

ANNUAL STATEMENT
For the Year Ended December 31, 2016
OF THE CONDITION AND AFFAIRS OF THE
TRAVELERS CASUALTY AND SURETY COMPANY

NAIC Group Code 3548 3548 NAIC Company Code 19038 Employer's ID Number 06-6033504
(Current Period) (Prior Period)

Organized under the Laws of Connecticut, State of Domicile or Port of Entry Connecticut,
Country of Domicile US

INCORPORATED/ORGANIZED, MAY 1, 1883 COMMENCED BUSINESS, MAY 1, 1907

Statutory Home Office: One Tower Square, Hartford, CT, US 06183
Main Administrative Office: One Tower Square, Hartford, CT, US 06183 (860) 277-0111
Mail Address: One Tower Square, Hartford, CT, US 06183
Primary Location of Books and Records: One Tower Square, Hartford, CT, US 06183 (860) 277-0111
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(E-Mail Address) (Fax Number)

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Lists officers including Brian William MacLean, Jay Steven Benet, William Herbert Heyman, Avrohom YAAKOV KESS, Andy Francis Besette, Bruce Richard Jones, Madelyn Joseph Lankton, Maria Olivo, Kenneth Franklin Spence, Douglas Keith Bell, Douglas Kenneth Russell, Scott William Rynda, Renée Helou Davis, and Wendy Constance Skjerven.

DIRECTORS

JAY STEVEN BENET BRIAN WILLIAM MacLEAN GREGORY CHESHIRE TOCZYDLOWSKI
WILLIAM HERBERT HEYMAN KENNETH FRANKLIN SPENCE, III

STATE OF CONNECTICUT }
COUNTY OF HARTFORD } ss:

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Signatures and names of Brian W. MacLean (President), Wendy C. Skjerven (Secretary), and Douglas K. Russell (Controller).

Subscribed and sworn to before me this

24th day of January, 2017
Notary Public
My Commission Expires September 30, 2017



a. Is this an original filing? Yes [x] No [ ]
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	9,132,252,013	0	9,132,252,013	9,063,055,201
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	30,957,660	0	30,957,660	33,881,628
2.2 Common stocks.....	3,847,377,924	0	3,847,377,924	3,849,922,102
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	0	0	0	0
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$....706,453, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$....721,598,932, Schedule DA).....	722,305,385	0	722,305,385	531,018,752
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Derivatives (Schedule DB).....	0	0	0	0
8. Other invested assets (Schedule BA).....	863,198,944	16,073,584	847,125,360	818,904,938
9. Receivables for securities.....	13,092	0	13,092	16,957,500
10. Securities lending reinvested collateral assets (Schedule DL).....	36,370,716	0	36,370,716	51,976,646
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	14,632,475,734	16,073,584	14,616,402,150	14,365,716,766
13. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued.....	95,528,872	0	95,528,872	98,982,209
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	553,654,403	30,488,033	523,166,370	515,265,605
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$....26,105,060 earned but unbilled premiums).....	936,551,224	4,950,718	931,600,506	872,725,701
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....	14,237,354	1,222,226	13,015,128	16,288,800
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	(2,706,342)	0	(2,706,342)	24,786,695
16.2 Funds held by or deposited with reinsured companies.....	1,310,660	0	1,310,660	1,364,069
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0	0
18.2 Net deferred tax asset.....	318,302,040	67,805,372	250,496,668	244,686,428
19. Guaranty funds receivable or on deposit.....	1,031,247	0	1,031,247	1,045,603
20. Electronic data processing equipment and software.....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	64,500,432	0	64,500,432	79,646,386
24. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
25. Aggregate write-ins for other-than-invested assets.....	71,292,017	1,297,566	69,994,451	53,102,607
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	16,686,177,642	121,837,498	16,564,340,144	16,273,610,870
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. TOTAL (Lines 26 and 27).....	16,686,177,642	121,837,498	16,564,340,144	16,273,610,870

## DETAILS OF WRITE-INS

1101.....	0	0	0	0
1102.....	0	0	0	0
1103.....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Suspense, undistributed payments.....	36,070,747	0	36,070,747	10,992,395
2502. Amounts receivable under high deductible policies.....	12,971,739	1,297,566	11,674,173	15,122,879
2503. Equities and deposits in pools and associations.....	11,507,430	0	11,507,430	16,342,823
2598. Summary of remaining write-ins for Line 25 from overflow page.....	10,742,102	0	10,742,102	10,644,511
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	71,292,017	1,297,566	69,994,451	53,102,607

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	5,954,948,262	5,897,171,874
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	230,726,982	240,862,404
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	1,400,869,800	1,358,967,040
4. Commissions payable, contingent commissions and other similar charges.....	137,287,831	129,054,531
5. Other expenses (excluding taxes, licenses and fees).....	131,989,621	128,809,884
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	74,025,606	70,467,848
7.1 Current federal and foreign income taxes (including \$.....(84,278,554) on realized capital gains (losses)).....	29,630,434	15,759,121
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$.....81,754 and interest thereon \$.....4,859.....	86,613	137,121
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....170,239,308 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	2,015,473,092	1,926,313,596
10. Advance premium.....	1,000	1,350
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	10,768,449	9,801,630
12. Ceded reinsurance premiums payable (net of ceding commissions).....	40,418,953	47,760,150
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	0	0
14. Amounts withheld or retained by company for account of others.....	11,461,687	10,882,085
15. Remittances and items not allocated.....	3,050,107	3,271,329
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	0	0
20. Derivatives.....	0	0
21. Payable for securities.....	13,730,581	20,229,215
22. Payable for securities lending.....	36,370,716	51,976,646
23. Liability for amounts held under uninsured plans.....	0	0
24. Capital notes \$.....0 and interest thereon \$.....0.....	0	0
25. Aggregate write-ins for liabilities.....	(12,343,030)	(14,121,585)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	10,078,496,703	9,897,344,239
27. Protected cell liabilities.....	0	0
28. Total liabilities (Lines 26 and 27).....	10,078,496,703	9,897,344,239
29. Aggregate write-ins for special surplus funds.....	13,582,113	14,758,336
30. Common capital stock.....	25,000,000	25,000,000
31. Preferred capital stock.....	0	0
32. Aggregate write-ins for other-than-special surplus funds.....	0	0
33. Surplus notes.....	0	0
34. Gross paid in and contributed surplus.....	2,629,824,585	2,629,824,585
35. Unassigned funds (surplus).....	3,817,436,742	3,706,683,711
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....	0	0
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	6,485,843,440	6,376,266,631
38. TOTAL (Page 2, Line 28, Col. 3).....	16,564,340,144	16,273,610,870

## DETAILS OF WRITE-INS

2501. Escheat liability.....	581,666	120,485
2502. Special reserve fund.....	500,000	500,000
2503. Retroactive reinsurance reserve assumed.....	247,036	248,753
2598. Summary of remaining write-ins for Line 25 from overflow page.....	(13,671,731)	(14,990,823)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	(12,343,030)	(14,121,585)
2901. Special surplus from retroactive reinsurance.....	13,582,113	14,758,336
2902. ....	0	0
2903. ....	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	13,582,113	14,758,336
3201. ....	0	0
3202. ....	0	0
3203. ....	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above).....	0	0

# TRAVELERS CASUALTY AND SURETY COMPANY

## STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	4,345,258,140	4,165,014,675
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	2,246,098,688	1,960,945,116
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	508,448,067	485,546,073
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	1,333,412,970	1,294,624,769
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	4,087,959,725	3,741,115,958
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	257,298,415	423,898,716
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	1,114,470,935	1,057,552,140
10. Net realized capital gains (losses) less capital gains tax of \$.....4,642,661 (Exhibit of Capital Gains (Losses)).....	(12,613,173)	(10,017,565)
11. Net investment gain (loss) (Lines 9 + 10).....	1,101,857,761	1,047,534,575
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....2,233,815 amount charged off \$.....10,092,546).....	(7,858,731)	(8,363,860)
13. Finance and service charges not included in premiums.....	15,362,704	15,221,169
14. Aggregate write-ins for miscellaneous income.....	(1,092,895)	(1,403,034)
15. Total other income (Lines 12 through 14).....	6,411,078	5,454,275
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	1,365,567,254	1,476,887,567
17. Dividends to policyholders.....	8,771,355	7,000,415
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	1,356,795,899	1,469,887,152
19. Federal and foreign income taxes incurred.....	172,879,327	210,722,686
20. Net income (Line 18 minus Line 19) (to Line 22).....	1,183,916,572	1,259,164,465
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	6,376,266,631	6,469,470,525
22. Net income (from Line 20).....	1,183,916,572	1,259,164,465
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....2,028,531.....	(23,063,228)	(169,056,996)
25. Change in net unrealized foreign exchange capital gain (loss).....	(1,232,123)	(7,958,526)
26. Change in net deferred income tax.....	2,125,803	(20,605,219)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	22,829,784	13,252,382
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	0	0
29. Change in surplus notes.....	0	0
30. Surplus (contributed to) withdrawn from Protected Cells.....	0	0
31. Cumulative effect of changes in accounting principles.....	0	0
32. Capital changes:		
32.1 Paid in.....	0	0
32.2 Transferred from surplus (Stock Dividend).....	0	0
32.3 Transferred to surplus.....	0	0
33. Surplus adjustments:		
33.1 Paid in.....	0	0
33.2 Transferred to capital (Stock Dividend).....	0	0
33.3. Transferred from capital.....	0	0
34. Net remittances from or (to) Home Office.....	0	0
35. Dividends to stockholders.....	(1,075,000,000)	(1,168,000,000)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....	0	0
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	109,576,809	(93,203,894)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	6,485,843,440	6,376,266,631
<b>DETAILS OF WRITE-INS</b>		
0501. ....	0	0
0502. ....	0	0
0503. ....	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	0	0
1401. Other assets tri-party/tax credit bond income.....	42,083	0
1402. Fines and penalties of regulatory authorities.....	(77,403)	(225,499)
1403. Profit and loss, miscellaneous.....	(338,357)	(390,024)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	(719,219)	(787,511)
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	(1,092,895)	(1,403,034)
3701. ....	0	0
3702. ....	0	0
3703. ....	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above).....	0	0

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	4,365,656,346	4,180,356,592
2. Net investment income.....	1,175,960,966	1,102,913,958
3. Miscellaneous income.....	6,411,078	5,454,275
4. Total (Lines 1 through 3).....	5,548,028,390	5,288,724,825
5. Benefit and loss related payments.....	2,170,911,276	1,992,419,321
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,785,275,123	1,865,703,203
8. Dividends paid to policyholders.....	7,804,536	6,667,705
9. Federal and foreign income taxes paid (recovered) net of \$.....1,077,593 tax on capital gains (losses).....	163,650,675	238,210,079
10. Total (Lines 5 through 9).....	4,127,641,611	4,103,000,309
11. Net cash from operations (Line 4 minus Line 10).....	1,420,386,779	1,185,724,516
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	1,900,676,610	2,290,113,427
12.2 Stocks.....	3,751,092	1,081,631
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	153,646,401	91,330,982
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	(18)
12.7 Miscellaneous proceeds.....	31,073,346	(8,225,181)
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	2,089,147,450	2,374,300,842
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	2,001,105,497	2,289,281,509
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	221,156,447	141,597,786
13.6 Miscellaneous applications.....	6,498,634	27,422,367
13.7 Total investments acquired (Lines 13.1 to 13.6).....	2,228,760,578	2,458,301,662
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(139,613,128)	(84,000,820)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	(42,498)	(39,684)
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	1,075,000,000	1,168,000,000
16.6 Other cash provided (applied).....	(14,444,519)	55,207,436
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(1,089,487,017)	(1,112,832,248)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	191,286,633	(11,108,552)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	531,018,752	542,127,304
19.2 End of year (Line 18 plus Line 19.1).....	722,305,385	531,018,752
<b>Note: Supplemental disclosures of cash flow information for non-cash transactions:</b>		
20.0001 Exchange of bonds.....	35,043,323	17,338,312
20.0002 Stock distribution from limited partnerships.....	1,414,863	5,797,898
20.0003 Interest received in securities.....	624,052	701,735
20.0004 Bonds exchanged for stock.....	73,269	196,846

# TRAVELERS CASUALTY AND SURETY COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	104,162,970	50,197,290	48,199,517	106,160,742
2. Allied lines.....	106,077,739	49,006,714	52,791,748	102,292,705
3. Farmowners multiple peril.....	34,564,621	16,604,461	17,125,004	34,044,079
4. Homeowners multiple peril.....	672,556,698	351,295,881	359,952,209	663,900,369
5. Commercial multiple peril.....	619,331,991	282,055,766	283,467,758	617,919,999
6. Mortgage guaranty.....	0	0	0	0
8. Ocean marine.....	42,669,976	18,755,685	18,149,174	43,276,487
9. Inland marine.....	134,704,761	63,075,610	63,963,380	133,816,991
10. Financial guaranty.....	0	0	0	0
11.1 Medical professional liability - occurrence.....	0	(46)	(40)	(7)
11.2 Medical professional liability - claims-made.....	(1,588)	0	0	(1,588)
12. Earthquake.....	21,160,399	12,475,742	11,262,456	22,373,684
13. Group accident and health.....	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0
15. Other accident and health.....	0	0	0	0
16. Workers' compensation.....	812,216,417	309,573,515	305,140,106	816,649,826
17.1 Other liability - occurrence.....	379,627,980	158,613,387	161,648,971	376,592,396
17.2 Other liability - claims-made.....	112,560,343	64,394,467	64,201,460	112,753,350
17.3 Excess workers' compensation.....	3,844,106	1,353,956	1,332,566	3,865,496
18.1 Products liability - occurrence.....	25,805,065	11,650,542	11,198,822	26,256,785
18.2 Products liability - claims-made.....	5,182,847	2,606,318	2,509,745	5,279,420
19.1, 19.2 Private passenger auto liability.....	532,323,316	182,007,734	223,438,231	490,892,820
19.3, 19.4 Commercial auto liability.....	324,432,144	139,339,799	144,474,334	319,297,609
21. Auto physical damage.....	434,451,873	154,438,306	183,222,354	405,667,825
22. Aircraft (all perils).....	13,638	0	1,558	12,080
23. Fidelity.....	10,300,938	6,508,136	6,973,795	9,835,279
24. Surety.....	721,195	995,275	754,090	962,380
26. Burglary and theft.....	1,312,012	757,116	763,431	1,305,698
27. Boiler and machinery.....	43,456,806	17,213,773	19,704,503	40,966,076
28. Credit.....	(27,948)	1,088	913	(27,773)
29. International.....	505,048	1,760	1,473	505,335
30. Warranty.....	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	7,203,863	3,058,320	3,008,037	7,254,146
32. Reinsurance - nonproportional assumed liability.....	2,673,587	1,856,976	1,984,439	2,546,124
33. Reinsurance - nonproportional assumed financial lines.....	328,071	228,955	211,438	345,588
34. Aggregate write-ins for other lines of business.....	461,086	380,629	327,496	514,219
35. TOTALS.....	4,432,619,954	1,898,447,156	1,985,808,970	4,345,258,140

### DETAILS OF WRITE-INS

3401. Tribal workers' compensation.....	461,086	380,629	327,496	514,219
3402. ....	0	0	0	0
3403. ....	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	461,086	380,629	327,496	514,219

**TRAVELERS CASUALTY AND SURETY COMPANY  
UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1A - RECAPITULATION OF ALL PREMIUMS**

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	47,835,509	741,073	(377,064)	.0	48,199,517
2.	Allied lines.....	51,587,449	1,204,911	(611)	.0	52,791,748
3.	Farmowners multiple peril.....	17,244,690	(119,686)	0	.0	17,125,004
4.	Homeowners multiple peril.....	359,953,778	(1,569)	0	.0	359,952,209
5.	Commercial multiple peril.....	286,713,069	(71,748)	(3,173,563)	.0	283,467,758
6.	Mortgage guaranty.....	0	0	0	.0	0
8.	Ocean marine.....	18,930,620	211,284	(992,730)	.0	18,149,174
9.	Inland marine.....	52,566,808	11,604,420	(207,848)	.0	63,963,380
10.	Financial guaranty.....	0	0	0	.0	0
11.1	Medical professional liability - occurrence.....	(40)	0	0	.0	(40)
11.2	Medical professional liability - claims-made.....	0	0	0	.0	0
12.	Earthquake.....	10,729,024	533,432	0	.0	11,262,456
13.	Group accident and health.....	0	0	0	.0	0
14.	Credit accident and health (group and individual).....	0	0	0	.0	0
15.	Other accident and health.....	0	0	0	.0	0
16.	Workers' compensation.....	328,098,155	(24,901)	(18,295,753)	(4,637,394)	305,140,106
17.1	Other liability - occurrence.....	165,350,118	(2,583,421)	(2,951,349)	1,833,623	161,648,971
17.2	Other liability - claims-made.....	51,421,857	12,721,033	58,570	0	64,201,460
17.3	Excess workers' compensation.....	1,332,770	0	(204)	0	1,332,566
18.1	Products liability - occurrence.....	11,200,206	57,534	(255,314)	196,397	11,198,822
18.2	Products liability - claims-made.....	2,462,152	(43,213)	90,806	0	2,509,745
19.1, 19.2	Private passenger auto liability.....	223,438,231	0	0	0	223,438,231
19.3, 19.4	Commercial auto liability.....	145,391,321	34,700	0	(951,687)	144,474,334
21.	Auto physical damage.....	183,218,587	3,767	0	0	183,222,354
22.	Aircraft (all perils).....	1,558	0	0	0	1,558
23.	Fidelity.....	3,821,773	3,152,022	0	0	6,973,795
24.	Surety.....	62,233	691,857	0	0	754,090
26.	Burglary and theft.....	487,670	275,760	0	0	763,431
27.	Boiler and machinery.....	15,288,668	4,415,835	0	0	19,704,503
28.	Credit.....	913	0	0	0	913
29.	International.....	1,473	0	0	0	1,473
30.	Warranty.....	0	0	0	0	0
31.	Reinsurance - nonproportional assumed property.....	2,306,151	701,886	0	0	3,008,037
32.	Reinsurance - nonproportional assumed liability.....	1,965,932	18,507	0	0	1,984,439
33.	Reinsurance - nonproportional assumed financial lines.....	211,438	0	0	0	211,438
34.	Aggregate write-ins for other lines of business.....	327,496	0	0	0	327,496
35.	TOTALS.....	1,981,949,611	33,523,481	(26,105,060)	(3,559,062)	1,985,808,970
36.	Accrued retrospective premiums based on experience.....					3,559,062
37.	Earned but unbilled premiums.....					26,105,060
38.	Balance (sum of Lines 35 through 37).....					2,015,473,092

**DETAILS OF WRITE-INS**

3401.	Tribal workers' compensation.....	327,496	0	0	0	327,496
3402.	.....	0	0	0	0	0
3403.	.....	0	0	0	0	0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	327,496	0	0	0	327,496

(a) State here basis of computation used in each case: Daily pro rata; pools and associations as submitted.

# TRAVELERS CASUALTY AND SURETY COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	2,302,374	104,162,970	1,712,201	4,014,575	0	104,162,970
2. Allied lines.....	1,359,248	106,077,739	4,970,032	6,329,280	0	106,077,739
3. Farmowners multiple peril.....	0	34,564,621	0	0	0	34,564,621
4. Homeowners multiple peril.....	26,122,423	672,556,698	897,681	27,020,104	0	672,556,698
5. Commercial multiple peril.....	32,872	619,331,991	0	32,872	0	619,331,991
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	1,929	42,669,976	0	1,929	0	42,669,976
9. Inland marine.....	195,751	134,704,761	0	195,751	0	134,704,761
10. Financial guaranty.....	0	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	0	0	0	0	0	0
11.2 Medical professional liability - claims-made.....	0	(1,588)	0	0	0	(1,588)
12. Earthquake.....	35,488	21,160,399	0	35,488	0	21,160,399
13. Group accident and health.....	0	0	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	0	0
16. Workers' compensation.....	233,316,217	812,216,417	7,253	233,323,470	0	812,216,417
17.1 Other liability - occurrence.....	1,913,192	379,627,980	(313,795)	1,599,397	0	379,627,980
17.2 Other liability - claims-made.....	1,183,424	112,560,343	0	1,183,424	0	112,560,343
17.3 Excess workers' compensation.....	0	3,844,106	0	0	0	3,844,106
18.1 Products liability - occurrence.....	565,229	25,805,065	(3,996)	561,234	0	25,805,065
18.2 Products liability - claims-made.....	0	5,182,847	0	0	0	5,182,847
19.1, 19.2 Private passenger auto liability.....	0	532,323,316	0	0	0	532,323,316
19.3, 19.4 Commercial auto liability.....	0	324,432,144	0	0	0	324,432,144
21. Auto physical damage.....	0	434,451,873	0	0	0	434,451,873
22. Aircraft (all perils).....	0	13,638	0	0	0	13,638
23. Fidelity.....	92,354	10,300,938	0	92,354	0	10,300,938
24. Surety.....	47,881,043	721,195	4,105	47,885,148	0	721,195
26. Burglary and theft.....	22,777	1,312,012	11,499	34,276	0	1,312,012
27. Boiler and machinery.....	0	43,456,806	0	0	0	43,456,806
28. Credit.....	0	(27,948)	0	0	0	(27,948)
29. International.....	0	505,048	0	0	0	505,048
30. Warranty.....	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	7,203,863	0	0	0	7,203,863
32. Reinsurance - nonproportional assumed liability.....	XXX	2,673,587	(702)	(702)	0	2,673,587
33. Reinsurance - nonproportional assumed financial lines.....	XXX	328,071	0	0	0	328,071
34. Aggregate write-ins for other lines of business.....	0	461,086	0	0	0	461,086
35. TOTALS.....	315,024,322	4,432,619,954	7,284,278	322,308,600	0	4,432,619,954

### DETAILS OF WRITE-INS

3401. Tribal workers' compensation.....	0	461,086	0	0	0	461,086
3402. ....	0	0	0	0	0	0
3403. ....	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page....	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	461,086	0	0	0	461,086

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [X]

If yes: 1. The amount of such installment premiums \$.0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.0.



