	—	2.2pts	3.5	1.7	1.8pts
Underlying combined ratio	93.1%	94.4%	(1.3)pts	94.1%	93.2%	0.9pts
Net written premiums by market						
Domestic						
Select Accounts	\$ 639	\$ 631	1%	\$ 2,729	\$ 2,716	—%
Middle Market	1,524	1,528	—	6,463	6,302	3
National Accounts	259	267	(3)	1,058	1,048	1
First Party	378	361	5	1,601	1,564	2
Specialized Distribution	243	266	(9)	1,094	1,111	(2)
Total Domestic	3,043	3,053	—	12,945	12,741	2
International	455	464	(2)	1,730	1,842	(6)
Total	\$ 3,498	\$ 3,517	(1)%	\$ 14,675	\$ 14,583	1%

Fourth Quarter 2016 Results

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

Operating income for Business and International Insurance was \$722 million after-tax, an increase of \$156 million, primarily due to the benefit from the above-mentioned settlement of a reinsurance dispute, a higher underlying underwriting gain, higher net investment income and higher net favorable prior year reserve development, partially offset by higher catastrophe losses.

Underwriting results

- The combined ratio of 89.0% was strong, improving 0.6 points due to higher net favorable prior year reserve development (1.5 points) and a lower underlying combined ratio (1.3 points), partially offset by higher catastrophe losses (2.2 points).
- The underlying combined ratio of 93.1% improved 1.3 points, primarily driven by lower non-catastrophe weather-related losses and lower levels of what the Company defines as large losses, partially offset by the impact of loss cost trends that modestly exceeded earned pricing.
- Net favorable prior year reserve development primarily resulted from better than expected loss experience in the Company's domestic operations in the workers' compensation and general liability product lines.

Net written premiums of \$3.498 billion decreased 1%.

Full Year 2016 Results

(All comparisons vs. full year 2015, unless noted otherwise)

Operating income for Business and International Insurance was \$2.048 billion after-tax, a decrease of \$122 million, primarily driven by higher catastrophe losses, a lower underlying underwriting gain and lower net investment income, partially offset by the benefit from the above-mentioned settlement of a reinsurance dispute and higher net favorable prior year reserve development.

Underwriting results

- The combined ratio of 94.3% increased 2.2 points due to higher catastrophe losses (1.8 points) and a higher underlying combined ratio (0.9 points), partially offset by higher net favorable prior year reserve development (0.5 points).
- The underlying combined ratio of 94.1% increased 0.9 points, primarily driven by the impact of loss cost trends that modestly exceeded earned pricing and a modestly higher expense ratio, partially offset by a lower level 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 the workers' compensation and general liability product lines (excluding an increase to asbestos and environmental reserves discussed below), as well as in the Company's international operations in Europe and Canada, partially offset by a \$225 million pre-tax and an \$82 million pre-tax increase to asbestos and environmental reserves, respectively.

Net written premiums of \$14.675 billion increased 1%.

Bond & Specialty Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2016	2015	Change	2016	2015	Change
Underwriting gain:	\$ 176	\$ 177	\$ (1)	\$ 730	\$ 660	\$ 70
<i>Underwriting gain includes:</i>						
Net favorable prior year reserve development	75	80	(5)	326	258	68
Catastrophes, net of reinsurance	(1)	—	(1)	(6)	(3)	(3)
Net investment income	54	54	—	210	223	(13)
Other income	7	8	(1)	20	22	(2)
Operating income before income taxes	237	239	(2)	960	905	55
Income tax expense	76	77	(1)	307	272	35
Operating income	\$ 161	\$ 162	\$ (1)	\$ 653	\$ 633	\$ 20
Combined ratio	65.7%	65.1%	0.6pts	64.4%	67.9%	(3.5)pts
Impact on combined ratio						
Net favorable prior year reserve development	(14.2)pts	(15.6)pts	1.4pts	(15.6)pts	(12.4)pts	(3.2)pts
Catastrophes, net of reinsurance	0.2pts	—pts	0.2pts	0.3pts	0.2pts	0.1pts
Underlying combined ratio	79.7%	80.7%	(1.0)pts	79.7%	80.1%	(0.4)pts
Net written premiums						
Management Liability	\$ 332	\$ 333	—%	\$ 1,342	\$ 1,326	1%
Surety	173	171	1	757	755	—
Total	\$ 505	\$ 504	—%	\$ 2,099	\$ 2,081	1%

Fourth Quarter 2016 Results

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

Operating income for Bond & Specialty Insurance was \$161 million after-tax, which was comparable to the prior year quarter.

Underwriting results

- The combined ratio of 65.7% increased 0.6 points due to lower net favorable prior year reserve development (1.4 points) and higher catastrophe losses (0.2 points), partially offset by a lower underlying combined ratio (1.0 point).
- The underlying combined ratio remained very strong at 79.7%.
- Net favorable prior year reserve development resulted from better-than-expected loss experience in the fidelity and surety and general liability product lines.

Net written premiums of \$505 million were comparable with the prior year quarter.

Full Year 2016 Results

(All comparisons vs. full year 2015, unless noted otherwise)

Operating income for Bond & Specialty Insurance was \$653 million after-tax, an increase of \$20 million, primarily driven by higher net favorable prior year reserve development.

Underwriting results

- The combined ratio of 64.4% improved 3.5 points due to higher net favorable prior year reserve development (3.2 points) and a lower underlying underwriting combined ratio (0.4 points), partially offset by higher catastrophe losses (0.1 points).
- The underlying combined ratio remained very strong at 79.7%.

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- Net favorable prior year reserve development primarily resulted from better-than-expected loss experience in the fidelity and surety and general liability product lines.

Net written premiums of \$2.099 billion increased 1%.

Personal Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2016	2015	Change	2016	2015	Change
Underwriting gain:	\$ 23	\$ 234	\$ (211)	\$ 316	\$ 911	\$ (595)
<i>Underwriting gain includes:</i>						
Net favorable/(unfavorable) prior year reserve development	(45)	36	(81)	(39)	278	(317)
Catastrophes, net of reinsurance	(56)	(45)	(11)	(359)	(264)	(95)
Net investment income	90	75	15	329	332	(3)
Other income	14	15	(1)	56	48	8
Operating income before income taxes	127	324	(197)	701	1,291	(590)
Income tax expense	30	102	(72)	191	402	(211)
Operating income	\$ 97	\$ 222	\$ (125)	\$ 510	\$ 889	\$ (379)
Combined ratio	98.2%	86.7%	11.5pts	95.1%	86.6%	8.5pts
Impact on combined ratio						
Net (favorable)/unfavorable prior year reserve development	2.2pts	(1.9)pts	4.1pts	0.5pts	(3.8)pts	4.3pts
Catastrophes, net of reinsurance	2.8pts	2.4pts	0.4pts	4.5pts	3.6pts	0.9pts
Underlying combined ratio	93.2%	86.2%	7.0pts	90.1%	86.8%	3.3pts
Net written premiums						
Agency Automobile(1)	\$ 1,058	\$ 888	19%	\$ 4,103	\$ 3,534	16%
Agency Homeowners & Other(1)	918	894	3	3,772	3,687	2
Direct to Consumer	79	61	30	309	236	31
Total	\$ 2,055	\$ 1,843	12%	\$ 8,184	\$ 7,457	10%

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

Fourth Quarter 2016 Results

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

Operating income for Personal Insurance was \$97 million after-tax, a decrease of \$125 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 higher net investment income.

Underwriting results

- The combined ratio of 98.2% increased 11.5 points due to a higher underlying combined ratio (7.0 points), net unfavorable prior year reserve development compared to net favorable prior year reserve development in the prior year quarter (4.1 points) and higher catastrophe losses (0.4 points).
- The underlying combined ratio of 93.2% increased 7.0 points, primarily driven by higher loss estimates in the automobile product line for bodily injury liability coverages (4.6 points), including the re-estimation of losses incurred in the first three quarters of 2016, the tenure impact of higher levels of new business in auto and a higher level of auto business relative to homeowners, partially offset by a lower expense ratio.
- Net unfavorable prior year reserve development primarily resulted from higher-than-expected loss experience in the automobile product line for bodily injury coverages in the latter part of the 2015 accident year.

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Net written premiums of \$2.055 billion increased 12%. Agency Automobile net written premiums grew 19% with an increase in policies in force of 13% from the prior year period. Agency Homeowners & Other net written premiums grew 3%, with an increase in policies in force of 3% from the prior year period.

Full Year 2016 Results

(All comparisons vs. full year 2015, unless noted otherwise)

Operating income for Personal Insurance was \$510 million after-tax, a decrease of \$379 million, primarily driven by net unfavorable prior year reserve development compared to net favorable prior year reserve development in the prior year, a lower underlying underwriting gain and higher catastrophe losses.

Underwriting results

- The combined ratio of 95.1% increased 8.5 points due to net unfavorable prior year reserve development compared to net favorable prior year reserve development in the prior year (4.3 points), a higher underlying combined ratio (3.3 points) and higher catastrophe losses (0.9 points).
- The underlying combined ratio of 90.1% increased 3.3 points, primarily driven by higher loss estimates in the automobile product line for bodily injury liability coverages (1.8 points), the tenure impact of higher levels of new business in auto and a higher level of auto business relative to homeowners, partially offset by a lower expense ratio.
- Net unfavorable prior year reserve development primarily resulted from higher than expected loss experience in the automobile product line for bodily injury coverages in the latter part of the 2015 accident year.

Net written premiums of \$8.184 billion increased 10% due to the same factors discussed above for fourth 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 Tuesday, January 24, 2017. Investors can access the call via webcast 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 21836126 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 \$28 billion in 2016. 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 — Business and International Insurance offers a broad array of property and casualty insurance and insurance related services to its clients, primarily in the United States and in Canada, as well as in the United Kingdom, the Republic of Ireland, Brazil and throughout other parts of the world as a corporate member of Lloyd's of London.

Bond & Specialty Insurance — Bond & Specialty Insurance provides surety, crime, management and professional liability, and cyber risk coverages and related risk management services to a wide range of primarily domestic customers, utilizing various degrees of financially-based underwriting approaches.