**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	1,095,028	51,513,843	2,042,157	50,566,715	51,041,345	48,250,162	53,357,898	50.3
2. Allied lines.....	327,351	52,399,037	4,198,586	48,527,802	32,746,127	27,331,338	53,942,591	52.7
3. Farmowners multiple peril.....	0	16,546,763	0	16,546,763	9,500,415	10,010,870	16,036,308	47.1
4. Homeowners multiple peril.....	11,586,915	296,155,396	11,816,322	295,925,989	141,069,799	128,439,540	308,556,247	46.5
5. Commercial multiple peril.....	3,487,307	261,785,684	3,487,307	261,785,684	528,473,500	504,538,152	285,721,031	46.2
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	0	18,276,236	0	18,276,236	37,598,207	36,492,417	19,382,026	44.8
9. Inland marine.....	56,105	56,701,283	56,105	56,701,283	40,908,815	37,521,799	60,088,299	44.9
10. Financial guaranty.....	0	0	0	0	0	0	0	0.0
11.1 Medical professional liability - occurrence.....	0	36,798	0	36,798	2,803,704	2,859,083	(18,582)	284,556.4
11.2 Medical professional liability - claims-made.....	0	314,433	0	314,433	8,863,715	9,893,049	(714,900)	45,017.2
12. Earthquake.....	270	2,748	270	2,748	(48,090)	123,830	(169,172)	(0.8)
13. Group accident and health.....	0	0	0	0	0	0	0	0.0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0.0
15. Other accident and health.....	0	0	0	0	0	0	0	0.0
16. Workers' compensation.....	145,860,070	376,296,976	146,148,100	376,008,945	2,794,248,718	2,725,770,923	444,486,740	54.4
17.1 Other liability - occurrence.....	258,644,458	221,840,308	258,692,244	221,792,521	775,628,614	857,033,880	140,387,256	37.3
17.2 Other liability - claims-made.....	21,029	65,628,253	21,029	65,628,253	291,760,303	303,492,542	53,896,015	47.8
17.3 Excess workers' compensation.....	5,896,475	4,401,192	5,896,475	4,401,192	120,604,925	107,696,712	17,309,405	447.8
18.1 Products liability - occurrence.....	7,167,545	21,862,790	7,214,290	21,816,045	130,915,896	153,148,697	(416,756)	(1.6)
18.2 Products liability - claims-made.....	0	3,718,737	0	3,718,737	6,442,072	6,171,504	3,989,305	75.6
19.1, 19.2 Private passenger auto liability.....	11,100,694	281,941,415	11,100,694	281,941,415	405,467,566	352,328,033	335,080,948	68.3
19.3, 19.4 Commercial auto liability.....	716,938	177,299,800	716,938	177,299,800	397,144,225	400,507,731	173,936,295	54.5
21. Auto physical damage.....	(2,343)	253,839,631	(2,343)	253,839,631	33,356,966	28,079,476	259,117,121	63.9
22. Aircraft (all perils).....	19,678	164,338	126,200	57,816	1,516,111	1,569,549	4,378	36.2
23. Fidelity.....	(93,255)	8,090,606	(113,700)	8,111,052	12,054,185	18,061,347	2,103,890	21.4
24. Surety.....	5,611,082	(432,708)	4,873,554	304,819	8,717,934	11,042,639	(2,019,886)	(209.9)
26. Burglary and theft.....	106	(10,154)	2,577	(12,625)	1,241,760	1,441,281	(212,146)	(16.2)
27. Boiler and machinery.....	0	13,420,977	0	13,420,977	8,528,919	9,589,008	12,360,888	30.2
28. Credit.....	0	(3,271)	0	(3,271)	1,004,899	1,408,827	(407,200)	1,466.2
29. International.....	0	311,465	0	311,465	1,924,171	1,678,570	557,066	110.2
30. Warranty.....	0	0	0	0	0	0	0	0.0
31. Reinsurance - nonproportional assumed property.....	XXX	2,179,241	10,568	2,168,673	11,039,918	10,172,294	3,036,298	41.9
32. Reinsurance - nonproportional assumed liability.....	XXX	14,824,934	6,201,512	8,623,422	97,008,672	98,783,610	6,848,483	269.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX	6,957	0	6,957	2,427,316	2,955,318	(521,046)	(150.8)
34. Aggregate write-ins for other lines of business.....	0	202,025	0	202,025	957,556	779,691	379,890	73.9
35. TOTALS.....	451,495,451	2,199,315,733	462,488,883	2,188,322,300	5,954,948,262	5,897,171,874	2,246,098,688	51.7

**DETAILS OF WRITE-INS**

3401. Tribal workers' compensation.....	0	202,025	0	202,025	957,556	779,691	379,890	73.9
3402. ....	0	0	0	0	0	0	0	0.0
3403. ....	0	0	0	0	0	0	0	0.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	202,025	0	202,025	957,556	779,691	379,890	73.9

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	660,460	39,593,428	883,982	39,369,906	36,494	11,738,673	103,727	51,041,345	3,516,069
2. Allied lines.....	149,832	26,748,580	261,718	26,636,694	106,475	8,393,654	2,390,696	32,746,127	6,829,383
3. Farmowners multiple peril.....	0	5,410,798	0	5,410,798	0	4,089,617	0	9,500,415	2,728,529
4. Homeowners multiple peril.....	7,531,696	74,746,823	7,628,858	74,649,661	2,841,179	66,444,813	2,865,854	141,069,799	27,198,534
5. Commercial multiple peril.....	4,373,894	254,461,367	4,465,550	254,369,711	4,456,321	274,103,788	4,456,321	528,473,500	203,989,584
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	21,294	18,870,248	21,346	18,870,195	48	18,728,012	48	37,598,207	7,929,712
9. Inland marine.....	0	24,185,579	0	24,185,579	14,677	16,723,235	14,677	40,908,815	3,963,746
10. Financial guaranty.....	0	0	0	0	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	0	1,508,453	0	1,508,453	371,184	1,295,251	371,184	2,803,704	1,022,670
11.2 Medical professional liability - claims-made.....	0	5,252,014	0	5,252,014	0	3,611,701	0	8,863,715	1,434,621
12. Earthquake.....	0	0	0	0	0	(48,090)	0	(48,090)	72,321
13. Group accident and health.....	0	0	0	0	0	0	0	(a).....0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	0	0	0	(a).....0	0
16. Workers' compensation.....	759,674,273	1,418,137,166	764,478,507	1,413,332,932	425,487,388	1,380,915,786	425,487,388	2,794,248,718	442,632,368
17.1 Other liability - occurrence.....	65,624,311	208,506,393	65,984,474	208,146,230	349,456,646	567,497,836	349,472,098	775,628,614	299,693,438
17.2 Other liability - claims-made.....	141,590	102,747,753	141,590	102,747,753	909,114	189,012,551	909,114	291,760,303	92,449,605
17.3 Excess workers' compensation.....	63,664,632	53,452,776	63,664,632	53,452,776	47,054,117	67,152,149	47,054,117	120,604,925	9,450,088
18.1 Products liability - occurrence.....	27,284,911	31,460,331	27,860,718	30,884,525	64,728,992	100,031,371	64,728,992	130,915,896	143,190,354
18.2 Products liability - claims-made.....	0	1,683,725	0	1,683,725	0	4,758,346	0	6,442,072	5,369,894
19.1, 19.2 Private passenger auto liability.....	324,341,969	225,429,855	324,341,969	225,429,855	3,544,290	180,037,711	3,544,290	405,467,566	66,214,784
19.3, 19.4 Commercial auto liability.....	23,101,886	218,869,269	23,101,886	218,869,269	979,979	178,274,956	979,979	397,144,225	47,211,964
21. Auto physical damage.....	17,524	15,738,921	17,524	15,738,921	14	17,618,045	14	33,356,966	19,343,693
22. Aircraft (all perils).....	1,158,857	1,709,325	1,840,272	1,027,910	17	488,200	17	1,516,111	956,553
23. Fidelity.....	40,499	1,006,353	40,499	1,006,353	2,673	11,047,832	2,673	12,054,185	5,326,520
24. Surety.....	6,791,225	6,473,138	7,465,075	5,799,289	6,697,662	2,918,645	6,697,662	8,717,934	1,444,526
26. Burglary and theft.....	8	11,577	1,052	10,533	(6,984)	1,231,270	(6,941)	1,241,760	463,168
27. Boiler and machinery.....	0	3,922,231	0	3,922,231	0	4,606,688	0	8,528,919	1,842,402
28. Credit.....	0	341,448	0	341,448	0	663,451	0	1,004,899	(99,701)
29. International.....	0	752,614	0	752,614	0	1,171,557	0	1,924,171	125,900
30. Warranty.....	0	0	0	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	7,491,296	18,455	7,472,841	XXX	3,567,077	0	11,039,918	812,011
32. Reinsurance - nonproportional assumed liability.....	XXX	95,153,355	36,044,630	59,108,726	XXX	37,899,946	0	97,008,672	5,224,804
33. Reinsurance - nonproportional assumed financial lines.....	XXX	718,957	56	718,901	XXX	1,708,415	0	2,427,316	179,809
34. Aggregate write-ins for other lines of business.....	0	84,743	0	84,743	0	872,813	0	957,556	352,453
35. TOTALS.....	1,284,578,859	2,844,468,519	1,328,262,791	2,800,784,587	906,680,285	3,156,555,299	909,071,909	5,954,948,262	1,400,869,800
<b>DETAILS OF WRITE-INS</b>									
3401. Tribal workers' compensation.....	0	84,743	0	84,743	0	872,813	0	957,556	352,453
3402. ....	0	0	0	0	0	0	0	0	0
3403. ....	0	0	0	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	84,743	0	84,743	0	872,813	0	957,556	352,453

10

(a) Including \$.....0 for present value of life indemnity claims.

# TRAVELERS CASUALTY AND SURETY COMPANY

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	175,151,699	0	0	175,151,699
1.2 Reinsurance assumed.....	254,819,250	0	0	254,819,250
1.3 Reinsurance ceded.....	176,746,914	0	0	176,746,914
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	253,224,035	0	0	253,224,035
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	36,369,176	0	36,369,176
2.2 Reinsurance assumed, excluding contingent.....	0	587,105,810	0	587,105,810
2.3 Reinsurance ceded, excluding contingent.....	0	37,840,946	0	37,840,946
2.4 Contingent - direct.....	0	2,695,093	0	2,695,093
2.5 Contingent - reinsurance assumed.....	0	44,441,954	0	44,441,954
2.6 Contingent - reinsurance ceded.....	0	2,695,093	0	2,695,093
2.7 Policy and membership fees.....	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	630,075,995	0	630,075,995
3. Allowances to manager and agents.....	0	672,561	0	672,561
4. Advertising.....	28,016	18,997,170	0	19,025,186
5. Boards, bureaus and associations.....	1,039,954	16,617,210	3,546	17,660,710
6. Surveys and underwriting reports.....	79	17,875,630	0	17,875,709
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	158,698,142	308,671,181	4,548,874	471,918,197
8.2 Payroll taxes.....	11,314,329	19,864,149	175,738	31,354,216
9. Employee relations and welfare.....	27,882,615	39,796,830	410,438	68,089,883
10. Insurance.....	17,242,076	3,497,001	3,479	20,742,556
11. Directors' fees.....	0	0	0	0
12. Travel and travel items.....	7,390,253	13,570,310	63,926	21,024,489
13. Rent and rent items.....	8,335,236	17,538,751	208,507	26,082,494
14. Equipment.....	1,576,803	7,814,526	22,463	9,413,792
15. Cost or depreciation of EDP equipment and software.....	4,489,240	58,393,321	76,134	62,958,695
16. Printing and stationery.....	541,049	1,635,412	12,120	2,188,581
17. Postage, telephone and telegraph, exchange and express.....	1,618,844	20,239,795	21,542	21,880,181
18. Legal and auditing.....	6,635,018	6,007,457	229,799	12,872,274
19. Totals (Lines 3 to 18).....	246,791,654	551,191,304	5,776,566	803,759,524
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....544,618.....	0	114,158,289	0	114,158,289
20.2 Insurance department licenses and fees.....	0	9,346,961	0	9,346,961
20.3 Gross guaranty association assessments.....	0	25,447	0	25,447
20.4 All other (excluding federal and foreign income and real estate).....	0	703,913	0	703,913
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	124,234,610	0	124,234,610
21. Real estate expenses.....	0	0	7,502	7,502
22. Real estate taxes.....	0	0	0	0
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	8,432,378	27,911,061	556,579	36,900,018
25. Total expenses incurred.....	508,448,067	1,333,412,970	6,340,647	(a).....1,848,201,684
26. Less unpaid expenses - current year.....	1,400,869,800	340,933,534	2,369,524	1,744,172,858
27. Add unpaid expenses - prior year.....	1,358,967,040	326,264,736	2,067,526	1,687,299,302
28. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year.....	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	466,545,307	1,318,744,172	6,038,649	1,791,328,128

#### DETAILS OF WRITE-INS

2401. Miscellaneous expenses.....	13,882,251	75,330,833	647,670	89,860,753
2402. Service reimbursements.....	(1,948,420)	(20,578,296)	0	(22,526,716)
2403. Cost of computer software developed for internal use.....	(3,501,453)	(26,841,476)	(91,091)	(30,434,020)
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	8,432,378	27,911,061	556,579	36,900,018

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....8,969,297	.....8,422,071
1.1 Bonds exempt from U.S. tax.....	(a).....161,846,912	.....161,405,386
1.2 Other bonds (unaffiliated).....	(a).....140,420,147	.....137,709,858
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....2,490,820	.....2,473,549
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....543,832	.....796,266
2.21 Common stocks of affiliates.....	.....724,200,000	.....724,200,000
3. Mortgage loans.....	(c).....0	.....0
4. Real estate.....	(d).....0	.....0
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....3,024,164	.....3,034,705
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....80,817,463	.....80,817,463
9. Aggregate write-ins for investment income.....	.....2,057,932	.....2,057,932
10. Total gross investment income.....	.....1,124,370,566	.....1,120,917,229
11. Investment expenses.....		(g).....6,340,647
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....85,760
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		.....19,887
16. Total deductions (Lines 11 through 15).....		.....6,446,294
17. Net investment income (Line 10 minus Line 16).....		.....1,114,470,935

## DETAILS OF WRITE-INS

0901. Property and wind plans.....	.....975,822	.....975,822
0902. Securities lending income.....	.....618,169	.....618,169
0903. Miscellaneous income.....	.....446,129	.....446,129
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....17,812	.....17,812
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....2,057,932	.....2,057,932
1501. Management fees.....		.....19,887
1502. ....		.....0
1503. ....		.....0
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....		.....19,887

- (a) Includes \$.....7,876,454 accrual of discount less \$.....66,757,241 amortization of premium and less \$.....3,484,718 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....16,710 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....(734,945)	.....0	.....(734,945)	.....212,090	.....0
1.1 Bonds exempt from U.S. tax.....	.....(404,776)	.....0	.....(404,776)	.....0	.....0
1.2 Other bonds (unaffiliated).....	.....11,529,066	.....(9,470,817)	.....2,058,249	.....25,967,311	.....0
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....(6,508)	.....0	.....(6,508)	.....(1,886,360)	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....248,432	.....(824,385)	.....(575,954)	.....1,670,418	.....0
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	.....(2,406,781)	.....0
3. Mortgage loans.....	.....0	.....0	.....0	.....0	.....0
4. Real estate.....	.....0	.....0	.....0	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....0	.....0	.....0	.....0	.....0
7. Derivative instruments.....	.....(1,476,992)	.....0	.....(1,476,992)	.....(507,172)	.....0
8. Other invested assets.....	.....(108,008)	.....(6,730,003)	.....(6,838,011)	.....(44,084,202)	.....(1,216,842)
9. Aggregate write-ins for capital gains (losses).....	.....0	.....8,425	.....8,425	.....0	.....(15,281)
10. Total capital gains (losses).....	.....9,046,269	.....(17,016,781)	.....(7,970,512)	.....(21,034,697)	.....(1,232,123)

## DETAILS OF WRITE-INS

0901. Foreign exchange.....	.....0	.....8,425	.....8,425	.....0	.....(15,281)
0902. ....	.....0	.....0	.....0	.....0	.....0
0903. ....	.....0	.....0	.....0	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....8,425	.....8,425	.....0	.....(15,281)

**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA).....	16,073,584	30,337,878	14,264,295
9. Receivables for securities.....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	16,073,584	30,337,878	14,264,295
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued.....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	30,488,033	32,133,761	1,645,728
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	4,950,718	4,994,072	43,354
15.3 Accrued retrospective premiums and contracts subject to redetermination.....	1,222,226	1,615,300	393,074
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....	0	0	0
16.2 Funds held by or deposited with reinsured companies.....	0	0	0
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0
18.2 Net deferred tax asset.....	67,805,372	73,518,340	5,712,968
19. Guaranty funds receivable or on deposit.....	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other-than-invested assets.....	1,297,566	2,067,932	770,366
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	121,837,498	144,667,282	22,829,784
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. TOTALS (Lines 26 and 27).....	121,837,498	144,667,282	22,829,784

**DETAILS OF WRITE-INS**

1101.....	0	0	0
1102.....	0	0	0
1103.....	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Amounts receivable under high deductible policies.....	1,297,566	1,680,677	383,111
2502. Other assets nonadmitted.....	0	387,255	387,255
2503.....	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	1,297,566	2,067,932	770,366

**NOTES TO FINANCIAL STATEMENTS**

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN

## A. Accounting Practices:

Travelers Casualty and Surety Company (the Company) prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Connecticut. The State of Connecticut requires that insurance companies domiciled in Connecticut prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Connecticut Insurance Commissioner. The Company does not apply any statutory accounting practices that would be considered a permitted practice in its financial statements.

<u>Net Income</u>	<u>SSAP #</u>	<u>F/S Page</u>	<u>F/S Line #</u>	<u>2016</u>	<u>2015</u>
1. Travelers Casualty and Surety Company state basis	XXX	XXX	XXX	\$ 1,183,916,572	\$ 1,259,164,465
2. State Prescribed Practices that increase/(decrease) NAIC SAP				-	-
3. State Permitted Practices that increase/(decrease) NAIC SAP				-	-
4. NAIC SAP (1-2-3=4)	XXX	XXX	XXX	<u>\$ 1,183,916,572</u>	<u>\$ 1,259,164,465</u>
<u>Surplus</u>					
5. Travelers Casualty and Surety Company state basis	XXX	XXX	XXX	\$ 6,485,843,440	\$ 6,376,266,631
6. State Prescribed Practices that increase/(decrease) NAIC SAP				-	-
7. State Permitted Practices that increase/(decrease) NAIC SAP				-	-
8. NAIC SAP (5-6-7=8)	XXX	XXX	XXX	<u>\$ 6,485,843,440</u>	<u>\$ 6,376,266,631</u>

## B. Use of Estimates in the Preparation of the Financial Statements:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and losses and expenses during the reporting period. Actual results could differ from those estimates.

## C. Accounting Policy:

Certain assets designated as nonadmitted are excluded from the statutory balance sheet and changes in such amounts are charged or credited directly to unassigned funds, a component of surplus as regards policyholders (policyholders' surplus). The costs of acquiring both new and renewal insurance business are charged to income as incurred. Premiums are recognized as revenues pro rata over the policy period. Unearned premium reserves represent the unexpired portion of policy premiums, net of reinsurance. Reserves for losses, loss adjustment expenses (LAE) and unearned premiums ceded to reinsurers have been reported as reductions of the related reserves. Amounts recoverable from reinsurers are estimated in a manner consistent with the loss liability associated with the reinsured business. A liability is established for unsecured, unauthorized reinsurance and overdue authorized reinsurance recoverables.

The provision for federal income taxes is comprised of two components: current income taxes and deferred income taxes. Deferred federal income taxes arise from changes during the year in cumulative temporary differences between the statutory basis and tax basis of assets and liabilities. Gross deferred tax assets are reduced by a statutory valuation allowance adjustment if, based on the weight of available evidence, it is more likely than not that some portion or all of the gross deferred tax assets will not be realized.

Invested assets are valued according to statutory requirements and the bases of valuation adopted by the NAIC.

Short-term investments are stated at amortized cost and consist of investments with remaining maturities of one year or less at the time of acquisition, excluding those investments classified as cash equivalents.

Bonds are generally stated at amortized cost, except bonds that are defined by the NAIC as non-investment grade (NAIC Class 3-6) which are stated at the lower of amortized cost or NAIC fair value. Amortization is calculated using the constant yield method.

Common stocks of non-affiliates are stated at NAIC fair value based on fair values received from the Securities Valuation Office (SVO) or by a third party organization.

NAIC Class 1 and 2 redeemable preferred stocks generally are stated at amortized cost, whereas NAIC Class 3-6 redeemable preferred stocks are stated at the lower of cost, amortized cost, or NAIC fair value. NAIC Class 1 and 2 non-redeemable preferred stocks generally are stated at NAIC fair value, while NAIC Class 3-6 non-redeemable preferred stocks are stated at the lower of cost or NAIC fair value.

Loan-backed and structured securities are amortized using the retrospective method, except for securities that have incurred a decline in fair value that is other-than-temporary which are amortized using the prospective method. The effective yield used to determine amortization is calculated based on actual historical and projected future cash flows, which are obtained from a nationally recognized securities data provider.

Common stock investments in subsidiaries and affiliated entities are based on the net worth of the entity, determined in accordance with statutory accounting valuation methods. Dividends received from subsidiaries are recorded as net investment income and undistributed net income is recorded as net unrealized capital gains or (losses).

The Company also exercises 100% control over Travelers Lloyds of Texas Insurance Company, an unincorporated association, reported on Schedule BA based on the underlying statutory equity of its financial statements.

The Company's investments in partnerships, joint ventures and limited liability companies are reported using the equity method of accounting, determined in accordance with statutory accounting valuation methods. Distributions of accumulated earnings received from these investments are recorded as net investment income earned and undistributed net income is recorded as net unrealized capital gains or (losses).

For accounting policy in regards to derivative instruments, see Note 8.

The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.

Property-casualty reserves are established for loss and LAE and represent management's estimate of the ultimate cost of all unpaid reported and unreported claims incurred and related expenses. In establishing loss and LAE reserves, the Company also takes into account estimated recoveries, reinsurance, salvage and subrogation. The loss and LAE reserves are reviewed regularly by qualified actuaries employed by the Company. The Company continually refines its loss and LAE reserve estimates in a regular ongoing process as historical loss experience develops and additional claims are reported and settled. Because establishment of loss and LAE reserves is an inherently uncertain process involving estimates, currently established reserves may change. The Company reflects adjustments to loss and LAE reserves in the period in which the estimates change. Such changes in estimates could occur in

**NOTES TO FINANCIAL STATEMENTS**

a future period and may be material to the Company's net income in such period. For a discussion of loss and LAE reserves related to asbestos and environmental reserves, see Note 33.

The Company has not modified its accounting policy regarding the capitalization of fixed assets from the prior period.

## D. Going Concern:

Not applicable.

## 2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

The Company had no material changes in accounting principles or material corrections of errors during 2016.

## 3. BUSINESS COMBINATIONS AND GOODWILL

Not applicable.

## 4. DISCONTINUED OPERATIONS

Not applicable.

## 5. INVESTMENTS

## A. Mortgage Loans:

Not applicable.

## B. Debt Restructuring:

Not applicable.

## C. Reverse Mortgages:

Not applicable.

## D. Loan-Backed Securities:

1. The Company applies the retrospective method of revaluing loan-backed securities. The Company's loan-backed securities are revalued quarterly using the constant effective yield method which includes an adjustment for estimated principal prepayments, if any. The effective yield used to determine amortization for these securities is recalculated and adjusted periodically based upon actual historical and/or projected future cash flows. The Company changes from the retrospective to prospective method for valuing the securities when an other-than-temporary impairment has been recorded.

For collateralized mortgage obligations, asset-backed securities and pass-through certificates prepayment assumptions are adjusted periodically.

When unit prices published by the SVO are not available, the Company uses a nationally recognized pricing service, as well as broker quotes in determining the fair value of its loan-backed securities.

2. Not applicable.

3. The Company had no loan-backed or structured securities with other-than-temporary impairments recognized in 2016.

4. The gross unrealized investment losses and related fair value for impaired securities for which an other-than-temporary impairment has not been recognized as a realized loss were as follows:

- a. The aggregate amount of unrealized losses:

1. Less than 12 Months	\$ 771,838
2. 12 Months or Longer	\$ 149,616

- b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	\$ 85,361,198
2. 12 Months or Longer	\$ 22,696,033

5. The Company determines an other-than-temporary impairment by utilizing discounted cash flow modeling to determine the present value of the security and comparing the present value with the amortized cost of the security. If the amortized cost is greater than the present value of the expected cash flows, the difference is considered a credit loss and recognized in net realized capital gains (losses). The Company estimates the present value of the security by projecting future cash flows of the assets underlying the securitization, allocating the flows to the various tranches based on the structure of the securitization, and determining the present value of the cash flows using the effective yield of the security at the date of acquisition (or the most recent implied rate used to accrete the security if the implied rate has changed as a result of a previous impairment or changes in expected cash flows). The Company incorporates levels of delinquencies, defaults and severities as well as credit attributes of the remaining assets in the securitization, along with other economic data, to arrive at its best estimate of the parameters applied to the assets underlying the securitization.

## E. Repurchase Agreements and/or Securities Lending Transactions:

1. The Company requires collateral equal to at least 102% of the market value of the loaned security plus accrued interest. The Company accepts only cash as collateral for securities on loan and restricts the manner in which that cash is invested to U.S. Treasury securities and U.S. Treasury repurchase agreements.

2. Not applicable.

3. Not applicable.

4. Not applicable.

## NOTES TO FINANCIAL STATEMENTS

5. Collateral Reinvestment

Aggregate Cash Collateral Reinvested

<u>Securities Lending</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
30 Days or Less	\$ 36,370,716	\$ 36,370,716

6. Not applicable.

7. Not applicable.

F. Real Estate:

Not applicable.

G. Investments in Low-Income Housing Tax Credits (LIHTC):

Not applicable.

H. Restricted Assets:

1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
b. Collateral held under security lending agreements	36,370,716	-	-	-	36,370,716	51,976,646	(15,605,930)	-	36,370,716	0.2%	0.2%
c. Subject to repurchase agreements	-	-	-	-	-	-	-	-	-	0.0%	0.0%
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-	-	-	0.0%	0.0%
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-	-	-	0.0%	0.0%
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-	-	-	0.0%	0.0%
g. Placed under option contracts	-	-	-	-	-	-	-	-	-	0.0%	0.0%
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	-	-	-	-	-	-	-	0.0%	0.0%
i. FHLB capital stock	-	-	-	-	-	-	-	-	-	0.0%	0.0%
j. On deposit with states	675,538,747	-	-	-	675,538,747	661,644,298	13,894,449	-	675,538,747	4.0%	4.1%
k. On deposit with other regulatory bodies	37,886,802	-	-	-	37,886,802	38,248,710	(361,908)	-	37,886,802	0.2%	0.2%
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-	-	-	0.0%	0.0%
m. Pledged as collateral not captured in other categories	23,636,662	-	-	-	23,636,662	23,707,322	(70,660)	-	23,636,662	0.1%	0.1%
n. Other restricted assets	-	-	-	-	-	-	-	-	-	0.0%	0.0%
<b>o. Total Restricted Assets</b>	<b>\$ 773,432,927</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 773,432,927</b>	<b>\$ 775,576,976</b>	<b>\$ (2,144,049)</b>	<b>\$ -</b>	<b>\$ 773,432,927</b>	<b>4.6%</b>	<b>4.7%</b>

(a) Subset of Column 1  
(b) Subset of Column 3

(c) Column 5 divided by Asset Page, Column 1, Line 28  
(d) Column 9 divided by Asset Page, Column 3, Line 28

2. Details of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in Aggregate)

Description of Assets	Gross (Admitted & Nonadmitted) Restricted							Percentage		
	Current Year					6	7	8	9	10
	1	2	3	4	5					
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Assets
Bonds - Reinsurance	\$ 15,499,469	\$ -	\$ -	\$ -	\$ 15,499,469	\$ 15,702,088	\$ (202,619)	\$ 15,499,469	0.1%	0.1%
Bonds - Futures	8,137,193	-	-	-	8,137,193	8,005,234	131,959	8,137,193	0.0%	0.0%
<b>Total (c)</b>	<b>\$ 23,636,662</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,636,662</b>	<b>\$ 23,707,322</b>	<b>\$ (70,660)</b>	<b>\$ 23,636,662</b>	<b>0.1%</b>	<b>0.1%</b>

(a) Subset of column 1  
(b) Subset of column 3

(c) Total line for columns 1 through 7 should equal 5H(1)m columns 1 through 7 respectively and total line for columns 8 through 10 should equal 5H(1)m columns 9 through 11 respectively

3. Not applicable.



**NOTES TO FINANCIAL STATEMENTS**

## 4. Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Collateral Assets	1 Book/Adjusted Carrying Value (BACV)	2 Fair Value	3 % of BACV to Total Assets (Admitted and Nonadmitted) *	4 % of BACV to Total Admitted Assets **
a. Cash	\$ 36,370,716	\$ 36,370,716	0.2%	0.2%
b. Schedule D, Part 1	-	-	0.0%	0.0%
c. Schedule D, Part 2, Section 1	-	-	0.0%	0.0%
d. Schedule D, Part 2, Section 2	-	-	0.0%	0.0%
e. Schedule B	-	-	0.0%	0.0%
f. Schedule A	-	-	0.0%	0.0%
g. Schedule BA, Part 1	-	-	0.0%	0.0%
h. Schedule DL, Part 1	-	-	0.0%	0.0%
i. Other	-	-	0.0%	0.0%
j. Total Collateral Assets	\$ 36,370,716	\$ 36,370,716	0.2%	0.2%

\* Column 1 divided by Asset Page, Line 26 (Column 1)

\*\* Column 1 divided by Asset Page, Line 26 (Column 3)

	1 Amount	2 % of Liability to Total Liabilities *
k. Recognized Obligation to Return Collateral Asset	\$ 36,370,716	0.4%

\* Column 1 divided by Liability Page, Line 26 (Column 1)

## I. Working Capital Finance Investments:

Not applicable.

## J. Offsetting and Netting of Assets and Liabilities:

Not applicable.

## K. Structured Notes:

Not applicable.

## L. 5\* Securities:

Investment	Number of 5* Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(1) Bonds – AC	1	1	\$ 312,866	\$ 364,816	\$ 375,098	\$ 464,477
(2) Bonds – FV	-	-	-	-	-	-
(3) LB&SS – AC	-	-	-	-	-	-
(4) LB&SS – FV	-	-	-	-	-	-
(5) Preferred Stock – AC	-	-	-	-	-	-
(6) Preferred Stock – FV	-	-	-	-	-	-
(7) Total	1	1	\$ 312,866	\$ 364,816	\$ 375,098	\$ 464,477

AC – Amortized Cost

FV – Fair Value

## 6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

## A. Not applicable.

B. Joint ventures, partnerships, and limited liability companies are recorded on a lag basis with changes in the Company's proportional share of equity recorded as an unrealized gain or (loss), subject to testing for possible impairment. As part of the impairment testing process, the Company evaluates those assets for other-than-temporary impairments using financial information that is received from the respective joint venture, partnership, or limited liability company. The Company concluded that some of the aforementioned assets, as a result of deteriorating economic conditions, had other-than-temporary impairments and recorded a realized loss of \$6,730,003 with an offsetting entry to change in net unrealized capital gains or (losses). There was no impact to policyholders' surplus as the change in net unrealized capital gains or (losses) was offset by the realized loss of the same amount.

## 7. INVESTMENT INCOME

A. Policyholders' surplus excludes due and accrued investment income if amounts are over 90 days past due.

B. At December 31, 2016, the Company had no accrued investment income over 90 days past due.

## 8. DERIVATIVE INSTRUMENTS

From time to time, the Company enters into U.S. Treasury note futures contracts to modify the effective duration of specific assets within the investment portfolio. U.S. Treasury futures contracts require a daily mark-to-market and settlement with the broker. The Company does not hold or issue derivative instruments for trading purposes.

To hedge the Company's overall risk exposure to changes in interest rates, the Company enters into short positions in financial futures contracts which offset asset price changes resulting from changes in market interest rates. These transactions are economic hedges of such exposure and, because these derivative instruments have not been designated as accounting hedges, the contracts are reported at fair value. For these instruments the fair value is zero as the contracts are settled daily. The open derivative contracts are settled daily at fair value with the changes in fair value reported as unrealized capital gain or (loss). Upon closing of contracts the unrealized capital gain or (loss) is reported as a realized capital gain (loss).

**NOTES TO FINANCIAL STATEMENTS**

The contract amount of futures contracts represents the extent of the Company's involvement, but not future cash requirements, as open positions are typically closed out prior to the delivery date of the contract.

**9. INCOME TAXES**

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

	<u>December 31, 2016</u>		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
1. a. Gross deferred tax assets	\$ 307,886,654	\$ 69,111,265	\$ 376,997,919
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred tax assets	<u>307,886,654</u>	<u>69,111,265</u>	<u>376,997,919</u>
d. Deferred tax assets nonadmitted	<u>14,108,072</u>	<u>53,697,300</u>	<u>67,805,372</u>
e. Subtotal net admitted deferred tax assets	293,778,582	15,413,965	309,192,547
f. Deferred tax liabilities	<u>56,781,107</u>	<u>1,914,772</u>	<u>58,695,879</u>
g. Net admitted deferred tax asset/(liability)	<u>\$ 236,997,475</u>	<u>\$ 13,499,193</u>	<u>\$ 250,496,668</u>
	<u>December 31, 2015</u>		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a. Gross deferred tax assets	\$ 315,945,019	\$ 63,818,271	\$ 379,763,290
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred tax assets	<u>315,945,019</u>	<u>63,818,271</u>	<u>379,763,290</u>
d. Deferred tax assets nonadmitted	<u>18,374,642</u>	<u>55,143,698</u>	<u>73,518,340</u>
e. Subtotal net admitted deferred tax assets	297,570,377	8,674,573	306,244,950
f. Deferred tax liabilities	<u>60,077,629</u>	<u>1,480,893</u>	<u>61,558,522</u>
g. Net admitted deferred tax asset/(liability)	<u>\$ 237,492,748</u>	<u>\$ 7,193,680</u>	<u>\$ 244,686,428</u>
	<u>Change</u>		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a. Gross deferred tax assets	\$ (8,058,365)	\$ 5,292,994	\$ (2,765,371)
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred tax assets	<u>(8,058,365)</u>	<u>5,292,994</u>	<u>(2,765,371)</u>
d. Deferred tax assets nonadmitted	<u>(4,266,570)</u>	<u>(1,446,398)</u>	<u>(5,712,968)</u>
e. Subtotal net admitted deferred tax assets	(3,791,795)	6,739,392	2,947,597
f. Deferred tax liabilities	<u>(3,296,522)</u>	<u>433,879</u>	<u>(2,862,643)</u>
g. Net admitted deferred tax asset/(liability)	<u>\$ (495,273)</u>	<u>\$ 6,305,513</u>	<u>\$ 5,810,240</u>

**2. Admission Calculation Components SSAP No. 101:**

	<u>December 31, 2016</u>		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	\$ 211,532,151	\$ 13,499,193	\$ 225,031,344
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (the lesser of 2(b)1 and 2(b)2 below)	25,465,324	-	25,465,324
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	25,465,324	-	25,465,324
2. Adjusted gross deferred tax assets allowed per limitation threshold.	xxxx	xxxx	935,302,016
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities.	56,781,107	1,914,772	58,695,879
d. Deferred tax assets admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	<u>293,778,582</u>	<u>15,413,965</u>	<u>309,192,547</u>
Deferred tax liabilities netted against deferred tax assets	<u>56,781,107</u>	<u>1,914,772</u>	<u>58,695,879</u>
Total	<u>\$ 236,997,475</u>	<u>\$ 13,499,193</u>	<u>\$ 250,496,668</u>
	<u>December 31, 2015</u>		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	\$ 189,537,313	\$ 7,066,020	\$ 196,603,333
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below).	47,955,435	127,660	48,083,095
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	47,955,435	127,660	48,083,095
2. Adjusted gross deferred tax assets allowed per limitation threshold.	xxxx	xxxx	919,737,030

**NOTES TO FINANCIAL STATEMENTS**

c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities.	60,077,629	1,480,893	61,558,522
d. Deferred tax assets admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b)+ 2(c))	<u>297,570,377</u>	<u>8,674,573</u>	<u>306,244,950</u>
Deferred tax liabilities netted against deferred tax assets	<u>60,077,629</u>	<u>1,480,893</u>	<u>61,558,522</u>
Total	<u>\$ 237,492,748</u>	<u>\$ 7,193,680</u>	<u>\$ 244,686,428</u>
		<u>Change</u>	
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	\$ 21,994,838	\$ 6,433,173	\$ 28,428,011
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below).	(22,490,111)	(127,660)	(22,617,771)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	(22,490,111)	(127,660)	(22,617,771)
2. Adjusted gross deferred tax assets allowed per limitation threshold.	xxxx	xxxx	15,564,986
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities.	(3,296,522)	433,879	(2,862,643)
d. Deferred tax assets admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b)+ 2(c))	<u>(3,791,795)</u>	<u>6,739,392</u>	<u>2,947,597</u>
Deferred tax liabilities netted against deferred tax assets	<u>(3,296,522)</u>	<u>433,879</u>	<u>(2,862,643)</u>
Total	<u>\$ (495,273)</u>	<u>\$ 6,305,513</u>	<u>\$ 5,810,240</u>
	<u>2016</u>	<u>2015</u>	
3. a. Ratio percentage used to determine recovery period and threshold limitation amount.	575%	587%	
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above.	\$ 6,235,346,772	\$ 6,131,580,203	
4. Impact of Tax Planning Strategies:			
	<u>December 31, 2016</u>		
	<u>Ordinary</u>	<u>Capital</u>	
a. Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage.			
1. Adjusted gross deferred tax assets amounts from Note 9A1(c)	\$ 307,886,654	\$ 69,111,265	
2. Percentage of adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies.	0%	10%	
3. Net admitted adjusted gross deferred tax assets amounts from Note 9A1(e)	\$ 293,778,582	\$ 15,413,965	
4. Percentage of net admitted adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies.	0%	0%	
	<u>December 31, 2015</u>		
	<u>Ordinary</u>	<u>Capital</u>	
a. Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage.			
1. Adjusted gross deferred tax assets amounts from Note 9A1(c)	\$ 315,945,019	\$ 63,818,271	
2. Percentage of adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies.	0%	0%	
3. Net admitted adjusted gross deferred tax assets amounts from Note 9A1(e)	\$ 297,570,377	\$ 8,674,573	
4. Percentage of net admitted adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies.	0%	0%	

**NOTES TO FINANCIAL STATEMENTS**

	<u>Change</u>	
	<u>Ordinary</u>	<u>Capital</u>
a. Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage.		
1. Adjusted gross deferred tax assets amounts from Note 9A1(c)	\$ (8,058,365)	\$ 5,292,994
2. Percentage of adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies.	0%	10%
3. Net admitted adjusted gross deferred tax assets amounts from Note 9A1(e)	\$ (3,791,795)	\$ 6,739,392
4. Percentage of net admitted adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies.	0%	0%
b. Does the Company's tax-planning strategies include the use of reinsurance?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

## B. Deferred tax liabilities not recognized for the following amounts:

As of December 31, 2016, the Company had undistributed earnings of \$179,494,669 in certain foreign subsidiaries. The Company does not expect those unremitted earnings to reverse and become taxable to the Company in the foreseeable future.

## C. The provisions for incurred tax on earnings are as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>Change</u>
1. Current Income Tax:			
Federal	\$ 172,770,797	\$ 205,966,055	\$ (33,195,258)
Foreign	<u>108,529</u>	<u>4,756,631</u>	<u>(4,648,102)</u>
Subtotal	172,879,326	210,722,686	(37,843,360)
Federal income taxes on net capital gains	<u>4,642,661</u>	<u>5,763,359</u>	<u>(1,120,698)</u>
Federal and foreign income taxes incurred	<u>\$ 177,521,987</u>	<u>\$ 216,486,045</u>	<u>\$ (38,964,058)</u>

## 2. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets are as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>Change</u>
<u>Ordinary:</u>			
Discounting of unpaid losses	\$ 132,278,968	\$ 139,101,073	\$ (6,822,105)
Unearned premium reserve	141,083,185	134,842,045	6,241,140
Nonadmitted assets	18,911,244	24,902,130	(5,990,886)
Other	<u>15,613,257</u>	<u>17,099,771</u>	<u>(1,486,514)</u>
Total ordinary deferred tax assets	\$ 307,886,654	\$ 315,945,019	\$ (8,058,365)
Statutory valuation allowance adjustment	-	-	-
Nonadmitted deferred tax assets	<u>14,108,072</u>	<u>18,374,642</u>	<u>(4,266,570)</u>
Admitted ordinary deferred tax assets	<u>\$ 293,778,582</u>	<u>\$ 297,570,377</u>	<u>\$ (3,791,795)</u>
<u>Capital:</u>			
Investments	\$ 69,111,265	\$ 63,818,271	\$ 5,292,994
Total capital deferred tax assets	\$ 69,111,265	\$ 63,818,271	\$ 5,292,994
Statutory valuation allowance adjustment	-	-	-
Nonadmitted deferred tax assets	<u>53,697,300</u>	<u>55,143,698</u>	<u>(1,446,398)</u>
Admitted capital deferred tax assets	<u>\$ 15,413,965</u>	<u>\$ 8,674,573</u>	<u>\$ 6,739,392</u>
Total admitted deferred tax assets:	<u>\$ 309,192,547</u>	<u>\$ 306,244,950</u>	<u>\$ 2,947,597</u>

## 3. The tax effects of temporary differences that give rise to significant portions of the deferred tax liabilities are as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>Change</u>
<u>Ordinary:</u>			
Investments	\$ 56,418,207	\$ 59,836,108	\$ (3,417,901)
Other	<u>362,900</u>	<u>241,521</u>	<u>121,379</u>
Total ordinary deferred tax liabilities	<u>\$ 56,781,107</u>	<u>\$ 60,077,629</u>	<u>\$ (3,296,522)</u>
<u>Capital:</u>			
Investments	\$ 1,914,772	\$ 1,480,893	\$ 433,879
Total capital deferred tax liabilities	<u>\$ 1,914,772</u>	<u>\$ 1,480,893</u>	<u>\$ 433,879</u>
Total deferred tax liabilities:	<u>\$ 58,695,879</u>	<u>\$ 61,558,522</u>	<u>\$ (2,862,643)</u>
4. Net admitted deferred tax asset/(liability)	<u>\$ 250,496,668</u>	<u>\$ 244,686,428</u>	<u>\$ 5,810,240</u>

5. Deferred income taxes do not include any benefit from investment tax credits.

6. Deferred income taxes do not include a benefit from net operating losses.

7. There are no adjustments to a deferred tax asset or deferred tax liability for enacted changes in tax laws or rates or a change in the tax status of the Company.

8. There are no adjustments to gross deferred tax assets because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset.

**NOTES TO FINANCIAL STATEMENTS**

9. The change in net deferred income taxes is comprised of the following:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>Change</u>
Total deferred tax assets	\$ 376,997,919	\$ 379,763,290	\$ (2,765,371)
Total deferred tax liabilities	58,695,879	61,558,522	(2,862,643)
Net deferred tax asset/(liability)	<u>\$ 318,302,040</u>	<u>\$ 318,204,768</u>	97,272
Tax effect of unrealized gains (losses)			<u>2,028,531</u>
Change in net deferred income tax			<u>\$ 2,125,803</u>

D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate before income tax. The significant items causing this difference are as follows:

Rate Reconciliation:

	<u>December 31, 2016</u>
Pretax net income (loss)	\$1,361,438,560
Taxes at statutory rate	476,503,496
Increase (decrease) attributable to:	
Nontaxable investment income	(306,764,919)
Other	5,657,607
	<u>\$ 175,396,184</u>
Federal and foreign taxes incurred	\$ 177,521,987
Change in net deferred taxes	(2,125,803)
Total statutory income tax	<u>\$ 175,396,184</u>
Effective tax rate	12.9%

- E. 1. The Company has no net operating loss carry-forward available for tax purposes.
2. The Company has \$168,926,359, \$214,957,783, and \$26,324,691 of federal income tax from the current and prior tax years respectively, available for recoupment in the event of future losses.
3. The reporting entity has no protective tax deposits with the Internal Revenue Service (IRS) under Section 6603 of the IRS Code.
- F. 1. The Company is included in a consolidated federal income tax return with its ultimate parent company, The Travelers Companies, Inc. (TRV). A list of the entities included with the Company in a consolidated federal income tax return filing is attached.
2. The Company is a party to a tax allocation agreement that sets forth the manner in which total consolidated federal income tax is allocated among companies included in the consolidated return. Member companies included in the TRV consolidated return are allocated taxes annually based upon their separate taxable income. Companies with a current federal income tax receivable from TRV will receive settlement to the extent that such receivables are for tax benefits that have been utilized in the consolidated federal income tax return. Member companies are reimbursed by TRV in the event the IRS levies upon a member's assets for unpaid taxes in excess of the amount specifically allocated to a member.