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

* * * * *

Forward-Looking Statements

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

- the Company's outlook and its future results of operations and financial condition (including, among other things, anticipated premium volume, premium rates, margins, net and operating income, investment income and performance, loss costs, return on equity and expected current returns and combined ratios);
- share repurchase plans;
- future pension plan contributions;
- the sufficiency of the Company's asbestos and other reserves;
- the impact of emerging claims issues as well as other insurance and non-insurance litigation;
- the cost and availability of reinsurance coverage;
- catastrophe losses;
- the impact of investment, economic (including inflation, potential changes in tax law and 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;
- 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;

- 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;
- 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 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 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 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;
- a downgrade in the Company's claims-paying and financial strength ratings could adversely impact the Company's business volumes, adversely impact the Company's ability to access the capital markets and increase the Company's borrowing costs;
- the inability of the Company's insurance subsidiaries to pay dividends to the Company's holding company in sufficient amounts would harm the Company's ability to meet its obligations, pay future shareholder dividends or make future share repurchases;
- the Company's efforts to develop new products or expand in targeted markets may not be successful and may create enhanced risks;
- the Company may be adversely affected if its pricing and capital models provide materially different indications than actual results;
- the Company's business success and profitability depend, in part, on effective information technology systems and on continuing to develop and implement improvements in technology;
- if the Company experiences difficulties with technology, data and network security, including as a result of cyber attacks, outsourcing relationships, or cloud-based technology, the Company's ability to conduct its business could be negatively impacted;
- changes in U.S. tax laws or in the tax laws of other jurisdictions in which the Company operates could adversely impact the Company;
- 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 in federal regulation could impose significant burdens on the Company and otherwise adversely impact the Company's results;
- changes to existing accounting standards may adversely impact the Company's reported results; 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.

forward-looking statements. For a more detailed discussion of these factors, see the information under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent annual report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 11, 2016, as updated by our periodic filings with the SEC.

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

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

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

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

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

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 income per share** is operating income on a per common share basis.

Reconciliation of Net Income to Operating Income less Preferred Dividends

(\$ in millions, after-tax)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Net income	\$ 943	\$ 866	\$ 3,014	\$ 3,439
Less: Net realized investment gains/(losses)	24	(20)	47	2
Operating income	\$ 919	\$ 886	\$ 2,967	\$ 3,437

(\$ in millions, pre-tax)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Net income	\$ 1,302	\$ 1,209	\$ 4,053	\$ 4,740
Less: Net realized investment gains/(losses)	35	(32)	68	3
Operating income	\$ 1,267	\$ 1,241	\$ 3,985	\$ 4,737

(\$ in millions, after-tax)	Twelve Months Ended December 31,											
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net income	\$ 3,014	\$ 3,439	\$ 3,692	\$ 3,673	\$ 2,473	\$ 1,426	\$ 3,216	\$ 3,622	\$ 2,924	\$ 4,601	\$ 4,208	\$ 1,622
Less: Loss from discontinued operations	—	—	—	—	—	—	—	—	—	—	—	(439)
Income from continuing operations	3,014	3,439	3,692	3,673	2,473	1,426	3,216	3,622	2,924	4,601	4,208	2,061
Less: Net realized investment gains/(losses)	47	2	51	106	32	36	173	22	(271)	101	8	35
Operating income	2,967	3,437	3,641	3,567	2,441	1,390	3,043	3,600	3,195	4,500	4,200	2,026
Less: Preferred dividends	—	—	—	—	—	1	3	3	4	4	5	6
Operating income, less preferred dividends	\$ 2,967	\$ 3,437	\$ 3,641	\$ 3,567	\$ 2,441	\$ 1,389	\$ 3,040	\$ 3,597	\$ 3,191	\$ 4,496	\$ 4,195	\$ 2,020

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

Basic income per share	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015

Net income	\$ 3.32	\$ 2.87	\$ 10.39	\$ 10.99
Less: Net realized investment gains/(losses)	0.09	(0.07)	0.17	—
Operating income	\$ 3.23	\$ 2.94	\$ 10.22	\$ 10.99
Diluted income per share				
Net income	\$ 3.28	\$ 2.83	\$ 10.28	\$ 10.88
Less: Net realized investment gains/(losses)	0.08	(0.07)	0.16	0.01
Operating income	\$ 3.20	\$ 2.90	\$ 10.12	\$ 10.87

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Reconciliation of Operating Income by Segment to Total Operating Income

(\$ in millions, after-tax)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Business and International Insurance	\$ 722	\$ 566	\$ 2,048	\$ 2,170
Bond & Specialty Insurance	161	162	653	633
Personal Insurance	97	222	510	889
Total segment operating income	980	950	3,211	3,692
Interest Expense and Other	(61)	(64)	(244)	(255)
Total operating income	\$ 919	\$ 886	\$ 2,967	\$ 3,437

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

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

Reconciliation of Shareholders' Equity to Adjusted Shareholders' Equity

(\$ in millions)	As of December 31,											
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Shareholders' equity	\$ 23,221	\$ 23,598	\$ 24,836	\$ 24,796	\$ 25,405	\$ 24,477	\$ 25,475	\$ 27,415	\$ 25,319	\$ 26,616	\$ 25,135	\$ 22,303
Less: Net unrealized investment gains (losses), net of tax	730	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	47	2	51	106	32	36	173	22	(271)	101	8	35
Preferred stock	—	—	—	—	—	—	68	79	89	112	129	153
Losses from discontinued operations	—	—	—	—	—	—	—	—	—	—	—	(439)
Adjusted shareholders' equity	\$ 22,444	\$ 22,307	\$ 22,819	\$ 23,368	\$ 22,270	\$ 21,570	\$ 23,375	\$ 25,458	\$ 25,647	\$ 25,783	\$ 24,545	\$ 22,227

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 Return on Equity and Operating Return on Equity

(\$ in millions, after-tax)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Annualized net income	\$ 3,773	\$ 3,463	\$ 3,014	\$ 3,439
Average shareholders' equity	23,830	23,815	24,182	24,304
Return on equity	15.8%	14.5%	12.5%	14.2%
Annualized operating income	\$ 3,675	\$ 3,546	\$ 2,967	\$ 3,437
Adjusted average shareholders' equity	22,428	22,474	22,386	22,681
Operating return on equity	16.4%	15.8%	13.3%	15.2%

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

a) the sum of operating income less preferred dividends for the periods presented to

b) the sum of: 1) the sum of the adjusted average shareholders' equity for all full years in the period presented, and 2) for partial years in the period presented, the number of quarters in that partial year divided by four, multiplied by the adjusted average shareholders' equity of the partial year.

Calculation of Average Annual Operating Return on Equity from January 1, 2005 through December 31, 2016

(\$ in millions)	Twelve Months Ended December 31,											
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating income, less preferred dividends	\$ 2,967	\$ 3,437	\$ 3,641	\$ 3,567	\$ 2,441	\$ 1,389	\$ 3,040	\$ 3,597	\$ 3,191	\$ 4,496	\$ 4,195	\$ 2,020
Adjusted average shareholders' equity	22,386	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	13.3%	15.2%	15.5%	15.5%	11.0%	6.1%	12.5%	14.0%	12.4%	17.7%	17.9%	9.6%
Average annual operating return on equity for the period												
Jan. 1, 2005 through Dec. 31, 2016	13.5%											

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.

Components of Net Income

(\$ in millions, after-tax except as noted)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Pre-tax underwriting gain excluding the impact of catastrophes and net favorable prior year loss reserve development	\$ 463	\$ 527	\$ 1,920	\$ 2,236
Pre-tax impact of catastrophes	(137)	(46)	(877)	(514)
Pre-tax impact of net favorable prior year loss reserve development	264	292	771	941
Pre-tax underwriting gain	590	773	1,814	2,663
Income tax expense on underwriting results	197	282	615	938
Underwriting gain	393	491	1,199	1,725
Net investment income	493	440	1,846	1,905
Other income/(expense), including interest expense	33	(45)	(78)	(193)
Operating income	919	886	2,967	3,437
Net realized investment gains / (losses)	24	(20)	47	2
Net income	\$ 943	\$ 866	\$ 3,014	\$ 3,439

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 December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Loss and loss adjustment expense ratio				
Claims and claim adjustment expenses	\$ 3,740	\$ 3,363	\$ 15,070	\$ 13,723
Less:				
Policyholder dividends	16	12	48	41
Allocated fee income	35	41	168	170
Loss ratio numerator	\$ 3,689	\$ 3,310	\$ 14,854	\$ 13,512
Underwriting expense ratio				
Amortization of deferred acquisition costs	\$ 1,013	\$ 972	\$ 3,985	\$ 3,885
General and administrative expenses (G&A)	1,048	1,039	4,154	4,094
Less:				
G&A included in Interest Expense and Other	8	9	31	31
Allocated fee income	71	74	290	290
Billing and policy fees and other	22	22	89	87
Expense ratio numerator	\$ 1,960	\$ 1,906	\$ 7,729	\$ 7,571
Earned premium	\$ 6,277	\$ 6,023	\$ 24,534	\$ 23,874
Combined ratio (1)				
Loss and loss adjustment expense ratio	58.8%	55.0%	60.5%	56.6%
Underwriting expense ratio	31.2%	31.6%	31.5%	31.7%
Combined ratio	90.0%	86.6%	92.0%	88.3%

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

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

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

(\$ in millions, except per share amounts)	As of	
	December 31, 2016	December 31, 2015
Shareholders' equity	\$ 23,221	\$ 23,598
Less: Net unrealized investment gains, net of tax	730	1,289
Shareholders' equity, excluding net unrealized investment gains, net of tax	22,491	22,309
Less: Goodwill	3,580	3,573
Other intangible assets	268	279
Impact of deferred tax on other intangible assets	(64)	(60)
Tangible shareholders' equity	\$ 18,707	\$ 18,517
Common shares outstanding	279.6	295.9
Book value per share	\$ 83.05	\$ 79.75
Adjusted book value per share	80.44	75.39
Tangible book value per share	66.91	62.58

RECONCILIATION OF TOTAL CAPITALIZATION TO TOTAL CAPITALIZATION EXCLUDING NET UNREALIZED INVESTMENT GAINS, NET OF TAX

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.

(\$ in millions)	As of	
	December 31, 2016	December 31, 2015
Debt	\$ 6,437	\$ 6,344
Shareholders' equity	23,221	23,598
Total capitalization	29,658	29,942
Less: Net unrealized investment gains, net of tax	730	1,289
Total capitalization excluding net unrealized gain on investments, net of tax	\$ 28,928	\$ 28,653
Debt-to-capital ratio	21.7%	21.2%
Debt-to-capital ratio excluding net unrealized investment gains, net of tax	22.3%	22.1%

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 Business and International Insurance and Bond & Specialty Insurance, **retention** is the amount of premium available for renewal that was retained, excluding rate and exposure changes. For Personal Insurance, **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 Business and International Insurance, retention, renewal premium change and new business exclude National Accounts and surety. For Bond & Specialty Insurance, 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.

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

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

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Section 3: EX-99.2 (EX-99.2)

Exhibit 99.2

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The information included in the Financial Supplement is unaudited. This document should be read in conjunction with the Company's Form 10-K which will be filed with the Securities and Exchange Commission.