In the event that the consolidated group develops an Alternative Minimum Tax (AMT), each company with an AMT on a separate company basis will be allocated a portion of the consolidated AMT. Settlement of the AMT will be made in the same manner and timing as the regular federal income tax.

G. The Company does not believe it is reasonably possible that the liability related to any federal or foreign tax loss contingencies may significantly increase within the next 12 months.

#### 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

A-C. (1) Through December 31, 2016 and 2015, the Company sold \$573.7 million and \$518.9 million of securities to the Travelers Money Market Liquidity Pool (TRVMMLP), respectively, as follows (in millions):

	<u>Proceeds</u>		<u>Proceeds</u>
March 1, 2016	115.2	January 27, 2015	30.0
March 23, 2016	20.0	February 24, 2015	46.6
April 22, 2016	48.0	March 3, 2015	23.7
May 23, 2016	29.3	March 20, 2015	81.6
June 21, 2016	40.0	April 17, 2015	12.6
July 26, 2016	40.0	June 19, 2015	81.2
August 29, 2016	83.4	August 24, 2015	82.4
September 23, 2016	70.5	August 27, 2015	10.1
September 26, 2016	18.0	September 25, 2015	90.0
November 17, 2016	67.6	November 23, 2015	36.7
December 20, 2016	41.7	December 22, 2015	24.0

- (2) In December 2016, the Company purchased \$125.0 million of securities from its affiliate, United States Fidelity and Guaranty Company (USF&G).
- (3) In December 2015, the Company purchased \$450.0 million of securities from its affiliate, USF&G.

Schedule Y - Part 2 summarizes the net flow of funds among affiliates for various types of transactions between affiliates. Regulatory prior approval and/or prior notification has been provided for any transaction requiring such action.

The following are general business arrangements that result in or are used for transactions with affiliates in the normal course of business:

- (1) The principal banking functions for the property-casualty operations of TRV and some or all of its affiliated property-casualty insurance companies are handled by The Travelers Indemnity Company (Indemnity). Settlements between the companies are made at least monthly.

**NOTES TO FINANCIAL STATEMENTS**

- (2) TRV maintains a private short-term investment pool, known as the TRVMMLP, in which affiliated companies may participate. This pool is managed by Indemnity. Each company may convert its position in the pool into cash at any time and may also use its position in the pool to settle transactions with other affiliated participants in the pool. The position of each company in the pool is calculated and adjusted daily. Each participating insurance company carries its share of the pool as a short-term investment in Schedule DA. At December 31, 2016 and 2015, the TRVMMLP totaled \$4.95 billion and \$4.75 billion, respectively.
- D. (1) At December 31, 2016 and 2015, the Company had \$64,500,432 and \$79,646,386 receivable from affiliates, respectively. Substantially all of the accounts between and among the Company and its affiliates are settled at least monthly through the TRVMMLP or in cash.
- (2) The Company participates in an intercompany reinsurance pooling agreement as described in Note 26. The following represents the unsettled balances resulting from affiliated reinsurance that are reported in the respective balance sheet accounts:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Uncollected premiums and agents' balances in course of collection	\$ 272,708,245	\$ 264,885,328
Amounts recoverable from reinsurers	(2,706,342)	24,786,695
Reinsurance payable on paid losses and LAE	230,557,395	236,835,093

These balances were settled net through the intercompany settlement process during January 2017 and January 2016, respectively.

- E. The Company has not provided any guarantees for the benefit of an affiliate which would result in a material contingent exposure for the Company or any affiliated insurer's assets or liabilities.
- F. Material management or service contracts and cost sharing arrangements, involving the Company or any affiliate, other than cost allocation arrangements, are as follows:

<u>TYPE OF CONTRACT AND DESCRIPTION</u>	<u>SERVICING COMPANY</u>	<u>OTHER PARTY</u>
Expense Allocation	The Travelers Indemnity Company	Travelers P&C <sup>1</sup>
Reinsurance Allocation	The Travelers Indemnity Company	Travelers P&C <sup>1</sup>

<sup>1</sup> "Travelers P&C" includes The Travelers Indemnity Company and some or all of its insurance subsidiaries and affiliates.

- G. All of the issued and outstanding common stock of the Company is owned by Travelers Insurance Group Holdings Inc. (TIGHI), an indirect subsidiary of TRV, a publicly traded insurance holding company, the organization of which is shown in Schedule Y - Part 1.
- H. Not applicable.
- I. The Company owns 100% of Travelers Casualty and Surety Company of America (TCSA), whose carrying value exceeds 10% of the admitted assets of the Company. The Company carries its investment in TCSA at TCSA's statutory equity. The statement value of TCSA's assets and liabilities as of December 31, 2016 was \$4.2 billion and \$2.1 billion, respectively. TCSA's net income was \$461.9 million for the year ended December 31, 2016.
- J. Not applicable.
- K. Not applicable.
- L. Not applicable.
- M. The tables below provide information on subsidiary, controlled and affiliated (SCA) investments, excluding investments in U.S. insurance SCA entities.

1. Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8b(i) Entities):

<u>SCA Entity</u>	<u>Percentage Of SCA Ownership</u>	<u>Gross Amount</u>	<u>Admitted Amount</u>	<u>Nonadmitted Amount</u>
a. SSAP No. 97 8a Entities				
Total SSAP No. 97 8a Entities	XXX	\$ -	\$ -	\$ -
b. SSAP No. 97 8b(ii) Entities				
Total SSAP No. 97 8b(ii) Entities	XXX	\$ -	\$ -	\$ -
c. SSAP No. 97 8b(iii) Entities				
8527512 Canada Inc.	77.52%	<u>\$ 406,670,310</u>	<u>\$ 406,670,310</u>	\$ -
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 406,670,310	\$ 406,670,310	\$ -
d. SSAP No. 97 8b(iv) Entities				
Travelers Insurance Company of Canada	100.00%	<u>\$ 247,841,650</u>	<u>\$ 247,841,650</u>	\$ -
Total SSAP No. 97 8b(iv) Entities	XXX	\$ 247,841,650	\$ 247,841,650	\$ -
e. Total SSAP No. 97 8b Entities (except 8b(i) entities)	XXX	\$ 654,511,960	\$ 654,511,960	\$ -
f. Aggregate Total	XXX	\$ 654,511,960	\$ 654,511,960	\$ -

**NOTES TO FINANCIAL STATEMENTS**

## 2. NAIC Filing Response Information:

	Type of NAIC Filing	Date of Filing to the NAIC	12/31/2015 NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code
<i>SCA Entity</i>						
a. SSAP No. 97 8a Entities						
Total SSAP No. 97 8a Entities	XXX	XXX	\$ -	XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities						
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	\$ -	XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities						
8527512 Canada Inc.	S2	7/26/2016	\$ 377,108,230	Y	N	
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	\$ 377,108,230	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities						
Travelers Insurance Company of Canada	S2	7/26/2016	\$ 228,120,552	Y	N	
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	\$ 228,120,552	XXX	XXX	XXX
e. Total SSAP No. 97 8b Entities (except 8b(i) entities)	XXX	XXX	\$ 605,228,782	XXX	XXX	XXX
f. Aggregate Total	XXX	XXX	\$ 605,228,782	XXX	XXX	XXX

N. Not applicable.

## 11. DEBT

Not applicable.

## 12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

## A-D. Defined Benefit Plans:

Not applicable.

## E. Defined Contribution Plans:

Not applicable.

## F. Multiemployer Plans:

Not applicable.

## G. Consolidated/Holding Company Plans:

## 1. Employee Retirement Plans:

The Company participates in a qualified noncontributory defined benefit pension plan sponsored by TRV that provides benefits, primarily under a cash balance formula, for substantially all employees of the Company and its property-casualty affiliates. In addition the Company participates in nonqualified defined benefit pension plans sponsored by TRV which cover certain highly-compensated employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under these plans. The Company is charged for its allocable share of pension expense for these plans based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the pension expense was \$16,887,869 and \$25,647,838 for 2016 and 2015, respectively.

## 2. Postretirement Benefit Plan:

The Company participates in a postretirement health and life insurance benefit plan sponsored by TRV for employees of the Company and its property-casualty affiliates that satisfy certain age and service requirements and for certain retirees. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of postretirement benefit expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the postretirement benefit expense was \$585,530 and \$1,090,946 for 2016 and 2015, respectively.

## 3. 401(k) Savings Plan:

The Company participates in a 401(k) savings plan sponsored by TRV for substantially all employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the 401(k) savings plan expense was \$19,926,932 and \$19,028,113 for 2016 and 2015, respectively.

## H. Postemployment Benefits and Compensated Absences:

Not applicable.

## I. Impact of Medicare Modernization Act on Postretirement Benefits:

Not applicable.

## 13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

The Company has 1,000 shares of common capital stock authorized, issued and outstanding with a par value of \$25,000 per share.

The Company paid ordinary dividends of \$1.075 billion in 2016, to its parent, TIGHI. In 2015, the Company paid ordinary dividends of \$500 million and extraordinary dividends of \$668 million for a total of \$1.168 billion to TIGHI.

**NOTES TO FINANCIAL STATEMENTS**

Dividends to shareholders and the proportion of the profits of the Company that may be paid to shareholders are not limited by charter. The maximum amount of dividends which can be paid by the Company to shareholders without prior approval of the Insurance Commissioner of the State of Connecticut is subject to restrictions relating to statutory surplus or net income. The maximum amount of dividends to shareholders that can be made during 2017 without prior approval is \$1,183,916,000.

There are no restrictions on the use of the Company's unassigned funds and such funds are held for the benefit of the shareholder, except for the dividend restrictions indicated above.

The change in the balance of special surplus from retroactive reinsurance is a result of ongoing activity occurring in 2016. See Note 23F for additional detail.

Unassigned funds have been increased by cumulative net unrealized gains of \$2,092,652,246.

**14. LIABILITIES, CONTINGENCIES AND ASSESSMENTS****A. Contingent Commitments:**

At December 31, 2016, the Company had commitments to fund investments of \$817.0 million.

**B. Assessments:**

1. The Company has accrued liabilities of \$49.4 million for guaranty fund and other insurance-related assessments and related recoverables of \$1.6 million at December 31, 2016. The assessments are expected to be paid over a period ranging from one year to the life expectancy of certain workers' compensation claimants and the recoverables are expected to occur over the same period of time.

2. a. Assets recognized from paid and accrued premium tax offsets December 31, 2015	\$ 1,045,603
b. Decreases current year:	
Premium tax offset charged off	-
Premium tax offset applied	243,742
Premium tax offset refund	70,217
c. Increases current year:	
Premium tax offset accrued	<u>299,604</u>
d. Assets recognized from paid and accrued premium tax offsets December 31, 2016	<u>\$ 1,031,248</u>

**C. Gain Contingencies:**

On August 17, 2010, in a reinsurance dispute in New York state court captioned *United States Fidelity & Guaranty Company v. American Re-Insurance Company, et al.*, the trial court granted summary judgment for USF&G and denied summary judgment for the reinsurers. The Court of Appeals largely affirmed the entry of summary judgment, but remanded two discrete issues for trial. Thereafter, the reinsurers filed a motion with the trial court to change venue, and the trial court denied the motion.

On November 7, 2016, USF&G agreed to a settlement with one of the three defendants then remaining in this dispute. USF&G received payment under the settlement in the fourth quarter of 2016 and, as a result, recognized a \$126 million pre-tax (\$82 million after-tax) benefit in earnings in the fourth quarter. The reinsurance recoverable balance related to this case was reduced from approximately \$238 million to approximately \$31 million.

On December 22, 2016, the Appellate Court, First Department affirmed the denial of the reinsurers' motion to change venue and a trial is set to proceed on May 1, 2017 with regard to the remaining two defendants – both of which are subsidiaries of the same company. At December 31, 2016, the claim related to the remaining defendants totaled \$69 million, comprising \$31 million of a reinsurance recoverable plus interest amounting to \$38 million as of that date. Interest will continue to accrue at an annual rate of 9% until the amounts owed by the remaining defendants are paid, though the reinsurers still party to the case contested that interest is owed in a brief filed on June 6, 2016.

As USF&G is a participant in the TRV Pool, any amounts recoverable from this claim are subject to participation percentages of the TRV Pool (See Note 26). Accordingly, the Company's respective TRV Pool participation share of the remaining \$31 million awarded by the court represents the amounts owed to and reported by the Company under the terms of the disputed reinsurance contract. The Company's respective Pool participation share of the interest that would be received as part of any judgment ultimately entered in favor of USF&G is treated for accounting purposes as a gain contingency in accordance with SSAP No. 5R, *Liabilities, Contingencies and Impairment of Assets - Revised*, and accordingly has not been recognized in the Company's statutory financial statements.

**D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits:**

Not applicable.

**E. Product Warranties:**

Not applicable.

**F. Joint and Several Liabilities:**

Not applicable.

**G. All Other Contingencies:**

The Company has purchased annuities from life insurance companies to fund structured settlements. For a discussion of the Company's contingent liabilities for structured settlements, see Note 27.

In the ordinary course of business, the Company is a defendant or codefendant in various litigation matters. Although there can be no assurances, as of December 31, 2016, the Company believes, based on information currently available, that the ultimate resolution of these legal proceedings would not be likely to have a material adverse effect on its net income, financial condition or liquidity.

For a discussion of contingencies related to asbestos and environmental reserves, see Note 33.



**NOTES TO FINANCIAL STATEMENTS**

## 15. LEASES

Not applicable.

## 16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company has unfunded commitments to private equity limited partnerships and real estate partnerships in which it invests. The off-balance-sheet risk of these financial instruments was \$817.0 million at December 31, 2016.

In prior years, the Company underwrote financial guarantee insurance representing the Company's participation in the Municipal Bond Insurance Association's (MBIA) guarantee of municipal bond obligations. See Note 36 for additional discussion.

## 17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

## A. Transfers of Receivables Reported as Sales:

Not applicable.

## B. Transfer and Servicing of Financial Assets:

The Company engages in securities lending activities from which it generates net investment income from the lending of certain of its investments to other institutions for short periods of time. Borrowers of these securities provide collateral equal to at least 102% of the market value of the loaned securities plus accrued interest. This collateral is held by a third party custodian, and the Company has the right to access the collateral only in the event that the institution borrowing the Company's securities is in default under the lending agreement. The loaned securities remain a recorded asset of the Company. The Company accepts only cash as collateral for securities on loan and restricts the manner in which that cash is invested to U.S. Treasury securities and U.S. Treasury repurchase agreements. These securities typically have a duration of 1 day. See Schedule D – Part 1 for identification and description of securities on loan.

## C. Wash Sales:

Not applicable.

## 18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

Not applicable.

## 19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

The Company did not have any direct premiums written through managing general agents (as defined in Appendix A-225 of the NAIC *Accounting Practices and Procedures Manual*) or third party administrators.

## 20. FAIR VALUE MEASUREMENTS

The Company's estimates of fair value for financial assets and financial liabilities are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Company's significant market assumptions. The level in the fair value hierarchy within which the fair value measurement is reported is based on the lowest level input that is significant to the measurement in its entirety. The three levels of the hierarchy are as follows:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Company's own assumptions about the inputs that market participants would use.

## A. 1. Securities measured and reported at fair value as of December 31, 2016:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bonds				
Industrial and miscellaneous	\$ -	\$ 32,685,973	\$ -	\$ 32,685,973
Preferred stock				
Redeemable	-	29,125,000	-	29,125,000
Nonredeemable	-	1,832,660	-	1,832,660
Total preferred stock	-	30,957,660	-	30,957,660
Common stock				
Industrial and miscellaneous	6,846,003	-	-	6,846,003
Total securities at fair value	\$ 6,846,003	\$ 63,643,633	\$ -	\$ 70,489,636

At December 31, 2016, the Company also holds Level 3 nonredeemable preferred stock and Level 3 industrial and miscellaneous common stock, both measured and reported at their fair value of \$0.

Common stock in the amount of \$127,500 transferred from Level 1 to Level 2 due to the absence of any quoted market price at year end. Transfers between Level 1 and Level 2 are recognized at the end of the period.

## NOTES TO FINANCIAL STATEMENTS

2. Securities measured and reported at fair value using significant unobservable inputs (Level 3):

Description	Beginning Balance at 1/1/2016	Transfers into Level 3	Transfers out of Level 3	Total gains & (losses) included in Net Income	Total gains & (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2016
Bonds	\$ -	\$5,025,300	\$ -	\$767,200	\$ -	\$ -	\$ -	\$(5,792,500)	\$ -	\$ -

Bonds transferred into Level 3 due to the absence of observable market data at the end of the period.

3. Market fluctuations cause securities to change from being held at cost to fair value or vice versa. In addition, securities transfer between levels based on the availability of observable market data. The Company recognizes these transfers at the end of the period.

4. Bonds and preferred stock are carried at fair value in accordance with NAIC guidelines. These securities are generally priced by the SVO or by a third party organization.

The Company holds common stock where fair value is based upon market quotations. Accordingly, the fair value for such common stock is included in the amount disclosed in Level 1 of the hierarchy. The market quotations for these securities are provided by the SVO or a third party organization.

The Company also holds common stock where the fair value estimate is determined by an internal fund manager based on recent filings, operating results, balance sheet stability, growth and other business and market sector fundamentals. Due to the significant unobservable inputs in these valuations, the Company includes the total fair value estimate for all of these investments in Level 3.

5. Not applicable.

B. Not applicable.

C. The following tables provide the aggregate fair value and reported aggregate admitted asset value by type of financial instrument; and the hierarchy level in which the fair values fall:

(At December 31, 2016)	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Short term bonds	\$ 721,597,101	\$ 721,598,932	\$ 174,060,637	\$ 547,536,464	\$ -	\$ -
Long term bonds	9,296,176,378	9,132,252,013	298,664,572	8,991,832,736	5,679,070	-
Preferred stock	30,957,660	30,957,660	-	30,957,660	-	-
Common stock	6,846,003	6,846,003	6,846,003	-	-	-

(At December 31, 2015)	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Short term bonds	\$ 531,267,923	\$ 531,266,995	\$ 183,898,622	\$ 347,369,301	\$ -	\$ -
Long term bonds	9,370,067,925	9,063,055,201	316,658,237	9,044,981,159	8,428,529	-
Preferred stock	34,371,628	33,881,628	136,000	34,235,628	-	-
Common stock	6,983,400	6,983,400	6,983,400	-	-	-

D. Not applicable.

### 21. OTHER ITEMS

A. Unusual or Infrequent Items:

Not applicable.

B. Troubled Debt Restructuring – Debtors:

Not applicable.

C. Other Disclosures:

The Company elected to use rounding in reporting amounts in this statement.

2016 Schedule P:

The 2006 and prior "Total Net Losses and Expenses Unpaid" (Schedule P - Part 1, Column 24, Line 1) is separately reported to accident year as follows (in thousands):

Schedule P	2006	2005	Accident Years 2004	2003	2002 & Prior
Part 1A	\$ 423	\$ 494	\$ 63	\$ 95	\$ 753
Part 1B	304	91	37	31	41,764
Part 1C	909	1,003	1,053	921	11,546
Part 1D	68,100	62,763	65,561	60,673	847,130
Part 1E	10,427	4,795	4,063	2,846	57,421
Part 1F - Section 1	2	52	119	521	2,867
Part 1F - Section 2	(5)	2,876	139	293	6,685
Part 1G	247	(9)	117	481	13,321
Part 1H - Section 1	17,224	13,600	8,747	15,695	397,517
Part 1H - Section 2	8,637	3,189	2,231	4,999	36,293
Part 1M	-	-	-	4	471
Part 1N	-	2	27	19	5,620
Part 1O	(2)	293	684	2,125	82,614
Part 1P	-	93	101	128	1,541
Part 1R - Section 1	3,607	2,823	3,588	3,305	154,357
Part 1R - Section 2	44	89	110	92	2,518

**NOTES TO FINANCIAL STATEMENTS**

The following loss and/or LAE reserves have been assumed / (ceded) under retroactive reinsurance agreements. They are reported here by line of business and accident year to facilitate loss discounting under Internal Revenue Code Section 846 (in thousands):

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Commercial Auto	\$ (27)	\$ (53)	\$ (11)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Workers' Compensation	(882)	(871)	(179)	(8,541)	-	(220)	-	-	-
Commercial Multiple Peril	-	-	-	-	-	-	-	-	-
Medical Malpractice - CM	-	-	-	-	-	-	-	-	-
Special Liability	-	-	-	-	-	-	-	-	-
Other Liability - Occ	(583)	-	-	-	-	-	-	-	-
Other Liability - CM	-	(1,353)	-	-	-	-	-	-	-
Special Property	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Reinsurance A	(117)	-	-	-	-	-	-	-	-
Reinsurance B	(410)	-	-	-	-	-	-	-	-

## D. Business Interruption Insurance Recoveries:

Not applicable.

## E. State Transferable and Non-transferable Tax Credits:

- Description of State Transferable and Non-transferable Tax Credits

	<u>State</u>	<u>Carrying Value</u>	<u>Unused Amount</u>
Petros Pacesetter Oregon Fund I S2016-1	CT	\$ 631,498	\$ 631,115
- These credits are utilized per a set schedule as outlined in the purchase agreement.
- Not applicable.
- State Tax Credits Admitted and Nonadmitted:

	<u>Total Admitted</u>	<u>Total Nonadmitted</u>
Transferable	\$ 631,498	\$ -
Non-transferable	-	-

## F. Subprime Mortgage Related Risk Exposure:

The Company defines subprime mortgage-backed securities as investments which generally contain a majority of loans to borrowers that exhibit one or more of the following characteristics at the time of issuance:

- Low FICO scores,
- Above prime interest rates,
- High loan-to-value ratios,
- High debt-to-income ratios,
- Low loan documentation (e.g. limited or no verification of income and assets), or
- Other characteristics that are inconsistent with conventional underwriting standards employed by government sponsored mortgage entities.

In addition, because of their high loan-to-value ratios, the Company has categorized second-lien mortgage-backed securities as subprime, regardless of the credit characteristics of the borrower on the underlying mortgage.

The Company reviews the credit characteristics of the loans that back these mortgage-backed securities when making the determination to categorize them as subprime exposure. Since the primary purpose of the investment portfolio is to fund future claim payments, the Company employs a conservative investment philosophy. In applying this philosophy to structured securities, including subprime mortgage-backed securities, the Company favors the purchase of senior credit tranches over junior or leveraged credit tranches.

Overall exposure to subprime mortgage-backed securities is sufficiently small in that the Company would likely have other securities available for liquidity needs. The Company utilizes discounted cash flow valuation analysis in its regular, ongoing review of its existing subprime mortgage portfolio, as well as in its analysis of subprime mortgage-backed bonds for purchase. Based upon the credit performance of mortgages within each securitization, the Company projects voluntary prepayments, defaults and loss severity to estimate any expected losses.

Direct exposure through other investments:

	<u>Actual Cost</u>	<u>Book/Adjusted Carrying Value (excluding interest)</u>	<u>Fair Value</u>	<u>Other-Than-Temporary Impairment Losses Recognized</u>
Residential mortgage-backed securities	\$ 23,199,618	\$ 21,173,824	\$ 29,824,987	\$ 16,455,775
Structured securities	8,664,279	8,620,951	9,859,523	-
Total	<u>\$ 31,863,897</u>	<u>\$ 29,794,775</u>	<u>\$ 39,684,510</u>	<u>\$ 16,455,775</u>

## G. Insurance-Linked Securities (ILS) Contracts:

Not applicable.

## 22. EVENTS SUBSEQUENT

The Company had no material subsequent events through February 16, 2017.

## 23. REINSURANCE

## A. Unsecured Reinsurance Recoverables:

## 1. Affiliated Company Recoverables:

The Company participates in the TRV Pool and/or other reinsurance programs with affiliates and takes credit for reinsurance ceded directly and indirectly to these companies. The unsecured aggregate recoverables for ceded losses, loss adjustment

**NOTES TO FINANCIAL STATEMENTS**

expenses and unearned premiums at December 31, 2016, in connection with reinsurance agreements among affiliated insurers, were as follows:

Reinsurance balances ceded to pool participants and recoverable by The Travelers Indemnity Company (06-0566050):

<u>Company</u>	<u>F.E.I.N.</u>	<u>Amount</u>
St. Paul Fire and Marine Insurance Company	41-0406690	\$ 11,702,841,368
Travelers Casualty and Surety Company	06-6033504	9,634,411,017
The Phoenix Insurance Company	06-0303275	2,358,362,358
The Standard Fire Insurance Company	06-6033509	2,283,367,417
United States Fidelity and Guaranty Company	52-0515280	2,081,748,700
Travelers Casualty Insurance Company of America	06-0876835	1,287,722,951
Farmington Casualty Company	06-1067463	698,073,243
The Travelers Indemnity Company of Connecticut	06-0336212	648,669,497
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	646,096,873
The Charter Oak Fire Insurance Company	06-0291290	603,282,332
Northland Insurance Company	41-6009967	575,497,193
St. Paul Surplus Lines Insurance Company	41-1230819	415,011,125
The Travelers Indemnity Company of America	58-6020487	364,983,569
St. Paul Protective Insurance Company	36-2542404	273,578,477
Northfield Insurance Company	41-0983992	245,233,840
Travelers Commercial Casualty Company	95-3634110	221,673,864
Travelers Casualty Company of Connecticut	06-1286266	221,653,662
Travelers Commercial Insurance Company	06-1286268	221,653,662
St. Paul Mercury Insurance Company	41-0881659	189,150,380
Travelers Property Casualty Company of America	36-2719165	184,242,820
Travelers Property Casualty Insurance Company	06-1286274	141,481,054
The Travelers Casualty Company	41-1435765	136,765,020
Travelers Constitution State Insurance Company	41-1435766	136,765,020
Travelers Excess and Surplus Lines Company	06-1203698	127,415,495
The Travelers Home and Marine Insurance Company	35-1838079	127,332,947
Travelers Personal Security Insurance Company	06-1286264	127,332,947
Travelers Personal Insurance Company	36-3703200	127,332,947
TravCo Insurance Company	35-1838077	127,332,947
Discover Property & Casualty Insurance Company	36-2999370	67,310,104
Discover Specialty Insurance Company	52-1925132	66,027,490
Northland Casualty Company	94-6051964	66,024,482
Fidelity and Guaranty Insurance Underwriters, Inc.	52-0616768	47,264,256
American Equity Specialty Insurance Company	86-0868106	47,160,340
St. Paul Guardian Insurance Company	41-0963301	47,160,340
Total		<u>\$ 36,249,959,737</u>

Reinsurance balances assumed by The Travelers Indemnity Company and recoverable by the following pool participants:

<u>Company</u>	<u>F.E.I.N.</u>	<u>Amount</u>
Travelers Property Casualty Company of America	36-2719165	\$ 11,901,006,544
St. Paul Fire and Marine Insurance Company	41-0406690	3,407,722,815
The Travelers Indemnity Company of America	58-6020487	3,086,596,540
The Charter Oak Fire Insurance Company	06-0291290	3,000,158,077
Travelers Casualty and Surety Company	06-6033504	2,942,906,627
The Travelers Indemnity Company of Connecticut	06-0336212	2,869,361,947
The Standard Fire Insurance Company	06-6033509	2,681,976,950
The Phoenix Insurance Company	06-0303275	2,384,593,903
The Travelers Home and Marine Insurance Company	35-1838079	2,146,163,540
Travelers Casualty Insurance Company of America	06-0876835	1,755,302,419
United States Fidelity and Guaranty Company	52-0515280	1,636,246,092
St. Paul Mercury Insurance Company	41-0881659	813,218,753
Farmington Casualty Company	06-1067463	697,706,517
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	614,427,852
Northland Insurance Company	41-6009967	598,767,548
Travelers Property Casualty Insurance Company	06-1286274	505,972,017
Travelers Commercial Insurance Company	06-1286268	501,040,197
Fidelity and Guaranty Insurance Underwriters, Inc.	52-0616768	402,341,761
TravCo Insurance Company	35-1838077	268,766,044
St. Paul Protective Insurance Company	36-2542404	256,332,094
Discover Property & Casualty Insurance Company	36-2999370	238,109,646
Northfield Insurance Company	41-0983992	218,049,607
Travelers Excess and Surplus Lines Company	06-1203698	202,703,536
Travelers Personal Security Insurance Company	06-1286264	193,519,885
St. Paul Surplus Lines Insurance Company	41-1230819	191,218,616
Travelers Personal Insurance Company	36-3703200	187,967,350
St. Paul Guardian Insurance Company	41-0963301	114,874,125
Travelers Commercial Casualty Company	95-3634110	83,090,773
Travelers Casualty Company of Connecticut	06-1286266	62,129,903
Northland Casualty Company	94-6051964	14,144,603
The Travelers Casualty Company	41-1435765	4,680,924
Discover Specialty Insurance Company	52-1925132	3,658,174
Travelers Constitution State Insurance Company	41-1435766	2,354,448
American Equity Specialty Insurance Company	86-0868106	142,796
Total		<u>\$ 43,987,252,623</u>

2. Unaffiliated Company Recoverables:

Not applicable.

**NOTES TO FINANCIAL STATEMENTS****B. Reinsurance Recoverable in Dispute:**

Not applicable.

**C. Reinsurance Assumed and Ceded:**

1.	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$ 2,015,473,092	\$ 251,647,545	\$ 170,239,308	\$ 21,255,706	\$ 1,845,233,784	\$ 230,391,839
All Other	<u>6,707,995</u>	<u>837,546</u>	-	-	<u>6,707,995</u>	<u>837,546</u>
Total	<u>\$ 2,022,181,087</u>	<u>\$ 252,485,091</u>	<u>\$ 170,239,308</u>	<u>\$ 21,255,706</u>	<u>\$ 1,851,941,779</u>	<u>\$ 231,229,385</u>

Direct Unearned Premium Reserve \$ 163,531,314

2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to \$45,273,925 at December 31, 2016. This balance represents the Company's 20.36% pro rata share of the net amount of the TRV Pool (see Note 26):

	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$ 2,763,952	\$ 45,273,925	\$ 2,763,952	\$ 45,273,925
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. Total	<u>\$ 2,763,952</u>	<u>\$ 45,273,925</u>	<u>\$ 2,763,952</u>	<u>\$ 45,273,925</u>

**D. Uncollectible Reinsurance:**

Not applicable.

**E. Commutation of Ceded Reinsurance:**

Not applicable.

**F. Retroactive Reinsurance:**

	Assumed	Ceded
a. Reserves Transferred:		
(1) Initial Reserves	\$ 1,913,840	\$ 37,733,722
(2) Adjustments - Prior Year(s)	(719,502)	36,145,368
(3) Adjustments - Current Year	-	(432,998)
(4) Current Total	<u>\$ 1,194,338</u>	<u>\$ 73,446,092</u>
b. Consideration Paid or Received:		
(1) Initial Consideration	\$ 2,128,656	\$ 38,492,676
(2) Adjustments - Prior Year(s)	193,129	7,414,469
(3) Adjustments - Current Year	-	34,632
(4) Current Total	<u>\$ 2,321,785</u>	<u>\$ 45,941,777</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 945,586	\$ 58,888,267
(2) Current Year	1,717	886,095
(3) Current Total	<u>\$ 947,303</u>	<u>\$ 59,774,362</u>
d. Special Surplus From Retroactive Reinsurance:		
(1) Initial Surplus Gain or Loss	\$ 214,816	\$ (758,954)
(2) Adjustments - Prior Year(s)	912,631	28,730,899
(3) Adjustments - Current Year	-	(467,630)
(4) Current Year Restricted Surplus	<u>1,029,216</u>	<u>12,552,897</u>
(5) Cumulative Total Transferred to Unassigned Funds	<u>\$ 98,231</u>	<u>\$ 14,951,418</u>

- e. List the other insurers included in the above transactions:

Company	Assumed	Ceded
Munich Reinsurance America, Inc. (10227)	\$ 1,099,440	\$ -
Renaissance Reinsurance U.S. Inc. (10357)	-	18,714,487
XL Reinsurance America Inc. (20583)	-	16,056,494
TIG Insurance Company (25534)	-	15,220,476
Swiss Reinsurance America Corporation (25364)	-	5,627,723
Westport Insurance Corporation (39845)	-	3,301,442
Commercial Risk Reinsurance Co. Ltd. (AA-3190433)	-	2,728,240
General Reinsurance Corporation (22039)	-	2,431,432
Excalibur Reinsurance Corp. (39675)	-	2,147,988
Various	<u>94,898</u>	<u>7,217,810</u>
Total	<u>\$ 1,194,338</u>	<u>\$ 73,446,092</u>

- f. Paid Loss/LAE Recoverable:

## 1. Authorized Reinsurers

Company	Total Paid Loss/LAE Recoverable	Amount Over 90 Days Past Due
Renaissance Reinsurance U.S. Inc. (10357)	\$ 3,197	\$ -
XL Reinsurance America Inc. (20583)	120,427	218
Westport Insurance Corporation (39845)	47,096	-
Various	<u>22,499</u>	<u>26</u>
Total	<u>\$ 193,219</u>	<u>\$ 244</u>

**NOTES TO FINANCIAL STATEMENTS**

## 2. Unauthorized Reinsurers

<u>Company</u>	Total Paid Loss/LAE <u>Recoverable</u>	Amount Over 90 Days <u>Past Due</u>	Collateral <u>Held</u>
Excalibur Reinsurance Corp. (39675)	\$ 225,885	\$ 225,885	\$ -
Total	<u>\$ 225,885</u>	<u>\$ 225,885</u>	<u>\$ -</u>

## G. Reinsurance Accounted for as a Deposit:

Not applicable.

## H. Disclosures for the Transfer of Property and Casualty Run-off Agreements:

Not applicable.

## I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation:

Not applicable.

## J. Reinsurance Agreements Qualifying for Reinsurer Aggregation:

Not applicable.

## 24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

A. Accrued retrospective premiums (Page 2, Line 15.3) have been determined based upon loss experience on business subject to such experience rating adjustment. Accrued retrospectively rated premiums, including all of those relating to bulk IBNR, have been determined by or allocated to individual policyholder accounts. Ten percent of the amount not offset by retrospective return premiums, other liabilities to the same party (other than loss and LAE reserves), or collateral as permitted by SSAP No. 66, Retrospectively Rated Contracts, has been nonadmitted. The amount shown in Part E below is the Company's proportionate share of the accrued retrospective premiums of the TRV Pool (see Note 26).

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. See Schedule P - Part 7A.

D. Not applicable.

E. Calculation of nonadmitted retrospective premium:

1. Total accrued retrospective premium	\$ 14,237,354
2. Unsecured amount	3,420,834
3. Less: Nonadmitted amount (10%)	342,083
4. Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	<u>880,143</u>
5. Admitted amount (1) - (3) - (4)	<u>\$ 13,015,128</u>

F. Not applicable.

## 25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

During the period from January 1, 2016 to December 31, 2016, the prior year-end total loss and LAE reserves developed favorably by \$97,031,000, resulting from better than expected loss and defense and cost containment development primarily in the workers' compensation, other liability – occurrence (excluding asbestos and environmental), other liability – claims made and special property lines. This favorable development was partially offset by unfavorable development in the personal auto liability and commercial multiple peril lines and for asbestos and environmental reserves in the products liability – occurrence and other liability – occurrence lines. Lower estimates for adjusting and other expenses also contributed to the total favorable development.

The improvement was driven primarily by better than expected loss experience in (i) the workers' compensation line for accident years 2009, 2013 and 2015 as well as "Prior" accident year (ii) the other liability – occurrence line for both primary and excess coverages for accident years 2011 through 2015 as well as accident years 2007 and prior, (iii) the other liability – claims made line for accident years 2011 and prior, and (iv) the special property line driven by non-weather related losses primarily for accident year 2014. These improvements were partially offset by (i) unfavorable development in the personal auto liability line driven by worse than expected loss experience for bodily injury coverages for the 2015 accident year, (ii) unfavorable development in the commercial multiple peril line resulting from a refinement of IBNR from mono-line property coverages to commercial multiple peril for non-weather related losses, primarily impacting accident year 2015 and (iii) unfavorable development for asbestos and environmental reserves in the products liability – occurrence and other liability – occurrence lines for "Prior" accident year. Lastly, the improvement in adjusting and other expense reserves was driven by the allocation of adjusting and other expense reserves by year as disclosed in the Schedule P Interrogatories of the Company.

The remaining changes are generally the result of ongoing analyses of recent loss data and trends. A portion of the change from prior year effects relates to retrospectively rated policies which are subject to premium adjustments.

## 26. INTERCOMPANY POOLING ARRANGEMENTS

The Company is a participant in the TRV Pool, an intercompany pooling arrangement. The lead company of the TRV Pool is Indemnity. Under the terms of the arrangement, the property-casualty underwriting risks for substantially all lines of business of the intercompany pool participants are reinsured with Indemnity. The pool of net underwriting risks remaining after reinsurance is transacted with third parties by Indemnity is then retroceded to the pool participants based on pool participation percentages. The provision for reinsurance and the write-off of uncollectible reinsurance are reported in the statutory financial statements of Indemnity and are not allocated to the other pool participants.

The names, NAIC company codes and intercompany pool percentages of the companies participating in the TRV Pool are as follows:

<u>TRV Pool Participant</u>	<u>NAIC Company Code</u>	<u>Pool Participation %</u>
St. Paul Fire and Marine Insurance Company	24767	24.79
The Travelers Indemnity Company	25658	23.29
Travelers Casualty and Surety Company	19038	20.36
The Phoenix Insurance Company	25623	5.00
The Standard Fire Insurance Company	19070	4.84

**NOTES TO FINANCIAL STATEMENTS**

United States Fidelity and Guaranty Company	25887	4.41
Travelers Casualty Insurance Company of America	19046	2.73
Farmington Casualty Company	41483	1.48
The Automobile Insurance Company of Hartford, Connecticut	19062	1.37
The Travelers Indemnity Company of Connecticut	25682	1.37
The Charter Oak Fire Insurance Company	25615	1.27
Northland Insurance Company	24015	1.22
St. Paul Surplus Lines Insurance Company	30481	0.88
The Travelers Indemnity Company of America	25666	0.77
St. Paul Protective Insurance Company	19224	0.58
Northfield Insurance Company	27987	0.52
Travelers Casualty Company of Connecticut	36170	0.47
Travelers Commercial Casualty Company	40282	0.47
Travelers Commercial Insurance Company	36137	0.47
St. Paul Mercury Insurance Company	24791	0.40
Travelers Property Casualty Company of America	25674	0.36
Travelers Property Casualty Insurance Company	36161	0.30
The Travelers Casualty Company	41769	0.29
Travelers Constitution State Insurance Company	41750	0.29
TravCo Insurance Company	28188	0.27
Travelers Excess and Surplus Lines Company	29696	0.27
The Travelers Home and Marine Insurance Company	27998	0.27
Travelers Personal Insurance Company	38130	0.27
Travelers Personal Security Insurance Company	36145	0.27
Discover Property & Casualty Insurance Company	36463	0.14
Discover Specialty Insurance Company	10213	0.14
Northland Casualty Company	24031	0.14
American Equity Specialty Insurance Company	10819	0.10
Fidelity and Guaranty Insurance Underwriters, Inc.	25879	0.10
St. Paul Guardian Insurance Company	24775	0.10

All of the above TRV Pool companies are party to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have contractual rights of direct recovery from the non-affiliated reinsurers under the terms of such reinsurance agreements.

As of December 31, 2016 the Company had a net receivable of \$39,444,508 from affiliates as a result of its intercompany pooling transactions which settled in January 2017.

**27. STRUCTURED SETTLEMENTS**

The Company has purchased annuities from life insurance companies, under which the claimant is the payee and the Company is contingently liable as the owner of the annuity contract, to fund structured settlements. These annuity contracts are now the direct responsibility of the life insurance companies from whom they have been purchased and claims settled by the purchase of such annuity contracts are treated as closed claims. In the event that the life insurance company fails to make the required annuity payments, the Company would be required to make such payments if and to the extent the purchased annuities are not covered by state guaranty associations.

The following data represents the Company's proportionate share of structured settlement annuities purchased by members of the TRV Pool (see Note 26):

A.	Loss Reserves	Unrecorded Loss	
	<u>Eliminated by Annuities</u>	<u>Contingencies</u>	
	\$ 583,943,798	\$ 583,943,798	
B.	<u>Life Insurance Company and Location</u>	<u>Licensed in Company's State of Domicile</u>	<u>Statement Value of Annuities</u>
	Fidelity & Guaranty Life Insurance Company, Baltimore, MD	Yes	\$ 171,084,600
	MetLife Insurance Company USA, Charlotte, NC	Yes	59,874,085
	Symetra Life Insurance Company, Bellevue, WA	Yes	43,781,321
	Genworth Life and Annuity Insurance Company, Richmond, VA	Yes	43,424,433
	All other companies		265,779,359

**28. HEALTH CARE RECEIVABLES**

Not applicable.

**29. PARTICIPATING POLICIES**

Not applicable.

**30. PREMIUM DEFICIENCY RESERVES**

1. Liability carried for premium deficiency reserves	\$	0
2. Date of the most recent evaluation of this liability	December 31, 2016	
3. Was anticipated investment income utilized in the calculation?		Yes

**31. HIGH DEDUCTIBLES**

At December 31, 2016, the amount of reserve credit recorded by the Company for high deductible policies on unpaid claims was \$1,147,901,465 and the amount billed and outstanding on paid claims was \$11,400,462. These amounts represent the Company's proportionate share of the TRV Pool (see Note 26).

**32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES**

A. The Company establishes and reports tabular workers' compensation case reserves consistent with statistical reporting requirements, as described below. The total reserve (case plus IBNR/Bulk) for these claims is consistent with the Company's own evaluation of the ultimate payout and a 5% discount rate.

**NOTES TO FINANCIAL STATEMENTS**

Except for certain third party administered claims, tabular workers' compensation case reserves have been discounted in accordance with state approved workers' compensation statistical plans. The tabular case reserves, as included in Schedule P, reflect a discount rate of 3.5% or as specified by state requirements, generally using the following United States Life Tables:

Non-Fatal Cases:	United States Life Tables Total Population 2007 – FL United States Life Tables Total Male or Total Female 2009 – MA & MN United States Life Tables Total Male or Total Female Population 1999 – MA(USL) United States Life Tables Total Male or Total Female 2007 – all other states
Fatal Cases:	New York Mandated Mortality & Remarriage Table – NY United States Life Tables Total Female 2009 – MA & MN ** United States Life Tables Total Female 1999 – MA(USL) * * and the 1980 Railroad Retirement Board Remarriage Table United States Life Tables Total Female 2007 – all other states ** ** and the 1997 Railroad Retirement Board Remarriage Table

Other liability reserves related to annuity obligations from structured settlements are discounted using a discount rate of 5% and reflect the 1983 Individual Annuity Mortality table adjusted for impairment and future mortality improvement.

The Company develops loss reserve estimates for workers' compensation tabular claims that are expectations of what the ultimate settlement costs for these claims will be upon final resolution in the future. These estimates are based on the Company's assessment of facts and circumstances currently known and, using Company experience, multiple actuarial estimation methods. This includes estimates of payment patterns reflecting actual mortality, morbidity and settlement history that relate both to claims currently identified as tabular as well as claims not yet identified as tabular ("IBNR" tabular).

The total reserves and the corresponding discount that the Company has established for these claims reflects these multiple estimation methods, payment patterns and a discount rate of 5%. The liabilities and discount amounts shown below reflect estimates of the ultimate liability for tabular claims. Furthermore, the case vs. IBNR discount amounts shown below each reflects estimates of the ultimate resolution costs for these claims: case amounts for claims already identified as tabular; IBNR amounts for claims yet to be identified as tabular.

The December 31, 2016 liabilities of the Company included \$381,209,765 and \$21,638,966 of such discounted liabilities related to workers' compensation and other liability-occurrence reserves, respectively. The amount of discount for case and IBNR reserves at December 31, 2016 is as follows:

## Tabular Discount

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1 *	
	Case	IBNR
1. Workers' Compensation	\$ 66,195,246	\$ 104,003,453
2. Other Liability-Occurrence	<u>2,319,615</u>	<u>31,789,290</u>
3. Total	<u>\$ 68,514,861</u>	<u>\$ 135,792,743</u>

\* Excludes medical loss reserves and all loss adjustment expense reserves

B. Non-tabular reserves have not been discounted.

C. No changes in the rates or other key assumptions used to discount prior accident year reserves have been made.

**33. ASBESTOS/ENVIRONMENTAL RESERVES**

The following represents the Company's allocable share of the pooled property-casualty business of the TRV Pool, based on its pro rata participation percentage of 20.36%.

A. Does the Company have on the books or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses? Yes (X) No ( )

Exposure for asbestos losses arises from liability coverage written many years ago. The exposures include bodily injury and property damage losses.