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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Net income	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 716	\$ 943	\$ 3,439	\$ 3,014
Net income per share:										
Basic	\$ 2.58	\$ 2.56	\$ 3.00	\$ 2.87	\$ 2.33	\$ 2.27	\$ 2.48	\$ 3.32	\$ 10.99	\$ 10.39
Diluted	\$ 2.55	\$ 2.53	\$ 2.97	\$ 2.83	\$ 2.30	\$ 2.24	\$ 2.45	\$ 3.28	\$ 10.88	\$ 10.28
Operating income	\$ 827	\$ 806	\$ 918	\$ 886	\$ 698	\$ 649	\$ 701	\$ 919	\$ 3,437	\$ 2,967
Operating income per share:										
Basic	\$ 2.56	\$ 2.54	\$ 2.96	\$ 2.94	\$ 2.35	\$ 2.22	\$ 2.43	\$ 3.23	\$ 10.99	\$ 10.22
Diluted	\$ 2.53	\$ 2.52	\$ 2.93	\$ 2.90	\$ 2.33	\$ 2.20	\$ 2.40	\$ 3.20	\$ 10.87	\$ 10.12
Return on equity	13.4%	13.3%	15.4%	14.5%	11.6%	10.9%	11.6%	15.8%	14.2%	12.5%
Operating return on equity	14.5%	14.2%	16.2%	15.8%	12.5%	11.6%	12.5%	16.4%	15.2%	13.3%
Total assets, at period end	\$102,691	\$101,664	\$102,110	\$100,184	\$101,680	\$102,446	\$102,787	\$100,245	\$100,184	\$100,245
Total equity, at period end	\$ 24,847	\$ 24,121	\$ 24,033	\$ 23,598	\$ 24,166	\$ 24,714	\$ 24,439	\$ 23,221	\$ 23,598	\$ 23,221
Book value per share, at period end	\$ 77.96	\$ 77.51	\$ 79.00	\$ 79.75	\$ 82.65	\$ 85.73	\$ 86.04	\$ 83.05	\$ 79.75	\$ 83.05
Less: Net unrealized investment gains, net of tax	6.51	4.42	4.65	4.36	6.02	8.12	7.22	2.61	4.36	2.61
Adjusted book value per share, at period end	\$ 71.45	\$ 73.09	\$ 74.35	\$ 75.39	\$ 76.63	\$ 77.61	\$ 78.82	\$ 80.44	\$ 75.39	\$ 80.44
Weighted average number of common shares outstanding (basic)	320.8	314.8	307.6	299.7	294.2	290.1	286.0	282.1	310.6	288.1
Weighted average number of common shares outstanding and common stock equivalents (diluted)	324.5	318.0	311.0	303.3	297.9	293.6	289.8	285.1	313.9	291.0
Common shares outstanding at period end	318.7	311.2	304.2	295.9	292.4	288.3	284.1	279.6	295.9	279.6
Common stock dividends declared	\$ 178	\$ 194	\$ 189	\$ 183	\$ 181	\$ 197	\$ 193	\$ 191	\$ 744	\$ 762
Common stock repurchased:										
Under Board of Directors authorization										
Shares	5.6	7.9	7.3	8.8	5.1	4.9	4.7	6.6	29.6	21.3
Cost	\$ 600	\$ 800	\$ 750	\$ 1,000	\$ 550	\$ 550	\$ 550	\$ 750	\$ 3,150	\$ 2,400
Other										
Shares	0.7	—	—	—	0.5	—	0.1	—	0.7	0.6
Cost	\$ 72	\$ 1	\$ —	\$ 1	\$ 59	\$ —	\$ 12	\$ 1	\$ 74	\$ 72

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

The Travelers Companies, Inc.

Reconciliation to Net Income and Earnings Per Share

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



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Net income										
Net income	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 716	\$ 943	\$ 3,439	\$ 3,014
Less: Net realized investment gains (losses), after-tax	6	6	10	(20)	(7)	15	15	24	2	47
Operating income	\$ 827	\$ 806	\$ 918	\$ 886	\$ 698	\$ 649	\$ 701	\$ 919	\$ 3,437	\$ 2,967
Basic earnings per share										
Net income	\$ 2.58	\$ 2.56	\$ 3.00	\$ 2.87	\$ 2.33	\$ 2.27	\$ 2.48	\$ 3.32	\$ 10.99	\$ 10.39

Less: Net realized investment gains (losses), after-tax	0.02	0.02	0.04	(0.07)	(0.02)	0.05	0.05	0.09	—	0.17
Operating income	\$ 2.56	\$ 2.54	\$ 2.96	\$ 2.94	\$ 2.35	\$ 2.22	\$ 2.43	\$ 3.23	\$ 10.99	\$ 10.22
Diluted earnings per share										
Net income	\$ 2.55	\$ 2.53	\$ 2.97	\$ 2.83	\$ 2.30	\$ 2.24	\$ 2.45	\$ 3.28	\$ 10.88	\$ 10.28
Less: Net realized investment gains (losses), after-tax	0.02	0.01	0.04	(0.07)	(0.03)	0.04	0.05	0.08	0.01	0.16
Operating income	\$ 2.53	\$ 2.52	\$ 2.93	\$ 2.90	\$ 2.33	\$ 2.20	\$ 2.40	\$ 3.20	\$ 10.87	\$ 10.12

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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Basic and Diluted										
Net income, as reported	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 716	\$ 943	\$ 3,439	\$ 3,014
Participating share-based awards - allocated income	(6)	(6)	(6)	(6)	(5)	(5)	(6)	(7)	(25)	(22)
Net income available to common shareholders - basic and diluted	\$ 827	\$ 806	\$ 922	\$ 860	\$ 686	\$ 659	\$ 710	\$ 936	\$ 3,414	\$ 2,992
Common Shares										
Basic										
Weighted average shares outstanding	320.8	314.8	307.6	299.7	294.2	290.1	286.0	282.1	310.6	288.1
Diluted										
Weighted average shares outstanding	320.8	314.8	307.6	299.7	294.2	290.1	286.0	282.1	310.6	288.1
Weighted average effects of dilutive securities - stock options and performance shares	3.7	3.2	3.4	3.6	3.7	3.5	3.8	3.0	3.3	2.9
Diluted weighted average shares outstanding	324.5	318.0	311.0	303.3	297.9	293.6	289.8	285.1	313.9	291.0

(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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Revenues										
Premiums	\$ 5,888	\$ 5,931	\$ 6,032	\$ 6,023	\$ 5,981	\$ 6,067	\$ 6,209	\$ 6,277	\$ 23,874	\$ 24,534
Net investment income	592	632	614	541	544	549	582	627	2,379	2,302
Fee income	114	115	116	115	117	119	116	106	460	458
Net realized investment gains (losses)	10	10	15	(32)	(9)	19	23	35	3	68
Other revenues	25	22	21	31	53	31	31	148	99	263
Total revenues	6,629	6,710	6,798	6,678	6,686	6,785	6,961	7,193	26,815	27,625
Claims and expenses										
Claims and claim adjustment expenses	3,431	3,547	3,382	3,363	3,712	3,762	3,856	3,740	13,723	15,070
Amortization of deferred acquisition costs	963	963	987	972	971	989	1,012	1,013	3,885	3,985
General and administrative expenses	995	1,032	1,028	1,039	995	1,054	1,057	1,048	4,094	4,154
Interest expense	92	92	94	95	91	93	89	90	373	363
Total claims and expenses	5,481	5,634	5,491	5,469	5,769	5,898	6,014	5,891	22,075	23,572
Income before income taxes	1,148	1,076	1,307	1,209	917	887	947	1,302	4,740	4,053
Income tax expense	315	264	379	343	226	223	231	359	1,301	1,039
Net income	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 716	\$ 943	\$ 3,439	\$ 3,014
Other-than-temporary impairments (OTTI)										
Total OTTI losses	\$ (4)	\$ (8)	\$ (14)	\$ (28)	\$ (28)	\$ (4)	\$ (4)	\$ (4)	\$ (54)	\$ (40)

OTTI losses recognized in net realized investment gains (losses)	\$ (3)	\$ (6)	\$ (14)	\$ (29)	\$ (18)	\$ (4)	\$ (4)	\$ (3)	\$ (52)	\$ (29)
OTTI gains (losses) recognized in other comprehensive income	\$ (1)	\$ (2)	\$ —	\$ 1	\$ (10)	\$ —	\$ —	\$ (1)	\$ (2)	\$ (11)

Other statistics

Effective tax rate on net investment income	19.3%	20.5%	21.1%	18.7%	19.3%	19.4%	19.0%	21.3%	20.0%	19.8%
Net investment income (after-tax)	\$ 478	\$ 503	\$ 484	\$ 440	\$ 439	\$ 442	\$ 472	\$ 493	\$ 1,905	\$ 1,846

Catastrophes, net of reinsurance:

Pre-tax	\$ 162	\$ 221	\$ 85	\$ 46	\$ 318	\$ 333	\$ 89	\$ 137	\$ 514	\$ 877
After-tax	\$ 106	\$ 143	\$ 56	\$ 33	\$ 207	\$ 222	\$ 58	\$ 89	\$ 338	\$ 576

Prior year reserve development - favorable (unfavorable)

Pre-tax	\$ 243	\$ 207	\$ 199	\$ 292	\$ 180	\$ 288	\$ 39	\$ 264	\$ 941	\$ 771
After-tax	\$ 158	\$ 133	\$ 132	\$ 194	\$ 119	\$ 192	\$ 27	\$ 172	\$ 617	\$ 510

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

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

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



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Underwriting gain	\$ 395	\$ 353	\$ 486	\$ 491	\$ 289	\$ 248	\$ 269	\$ 393	\$ 1,725	\$ 1,199
Net investment income	478	503	484	440	439	442	472	493	1,905	1,846
Other income (expense), including interest expense	(46)	(50)	(52)	(45)	(30)	(41)	(40)	33	(193)	(78)
Operating income	827	806	918	886	698	649	701	919	3,437	2,967
Net realized investment gains (losses)	6	6	10	(20)	(7)	15	15	24	2	47
Net income	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 716	\$ 943	\$ 3,439	\$ 3,014
Combined ratio (1) (2)										
Loss and loss adjustment expense ratio	57.4%	58.9%	55.2%	55.0%	61.1%	61.1%	61.2%	58.8%	56.6%	60.5%
Underwriting expense ratio	31.5%	31.9%	31.7%	31.6%	31.2%	32.0%	31.7%	31.2%	31.7%	31.5%
Combined ratio	88.9%	90.8%	86.9%	86.6%	92.3%	93.1%	92.9%	90.0%	88.3%	92.0%
<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 %	89.6 %	87.8 %	91.7 %
Impact of catastrophes on combined ratio	2.7%	3.7%	1.4%	0.8%	5.3%	5.5%	1.4%	2.2%	2.1%	3.6%
Impact of prior year reserve development on combined ratio	-4.1%	-3.5%	-3.3%	-4.9%	-3.0%	-4.7%	-0.6%	-4.2%	-3.9%	-3.2%

(1) Before policyholder dividends.