Because each policyholder presents different liability and coverage issues, the Company generally reviews the exposure presented by each policyholder at least annually. Among the factors which the Company may consider in the course of this review are: available insurance coverage, including the role of any umbrella or excess insurance the Company has issued to the policyholder; limits and deductibles; an analysis of the policyholder's potential liability; the jurisdictions involved; past and anticipated future claim activity and loss development on pending claims; past settlement values of similar claims; allocated claim adjustment expense; potential role of other insurance; the role, if any, of non-asbestos claims or potential non-asbestos claims in any resolution process; and applicable coverage defenses or determinations, if any, including the determination as to whether or not an asbestos claim is a products/completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim.

The Company continues to be involved in coverage litigation concerning a number of policyholders, some of whom have filed for bankruptcy, who in some instances have asserted that all or a portion of their asbestos-related claims are not subject to aggregate limits on coverage. In these instances, policyholders also may assert that each individual bodily injury claim should be treated as a separate occurrence under the policy. It is difficult to predict whether these policyholders will be successful on both issues. To the extent both issues are resolved in a policyholder's favor and other Company defenses are not successful, the Company's coverage obligations under the policies at issue would be materially increased and bounded only by the applicable per-occurrence limits and the number of asbestos bodily injury claims against the policyholders. Although the Company has seen a reduction in the overall risk associated with these lawsuits, it remains difficult to predict the ultimate cost of these claims.

The Company's quarterly asbestos reserve reviews include an analysis of exposure and claim payment patterns by policyholder category, as well as recent settlements, policyholder bankruptcies, judicial rulings and legislative actions. The Company also analyzes developing payment patterns among policyholders as well as projected reinsurance billings and recoveries. In addition, the Company reviews its historical gross and net loss and expense paid experience, year-by-year, to assess any emerging trends, fluctuations, or characteristics suggested by the aggregate paid activity. Conventional actuarial methods are not utilized to establish asbestos reserves nor have the Company's evaluations resulted in any way of determining a meaningful average asbestos defense or indemnity payment.

In 2009, Travelers Property Casualty Corp. (TPC) and PPG Industries, Inc. (PPG), along with approximately 30 other insurers of PPG agreed in principle to settle asbestos-related coverage litigation under insurance policies issued to PPG (the Agreement). The



**NOTES TO FINANCIAL STATEMENTS**

Agreement was incorporated into the Modified Third Amended Plan of Reorganization (Amended Plan) proposed as part of the Pittsburgh Corning Corp. (which is 50% owned by PPG) bankruptcy proceeding. In January 2016, the remaining objections to the Amended Plan were dismissed and in the second quarter of 2016, TPC fully satisfied its obligation under the Agreement by making payments totaling \$524 million, of which \$518 million was related to asbestos reserves. The Company's allocable share of the payments resulted in a \$105.5 million decrease to the Company's direct asbestos reserves and a \$92.8 million decrease to the Company's net of ceded reinsurance asbestos reserves. The Company's obligations under the Agreement were included in its claim and claim adjustment expense reserves at December 31, 2015.

1. <u>Direct Basis – Asbestos:</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$ 520,276,612	\$ 499,440,712	\$ 484,677,517	\$ 473,180,438	\$ 368,757,423
b. Incurred losses and LAE:	26,121,880	35,406,040	51,451,553	61,405,760	58,698,693
c. Calendar year payments for losses and LAE:	<u>46,957,780</u>	<u>50,169,235</u>	<u>62,948,632</u>	<u>165,828,775</u>	<u>161,745,410</u>
d. Ending reserves:	<u>\$ 499,440,712</u>	<u>\$ 484,677,517</u>	<u>\$ 473,180,438</u>	<u>\$ 368,757,423</u>	<u>\$ 265,710,706</u>
2. <u>Assumed Reinsurance Basis- Asbestos:</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$ 45,390,408	\$ 45,760,432	\$ 43,876,679	\$ 37,920,491	\$ 33,711,182
b. Incurred losses and LAE:	6,657,720	3,277,960	1,077,247	1,506,640	13,498,680
c. Calendar year payments for losses and LAE:	<u>6,287,696</u>	<u>5,161,713</u>	<u>7,033,435</u>	<u>5,715,949</u>	<u>7,244,869</u>
d. Ending reserves:	<u>\$ 45,760,432</u>	<u>\$ 43,876,679</u>	<u>\$ 37,920,491</u>	<u>\$ 33,711,182</u>	<u>\$ 39,964,993</u>
3. <u>Net of Ceded Reinsurance Basis- Asbestos:</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$ 496,204,934	\$ 481,763,570	\$ 476,348,773	\$ 477,825,979	\$ 365,974,890
b. Incurred losses and LAE:	33,594,000	38,684,000	50,900,000	44,792,000	45,728,560
c. Calendar year payments for losses and LAE:	<u>48,035,364</u>	<u>44,098,797</u>	<u>49,422,794</u>	<u>156,643,089</u>	<u>143,945,988</u>
d. Ending reserves:	<u>\$ 481,763,570</u>	<u>\$ 476,348,773</u>	<u>\$ 477,825,979</u>	<u>\$ 365,974,890</u>	<u>\$ 267,757,462</u>

B. Ending loss and LAE reserves for unreported claims included in Part A above:

1. Direct Basis:	\$ 183,138,746
2. Assumed Reinsurance Basis:	\$ 16,162,813
3. Net of Ceded Reinsurance Basis:	\$ 175,078,113

C. Ending LAE reserves for reported and unreported claims included in Part A above:

1. Direct Basis:	\$ 134,960,767
2. Assumed Reinsurance Basis:	\$ 2,539,637
3. Net of Ceded Reinsurance Basis:	\$ 123,083,021

D. Does the Company have on the books or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses? Yes (X) No ( )

Exposure for environmental losses arises from liability coverage written many years ago. The exposures include bodily injury and property damage losses.

The resolution of environmental exposures by the Company generally occurs through settlements with policyholders as opposed to claimants. Generally, the Company strives to extinguish any obligations it may have under any policy issued to the policyholder for past, present and future environmental liabilities and extinguish any pending coverage litigation dispute with the policyholder. This form of settlement is commonly referred to as a "buy-back" of policies for future environmental liability. In addition, many of the agreements have also extinguished any insurance obligation which the Company may have for other claims, including but not limited to asbestos and other cumulative injury claims. The Company and its policyholders may also agree to settlements which extinguish any liability arising from known specified sites or claims. Where appropriate, these agreements also include indemnities and hold harmless provisions to protect the Company. The Company's general purpose in executing these agreements is to reduce the Company's potential environmental exposure and eliminate the risks presented by coverage litigation with the policyholder and related costs.

In establishing environmental reserves, the Company evaluates the exposure presented by each policyholder and the anticipated cost of resolution, if any. In the course of this analysis, the Company generally considers the probable liability, available coverage and relevant judicial interpretations. In addition, the Company considers the many variables presented, such as: the nature of the alleged activities of the policyholder at each site; the number of sites; the total number of potentially responsible parties at each site; the nature of the alleged environmental harm and the corresponding remedy at each site; the nature of government enforcement activities at each site; the ownership and general use of each site; the overall nature of the insurance relationship between the Company and the policyholder, including the role of any umbrella or excess insurance the Company has issued to the policyholder; the involvement of other insurers; the potential for other available coverage, including the number of years of coverage; the role, if any, of non-environmental claims or potential non-environmental claims in any resolution process; and the applicable law in each jurisdiction. The evaluation of the exposure presented by a policyholder can change as information concerning that policyholder and the many variables presented is developed. Conventional actuarial methods are not used to estimate these reserves.

In its review of environmental reserves, the Company considers: past settlement payments; changing judicial and legislative trends; its reserves for the costs of litigating environmental coverage matters; the potential for policyholders with smaller exposures to be named in new clean-up actions for both on- and off-site waste disposal activities; the potential for adverse development; the potential for additional new claims beyond previous expectations; and the potential higher costs for new settlements.

The majority of the net environmental reserve is carried in a bulk reserve and included unresolved environmental claims, incurred but not reported environmental claims and the anticipated cost of coverage litigation disputes relating to these claims. The bulk reserve the Company carries is established and adjusted based upon the aggregate volume of in-process environmental claims and the Company's experience in resolving those claims. The balance of the net environmental reserve consists of case reserves.

1. <u>Direct Basis – Environmental:</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$ 58,921,818	\$ 57,735,040	\$ 55,675,997	\$ 55,931,519	\$ 62,077,561
b. Incurred losses and LAE:	16,114,940	14,239,784	18,486,880	16,461,060	17,672,481
c. Calendar year payments for losses and LAE:	<u>17,301,718</u>	<u>16,298,827</u>	<u>18,231,358</u>	<u>10,315,018</u>	<u>12,543,591</u>
d. Ending reserves:	<u>\$ 57,735,040</u>	<u>\$ 55,675,997</u>	<u>\$ 55,931,519</u>	<u>\$ 62,077,561</u>	<u>\$ 67,206,451</u>

**NOTES TO FINANCIAL STATEMENTS**

2. <u>Assumed Reinsurance Basis- Environmental:</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$ 11,655,631	\$ 14,032,290	\$ 13,049,507	\$ 12,557,729	\$ 11,554,455
b. Incurred losses and LAE:	4,041,460	317,616	651,520	30,540	40,720
c. Calendar year payments for losses and LAE:	<u>1,664,801</u>	<u>1,300,399</u>	<u>1,143,298</u>	<u>1,033,814</u>	<u>877,196</u>
d. Ending reserves:	<u>\$ 14,032,290</u>	<u>\$ 13,049,507</u>	<u>\$ 12,557,729</u>	<u>\$ 11,554,455</u>	<u>\$ 10,717,979</u>

  

3. <u>Net of Ceded Reinsurance Basis- Environmental:</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$ 69,498,234	\$ 70,737,880	\$ 66,996,194	\$ 67,585,187	\$ 71,093,351
b. Incurred losses and LAE:	18,324,000	13,172,920	17,713,200	14,659,200	16,695,201
c. Calendar year payments for losses and LAE:	<u>17,084,354</u>	<u>16,914,606</u>	<u>17,124,207</u>	<u>11,151,036</u>	<u>12,206,944</u>
d. Ending reserves:	<u>\$ 70,737,880</u>	<u>\$ 66,996,194</u>	<u>\$ 67,585,187</u>	<u>\$ 71,093,351</u>	<u>\$ 75,581,608</u>

## E. Ending loss and LAE reserves for unreported claims included in Part D above:

1. Direct Basis:	\$ 66,680,004
2. Assumed Reinsurance Basis:	\$ 6,041,998
3. Net of Ceded Reinsurance Basis	\$ 70,936,877

## F. Ending LAE reserves for reported and unreported claims included in Part D above:

1. Direct Basis:	\$ 25,875,321
2. Assumed Reinsurance Basis:	\$ 27,329
3. Net of Ceded Reinsurance Basis	\$ 25,289,790

G. As a result of the processes and procedures discussed above, management believes that the reserves carried for asbestos and environmental claims are appropriately established based upon known facts, current law and management's judgment. However, the uncertainties surrounding the final resolution of these claims continue, and it is difficult to determine the ultimate exposure for asbestos and environmental claims and related litigation. As a result, these reserves are subject to revision as new information becomes available and as claims develop. The continuing uncertainties include, without limitation, the risks and lack of predictability inherent in complex litigation, any impact from the bankruptcy protection sought by various asbestos producers and other asbestos defendants, a further increase or decrease in the cost to resolve, and/or the number of, asbestos and environmental claims beyond that which is anticipated, the emergence of a greater number of asbestos claims than anticipated as a result of extended life expectancies resulting from medical advances and lifestyle improvements, the role of any umbrella or excess policies the Company has issued, the resolution or adjudication of disputes pertaining to the amount of available coverage for asbestos and environmental claims in a manner inconsistent with the Company's previous assessment of these claims, the number and outcome of direct actions against the Company, future developments pertaining to the Company's ability to recover reinsurance for asbestos and environmental claims and the unavailability of other insurance sources potentially available to policyholders, whether through exhaustion of policy limits or through the insolvency of other participating insurers. In addition, uncertainties arise from the insolvency or bankruptcy of policyholders and other defendants. It is also not possible to predict changes in the legal, regulatory and legislative environment and their impact on the future development of asbestos and environmental claims. This environment could be affected by changes in applicable legislation and future court and regulatory decisions and interpretations, including the outcome of legal challenges to legislative and/or judicial reforms establishing medical criteria for the pursuit of asbestos claims. It is also difficult to predict the ultimate outcome of complex coverage disputes until settlement negotiations near completion and significant legal questions are resolved or, failing settlement, until the dispute is adjudicated. This is particularly the case with policyholders in bankruptcy where negotiations often involve a large number of claimants and other parties and require court approval to be effective. As part of its continuing analysis of asbestos and environmental reserves, the Company continues to study the implications of these and other developments.

Because of the uncertainties set forth above, additional liabilities may arise for amounts in excess of the Company's current insurance reserves. In addition, the Company's estimate of claims and claim adjustment expenses may change. These additional liabilities or increases in estimates, or a range of either, cannot now be reasonably estimated and could result in income statement charges that could be material to the Company's operating results in future periods.

## 34. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable.

## 35. MULTIPLE PERIL CROP INSURANCE

Not applicable.

## 36. FINANCIAL GUARANTY INSURANCE

In prior years, the Company underwrote financial guaranty insurance representing the Company's participation in MBIA's guarantee of municipal bond obligations. The Company has no net exposure for the guarantee of principal and interest for such securities as the Company's participation in MBIA has been reinsured. The gross amount of such financial guarantees was \$0.5 million and \$4.6 million at December 31, 2016 and 2015, respectively.

**NOTES TO FINANCIAL STATEMENTS**

Attachment to the 2016 Annual Statement – Notes to Financial Statements, Note 9 – Part F:  
Names of the companies included with TRV in the December 31, 2016, consolidated Federal income tax return filing

The Travelers Companies, Inc. (TRV) & Subsidiaries

<u>Company Name</u>	<u>FEIN</u>	<u>Company Name</u>	<u>FEIN</u>
AMERICAN EQUITY INSURANCE COMPANY	86-0703220	THE STANDARD FIRE INSURANCE COMPANY	06-6033509
AMERICAN EQUITY SPECIALTY INSURANCE COMPANY	86-0868106	THE TRAVELERS CASUALTY COMPANY	41-1435765
BMR SPORTS PROPERTIES, INC.	52-1852190	THE TRAVELERS HOME AND MARINE INSURANCE COMPANY	35-1838079
CAMPERDOWN CORPORATION	41-1762781	THE TRAVELERS INDEMNITY COMPANY	06-0566050
COMMERCIAL GUARANTY INSURANCE COMPANY	75-1679830	THE TRAVELERS INDEMNITY COMPANY OF AMERICA	58-6020487
CONSTITUTION PLAZA, INC.	06-0566030	THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT	06-0336212
DISCOVER PROPERTY & CASUALTY INSURANCE COMPANY	36-2999370	THE TRAVELERS LLOYDS INSURANCE COMPANY	76-0002592
DISCOVER SPECIALTY INSURANCE COMPANY	52-1925132	TINDY FOREIGN, INC.	20-4403403
ENGLISH TURN FIDELITY REALTY, INC.	52-1466734	TPC INVESTMENTS, INC.	06-1534005
ENGLISH TURN REALTY MANAGEMENT, INC.	52-1715225	TRAVCO INSURANCE COMPANY	35-1838077
FARMINGTON CASUALTY COMPANY	06-1067463	TRAVELERS (BERMUDA) LTD	98-0190863
FIDELITY AND GUARANTY INSURANCE COMPANY	42-1091525	TRAVELERS CASUALTY AND SURETY COMPANY	06-6033504
FIDELITY AND GUARANTY INSURANCE UNDERWRITERS, INC.	52-0616768	TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA	06-0907370
FIRST FLORIDIAN AUTO AND HOME INSURANCE COMPANY	59-3372141	TRAVELERS CASUALTY COMPANY OF CONNECTICUT	06-1286266
GULF UNDERWRITERS INSURANCE COMPANY	56-1371361	TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA	06-0876835
JUPITER HOLDINGS, INC.	41-1769846	TRAVELERS COMMERCIAL CASUALTY COMPANY	95-3634110
LAUREL VILLAGE FIDELITY REALTY, INC.	52-1551225	TRAVELERS COMMERCIAL INSURANCE COMPANY	06-1286268
NORTHBROOK HOLDINGS, INC.	51-0375653	TRAVELERS CONSTITUTION STATE INSURANCE COMPANY	41-1435766
NORTHFIELD INSURANCE COMPANY	41-0983992	TRAVELERS DISTRIBUTION ALLIANCE, INC.	62-1657094
NORTHLAND CASUALTY COMPANY	94-6051964	TRAVELERS EXCESS AND SURPLUS LINES COMPANY	06-1203698
NORTHLAND INSURANCE COMPANY	41-6009967	TRAVELERS GLOBAL, INC.	47-2215437
SELECT INSURANCE COMPANY	75-6013697	TRAVELERS INSURANCE GROUP HOLDINGS INC.	06-1445591
SPC INSURANCE AGENCY, INC.	41-1888760	TRAVELERS LLOYDS MANAGEMENT COMPANY	20-4312440
ST. PAUL FIRE AND MARINE INSURANCE COMPANY	41-0406690	TRAVELERS LLOYDS OF TEXAS INSURANCE COMPANY	75-1732040
ST. PAUL GUARDIAN INSURANCE COMPANY	41-0963301	TRAVELERS MGA, INC.	75-2676034
ST. PAUL MERCURY INSURANCE COMPANY	41-0881659	TRAVELERS PERSONAL INSURANCE COMPANY	36-3703200
ST. PAUL PROTECTIVE INSURANCE COMPANY	36-2542404	TRAVELERS PERSONAL SECURITY INSURANCE COMPANY	06-1286264
ST. PAUL SURPLUS LINES INSURANCE COMPANY	41-1230819	TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA	36-2719165
TCI GLOBAL SERVICES, INC.	52-1965525	TRAVELERS PROPERTY CASUALTY CORP.	06-1008174
THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT	06-0848755	TRAVELERS PROPERTY CASUALTY INSURANCE COMPANY	06-1286274
THE CHARTER OAK FIRE INSURANCE COMPANY	06-0291290	TRAVELERS TEXAS MGA, INC.	27-4469564
THE PHOENIX INSURANCE COMPANY	06-0303275	UNITED STATES FIDELITY AND GUARANTY COMPANY	52-0515280
THE PREMIER INSURANCE COMPANY OF MASSACHUSETTS	04-3175569	USF&G RETAIL ASSOCIATES GP, INC.	52-1704255
		YONKERS FINANCING CORPORATION	20-3033027

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes  No   
If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes  No  N/A
- 1.3 State regulating? Connecticut
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes  No
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2014
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2014
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/26/2016
- 3.4 By what department or departments? Connecticut
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes  No  N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes  No  N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes  No
- 4.12 renewals? Yes  No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes  No
- 4.22 renewals? Yes  No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes  No
- 5.2 If yes, provide the name of entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
	0	

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes  No
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes  No
- 7.2 If yes,
- 7.21 State the percentage of foreign control 0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1	2
Nationality	Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board? Yes  No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes  No
- 8.4 If the response to 8.3 is yes, please provide below the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
KPMG LLP, One Financial Plaza, 755 Main St., Hartford, CT 06103
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes  No
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes  No
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes  No  N/A
- 10.6 If the response to 10.5 is no or n/a, please explain:

## GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Renée H. Davis, FCAS, MAAA (Vice President and Chief Corporate Actuary), The Travelers Companies, Inc., One Tower Square, Hartford, CT 06183
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved
- 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If yes, provide explanation
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [X] No [ ]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
On February 3, 2016, the Board of Directors of The Travelers Companies, Inc. ("Travelers") adopted amendments to Travelers Code of Business Conduct and Ethics (the "Code"). The purpose of the amendments was to globalize the current Code and update the Code with respect to business and regulatory developments as well as to provide additional guidance and greater detail with respect to various matters, including with respect to raising ethical concerns/reporting obligations, conflicts of interest, separate policies and violations.
- This summary of the amendments to the Code is qualified in its entirety by reference to the full text of the Code, as amended.
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.
- | 1<br>American Bankers Association (ABA)<br>Routing Number | 2<br>Issuing or Confirming Bank Name | 3<br>Circumstances That Can Trigger<br>the Letter of Credit | 4<br>Amount |
|---|--------------------------------------|---|-------------|
| 0   |                                      |   | 0           |
- BOARD OF DIRECTORS**
16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof? Yes [X] No [ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]
- FINANCIAL**
19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ 0
- 20.12 To stockholders not officers \$ 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$ 0
- 20.22 To stockholders not officers \$ 0
- 20.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement? Yes [ ] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ 0
- 21.22 Borrowed from others \$ 0
- 21.23 Leased from others \$ 0
- 21.24 Other \$ 0

## GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [ ] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ 0
- 22.22 Amount paid as expenses \$ 0
- 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

## INVESTMENT

- 24.01 Were all of stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [X] No [ ]
- 24.02 If no, give full and complete information, relating thereto:
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).  
This company is a party to a security lending agreement. See Note 17.
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*? Yes [X] No [ ] N/A [ ]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 36,370,716
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs \$ 0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [X] No [ ] N/A [ ]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [X] No [ ] N/A [ ]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [X] No [ ] N/A [ ]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 36,370,716
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 36,370,716
- 24.103 Total payable for securities lending reported on the liability page: \$ 36,370,716
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes [X] No [ ]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ 0
- 25.22 Subject to reverse repurchase agreements \$ 0
- 25.23 Subject to dollar repurchase agreements \$ 0
- 25.24 Subject to reverse dollar repurchase agreements \$ 0
- 25.25 Placed under option agreements \$ 0
- 25.26 Letter stock or securities restricted as sale – excluding FHLB Capital Stock \$ 0
- 25.27 FHLB Capital Stock \$ 0
- 25.28 On deposit with states \$ 675,538,747
- 25.29 On deposit with other regulatory bodies \$ 37,886,802
- 25.30 Pledged as collateral – excluding collateral pledged to an FHLB \$ 23,636,662
- 25.31 Pledged as collateral to FHLB – including assets backing funding agreements \$ 0
- 25.32 Other \$ 0

- 25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		\$ 0

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [X] No [ ]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [X] No [ ] N/A [ ]  
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]
- 27.2 If yes, state the amount thereof at December 31 of the current year: \$ 0
28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [ ] No [X]

- 28.01 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
JPMorgan Chase	270 Park Avenue, New York, NY 10017-2070

- 28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Citibank Futures	1 S Wacker, 10th Fl, Chicago, IL 60606	Futures account

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes  No

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "... handle securities"].

1 Name of Firm or Individual	2 Affiliation
The Travelers Indemnity Company	A

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes  No

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes  No

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
	The Travelers Indemnity Company		Not a registered investment advisor	DS

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes  No

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		0
29.2999 TOTAL		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
		0	

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	9,853,850,945	10,017,773,479	163,922,534
30.2	Preferred Stocks	30,957,660	30,957,660	0
30.3	Totals	9,884,808,605	10,048,731,139	163,922,534

30.4 Describe the sources or methods utilized in determining the fair values:

Fair values of bonds and preferred stocks are based on prices published in the NAIC Valuations of Securities. If this unit price is not available, the fair value is based upon quoted market prices or dealer quotes, or if prices are unavailable, based on valuation determined, in good faith, by The Travelers Companies, Inc.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes  No

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes  No

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes  No

32.2 If no, list exceptions:

#### OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 9,805,749

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICE, INC	\$ 4,779,244

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

34.1 Amount of payments for legal expenses, if any? \$ 16,285,615

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$ 0

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 352,808

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$ 0



**GENERAL INTERROGATORIES****PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?			Yes [ ]	No [ X ]
1.2	If yes, indicate premium earned on U.S. business only.		\$		0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?		\$		0
1.31	Reason for excluding:				
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.		\$		0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.		\$		0
1.6	Individual policies:				
	Most current three years:				
1.61	Total premium earned		\$		0
1.62	Total incurred claims		\$		0
1.63	Number of covered lives				0
	All years prior to most current three years:				
1.64	Total premium earned		\$		0
1.65	Total incurred claims		\$		0
1.66	Number of covered lives				0
1.7	Group policies:				
	Most current three years:				
1.71	Total premium earned		\$		0
1.72	Total incurred claims		\$		0
1.73	Number of covered lives				0
	All years prior to most current three years:				
1.74	Total premium earned		\$		0
1.75	Total incurred claims		\$		0
1.76	Number of covered lives				0
2.	Health Test:				
		1	2		
		Current Year	Prior Year		
2.1	Premium Numerator	\$ 0	\$ 0		
2.2	Premium Denominator	\$ 4,345,258,140	\$ 4,165,014,675		
2.3	Premium Ratio (2.1/2.2)	0.000	0.000		
2.4	Reserve Numerator	\$ 0	\$ 0		
2.5	Reserve Denominator	\$ 9,602,018,137	\$ 9,423,314,913		
2.6	Reserve Ratio (2.4/2.5)	0.000	0.000		
3.1	Does the reporting entity issue both participating and non-participating policies?			Yes [ X ]	No [ ]
3.2	If yes, state the amount of calendar year premiums written on:				
3.21	Participating policies		\$		68,848,386
3.22	Non-participating policies		\$		4,363,771,568
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:				
4.1	Does the reporting entity issue assessable policies?			Yes [ ]	No [ ]
4.2	Does the reporting entity issue non-assessable policies?			Yes [ ]	No [ ]
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?				0.000%
4.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.		\$		0
5.	FOR RECIPROCAL EXCHANGES ONLY:				
5.1	Does the exchange appoint local agents?			Yes [ ]	No [ ]
5.2	If yes, is the commission paid:				
5.21	Out of Attorney's-in-fact compensation			Yes [ ]	No [ ] N/A [ ]
5.22	As a direct expense of the exchange			Yes [ ]	No [ ] N/A [ ]
5.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?				
5.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?			Yes [ ]	No [ ]
5.5	If yes, give full information:				
6.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? <u>The Company's risk management practices include active monitoring of insured employee local-based concentrations. Although the Company currently has no significant workers' compensation treaty reinsurance, the Company reviews available treaty reinsurance coverages periodically and makes purchase decisions as it deems appropriate. Facultative reinsurance purchases are also made as deemed appropriate.</u>				
6.2	Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: <u>The Company uses various analyses and methods, including proprietary and third party computer modeling processes, to analyze catastrophic events and the associated risks to arrive at loss estimates. The Company uses these analyses and methods to make underwriting and reinsurance decisions designed to manage its exposure to catastrophic events. The Company's hurricane loss estimates for U.S. exposures include property exposures, property residual market exposures and an adjustment for certain non-property exposures. The Company's loss estimates are based on the Company's catastrophe risk model estimates and include loss from the hurricane hazards of wind and storm surge. The Company's loss estimates for earthquakes reflect U.S. exposures and include property exposures and workers' compensation exposures. The Company's loss estimates for terrorism reflect U.S. exposures and include property exposures. The Company also develops conventional attack loss estimates for combined property and workers' compensation exposures for comparison and adherence with aggregate enterprise guidelines. To best assess risk, the Company conducts site engineering analyses on buildings with large exposures. Property exposures are analyzed to determine locations of concentration. Spanning the U.S., this includes California, Florida, New Madrid, the Northeast, the Gulf States and the Mid-Atlantic States.</u>				

## GENERAL INTERROGATORIES

## PART 2 – PROPERTY &amp; CASUALTY INTERROGATORIES

- 6.3 What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  
The Company purchases both excess of loss and proportional reinsurance to protect itself from an excessive catastrophe loss.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [ ] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:  
The Company's all region aggregate catastrophe treaty does not contain a reinstatement provision but does allow for recoveries under multiple event loss scenarios. The Company's northeast region catastrophe treaty applies per occurrence and provides for one reinstatement. Additionally, the Company buys property catastrophe cat bonds for designated perils covering the northeast region. Those bonds apply per occurrence but do not have a reinstatement provision. The Company believes that its reinsurance programs along with the Company's surplus are adequate to cover its exposures in a catastrophic event.
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [X] No [ ]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 9
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [X] No [ ]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [ ] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, *Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or, Yes [ ] No [X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [X] No [ ]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [ ] N/A [ ]
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [ ] No [X]
- 11.2 If yes, give full information
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- |   |    |            |
|---|----|------------|
| 12.11 Unpaid losses   | \$ | 10,125,253 |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | \$ | 1,786,809  |
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ 15,332,897
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [X] N/A [ ]

**GENERAL INTERROGATORIES****PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

12.4	If yes, provide the range of interest rates charged under such notes during the period covered by this statement:								
	12.41	From						0.000%	
	12.42	To						0.000%	
12.5	Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?								Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
12.6	If yes, state the amount thereof at December 31 of current year:								
	12.61	Letters of Credit	\$					1,193,354,189	
	12.62	Collateral and other funds	\$					408,126,780	
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):								
			\$					10,205,467	
13.2	Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?								Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
13.3	State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.								3
14.1	Is the reporting entity a cedant in a multiple cedant reinsurance contract?								Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
14.2	If yes, please describe the method of allocating and recording reinsurance among the cedants: <u>Per the Company's Reinsurance Allocation Agreement and Pooling Agreement.</u>								
14.3	If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?								Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
14.4	If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?								Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
14.5	If the answer to 14.4 is no, please explain:								
15.1	Has the reporting entity guaranteed any financed premium accounts?								Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
15.2	If yes, give full information								
16.1	Does the reporting entity write any warranty business?								Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
	If yes, disclose the following information for each of the following types of warranty coverage:								
			1	2	3	4	5		
			Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned		
16.11	Home	\$	0	\$	0	\$	0	\$	0
16.12	Products	\$	0	\$	0	\$	0	\$	0
16.13	Automobile	\$	0	\$	0	\$	0	\$	0
16.14	Other*	\$	0	\$	0	\$	0	\$	0
	* Disclose type of coverage:								
17.1	Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5. Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5. Provide the following information for this exemption:								Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
17.11	Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5							\$	0
17.12	Unfunded portion of Interrogatory 17.11							\$	0
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11							\$	0
17.14	Case reserves portion of Interrogatory 17.11							\$	0
17.15	Incurred but not reported portion of Interrogatory 17.11							\$	0
17.16	Unearned premium portion of Interrogatory 17.11							\$	0
17.17	Contingent commission portion of Interrogatory 17.11							\$	0
	Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above.								
17.18	Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5							\$	0
17.19	Unfunded portion of Interrogatory 17.18							\$	0
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18							\$	0
17.21	Case reserves portion of Interrogatory 17.18							\$	0
17.22	Incurred but not reported portion of Interrogatory 17.18							\$	0
17.23	Unearned premium portion of Interrogatory 17.18							\$	0
17.24	Contingent commission portion of Interrogatory 17.18							\$	0
18.1	Do you act as a custodian for health savings accounts?								Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
18.2	If yes, please provide the amount of custodial funds held as of the reporting date.							\$	0
18.3	Do you act as an administrator for health savings accounts?								Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
18.4	If yes, please provide the balance of the funds administered as of the reporting date.							\$	0

## FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	2,432,658,155	2,320,654,584	2,248,065,421	2,213,236,613	2,115,082,683
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	812,479,124	747,759,827	721,930,050	712,117,413	686,830,304
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,439,648,635	1,418,798,482	1,425,544,642	1,440,915,444	1,434,302,675
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	59,937,821	58,448,820	75,443,022	68,844,953	59,688,338
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	10,204,819	11,335,535	12,673,282	11,780,388	10,776,087
6. Total (Line 35).....	4,754,928,555	4,556,997,249	4,483,656,417	4,446,894,811	4,306,680,086
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	2,195,990,631	2,080,129,012	1,996,324,967	1,967,639,199	1,892,992,700
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	801,869,754	737,051,789	709,945,969	701,860,747	675,295,092
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,412,593,730	1,388,343,664	1,384,974,646	1,405,356,678	1,387,567,175
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	11,960,319	13,840,582	7,244,365	14,368,775	16,443,386
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	10,205,521	11,331,560	12,679,783	11,768,415	10,761,876
12. Total (Line 35).....	4,432,619,954	4,230,696,607	4,111,169,728	4,100,993,814	3,983,060,229
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8).....	257,298,415	423,898,716	344,109,669	318,176,312	(23,695,352)
14. Net investment gain (loss) (Line 11).....	1,101,857,761	1,047,534,575	1,005,415,285	1,003,603,134	683,340,632
15. Total other income (Line 15).....	6,411,078	5,454,275	4,570,909	24,612,174	11,174,717
16. Dividends to policyholders (Line 17).....	8,771,355	7,000,415	6,406,394	5,924,797	8,193,357
17. Federal and foreign income taxes incurred (Line 19).....	172,879,327	210,722,686	206,396,923	174,896,472	52,210,868
18. Net income (Line 20).....	1,183,916,572	1,259,164,465	1,141,292,545	1,165,570,351	610,415,771
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	16,564,340,144	16,273,610,870	16,436,177,879	16,464,401,449	15,137,117,645
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	523,166,370	515,265,605	500,587,004	467,516,760	419,688,184
20.2 Deferred and not yet due (Line 15.2).....	931,600,506	872,725,701	838,376,067	814,304,115	812,004,529
20.3 Accrued retrospective premiums (Line 15.3).....	13,015,128	16,288,800	17,075,005	19,373,079	23,256,082
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	10,078,496,703	9,897,344,239	9,966,707,354	9,905,754,944	9,987,600,111
22. Losses (Page 3, Line 1).....	5,954,948,262	5,897,171,874	5,942,096,316	6,046,635,704	6,094,710,385
23. Loss adjustment expenses (Page 3, Line 3).....	1,400,869,800	1,358,967,040	1,446,848,160	1,330,905,016	1,324,921,462
24. Unearned premiums (Page 3, Line 9).....	2,015,473,092	1,926,313,596	1,857,782,869	1,815,607,881	1,770,908,557
25. Capital paid up (Page 3, Lines 30 & 31).....	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
26. Surplus as regards policyholders (Page 3, Line 37).....	6,485,843,440	6,376,266,631	6,469,470,525	6,558,646,505	5,149,517,534
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11).....	1,420,386,779	1,185,724,516	1,199,208,563	1,086,027,102	824,914,943
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital.....	6,485,843,440	6,376,266,631	6,469,470,525	6,558,646,505	5,149,517,534
29. Authorized control level risk-based capital.....	1,084,488,903	1,044,341,455	1,086,440,078	1,077,967,939	1,026,098,949
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	62.5	63.1	62.7	64.3	67.7
31. Stocks (Lines 2.1 & 2.2).....	26.5	27.0	27.6	25.6	23.9
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3).....	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5).....	4.9	3.7	3.7	4.4	1.5
35. Contract loans (Line 6).....	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7).....	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8).....	5.8	5.7	5.7	5.4	6.2
38. Receivables for securities (Line 9).....	0.0	0.1	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10).....	0.2	0.4	0.3	0.2	0.7
40. Aggregate write-ins for invested assets (Line 11).....	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	3,840,531,921	3,842,938,702	3,977,857,463	3,706,828,158	3,146,888,726
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....	0	0	0	0	0
46. Affiliated mortgage loans on real estate.....	0	0	0	0	0
47. All other affiliated.....	14,684,643	14,944,037	15,955,896	16,896,748	18,229,302
48. Total of above lines 42 to 47.....	3,855,216,564	3,857,882,739	3,993,813,359	3,723,724,906	3,165,118,028
49. Total investment in parent included in Lines 42 to 47 above.....	0	0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	59.4	60.5	61.7	56.8	61.5

# TRAVELERS CASUALTY AND SURETY COMPANY

## FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2016	2015	2014	2013	2012
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24).....	(23,063,228)	(169,056,996)	271,962,986	(212,505,539)	265,290,115
52. Dividends to stockholders (Line 35).....	(1,075,000,000)	(1,168,000,000)	(1,505,400,000)	0	(620,000,000)
53. Change in surplus as regards policyholders for the year (Line 38).....	109,576,809	(93,203,894)	(89,175,981)	1,409,128,972	252,297,660
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,582,747,910	1,272,245,080	1,245,514,653	1,256,258,585	1,268,474,433
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	415,922,905	358,085,080	361,865,570	364,490,320	405,462,100
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	621,443,293	587,624,393	611,992,634	657,685,502	797,530,933
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	13,685,943	8,250,176	13,767,889	2,533,721	15,637,505
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	17,011,132	21,886,598	30,658,549	21,806,829	18,591,575
59. Total (Line 35).....	2,650,811,183	2,248,091,327	2,263,799,294	2,302,774,957	2,505,696,545
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,152,958,140	1,058,612,796	999,809,359	1,008,817,173	1,028,793,209
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	409,625,554	351,875,808	355,054,543	355,333,455	399,067,823
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	606,013,464	572,490,697	592,230,763	644,096,975	773,153,792
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	8,926,090	8,081,949	13,221,925	2,393,053	13,193,170
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	10,799,052	14,808,309	24,674,718	16,717,446	7,868,185
65. Total (Line 35).....	2,188,322,300	2,005,869,559	1,984,991,308	2,027,358,102	2,222,076,179
<b>Operating Percentages (Page 4)</b> (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	51.7	47.1	46.2	48.9	57.2
68. Loss expenses incurred (Line 3).....	11.7	11.7	14.3	12.0	11.2
69. Other underwriting expenses incurred (Line 4).....	30.7	31.1	31.0	31.3	32.3
70. Net underwriting gain (loss) (Line 8).....	5.9	10.2	8.5	7.9	(0.6)
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	29.9	30.5	30.6	30.3	31.7
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	63.4	58.7	60.5	60.9	68.3
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	68.3	66.4	63.5	62.5	77.3
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(89,726)	(135,013)	(226,248)	(99,269)	(118,406)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year-end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....	(1.4)	(2.1)	(3.5)	(1.9)	(2.4)
<b>Two Year Loss Development (000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(226,696)	(324,124)	(311,265)	(221,129)	(214,211)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior-year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(3.5)	(4.9)	(6.0)	(4.5)	(3.9)

If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [ ] No [ ]

If no, please explain:

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**

**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	261,624	64,198	53,562	8,290	20,470	344	(1,790)	262,825	XXX
2. 2007.....	4,200,247	473,682	3,726,565	1,708,768	166,675	169,147	13,772	181,236	5,245	92,244	1,873,458	XXX
3. 2008.....	4,231,003	478,922	3,752,081	2,137,507	220,310	183,160	13,692	211,603	3,884	96,084	2,294,383	XXX
4. 2009.....	4,178,352	401,466	3,776,886	1,922,478	127,824	170,752	10,323	206,528	3,555	103,072	2,158,056	XXX
5. 2010.....	4,159,986	377,737	3,782,249	2,125,431	122,163	185,497	8,766	209,667	2,800	107,188	2,386,866	XXX
6. 2011.....	4,293,975	355,024	3,938,950	2,570,622	169,720	192,793	10,653	217,347	2,370	115,904	2,798,020	XXX
7. 2012.....	4,400,792	377,119	4,023,673	2,436,415	381,955	183,757	19,477	226,373	4,077	108,709	2,441,037	XXX
8. 2013.....	4,448,168	398,665	4,049,504	1,737,405	106,400	147,651	5,987	209,039	5,892	91,863	1,975,817	XXX
9. 2014.....	4,449,743	381,130	4,068,613	1,582,650	104,205	119,959	5,544	198,377	5,938	85,395	1,785,299	XXX
10. 2015.....	4,514,224	349,209	4,165,015	1,359,707	74,215	73,986	3,296	194,261	4,502	78,255	1,545,942	XXX
11. 2016.....	4,680,357	335,099	4,345,258	970,653	38,740	28,771	1,328	171,696	1,342	50,684	1,129,711	XXX
12. Totals.....	XXX	XXX	XXX	18,813,261	1,576,405	1,509,035	101,127	2,046,598	39,947	927,607	20,651,415	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	1,306,015	396,612	862,836	152,404	123,425	15,640	222,254	19,677	135,512	1,406	3,622	2,064,304	XXX
2. 2007.....	65,242	14,597	61,251	6,656	5,719	819	14,227	294	3,678	(3)	1,005	127,754	XXX
3. 2008.....	66,890	7,636	75,261	8,853	7,253	324	16,734	1,346	3,740	(3)	2,015	151,721	XXX
4. 2009.....	77,957	16,265	82,740	10,461	7,228	223	15,545	865	3,817	(5)	2,384	159,478	XXX
5. 2010.....	98,368	9,940	95,569	6,427	9,743	304	17,616	792	5,915	9	3,832	209,740	XXX
6. 2011.....	121,367	7,024	121,586	6,393	13,889	639	23,406	644	8,176	11	6,725	273,713	XXX
7. 2012.....	164,622	15,927	169,595	12,163	18,898	576	42,665	916	12,909	41	10,343	379,066	XXX
8. 2013.....	227,490	21,284	220,799	17,159	26,914	866	68,661	1,363	19,969	59	14,535	523,103	XXX
9. 2014.....	310,799	33,172	332,022	27,834	38,520	1,789	88,382	4,308	31,751	326	23,040	734,046	XXX
10. 2015.....	405,032	42,169	526,127	44,643	42,300	1,494	101,997	3,389	35,725	389	31,863	1,019,098	XXX
11. 2016.....	565,888	44,260	968,185	68,816	46,570	1,760	160,559	4,744	92,853	679	73,940	1,713,795	XXX
12. Totals.....	3,409,670	608,886	3,515,971	361,807	340,459	24,432	772,045	38,339	354,045	2,909	173,303	7,355,818	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,619,835	444,469
2. 2007.	2,209,267	208,055	2,001,212	52.6	43.9	53.7	0	0	20.36	105,240	22,514
3. 2008.	2,702,147	256,043	2,446,104	63.9	53.5	65.2	0	0	20.36	125,662	26,059
4. 2009.	2,487,045	169,511	2,317,534	59.5	42.2	61.4	0	0	20.36	133,971	25,507
5. 2010.	2,747,806	151,200	2,596,607	66.1	40.0	68.7	0	0	20.36	177,570	32,170
6. 2011.	3,269,187	197,454	3,071,733	76.1	55.6	78.0	0	0	20.36	229,536	44,177
7. 2012.	3,255,235	435,131	2,820,103	74.0	115.4	70.1	0	0	20.36	306,127	72,938
8. 2013.	2,657,928	159,008	2,498,920	59.8	39.9	61.7	0	0	20.36	409,846	113,257
9. 2014.	2,702,461	183,116	2,519,346	60.7	48.0	61.9	0	0	20.36	581,816	152,231
10. 2015.	2,739,136	174,097	2,565,039	60.7	49.9	61.6	0	0	20.36	844,348	174,750
11. 2016.	3,005,174	161,668	2,843,506	64.2	48.2	65.4	0	0	20.36	1,420,997	292,798
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	5,954,948	1,400,870

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	One Year	Two Year
1. Prior.....	6,205,244	5,980,745	5,796,413	5,630,021	5,583,552	5,515,277	5,472,351	5,358,446	5,343,254	5,331,943	(11,311)	(26,503)
2. 2007.....	2,051,783	2,002,234	1,949,520	1,948,097	1,900,397	1,868,191	1,851,804	1,842,866	1,836,052	1,827,119	(8,933)	(15,746)
3. 2008.....	XXX	2,350,465	2,372,856	2,360,250	2,307,943	2,282,438	2,274,606	2,251,369	2,242,790	2,240,602	(2,188)	(10,767)
4. 2009.....	XXX	XXX	2,205,536	2,191,255	2,185,279	2,167,834	2,148,446	2,139,327	2,133,591	2,117,231	(16,361)	(22,096)
5. 2010.....	XXX	XXX	XXX	2,351,803	2,431,308	2,422,120	2,407,089	2,399,640	2,395,416	2,391,575	(3,841)	(8,065)
6. 2011.....	XXX	XXX	XXX	XXX	2,873,377	2,901,317	2,906,431	2,887,576	2,881,652	2,857,518	(24,135)	(30,058)
7. 2012.....	XXX	XXX	XXX	XXX	XXX	2,656,088	2,653,270	2,622,777	2,598,553	2,593,500	(5,053)	(29,277)
8. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	2,336,495	2,322,243	2,295,058	2,284,937	(10,121)	(37,305)
9. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,352,376	2,315,239	2,305,497	(9,742)	(46,879)
10. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,348,849	2,350,806	1,957	XXX
11. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,593,816	XXX	XXX
12. Totals.....											(89,726)	(226,696)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
1. Prior.....	000	936,079	1,496,295	1,945,293	2,237,979	2,474,586	2,671,759	2,869,520	3,040,791	3,283,489	XXX	XXX
2. 2007.....	699,824	1,091,990	1,309,671	1,461,922	1,562,142	1,617,963	1,651,380	1,669,544	1,685,041	1,697,467	XXX	XXX
3. 2008.....	XXX	907,861	1,383,067	1,639,772	1,810,354	1,928,630	2,000,024	2,038,899	2,063,756	2,086,665	XXX	XXX
4. 2009.....	XXX	XXX	851,385	1,313,723	1,552,899	1,715,735	1,825,593	1,885,292	1,930,430	1,955,083	XXX	XXX
5. 2010.....	XXX	XXX	XXX	958,183	1,476,658	1,745,368	1,934,181	2,058,508	2,134,282	2,179,999	XXX	XXX
6. 2011.....	XXX	XXX	XXX	XXX	1,320,323	1,905,723	2,188,004	2,376,944	2,508,968	2,583,042	XXX	XXX
7. 2012.....	XXX	XXX	XXX	XXX	XXX	1,088,918	1,652,306	1,904,311	2,099,764	2,218,741	XXX	XXX
8. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	881,895	1,339,014	1,594,454	1,772,669	XXX	XXX
9. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	886,573	1,334,896	1,592,860	XXX	XXX
10. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	875,950	1,356,183	XXX	XXX
11. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	959,357	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior.....	3,541,011	2,844,352	2,414,155	2,035,644	1,802,974	1,613,851	1,484,337	1,270,045	1,160,467	977,699
2. 2007.....	898,210	561,242	383,998	295,215	212,312	157,485	124,352	103,715	89,904	73,186
3. 2008.....	XXX	942,287	581,359	413,019	270,605	200,358	162,540	120,163	97,762	86,308
4. 2009.....	XXX	XXX	892,835	518,269	367,865	255,515	184,611	143,118	117,303	92,321
5. 2010.....	XXX	XXX	XXX	865,615	546,000	357,216	243,086	173,594	137,078	112,042
6. 2011.....	XXX	XXX	XXX	XXX	949,731	558,713	385,843	262,008	193,821	144,861
7. 2012.....	XXX	XXX	XXX	XXX	XXX	979,322	586,162	382,885	263,258	206,618
8. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	928,087	575,246	380,116	277,958
9. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	981,841	579,270	396,710
10. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	965,604	588,597
11. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,067,364