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

	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Billing and policy fees and other	\$ 23	\$ 22	\$ 20	\$ 22	\$ 22	\$ 22	\$ 23	\$ 22	\$ 87	\$ 89
Fee income:										
Loss and loss adjustment expenses	\$ 42	\$ 43	\$ 44	\$ 41	\$ 44	\$ 45	\$ 44	\$ 35	\$ 170	\$ 168
Underwriting expenses	72	72	72	74	73	74	72	71	290	290
Total fee income	\$ 114	\$ 115	\$ 116	\$ 115	\$ 117	\$ 119	\$ 116	\$ 106	\$ 460	\$ 458

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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expenses	\$ 40,296	\$ 40,273	\$ 40,091	\$ 39,782	\$ 40,224	\$ 39,797	\$ 39,956	\$ 39,904	\$ 39,782	\$ 39,904
Increase (decrease) in reserves	\$ (711)	\$ (23)	\$ (182)	\$ (309)	\$ 442	\$ (427)	\$ 159	\$ (52)	\$ (1,225)	\$ 122
Statutory capital and surplus	\$ 20,944	\$ 20,851	\$ 20,822	\$ 20,567	\$ 20,569	\$ 20,634	\$ 20,609	\$ 20,759	\$ 20,567	\$ 20,759
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	1.20:1	1.17:1	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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Written premiums										
Gross	\$ 6,474	\$ 6,542	\$ 6,618	\$ 6,148	\$ 6,712	\$ 6,688	\$ 6,798	\$ 6,297	\$ 25,782	\$ 26,495
Ceded	(577)	(373)	(427)	(284)	(546)	(343)	(409)	(239)	(1,661)	(1,537)
Net	\$ 5,897	\$ 6,169	\$ 6,191	\$ 5,864	\$ 6,166	\$ 6,345	\$ 6,389	\$ 6,058	\$ 24,121	\$ 24,958
Earned premiums										
Gross	\$ 6,308	\$ 6,356	\$ 6,447	\$ 6,443	\$ 6,381	\$ 6,487	\$ 6,604	\$ 6,665	\$ 25,554	\$ 26,137
Ceded	(420)	(425)	(415)	(420)	(400)	(420)	(395)	(388)	(1,680)	(1,603)
Net	\$ 5,888	\$ 5,931	\$ 6,032	\$ 6,023	\$ 5,981	\$ 6,067	\$ 6,209	\$ 6,277	\$ 23,874	\$ 24,534

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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Revenues										
Premiums	\$ 3,620	\$ 3,609	\$ 3,653	\$ 3,639	\$ 3,599	\$ 3,631	\$ 3,692	\$ 3,698	\$ 14,521	\$ 14,620
Net investment income	454	487	471	412	415	420	445	483	1,824	1,763
Fee income	111	111	112	111	114	115	111	102	445	442
Other revenues	8	5	5	5	33	8	10	125	23	176
Total revenues	4,193	4,212	4,241	4,167	4,161	4,174	4,258	4,408	16,813	17,001
Claims and expenses										
Claims and claim adjustment expenses	2,265	2,238	2,229	2,127	2,299	2,385	2,380	2,126	8,859	9,190
Amortization of deferred acquisition costs	584	578	589	578	579	588	598	593	2,329	2,358
General and administrative expenses	654	674	675	683	663	696	697	690	2,686	2,746
Total claims and expenses	3,503	3,490	3,493	3,388	3,541	3,669	3,675	3,409	13,874	14,294
Operating income before income taxes	690	722	748	779	620	505	583	999	2,939	2,707
Income tax expense	175	179	202	213	144	112	126	277	769	659
Operating income	\$ 515	\$ 543	\$ 546	\$ 566	\$ 476	\$ 393	\$ 457	\$ 722	\$ 2,170	\$ 2,048

Other statistics

Effective tax rate on net investment income	19.4%	20.7%	21.5%	18.9%	19.4%	19.5%	18.7%	21.4%	20.2%	19.8%
Net investment income (after-tax)	\$ 366	\$ 386	\$ 371	\$ 334	\$ 335	\$ 337	\$ 363	\$ 378	\$ 1,457	\$ 1,413

Catastrophes, net of reinsurance:

Pre-tax	\$ 99	\$ 108	\$ 39	\$ 1	\$ 148	\$ 212	\$ 72	\$ 80	\$ 247	\$ 512
After-tax	\$ 65	\$ 70	\$ 25	\$ 4	\$ 97	\$ 143	\$ 47	\$ 52	\$ 164	\$ 339

Prior year reserve development - favorable
(unfavorable)

Pre-tax	\$ 77	\$ 103	\$ 49	\$ 176	\$ 93	\$ 138	\$ 19	\$ 234	\$ 405	\$ 484
After-tax	\$ 50	\$ 65	\$ 35	\$ 118	\$ 63	\$ 94	\$ 14	\$ 152	\$ 268	\$ 323

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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Underwriting gain	\$ 142	\$ 155	\$ 172	\$ 227	\$ 121	\$ 48	\$ 87	\$ 263	\$ 696	\$ 519
Net investment income	366	386	371	334	335	337	363	378	1,457	1,413
Other income (expense)	7	2	3	5	20	8	7	81	17	116
Operating income	\$ 515	\$ 543	\$ 546	\$ 566	\$ 476	\$ 393	\$ 457	\$ 722	\$ 2,170	\$ 2,048
Combined ratio (1) (2)										
Loss and loss adjustment expense ratio	61.2%	60.6%	59.6%	57.0%	62.4%	64.2%	63.0%	56.3%	59.6%	61.4%
Underwriting expense ratio	32.1%	32.6%	32.6%	32.6%	32.4%	33.3%	33.1%	32.7%	32.5%	32.9%
Combined ratio	93.3%	93.2%	92.2%	89.6%	94.8%	97.5%	96.1%	89.0%	92.1%	94.3%
Impact of catastrophes on combined ratio	2.7%	2.9%	1.1%	0.0%	4.1%	5.8%	1.9%	2.2%	1.7%	3.5%
Impact of prior year reserve development on combined ratio	-2.1%	-2.8%	-1.4%	-4.8%	-2.6%	-3.8%	-0.5%	-6.3%	-2.8%	-3.3%

(1) Before policyholder dividends.

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

	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Billing and policy fees and other	\$ 7	\$ 6	\$ 4	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 23	\$ 24
Fee income:										
Loss and loss adjustment expenses	\$ 42	\$ 43	\$ 44	\$ 41	\$ 44	\$ 45	\$ 44	\$ 35	\$ 170	\$ 167
Underwriting expenses	69	68	68	70	70	70	67	67	275	274
Total fee income	\$ 111	\$ 111	\$ 112	\$ 111	\$ 114	\$ 115	\$ 111	\$ 102	\$ 445	\$ 441

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

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



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Statutory underwriting										
Gross written premiums	\$ 4,276	\$ 4,027	\$ 3,981	\$ 3,783	\$ 4,366	\$ 3,997	\$ 3,956	\$ 3,717	\$ 16,067	\$ 16,036
Net written premiums	\$ 3,797	\$ 3,679	\$ 3,590	\$ 3,517	\$ 3,914	\$ 3,680	\$ 3,583	\$ 3,498	\$ 14,583	\$ 14,675
Net earned premiums	\$ 3,620	\$ 3,609	\$ 3,653	\$ 3,639	\$ 3,599	\$ 3,631	\$ 3,692	\$ 3,698	\$ 14,521	\$ 14,620
Losses and loss adjustment expenses	2,216	2,187	2,182	2,073	2,252	2,334	2,330	2,077	8,658	8,993
Underwriting expenses	1,206	1,192	1,178	1,151	1,236	1,231	1,203	1,173	4,727	4,843
Statutory underwriting gain	198	230	293	415	111	66	159	448	1,136	784
Policyholder dividends	7	8	7	9	8	9	9	9	31	35
Statutory underwriting gain after policyholder dividends	\$ 191	\$ 222	\$ 286	\$ 406	\$ 103	\$ 57	\$ 150	\$ 439	\$ 1,105	\$ 749

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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Net written premiums by market										
Domestic										
Select Accounts	\$ 722	\$ 709	\$ 654	\$ 631	\$ 724	\$ 709	\$ 657	\$ 639	\$ 2,716	\$ 2,729
Middle Market	1,726	1,451	1,597	1,528	1,829	1,494	1,616	1,524	6,302	6,463
National Accounts	299	228	254	267	320	234	245	259	1,048	1,058
First Party	340	452	411	361	358	466	399	378	1,564	1,601
Specialized Distribution	268	300	277	266	286	302	263	243	1,111	1,094
Total Domestic	3,355	3,140	3,193	3,053	3,517	3,205	3,180	3,043	12,741	12,945
International	442	539	397	464	397	475	403	455	1,842	1,730
Total	\$ 3,797	\$ 3,679	\$ 3,590	\$ 3,517	\$ 3,914	\$ 3,680	\$ 3,583	\$ 3,498	\$ 14,583	\$ 14,675

Net written premiums by product line

Workers' compensation	\$ 1,142	\$ 906	\$ 957	\$ 910	\$ 1,198	\$ 916	\$ 939	\$ 892	\$ 3,915	\$ 3,945
Commercial automobile	502	487	494	475	544	517	502	474	1,958	2,037
Commercial property	391	507	451	411	406	520	437	424	1,760	1,787
General liability	491	469	489	475	537	471	506	473	1,924	1,987
Commercial multi-peril	822	765	780	779	829	777	774	774	3,146	3,157
International	442	539	397	464	397	475	403	455	1,842	1,730
Other	7	6	22	3	3	4	19	6	38	32
Total	\$ 3,797	\$ 3,679	\$ 3,590	\$ 3,517	\$ 3,914	\$ 3,680	\$ 3,583	\$ 3,498	\$ 14,583	\$ 14,675

National Accounts

Additions to claim volume under administration										
(1)	\$ 761	\$ 536	\$ 558	\$ 667	\$ 797	\$ 545	\$ 553	\$ 661	\$ 2,522	\$ 2,556
Written fees	\$ 114	\$ 92	\$ 91	\$ 88	\$ 115	\$ 91	\$ 87	\$ 84	\$ 385	\$ 377

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.