# TRAVELERS CASUALTY AND SURETY COMPANY

## SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

### Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL.....L.....		5,383,239	5,340,266	9,585	3,715,613	1,841,248	45,152,745	5,176	0
2. Alaska.....AK.....L.....		399,571	403,065	0	54,122	106,035	593,783	41	0
3. Arizona.....AZ.....L.....		5,133,192	5,051,846	1,073	1,695,375	1,276,372	11,805,607	3,744	0
4. Arkansas.....AR.....L.....		3,488,840	3,521,520	30,634	1,022,301	1,109,123	9,552,823	2,984	0
5. California.....CA.....L.....		5,488,257	9,581,345	0	13,338,661	(117,768)	92,013,752	5,693	0
6. Colorado.....CO.....L.....		922,952	1,086,163	42	600,226	590,651	8,537,857	1,039	0
7. Connecticut.....CT.....L.....		16,682,200	15,981,133	65,779	11,842,312	(54,761,035)	164,391,743	20,120	0
8. Delaware.....DE.....L.....		469,984	386,240	613	222,362	(8,532,523)	13,782,914	349	0
9. District of Columbia.....DC.....L.....		3,562,843	3,391,434	19,080	934,106	1,819,076	19,409,881	2,720	0
10. Florida.....FL.....L.....		18,072,211	18,051,113	259,132	10,531,994	(1,498,792)	97,374,335	9,750	0
11. Georgia.....GA.....L.....		5,346,305	6,539,145	7,754	4,160,138	2,088,536	37,304,103	11,400	0
12. Hawaii.....HI.....L.....		1,572,469	1,364,987	0	230,891	22,719	1,354,727	161	0
13. Idaho.....ID.....L.....		1,006,099	1,022,397	24,750	583,291	679,752	4,314,584	1,363	0
14. Illinois.....IL.....L.....		21,702,847	22,132,541	50,265	9,110,330	6,699,496	55,302,871	17,908	0
15. Indiana.....IN.....L.....		3,497,674	3,870,118	16,329	1,828,276	1,562,854	9,733,120	1,544	0
16. Iowa.....IA.....L.....		3,867,826	4,122,088	161,246	2,307,392	2,257,797	11,911,840	1,632	0
17. Kansas.....KS.....L.....		5,416,238	6,216,095	5,712	2,994,055	2,483,612	18,487,242	3,533	0
18. Kentucky.....KY.....L.....		1,861,508	1,642,293	0	1,305,781	1,915,545	22,428,785	1,160	0
19. Louisiana.....LA.....L.....		8,201,922	7,622,576	46,755	3,401,950	2,346,509	42,068,741	4,979	0
20. Maine.....ME.....L.....		459,548	473,684	2,112	524,504	8,083	13,290,816	457	0
21. Maryland.....MD.....L.....		5,449,954	7,068,794	17,485	6,252,134	(2,957,599)	72,308,745	3,639	0
22. Massachusetts.....MA.....L.....		4,731,292	8,541,565	103,977	13,222,741	4,456,581	111,247,617	14,702	0
23. Michigan.....MI.....L.....		5,324,183	5,042,906	37,137	8,020,962	9,053,633	233,994,691	3,106	0
24. Minnesota.....MN.....L.....		5,706,323	7,116,371	309,540	4,548,778	3,507,377	33,504,278	3,247	0
25. Mississippi.....MS.....L.....		4,193,239	4,232,147	11,555	1,663,151	9,432,699	20,140,355	3,860	0
26. Missouri.....MO.....L.....		4,263,336	4,771,153	345	4,194,560	7,012,400	32,214,128	3,998	0
27. Montana.....MT.....L.....		427,999	435,037	5,712	275,047	44,814	1,387,990	576	0
28. Nebraska.....NE.....L.....		1,125,716	1,113,400	1,365	1,160,469	(89,218)	11,553,181	662	0
29. Nevada.....NV.....L.....		1,989,697	1,811,096	0	485,732	908,310	3,635,597	1,875	0
30. New Hampshire.....NH.....L.....		581,134	542,291	3,727	752,954	(1,631,323)	16,664,793	736	0
31. New Jersey.....NJ.....L.....		2,267,861	2,334,279	57,226	6,686,436	(3,997,159)	170,376,443	2,533	0
32. New Mexico.....NM.....L.....		1,435,491	1,302,082	5,693	372,509	592,092	4,018,093	1,426	0
33. New York.....NY.....L.....		26,319,321	24,911,545	42,829	34,070,323	7,467,489	205,858,306	59,354	0
34. North Carolina.....NC.....L.....		8,644,975	8,105,932	8,986	4,087,557	818,000	32,079,679	13,651	0
35. North Dakota.....ND.....L.....		84,730	85,923	1,826	(1,050)	(37,855)	88,094	26	0
36. Ohio.....OH.....L.....		711,299	727,768	2,371	2,620,143	(309,254)	60,687,132	342	0
37. Oklahoma.....OK.....L.....		975,882	1,077,023	2,487	171,147	(6,988,241)	8,047,890	45	0
38. Oregon.....OR.....L.....		6,292,208	5,706,806	8,680	1,756,524	2,494,144	9,060,374	7,170	0
39. Pennsylvania.....PA.....L.....		11,479,404	11,633,137	62,368	244,337,977	215,044,339	165,776,461	7,840	0
40. Rhode Island.....RI.....L.....		430,140	498,328	1,175	1,479,677	(2,262,221)	26,481,673	565	0
41. South Carolina.....SC.....L.....		2,474,090	2,085,477	25,006	641,290	1,322,471	14,208,655	2,309	0
42. South Dakota.....SD.....L.....		452,738	341,806	4,058	243,379	666,557	1,502,891	387	0
43. Tennessee.....TN.....L.....		15,973,200	15,868,640	20,451	5,643,079	8,253,591	59,653,986	11,322	0
44. Texas.....TX.....L.....		50,118,662	51,185,167	116,410	10,995,098	24,348,687	113,196,499	45,787	0
45. Utah.....UT.....L.....		1,393,612	1,569,194	27,669	789,301	149,764	3,945,012	2,067	0
46. Vermont.....VT.....L.....		173,993	205,860	3,766	618,627	368,022	4,750,791	198	0
47. Virginia.....VA.....L.....		25,439,386	24,881,286	32,597	11,908,863	6,486,104	46,553,685	155,997	0
48. Washington.....WA.....L.....		1,582,787	967,934	1,107	1,691,387	1,068,602	8,714,043	2,310	0
49. West Virginia.....WV.....L.....		3,531,852	3,013,430	28	1,333,843	1,950,626	7,029,943	1,449	0
50. Wisconsin.....WI.....L.....		4,438,406	5,308,734	58,722	5,484,326	5,062,888	32,594,137	1,043	0
51. Wyoming.....WY.....L.....		61,110	56,498	571	14,651	(1,651)	223,967	58	0
52. American Samoa.....AS.....N.....		250	250	0	0	0	0	0	0
53. Guam.....GU.....L.....		37,529	47,468	0	0	0	0	5	0
54. Puerto Rico.....PR.....L.....		2,748,628	2,443,557	0	5,570,155	5,347,795	792,747	34	0
55. US Virgin Islands.....VI.....L.....		460,095	401,203	0	0	0	155,000	0	0
56. Northern Mariana Islands.....MP.....N.....		0	0	0	0	0	0	0	0
57. Canada.....CAN.....N.....		0	0	0	0	0	0	0	0
58. Aggregate Other Alien.....OT.....XXX.....		1,168,075	763,961	0	0	0	0	0	0
59. Totals.....(a).....54.....		315,024,322	323,998,097	1,675,727	451,495,451	259,479,756	2,191,259,145	448,074	0

#### DETAILS OF WRITE-INS

58001. BMU Bermuda.....XXX.....		1,157,414	776,569	0	0	0	0	0	0
58002. BRB Barbados.....XXX.....		10,051	3,828	0	0	0	0	0	0
58003. VGB British Virgin Islands.....XXX.....		485	(16,561)	0	0	0	0	0	0
58998. Summary of remaining write-ins for Line 58 from overflow page.....XXX.....		125	125	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above).....XXX.....		1,168,075	763,961	0	0	0	0	0	0

(a) Insert the number of "L" responses except for Canada and Other Alien.

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of Basis of Allocation of Premiums by States, etc.

Location of property: 1 Fire, 2 Allied lines, 3 Farmowners, 4 Homeowners, 5 CMP, 12 Earthquake, 25 Glass, 26 Burglary and theft, 27 Boiler and machinery, 28 credit; Location of risk: 11 Medical malpractice, 14 Group A&H, 17 Other liability, 18 Products Liability; Location of garage: 19 Auto liability, 21 Auto physical damage, 8 Ocean marine - Where policy is negotiated and placed; 9 Inland marine - Where located; 10 Financial guaranty - Location of principal; 15 Other A&H - Insured's residence; 16 Workers' compensation - Location of employee's workplace; 23 Fidelity - Location of insured's principal office; 22 Aircraft - Location of airport from which insured's aircraft operates; 24 Surety - Contract: Location of Project; All Other: Location of Obligor; With respect to international commercial insurance policies (1) for U.S. based insureds with ancillary international operations, or (2) that are placed as part of a controlled master program, allocation is to the situs of the contract, which is typically the headquarter state or principal business location of the first named insured. Exceptions to this include monoline marine or other insurance policies that are designed to insure specifically identified international exposures.



**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART**

The Travelers Companies, Inc.	Minnesota	41-0518860	... .. Windamere III, LLC (99%)	Minnesota	41-2007089
... St. Paul Fire and Marine Insurance Company (24767) *	Connecticut	41-0406690	... .. Windamere, LLC (90.2%)	Minnesota	41-1926305
... .. St. Paul Mercury Insurance Company (24791) *	Connecticut	41-0881659	... Camperdown Corporation	Delaware	41-1762781
... .. St. Paul Guardian Insurance Company (24775) *	Connecticut	41-0963301	... SPC Insurance Agency, Inc.	Minnesota	41-1888760
... .. St. Paul Surplus Lines Insurance Company (30481) *	Delaware	41-1230819	... Aprilgrange Limited	United Kingdom	
... .. The Travelers Casualty Company (41769) *	Connecticut	41-1435765	... F&G U.K. Underwriters Limited	United Kingdom	
... .. Travelers Constitution State Insurance Company (41750) *	Connecticut	41-1435766	... Travelers Underwriting Agency Limited	United Kingdom	
... .. Northbrook Holdings, Inc.	Delaware	51-0375653	... Travelers Syndicate Management Limited	United Kingdom	
... .. Discover Property & Casualty Insurance Company (36463) *	Connecticut	36-2999370	... .. Travelers Asia Pte. Ltd.	Singapore	
... .. St. Paul Protective Insurance Company (19224) *	Connecticut	36-2542404	... St. Paul Surety Europe Limited	United Kingdom	
... .. Discover Specialty Insurance Company (10213) *	Connecticut	52-1925132	... Travelers Corporate Trustee Ltd.	United Kingdom	
... .. United States Fidelity and Guaranty Company (25887) *	Connecticut	52-0515280	... Travelers London Limited	United Kingdom	
... .. Fidelity and Guaranty Insurance Underwriters, Inc. (25879) *	Wisconsin	52-0616768	... TCI Global Services, Inc.	Delaware	52-1965525
... .. Fidelity and Guaranty Insurance Company (35386) *	Iowa	42-1091525	... Travelers Management Limited	United Kingdom	
... .. Laurel Village Fidelity Realty, Inc.	Maryland	52-1551225	... Travelers Insurance Company Limited *	United Kingdom	AA-1121375
... .. Laurel Village Joint Venture Partnership (50%)	Minnesota	41-1616702	... .. Travelers Professional Risks Limited	United Kingdom	
... .. Laurel Village I Limited Partnership (99%)	Minnesota	41-1542260	... Travelers Property Casualty Corp.	Connecticut	06-1008174
... .. Laurel Village II Limited Partnership (99%)	Minnesota	41-1542261	... .. Travelers Insurance Group Holdings Inc.	Delaware	06-1445591
... .. Laurel Village III Limited Partnership (99%)	Minnesota	41-1542263	... .. The Standard Fire Insurance Company (19070) *	Connecticut	06-6033509
... .. Laurel Village IV Limited Partnership (99%)	Minnesota	41-1542264	... .. Standard Fire Properties, LLC	Delaware	06-6033509
... .. Laurel Village Tower A Limited Partnership (99%)	Minnesota	41-1542266	... .. Bayhill Restaurant II Associates (50%)	California	94-3097171
... .. Laurel Village Tower B Limited Partnership (99%)	Minnesota	41-1593312	... .. Standard Fire UK Investments, LLC	Delaware	06-6033509
... .. Laurel Village Tower C Limited Partnership (99%)	Minnesota	41-1542267	... .. The Automobile Insurance Company of Hartford, Connecticut (19062) *	Connecticut	06-0848755
... .. Laurel Village Swinford Limited Partnership (99%)	Minnesota	41-1542255	... .. Auto Hartford Investments, LLC	Delaware	06-0848755
... .. USF&G Retail Associates GP, Inc.	Maryland	52-1704255	... .. Travelers Personal Security Insurance Company (36145) *	Connecticut	06-1286264
... .. USF&G/Fidelity Retail Associates Limited Partnership (1%)	Maryland	52-1704256	... .. Travelers Property Casualty Insurance Company (36161) *	Connecticut	06-1286274
... .. USF&G/Fidelity Retail Associates Limited Partnership (83.95%)	Maryland	52-1704256	... .. Travelers Personal Insurance Company (38130) *	Connecticut	36-3703200
... .. BMR Sports Properties, Inc.	Maryland	52-1852190	... .. Travelers Texas MGA, Inc.	Texas	27-4469564
... .. Black Mountain Ranch Limited Partnership (1%)	Maryland	52-1573778	... .. Oregon Evergreen Investor I, LLC	Delaware	06-6033509
... .. Black Mountain Ranch Limited Partnership (85%)	Maryland	52-1573778	... .. Lone Rock Timber Investments I, LLC (75%)	Delaware	61-1639956
... .. MMI Capital Trust I	Delaware	52-2073764	... .. Lone Rock Timber Investments II, LLC (90%)	Delaware	32-0447309
... .. Promenade Partners, LLC	Delaware	41-0406690	... .. Travelers (Bermuda) Limited *	Bermuda	AA-3194119
... .. USF&G Capital I	Delaware	52-1953822	... .. Travelers Lloyds Management Company	Texas	20-4312440
... .. USF&G Capital III	Delaware	52-2044075	... .. TPC Investments Inc.	Connecticut	06-1534005
... .. 350 Market Street, LLC	Delaware	41-0406690	... .. Travelers Casualty and Surety Company (19038) *	Connecticut	06-6033504
... .. Travelers Special Services Limited	United Kingdom		... .. Farmington Casualty Company (41483) *	Connecticut	06-1067463
... .. Yonkers Financing Corp.	Delaware	20-3033027	... .. Travelers MGA, Inc.	Texas	75-2676034
... .. English Turn Fidelity Realty, Inc.	Minnesota	52-1466734	... .. 8527512 Canada Inc. (77.52%)	Canada	
... .. English Turn LLC (99%)	Minnesota	59-2635727	... .. The Dominion of Canada General Insurance Company *	Canada	AA-1560270
... .. Fidelity English Turn Club LLC (99%)	Minnesota	59-2709441	... .. Travelers Insurance Company of Canada *	Canada	AA-1560039
... .. English Turn LLC (1%)	Minnesota	59-2635727	... .. Travelers Casualty and Surety Company of America (31194) *	Connecticut	06-0907370
... .. English Turn Realty Management, Inc.	Minnesota	52-1715225	... .. Travelers Global, Inc.	Delaware	47-2215437
... .. Fidelity English Turn Club LLC (1%)	Minnesota	59-2709441	... .. Travelers Brazil Holding, LLC	Delaware	47-2215437
... .. 8527512 Canada Inc. (22.48%)	Canada		... .. Travelers Brazil Acquisition LLC	Delaware	47-2215437
... .. The Dominion of Canada General Insurance Company *	Canada	AA-1560270	... .. J. Malucelli Participações em Seguros e Resseguros S.A. ("Holdco") (49.5%)	Brazil	
... .. Fog City Fund, LLC (99%)	Minnesota	41-1985480	... .. J. Malucelli Resseguradora S.A. *	Brazil	AA-2230021
... .. Symmetry Growth Capital II, LLC	Minnesota	76-0753165	... .. J. Malucelli Controle de Riscos Ltda. (0.01%)	Brazil	
... .. Upper Lake Growth Capital, LLC (99.1%)	Minnesota	41-1927945	... .. J. Malucelli Seguradora S.A. *	Brazil	AA-2230002
... .. Vesbridge Partners, LP (88.4%)	Minnesota	20-1222630	... .. J. Malucelli Controle de Riscos Ltda. (99.99%)	Brazil	
... .. Windamere II, LLC (98.9%)	Minnesota	41-1963936	... .. J. Malucelli Latam S.A. (49.5%)	Brazil	

*Notes:*

\* Denotes affiliated insurer

Unless otherwise stated, subsidiaries listed above are 100% owned by respective parent

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART**

..... JMalucelli Travelers Seguros S.A. (51%) *	Colombia	AA-2330036	... .. Travelers Marine, LLC	Delaware	06-0566050
..... Travelers Participações em Seguros Brasil S.A. (95%)	Brazil				
..... Travelers Seguros Brasil S.A. *	Brazil	AA-2230022			
..... Travelers Casualty Insurance Company of America (19046) *	Connecticut	06-0876835			
..... Travelers Casualty Company of Connecticut (36170) *	Connecticut	06-1286266			
..... Travelers Casualty UK Investments LLC	Delaware	06-6033504			
..... Travelers Commercial Insurance Company (36137) *	Connecticut	06-1286268			
..... Travelers Excess and Surplus Lines Company (29696) *	Connecticut	06-1203698			
..... Travelers Lloyds of Texas Insurance Company (41564) *	Texas	75-1732040			
..... The Travelers Indemnity Company (25658) *	Connecticut	06-0566050			
..... Arch Street North LLC	Delaware	06-0566050			
..... The Charter Oak Fire Insurance Company (25615) *	Connecticut	06-0291290			
..... Travelers Real Estate, LLC	Delaware	06-0566050			
..... First Floridian Auto and Home Insurance Company (10647) *	Florida	59-3372141			
..... Gulf Underwriters Insurance Company (42811) *	Connecticut	56-1371361			
..... Select Insurance Company (22233) *	Texas	75-6013697			
..... Travelers Casualty and Surety Company of Europe, Limited *	United Kingdom	AA-1120023			
..... Commercial Guaranty Insurance Company (38385) *	Delaware	75-1679830			
..... Crystal Brook, LLC	Delaware	06-0566050			
..... Durham Holding, LLC	Delaware	06-0566050			
..... Sutton Holdco, LLC	Delaware	06-0566050			
..... Cadet Limited, LLC	Delaware	06-0566050			
..... Arrowhead Company, LLC	Delaware	06-0566050			
..... Eastern Asset, LLC	Delaware	06-0566050			
..... Jupiter Holdings, Inc.	Minnesota	41-1769846			
..... American Equity Insurance Company (43117) *	Arizona	86-0703220			
..... American Equity Specialty Insurance Company (10819) *	Connecticut	86-0868106			
..... Northland Insurance Company (24015) *	Connecticut	41-6009967			
..... Northfield Insurance Company (27987) *	Iowa	41-0983992			
..... Northland Casualty Company (24031) *	Connecticut	94-6051964			
..... Travelers Indemnity U.K. Investments LLC	Connecticut	06-0566050			
..... TPC U.K. Investments LLC	Delaware	06-0566050			
..... The Phoenix Insurance Company (25623) *	Connecticut	06-0303275			
..... The Travelers Indemnity Company of America (25666) *	Connecticut	58-6020487			
..... The Travelers Indemnity Company of Connecticut (25682) *	Connecticut	06-0336212			
..... Travelers Property Casualty Company of America (25674) *	Connecticut	36-2719165			
..... American Marine Management Services, Inc. (47.5%)	New York	13-2743602			
..... Constitution State Services LLC	Delaware	06-1501229			
..... Phoenix UK Investments LLC	Delaware	06-0303275			
..... The Premier Insurance Company of Massachusetts (12850) *	Connecticut	04-3175569			
..... TravCo Insurance Company (28188) *	Connecticut	35-1838077			
..... TINDY Foreign, Inc	Delaware	20-4403403			
..... Travelers Commercial Casualty Company (40282) *	Connecticut	95-3634110			
..... Travelers Distribution Alliance, Inc.	Delaware	62-1657094			
..... Travelers TLD, LLC	Delaware	06-0566050			
..... Tiercel, LLC	Delaware	06-0566050			
..... Redstart, LLC	Delaware	06-0566050			
..... The Travelers Home and Marine Insurance Company (27998) *	Connecticut	35-1838079			
..... The Travelers Lloyds Insurance Company (41262) *	Texas	76-0002592			

96.1

*Notes:*

\* Denotes affiliated insurer

Unless otherwise stated, subsidiaries listed above are 100% owned by respective parent

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