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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Revenues										
Premiums	\$ 504	\$ 524	\$ 539	\$ 518	\$ 508	\$ 518	\$ 529	\$ 533	\$ 2,085	\$ 2,088
Net investment income	56	57	56	54	52	51	53	54	223	210
Other revenues	5	5	4	8	3	6	4	7	22	20
Total revenues	565	586	599	580	563	575	586	594	2,330	2,318
Claims and expenses										
Claims and claim adjustment expenses	192	192	113	146	164	80	173	155	643	572
Amortization of deferred acquisition costs	94	97	104	98	96	98	102	101	393	397
General and administrative expenses	100	99	93	97	94	96	98	101	389	389
Total claims and expenses	386	388	310	341	354	274	373	357	1,425	1,358
Operating income before income taxes	179	198	289	239	209	301	213	237	905	960
Income tax expense	55	47	93	77	65	99	67	76	272	307

Operating income	\$ 124	\$ 151	\$ 196	\$ 162	\$ 144	\$ 202	\$ 146	\$ 161	\$ 633	\$ 653
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Other statistics

Effective tax rate on net investment income	18.3%	18.6%	18.6%	17.6%	18.1%	18.1%	18.8%	19.0%	18.3%	18.5%
Net investment income (after-tax)	\$ 46	\$ 47	\$ 45	\$ 44	\$ 42	\$ 42	\$ 43	\$ 44	\$ 182	\$ 171

Catastrophes, net of reinsurance:

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

Prior year reserve development - favorable (unfavorable)

Pre-tax	\$ 35	\$ 40	\$ 103	\$ 80	\$ 60	\$ 150	\$ 41	\$ 75	\$ 258	\$ 326
After-tax	\$ 23	\$ 26	\$ 67	\$ 52	\$ 39	\$ 98	\$ 26	\$ 49	\$ 168	\$ 212

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

12

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

(\$ in millions, net of tax)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Underwriting gain	\$ 75	\$ 101	\$ 148	\$ 113	\$ 100	\$ 156	\$ 99	\$ 113	\$ 437	\$ 468
Net investment income	46	47	45	44	42	42	43	44	182	171
Other income (expense)	3	3	3	5	2	4	4	4	14	14
Operating income	\$ 124	\$ 151	\$ 196	\$ 162	\$ 144	\$ 202	\$ 146	\$ 161	\$ 633	\$ 653

Combined ratio

Loss and loss adjustment expense ratio	37.6%	36.3%	20.6%	27.6%	31.9%	15.0%	32.3%	27.8%	30.4%	26.8%
Underwriting expense ratio	38.5%	37.4%	36.5%	37.5%	37.4%	37.4%	37.8%	37.9%	37.5%	37.6%
Combined ratio	76.1%	73.7%	57.1%	65.1%	69.3%	52.4%	70.1%	65.7%	67.9%	64.4%

Impact of catastrophes on combined ratio	0.1%	0.3%	0.1%	0.0%	0.1%	0.6%	0.2%	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%	-14.2%	-12.4%	-15.6%

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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Statutory underwriting										
Gross written premiums	\$ 522	\$ 537	\$ 580	\$ 514	\$ 536	\$ 549	\$ 580	\$ 518	\$ 2,153	\$ 2,183
Net written premiums	\$ 478	\$ 534	\$ 565	\$ 504	\$ 492	\$ 536	\$ 566	\$ 505	\$ 2,081	\$ 2,099
Net earned premiums	\$ 504	\$ 524	\$ 539	\$ 518	\$ 508	\$ 518	\$ 529	\$ 533	\$ 2,085	\$ 2,088
Losses and loss adjustment expenses	189	191	111	143	162	78	171	147	634	558
Underwriting expenses	196	199	202	188	195	198	205	196	785	794
Statutory underwriting gain	119	134	226	187	151	242	153	190	666	736
Policyholder dividends	2	2	3	3	2	2	2	7	10	13
Statutory underwriting gain after policyholder dividends	\$ 117	\$ 132	\$ 223	\$ 184	\$ 149	\$ 240	\$ 151	\$ 183	\$ 656	\$ 723

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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Net written premiums by product line										
Fidelity & surety	\$ 206	\$ 259	\$ 267	\$ 220	\$ 219	\$ 255	\$ 266	\$ 221	\$ 952	\$ 961
General liability	226	236	247	243	227	240	246	241	952	954
Other	46	39	51	41	46	41	54	43	177	184
Total	\$ 478	\$ 534	\$ 565	\$ 504	\$ 492	\$ 536	\$ 566	\$ 505	\$ 2,081	\$ 2,099

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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Revenues										
Premiums	\$ 1,764	\$ 1,798	\$ 1,840	\$ 1,866	\$ 1,874	\$ 1,918	\$ 1,988	\$ 2,046	\$ 7,268	\$ 7,826
Net investment income	82	88	87	75	77	78	84	90	332	329
Fee income	3	4	4	4	3	4	5	4	15	16
Other revenues	12	12	9	15	14	14	14	14	48	56
Total revenues	1,861	1,902	1,940	1,960	1,968	2,014	2,091	2,154	7,663	8,227
Claims and expenses										
Claims and claim adjustment expenses	974	1,117	1,040	1,090	1,249	1,297	1,303	1,459	4,221	5,308
Amortization of deferred acquisition costs	285	288	294	296	296	303	312	319	1,163	1,230
General and administrative expenses	234	252	252	250	230	255	254	249	988	988
Total claims and expenses	1,493	1,657	1,586	1,636	1,775	1,855	1,869	2,027	6,372	7,526
Operating income before income taxes	368	245	354	324	193	159	222	127	1,291	701
Income tax expense	116	71	113	102	54	43	64	30	402	191
Operating income	\$ 252	\$ 174	\$ 241	\$ 222	\$ 139	\$ 116	\$ 158	\$ 97	\$ 889	\$ 510
Other statistics										
Effective tax rate on net investment income	19.6%	20.8%	20.9%	18.5%	19.5%	19.7%	21.0%	21.9%	20.0%	20.6%
Net investment income (after-tax)	\$ 66	\$ 70	\$ 68	\$ 62	\$ 62	\$ 63	\$ 66	\$ 71	\$ 266	\$ 262
Catastrophes, net of reinsurance:										
Pre-tax	\$ 62	\$ 112	\$ 45	\$ 45	\$ 169	\$ 118	\$ 16	\$ 56	\$ 264	\$ 359
After-tax	\$ 41	\$ 72	\$ 30	\$ 29	\$ 110	\$ 77	\$ 10	\$ 36	\$ 172	\$ 233
Prior year reserve development - favorable (unfavorable)										
Pre-tax	\$ 131	\$ 64	\$ 47	\$ 36	\$ 27	\$ —	\$ (21)	\$ (45)	\$ 278	\$ (39)
After-tax	\$ 85	\$ 42	\$ 30	\$ 24	\$ 17	\$ —	\$ (13)	\$ (29)	\$ 181	\$ (25)

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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Underwriting gain	\$ 178	\$ 97	\$ 166	\$ 151	\$ 68	\$ 44	\$ 83	\$ 17	\$ 592	\$ 212
Net investment income	66	70	68	62	62	63	66	71	266	262
Other income (expense)	8	7	7	9	9	9	9	9	31	36
Operating income	\$ 252	\$ 174	\$ 241	\$ 222	\$ 139	\$ 116	\$ 158	\$ 97	\$ 889	\$ 510
Combined ratio (1)										
Loss and loss adjustment expense ratio	55.2%	62.2%	56.5%	58.5%	66.7%	67.6%	65.5%	71.4%	58.1%	67.8%
Underwriting expense ratio	28.3%	28.9%	28.6%	28.2%	27.0%	28.1%	27.4%	26.8%	28.5%	27.3%
Combined ratio	83.5%	91.1%	85.1%	86.7%	93.7%	95.7%	92.9%	98.2%	86.6%	95.1%
<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>97.1 %</i>	<i>84.8 %</i>	<i>94.1 %</i>
Impact of catastrophes on combined ratio	3.5%	6.2%	2.5%	2.4%	9.0%	6.2%	0.8%	2.8%	3.6%	4.5%
Impact of prior year reserve development on combined ratio	-7.5%	-3.5%	-2.6%	-1.9%	-1.4%	0.0%	1.1%	2.2%	-3.8%	0.5%

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

	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Billing and policy fees and other	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 17	\$ 16	\$ 64	\$ 65
Fee income	\$ 3	\$ 4	\$ 4	\$ 4	\$ 3	\$ 4	\$ 5	\$ 4	\$ 15	\$ 16

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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Statutory underwriting										
Gross written premiums	\$ 1,676	\$ 1,978	\$ 2,057	\$ 1,851	\$ 1,810	\$ 2,142	\$ 2,262	\$ 2,062	\$ 7,562	\$ 8,276
Net written premiums	\$ 1,622	\$ 1,956	\$ 2,036	\$ 1,843	\$ 1,760	\$ 2,129	\$ 2,240	\$ 2,055	\$ 7,457	\$ 8,184
Net earned premiums	\$ 1,764	\$ 1,798	\$ 1,840	\$ 1,866	\$ 1,874	\$ 1,918	\$ 1,988	\$ 2,046	\$ 7,268	\$ 7,826
Losses and loss adjustment expenses	974	1,117	1,040	1,091	1,249	1,297	1,302	1,461	4,222	5,309
Underwriting expenses	488	558	567	528	501	580	593	557	2,141	2,231
Statutory underwriting gain	\$ 302	\$ 123	\$ 233	\$ 247	\$ 124	\$ 41	\$ 93	\$ 28	\$ 905	\$ 286
Policies in force (in thousands)										
Automobile	2,125	2,166	2,224	2,283	2,346	2,417	2,502	2,587	2,283	2,587
Homeowners and other	4,107	4,121	4,145	4,158	4,188	4,244	4,279	4,311	4,158	4,311

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

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The Travelers Companies, Inc.
Selected Statistics - Personal Insurance (Agency Automobile) (1)
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
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Statutory underwriting

Gross written premiums	\$ 828	\$ 893	\$ 938	\$ 892	\$ 939	\$ 1,022	\$ 1,099	\$ 1,063	\$ 3,551	\$ 4,123
Net written premiums	\$ 822	\$ 890	\$ 934	\$ 888	\$ 932	\$ 1,018	\$ 1,095	\$ 1,058	\$ 3,534	\$ 4,103
Net earned premiums	\$ 802	\$ 827	\$ 854	\$ 878	\$ 891	\$ 925	\$ 973	\$ 1,019	\$ 3,361	\$ 3,808
Losses and loss adjustment expenses	516	582	585	640	626	703	751	945	2,323	3,025
Underwriting expenses	215	230	234	227	234	252	259	256	906	1,001
Statutory underwriting gain (loss)	\$ 71	\$ 15	\$ 35	\$ 11	\$ 31	\$ (30)	\$ (37)	\$ (182)	\$ 132	\$ (218)

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%	92.8%	69.1%	79.4%
Underwriting expense ratio	25.8%	26.1%	25.4%	25.1%	24.9%	25.4%	24.3%	23.9%	25.6%	24.6%
Combined ratio	90.2%	96.5%	93.9%	98.1%	95.2%	101.3%	101.4%	116.7%	94.7%	104.0%

Impact of catastrophes on combined ratio	0.0%	2.1%	0.1%	0.1%	2.0%	2.7%	0.3%	0.6%	0.5%	1.4%
Impact of prior year reserve development on combined ratio	-2.8%	-2.5%	-2.4%	-2.2%	-0.8%	0.0%	0.0%	3.9%	-2.5%	0.8%

Catastrophe losses, net of reinsurance:

Pre-tax	\$ —	\$ 18	\$ —	\$ 1	\$ 19	\$ 24	\$ 4	\$ 5	\$ 19	\$ 52
After-tax	\$ —	\$ 12	\$ —	\$ —	\$ 12	\$ 16	\$ 2	\$ 4	\$ 12	\$ 34

Prior year reserve development - favorable (unfavorable)

Pre-tax	\$ 22	\$ 21	\$ 21	\$ 20	\$ 7	\$ —	\$ —	\$ (40)	\$ 84	\$ (33)
After-tax	\$ 15	\$ 14	\$ 13	\$ 13	\$ 4	\$ —	\$ —	\$ (25)	\$ 55	\$ (21)

Policies in force (in thousands)	2,021	2,057	2,106	2,157	2,212	2,275	2,350	2,428
Change from prior year quarter	1.8%	3.8%	5.8%	7.9%	9.5%	10.6%	11.6%	12.6%
Change from prior quarter	1.1%	1.8%	2.4%	2.4%	2.5%	2.8%	3.3%	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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Billing and policy fees and other	\$ 9	\$ 8	\$ 8	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 34	\$ 36
Fee income	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 8	\$ 8

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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Gross written premiums	\$ 795	\$ 1,029	\$ 1,052	\$ 897	\$ 803	\$ 1,045	\$ 1,075	\$ 920	\$ 3,773	\$ 3,843
Net written premiums	\$ 748	\$ 1,010	\$ 1,035	\$ 894	\$ 760	\$ 1,036	\$ 1,058	\$ 918	\$ 3,687	\$ 3,772
Net earned premiums	\$ 914	\$ 920	\$ 930	\$ 929	\$ 920	\$ 926	\$ 942	\$ 949	\$ 3,693	\$ 3,737
Losses and loss adjustment expenses	425	498	414	407	578	541	493	447	1,744	2,059
Underwriting expenses	236	289	291	263	236	297	301	272	1,079	1,106
Statutory underwriting gain	\$ 253	\$ 133	\$ 225	\$ 259	\$ 106	\$ 88	\$ 148	\$ 230	\$ 870	\$ 572

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%	47.2%	47.2%	55.1%
Underwriting expense ratio	27.9%	28.8%	28.8%	28.8%	27.6%	29.5%	29.2%	28.9%	28.6%	28.8%
Combined ratio	74.4%	83.0%	73.4%	72.6%	90.4%	87.9%	81.5%	76.1%	75.8%	83.9%
Impact of catastrophes on combined ratio	6.7%	10.1%	4.7%	4.7%	16.0%	9.7%	1.2%	5.2%	6.5%	8.0%
Impact of prior year reserve development on combined ratio	-11.8%	-4.6%	-2.8%	-1.6%	-1.8%	0.0%	2.0%	0.5%	-5.2%	0.2%
Catastrophe losses, net of reinsurance:										
Pre-tax	\$ 61	\$ 93	\$ 43	\$ 44	\$ 147	\$ 91	\$ 11	\$ 49	\$ 241	\$ 298
After-tax	\$ 40	\$ 60	\$ 28	\$ 29	\$ 96	\$ 59	\$ 7	\$ 31	\$ 157	\$ 193
Prior year reserve development - favorable (unfavorable)										
Pre-tax	\$ 108	\$ 43	\$ 26	\$ 15	\$ 17	\$ —	\$ (19)	\$ (5)	\$ 192	\$ (7)
After-tax	\$ 70	\$ 28	\$ 17	\$ 10	\$ 11	\$ —	\$ (12)	\$ (4)	\$ 125	\$ (5)
Policies in force (in thousands)	4,008	4,017	4,034	4,042	4,068	4,117	4,146	4,174		
Change from prior year quarter	-3.3%	-2.3%	-0.9%	0.2%	1.5%	2.5%	2.8%	3.3%		
Change from prior quarter	-0.6%	0.2%	0.4%	0.2%	0.6%	1.2%	0.7%	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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Billing and policy fees and other	\$ 7	\$ 7	\$ 7	\$ 6	\$ 7	\$ 6	\$ 6	\$ 7	\$ 27	\$ 26
Fee income	\$ 1	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 1	\$ 7	\$ 7

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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Net written premiums										
Automobile	\$ 38	\$ 38	\$ 47	\$ 43	\$ 51	\$ 53	\$ 63	\$ 57	\$ 166	\$ 224
Homeowners and other	14	18	20	18	17	22	24	22	70	85
Total net written premiums	\$ 52	\$ 56	\$ 67	\$ 61	\$ 68	\$ 75	\$ 87	\$ 79	\$ 236	\$ 309
Revenues										
Premiums	\$ 48	\$ 51	\$ 56	\$ 59	\$ 63	\$ 67	\$ 73	\$ 78	\$ 214	\$ 281
Other revenues	—	1	—	1	—	1	1	1	2	3
Total revenues	48	52	56	60	63	68	74	79	216	284
Claims and expenses										
Claims and claim adjustment expenses	32	39	39	45	45	53	59	68	155	225
Amortization of deferred acquisition costs	1	1	2	1	1	2	2	1	5	6
General and administrative expenses	37	38	41	37	30	30	32	29	153	121
Total claims and expenses	70	78	82	83	76	85	93	98	313	352
Operating loss before income taxes	(22)	(26)	(26)	(23)	(13)	(17)	(19)	(19)	(97)	(68)
Income taxes	(8)	(9)	(9)	(8)	(5)	(5)	(7)	(7)	(34)	(24)
Operating loss	\$ (14)	\$ (17)	\$ (17)	\$ (15)	\$ (8)	\$ (12)	\$ (12)	\$ (12)	\$ (63)	\$ (44)

Other statistics

Policies in force (in thousands)										
Automobile	104	109	118	126	134	142	152	159		
Homeowners and other	99	104	111	116	120	127	133	137		

Catastrophes, net of reinsurance:

Pre-tax	\$	1	\$	1	\$	2	\$	—	\$	3	\$	3	\$	1	\$	2	\$	4	\$	9
After-tax	\$	1	\$	—	\$	2	\$	—	\$	2	\$	2	\$	1	\$	1	\$	3	\$	6

Prior year reserve development - favorable
(unfavorable)

Pre-tax	\$	1	\$	—	\$	—	\$	1	\$	3	\$	—	\$	(2)	\$	—	\$	2	\$	1
After-tax	\$	—	\$	—	\$	—	\$	1	\$	2	\$	—	\$	(1)	\$	—	\$	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.

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


	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Revenues										
Other revenues	\$ —	\$ —	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 2	\$ 6	\$ 11
Claims and expenses										
Interest expense	92	92	94	95	91	93	89	90	373	363
General and administrative expenses	7	7	8	9	8	7	8	8	31	31
Total claims and expenses	99	99	102	104	99	100	97	98	404	394
Operating loss before income tax benefit	(99)	(99)	(99)	(101)	(96)	(97)	(94)	(96)	(398)	(383)
Income taxes	(35)	(37)	(34)	(37)	(35)	(35)	(34)	(35)	(143)	(139)
Operating loss	\$ (64)	\$ (62)	\$ (65)	\$ (64)	\$ (61)	\$ (62)	\$ (60)	\$ (61)	\$ (255)	\$ (244)

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

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


	December 31, 2016 (1)	December 31, 2015
Assets		
Fixed maturities, available for sale, at fair value (amortized cost \$59,650 and \$58,878)	\$ 60,515	\$ 60,658
Equity securities, available for sale, at fair value (cost \$504 and \$528)	732	705
Real estate investments	928	989
Short-term securities	4,865	4,671
Other investments	3,448	3,447
Total investments	70,488	70,470
Cash	307	380
Investment income accrued	630	642
Premiums receivable	6,722	6,437
Reinsurance recoverables	8,287	8,910
Ceded unearned premiums	589	656
Deferred acquisition costs	1,923	1,849
Deferred taxes	465	296
Contractholder receivables	4,609	4,374
Goodwill	3,580	3,573
Other intangible assets	268	279
Other assets	2,377	2,318

Total assets	\$ 100,245	\$ 100,184
	December 31,	December 31,
	2016 (1)	2015
Liabilities		
Claims and claim adjustment expense reserves	\$ 47,949	\$ 48,295
Unearned premium reserves	12,329	11,971
Contractholder payables	4,609	4,374
Payables for reinsurance premiums	273	296
Debt	6,437	6,344
Other liabilities	5,427	5,306
Total liabilities	77,024	76,586
Shareholders' equity		
Common stock (1,750.0 shares authorized; 279.6 and 295.9 shares issued and outstanding)	22,614	22,172
Retained earnings	32,196	29,945
Accumulated other comprehensive loss	(755)	(157)
Treasury stock, at cost (489.5 and 467.6 shares)	(30,834)	(28,362)
Total shareholders' equity	23,221	23,598
Total liabilities and shareholders' equity	\$ 100,245	\$ 100,184

(1) Preliminary.

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



	December 31,	Pre-tax Book	December 31,	Pre-tax Book
	2016	Yield (1)	2015	Yield (1)
Investment portfolio				
Taxable fixed maturities (including redeemable preferred stock)	\$ 28,895	3.17%	\$ 29,612	3.30%
Tax-exempt fixed maturities	31,620	3.25%	31,046	3.58%
Total fixed maturities	60,515	3.21%	60,658	3.44%
Non-redeemable preferred stocks	129	5.37%	162	5.73%
Public common stocks	603		543	
Total equity securities	732		705	
Real estate investments	928		989	
Short-term securities	4,865	0.74%	4,671	0.37%
Private equities	2,049		2,056	
Hedge funds	339		416	
Real estate partnerships	644		626	
Other investments	416		349	
Total other investments	3,448		3,447	
Total investments	\$ 70,488		\$ 70,470	
Net unrealized investment gains, net of tax, included in shareholders' equity	\$ 730		\$ 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)



	December 31, 2016	December 31, 2015
Fixed maturities		
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 2,035	\$ 2,194
Obligations of states and political subdivisions:		
Pre-refunded	5,157	6,060
All other	26,753	25,351
Total	31,910	31,411
Debt securities issued by foreign governments	1,662	1,873
Mortgage-backed securities - principally obligations of U.S. Government agencies	1,708	1,981
Corporates (including redeemable preferreds)	23,200	23,199
Total fixed maturities	<u>\$ 60,515</u>	<u>\$ 60,658</u>

**Fixed Maturities
Quality Characteristics (1)**

	December 31, 2016	
	Amount	% of Total
Quality Ratings		
Aaa	\$ 25,795	42.6%
Aa	17,456	28.9
A	8,368	13.8
Baa	7,139	11.8
Total investment grade	58,758	97.1
Ba	1,066	1.8
B	432	0.7
Caa and lower	259	0.4
Total below investment grade	1,757	2.9
Total fixed maturities	<u>\$ 60,515</u>	<u>100.0%</u>
Average weighted quality	Aa2, AA	
Average duration of fixed maturities and short-term securities, net of securities lending activities and net receivables and payables on investment sales and purchases	<u>4.2</u>	

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

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



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Gross investment income										
Fixed maturities	\$ 531	\$ 526	\$ 516	\$ 518	\$ 503	\$ 497	\$ 490	\$ 491	\$ 2,091	\$ 1,981
Short-term securities	2	3	3	4	6	7	7	9	12	29
Other	69	113	105	30	44	53	95	138	317	330
	<u>602</u>	<u>642</u>	<u>624</u>	<u>552</u>	<u>553</u>	<u>557</u>	<u>592</u>	<u>638</u>	<u>2,420</u>	<u>2,340</u>
Investment expenses	10	10	10	11	9	8	10	11	41	38
Net investment income, pre-tax	592	632	614	541	544	549	582	627	2,379	2,302
Income taxes	114	129	130	101	105	107	110	134	474	456
Net investment income, after-tax	<u>\$ 478</u>	<u>\$ 503</u>	<u>\$ 484</u>	<u>\$ 440</u>	<u>\$ 439</u>	<u>\$ 442</u>	<u>\$ 472</u>	<u>\$ 493</u>	<u>\$ 1,905</u>	<u>\$ 1,846</u>
Effective tax rate	19.3%	20.5%	21.1%	18.7%	19.3%	19.4%	19.0%	21.3%	20.0%	19.8%
Average invested assets (1)	\$ 70,722	\$ 70,291	\$ 70,569	\$ 70,756	\$ 69,926	\$ 70,033	\$ 70,110	\$ 70,697	\$ 70,627	\$ 70,246
Average yield pre-tax (1)	3.3%	3.6%	3.5%	3.1%	3.1%	3.1%	3.3%	3.5%	3.4%	3.3%
Average yield after-tax	2.7%	2.9%	2.7%	2.5%	2.5%	2.5%	2.7%	2.8%	2.7%	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.

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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	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Net realized investment gains (losses)										
Fixed maturities	\$ 17	\$ 14	\$ 30	\$ 7	\$ 4	\$ 21	\$ 11	\$ 8	\$ 68	\$ 44
Equity securities	—	(1)	(10)	(20)	(5)	2	2	3	(31)	2
Other (1)	(7)	(3)	(5)	(19)	(8)	(4)	10	24	(34)	22
Realized investment gains (losses) before tax	10	10	15	(32)	(9)	19	23	35	3	68
Related taxes	4	4	5	(12)	(2)	4	8	11	1	21
Net realized investment gains (losses)	\$ 6	\$ 6	\$ 10	\$ (20)	\$ (7)	\$ 15	\$ 15	\$ 24	\$ 2	\$ 47
Gross investment gains (1)	\$ 71	\$ 102	\$ 108	\$ 96	\$ 120	\$ 150	\$ 68	\$ 141	\$ 377	\$ 479
Gross investment losses before impairments (1)	(58)	(86)	(79)	(99)	(111)	(127)	(41)	(103)	(322)	(382)
Net investment gains (losses) before impairments	13	16	29	(3)	9	23	27	38	55	97
Other-than-temporary impairment losses	(3)	(6)	(14)	(29)	(18)	(4)	(4)	(3)	(52)	(29)
Net realized investment gains (losses) before tax	10	10	15	(32)	(9)	19	23	35	3	68
Related taxes	4	4	5	(12)	(2)	4	8	11	1	21
Net realized investment gains (losses)	\$ 6	\$ 6	\$ 10	\$ (20)	\$ (7)	\$ 15	\$ 15	\$ 24	\$ 2	\$ 47

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

Net unrealized investment gains, net of tax, by asset type

Fixed maturities	\$ 2,853	\$ 1,830	\$ 1,983	\$ 1,780	\$ 2,495	\$ 3,336	\$ 2,887	\$ 865
Equity securities & other	319	274	183	194	198	249	248	247
Unrealized investment gains before tax	3,172	2,104	2,166	1,974	2,693	3,585	3,135	1,112
Related taxes	1,096	728	752	685	934	1,244	1,086	382
Balance, end of period	\$ 2,076	\$ 1,376	\$ 1,414	\$ 1,289	\$ 1,759	\$ 2,341	\$ 2,049	\$ 730

(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	\$ 45	\$ 191	\$ 142
Gross investment Treasury future losses	\$ 54	\$ 47	\$ 61	\$ 34	\$ 49	\$ 42	\$ 33	\$ 20	\$ 196	\$ 144

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)



	December 31, 2016	December 31, 2015
Gross reinsurance recoverables on paid and unpaid claims and claim adjustment expenses	\$ 3,181	\$ 3,848
Allowance for uncollectible reinsurance	(116)	(157)
Net reinsurance recoverables (i)	3,065	3,691
Mandatory pools and associations (ii)	2,054	2,015
Structured settlements (iii)	3,168	3,204
Total reinsurance recoverables	\$ 8,287	\$ 8,910

(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	December 31, 2016
Swiss Re Group	A+ second highest of 16 ratings	\$ 367
Berkshire Hathaway	A++ highest of 16 ratings	245
Sompo Japan Nipponkoa Group	A+ second highest of 16 ratings	205
Munich Re Group	A+ second highest of 16 ratings	185
XL Capital Group	A third highest of 16 ratings	145

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 December 31, 2016, after deducting mandatory pools and associations and structured settlement balances, \$2.4 billion, or 79%, were rated by A.M. Best Company. Of the total rated by A.M. Best Company, 99% were rated A- or better. The remaining 21% of net recoverables from reinsurers were comprised of the following: 5% related to the Company's participation in voluntary pools, 13% related to recoverables from captive insurance companies and 3% were balances from other companies not rated by A.M. Best Company. In addition, \$1.0 billion of the net recoverables were collateralized by letters of credit, funds held or trust agreements at December 31, 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	December 31, 2016
Fidelity and Guaranty Life (1)	B++ fifth highest of 16 ratings	\$ 881
Metlife (2)	A third highest of 16 ratings	390
Genworth Financial Group (3)	B++ fifth highest of 16 ratings	378
John Hancock Group	A+ second highest of 16 ratings	295
Symetra Financial Corporation	A third highest of 16 ratings	267

(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. 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 into an entity to be named Brighthouse Financial, Inc. Brighthouse will include MetLife Insurance Company USA, which holds the majority of the structured settlement annuities that the Company has 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.

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

	2015	2015	2015	2015	2016	2016	2016	2016	2015	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	\$ 33,801	\$ 34,568	\$ 33,669
Incurred	2,216	2,187	2,182	2,073	2,252	2,334	2,330	2,077	8,658	8,993
Paid	(2,616)	(2,291)	(2,075)	(2,173)	(2,020)	(2,642)	(2,137)	(2,213)	(9,155)	(9,012)
Foreign exchange and other	(244)	85	(156)	(87)	101	(62)	(24)	(84)	(402)	(69)
End of period	\$ 33,924	\$ 33,905	\$ 33,856	\$ 33,669	\$ 34,002	\$ 33,632	\$ 33,801	\$ 33,581	\$ 33,669	\$ 33,581
Bond & Specialty Insurance										
Beginning of period	\$ 3,239	\$ 3,228	\$ 3,212	\$ 3,142	\$ 3,030	\$ 3,020	\$ 2,927	\$ 2,881	\$ 3,239	\$ 3,030
Incurred	189	191	111	143	162	78	171	147	634	558
Paid	(200)	(207)	(181)	(255)	(172)	(168)	(217)	(201)	(843)	(758)
Foreign exchange and other	—	—	—	—	—	(3)	—	(1)	—	(4)
End of period	\$ 3,228	\$ 3,212	\$ 3,142	\$ 3,030	\$ 3,020	\$ 2,927	\$ 2,881	\$ 2,826	\$ 3,030	\$ 2,826
Personal Insurance										
Beginning of period	\$ 3,200	\$ 3,144	\$ 3,156	\$ 3,093	\$ 3,083	\$ 3,202	\$ 3,238	\$ 3,274	\$ 3,200	\$ 3,083
Incurred	974	1,117	1,040	1,091	1,249	1,297	1,302	1,461	4,222	5,309
Paid	(1,030)	(1,105)	(1,103)	(1,101)	(1,130)	(1,261)	(1,266)	(1,238)	(4,339)	(4,895)
End of period	\$ 3,144	\$ 3,156	\$ 3,093	\$ 3,083	\$ 3,202	\$ 3,238	\$ 3,274	\$ 3,497	\$ 3,083	\$ 3,497
Total										
Beginning of period	\$ 41,007	\$ 40,296	\$ 40,273	\$ 40,091	\$ 39,782	\$ 40,224	\$ 39,797	\$ 39,956	\$ 41,007	\$ 39,782
Incurred	3,379	3,495	3,333	3,307	3,663	3,709	3,803	3,685	13,514	14,860
Paid	(3,846)	(3,603)	(3,359)	(3,529)	(3,322)	(4,071)	(3,620)	(3,652)	(14,337)	(14,665)
Foreign exchange and other	(244)	85	(156)	(87)	101	(65)	(24)	(85)	(402)	(73)
End of period	\$ 40,296	\$ 40,273	\$ 40,091	\$ 39,782	\$ 40,224	\$ 39,797	\$ 39,956	\$ 39,904	\$ 39,782	\$ 39,904

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)	(234)	(701)	(791)
Total Business and International Insurance (1)	(77)	(103)	(49)	(176)	(93)	(138)	(19)	(234)	(405)	(484)
Bond & Specialty Insurance	(35)	(40)	(103)	(80)	(60)	(150)	(41)	(75)	(258)	(326)
Personal Insurance	(131)	(64)	(47)	(36)	(27)	—	21	45	(278)	39
Total	\$ (243)	\$ (207)	\$ (199)	\$ (292)	\$ (180)	\$ (288)	\$ (39)	\$ (264)	\$ (941)	\$ (771)

(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	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YTD	YTD
	2015	2015	2015	2015	2016	2016	2016	2016	4Q	4Q
	2015	2015	2015	2015	2016	2016	2016	2016	2015	2016
Asbestos reserves										
Beginning reserves:										
Gross	\$ 2,520	\$ 1,959	\$ 1,856	\$ 2,086	\$ 1,989	\$ 1,937	\$ 1,317	\$ 1,597	\$ 2,520	\$ 1,989
Ceded	(163)	(123)	(122)	(190)	(179)	(164)	(83)	(195)	(163)	(179)
Net	2,357	1,836	1,734	1,896	1,810	1,773	1,234	1,402	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	85	843	831
Ceded	(40)	(1)	(22)	(10)	(15)	(81)	(18)	(9)	(73)	(123)
Foreign exchange and other:										
Gross	(1)	1	—	(1)	—	(1)	—	—	(1)	(1)
Ceded	—	—	(1)	1	—	—	—	—	—	—
Ending reserves:										
Gross	1,959	1,856	2,086	1,989	1,937	1,317	1,597	1,512	1,989	1,512
Ceded	(123)	(122)	(190)	(179)	(164)	(83)	(195)	(186)	(179)	(186)
Net	\$ 1,836	\$ 1,734	\$ 1,896	\$ 1,810	\$ 1,773	\$ 1,234	\$ 1,402	\$ 1,326	\$ 1,810	\$ 1,326
Environmental reserves										
Beginning reserves:										
Gross	\$ 353	\$ 341	\$ 406	\$ 393	\$ 375	\$ 366	\$ 439	\$ 411	\$ 353	\$ 375
Ceded	(7)	(6)	(15)	(15)	(14)	(14)	(18)	(17)	(7)	(14)
Net	346	335	391	378	361	352	421	394	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	15	56	67
Ceded	(1)	—	—	—	—	(1)	(1)	(4)	(1)	(6)
Foreign exchange and other:										
Gross	(1)	(1)	—	(1)	1	—	—	(1)	(3)	—
Ceded	—	—	—	1	—	—	—	—	1	—
Ending reserves:										
Gross	341	406	393	375	366	439	411	395	375	395
Ceded	(6)	(15)	(15)	(14)	(14)	(18)	(17)	(13)	(14)	(13)
Net	\$ 335	\$ 391	\$ 378	\$ 361	\$ 352	\$ 421	\$ 394	\$ 382	\$ 361	\$ 382

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

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



	December 31, 2016	December 31, 2015
Debt		
Short-term debt		
Commercial paper	\$ 100	\$ 100
5.75% Senior notes due December 15, 2017 (1)	450	—
6.25% Senior notes due June 20, 2016	—	400
Total short-term debt	550	500
Long-term debt		
5.75% Senior notes due December 15, 2017 (1)	—	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	5,911	5,861
Unamortized fair value adjustment	47	49
Unamortized debt issuance costs	(71)	(66)
	5,887	5,844
Total debt	6,437	6,344

Common equity (excluding net unrealized investment gains, net of tax)	22,491	22,309
Total capital (excluding net unrealized investment gains, net of tax)	\$ 28,928	\$ 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.

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The Travelers Companies, Inc.
Statutory Capital and Surplus to GAAP Shareholders' Equity Reconciliation
(\$ in millions)



	December 31, 2016 (1)	December 31, 2015
Statutory capital and surplus	\$ 20,759	\$ 20,567
GAAP adjustments		
Goodwill and intangible assets	3,684	3,687
Investments	1,273	2,258
Noninsurance companies	(4,559)	(4,688)
Deferred acquisition costs	1,923	1,849
Deferred federal income tax	(1,038)	(1,269)
Current federal income tax	(31)	(23)
Reinsurance recoverables	69	109
Furniture, equipment & software	690	672
Agents balances	156	153
Other	295	283
Total GAAP adjustments	2,462	3,031
GAAP shareholders' equity	<u>\$ 23,221</u>	<u>\$ 23,598</u>

(1) Estimated and Preliminary

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

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The Travelers Companies, Inc.
Statement of Cash Flows - Preliminary
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Cash flows from operating activities										
Net income	\$ 833	\$ 812	\$ 928	\$ 866	\$ 691	\$ 664	\$ 716	\$ 943	\$ 3,439	\$ 3,014
Adjustments to reconcile net income to net cash provided by operating activities:										
Net realized investment (gains) losses	(10)	(10)	(15)	32	9	(19)	(23)	(35)	(3)	(68)

Depreciation and amortization	225	204	191	198	213	200	211	202	818	826
Deferred federal income tax expense	133	9	(37)	12	105	(30)	(46)	81	117	110
Amortization of deferred acquisition costs	963	963	987	972	971	989	1,012	1,013	3,885	3,985
Equity in income from other investments	(43)	(91)	(80)	(4)	(17)	(27)	(70)	(118)	(218)	(232)
Premiums receivable	(258)	(228)	186	115	(393)	(174)	227	54	(185)	(286)
Reinsurance recoverables	69	194	(16)	25	126	190	(68)	362	272	610
Deferred acquisition costs	(987)	(1,004)	(1,007)	(922)	(1,014)	(1,048)	(1,034)	(965)	(3,920)	(4,061)
Claims and claim adjustment expense reserves	(561)	(265)	(48)	(201)	226	(613)	248	(118)	(1,075)	(257)
Unearned premium reserves	185	177	180	(294)	328	203	194	(353)	248	372
Other	(350)	(85)	530	(39)	(395)	108	403	73	56	189
Net cash provided by operating activities	199	676	1,799	760	850	443	1,770	1,139	3,434	4,202

Cash flows from investing activities

Proceeds from maturities of fixed maturities	2,830	2,484	3,491	2,311	1,748	2,025	2,875	2,327	11,116	8,975
Proceeds from sales of investments:										
Fixed maturities	906	320	329	395	421	318	126	552	1,950	1,417
Equity securities	11	17	10	21	14	24	33	21	59	92
Real estate investments	7	3	5	16	69	—	—	—	31	69
Other investments	146	208	151	208	186	157	226	270	713	839
Purchases of investments:										
Fixed maturities	(3,325)	(2,914)	(3,733)	(2,118)	(2,700)	(3,005)	(3,299)	(2,605)	(12,090)	(11,609)
Equity securities	(8)	(14)	(9)	(18)	(12)	(14)	(10)	(15)	(49)	(51)
Real estate investments	(6)	(63)	(47)	(7)	(7)	(13)	(10)	(18)	(123)	(48)
Other investments	(168)	(107)	(114)	(145)	(162)	(128)	(132)	(158)	(534)	(580)
Net sales (purchases) of short-term securities	(134)	567	(1,215)	456	85	596	(816)	(64)	(326)	(199)
Securities transactions in course of settlement	305	(122)	(80)	(216)	291	170	50	(532)	(113)	(21)
Acquisitions, net of cash acquired	—	—	—	(13)	—	—	—	—	(13)	—
Other	(90)	(88)	(44)	(82)	(79)	(75)	(86)	(104)	(304)	(344)
Net cash provided by (used in) investing activities	474	291	(1,256)	808	(146)	55	(1,043)	(326)	317	(1,460)

The Travelers Companies, Inc.
Statement of Cash Flows - Preliminary (Continued)
(\$ in millions)



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	YTD 4Q 2015	YTD 4Q 2016
Cash flows from financing activities										
Treasury stock acquired - share repurchase authorization	(600)	(800)	(750)	(1,000)	(550)	(550)	(550)	(750)	(3,150)	(2,400)
Treasury stock acquired - net employee share-based compensation	(71)	(1)	(1)	(1)	(59)	—	(12)	(1)	(74)	(72)
Dividends paid to shareholders	(177)	(192)	(188)	(182)	(180)	(195)	(194)	(188)	(739)	(757)
Payment of debt	—	—	—	(400)	—	(400)	—	—	(400)	(400)
Issuance of debt	—	—	392	—	—	491	—	—	392	491
Issuance of common stock - employee share options	90	27	25	41	64	65	35	168	183	332
Excess tax benefits from share-based payment arrangements (1)	27	4	11	13	—	—	—	—	55	—
Net cash used in financing activities	(731)	(962)	(511)	(1,529)	(725)	(589)	(721)	(771)	(3,733)	(2,806)
Effect of exchange rate changes on cash	(8)	4	(5)	(3)	2	(5)	(2)	(4)	(12)	(9)
Net increase (decrease) in cash	(66)	9	27	36	(19)	(96)	4	38	6	(73)
Cash at beginning of period	374	308	317	344	380	361	265	269	374	380
Cash at end of period	\$ 308	\$ 317	\$ 344	\$ 380	\$ 361	\$ 265	\$ 269	\$ 307	\$ 380	\$ 307
Income taxes paid	\$ 126	\$ 471	\$ 285	\$ 325	\$ 63	\$ 404	\$ 181	\$ 244	\$ 1,207	\$ 892
Interest paid	\$ 34	\$ 149	\$ 34	\$ 148	\$ 42	\$ 138	\$ 43	\$ 135	\$ 365	\$ 358

(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 - Fourth 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 - Business and International Insurance offers a broad array of property and casualty insurance and insurance related services to its clients, primarily in the United States and in Canada, as well as in the United Kingdom, the Republic of Ireland, Brazil 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 - Bond & Specialty Insurance provides surety, crime, management and professional liability, and cyber risk coverages and related risk management services to a wide range of primarily domestic customers, utilizing various degrees of financially-based underwriting approaches. The range of coverages includes performance, payment and commercial surety and fidelity bonds for construction and general commercial enterprises; management liability coverages for losses caused by the actual or alleged negligence or misconduct of directors and officers or employee dishonesty; employment practices liability coverages and fiduciary coverages for public corporations, private companies and not-for-profit organizations; professional liability coverage for actual or alleged errors and omissions committed in the course of professional conduct or practice for a variety of professionals including, among others, lawyers and design professionals; and professional and management liability, property, workers' compensation, auto and general liability and fidelity insurance for financial institutions.

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