Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **January 22, 2019**

The Travelers Companies, Inc.

(Exact name of registrant as specified in its charter)

Minnesota	**001-10898**	**41-0518860**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

485 Lexington Avenue **New York, New York**	**10017**
(Address of principal executive offices)	(Zip Code)

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On January 22, 2019, The Travelers Companies, Inc. (the "Company") issued a press release announcing the results of the Company's operations for the quarter ended December 31, 2018, and the availability of the Company's fourth quarter financial supplement on the Company's web site. The press release and the financial supplement are furnished as Exhibits 99.1 and 99.2 to this Report and are hereby incorporated by reference in this Item 2.02.

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release, dated January 22, 2019, reporting results of operations (This exhibit is furnished and not filed.)
99.2	Fourth Quarter 2018 Financial Supplement of The Travelers Companies, Inc. (This exhibit is furnished and not filed.)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, The Travelers Companies, Inc. has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		THE TRAVELERS COMPANIES, INC.
Date:	January 22, 2019 By	/s/ CHRISTINE K. KALLA
		Name: Christine K. Kalla
		Executive Vice President and General Counsel

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Section 2: EX-99.1 (EXHIBIT 99.1)

TRAVELERS **Exhibit 99.1**

The Travelers Companies, Inc.

485 Lexington Avenue
New York, NY 10017-2630
www.travelers.com

NYSE: TRV

Travelers Reports Fourth Quarter 2018 Net Income per Diluted Share of $2.32, up 17%, and Return on Equity of 10.9%

Fourth Quarter 2018 Core Income per Diluted Share of $2.13 and Core Return on Equity of 10.0%

Full Year Net Income of $2.523 billion and Return on Equity of 11.0%

Full Year Core Income of $2.430 billion and Core Return on Equity of 10.7%

- Fourth quarter net income of $621 million and core income of $571 million.
- Catastrophe losses of $610 million pre-tax increased from $499 million pre-tax in the prior year quarter.
- Fourth quarter consolidated combined ratio of 97.5%; underlying combined ratio of 91.1%.
- Fourth quarter net written premiums of $6.691 billion, up 4%; record full year net written premiums of $27.708 billion, up 6%; both periods reflect growth in all segments.
- Total capital returned to shareholders of $375 million in the quarter, including $170 million of share repurchases.
- Year-to-date total capital returned to shareholders of $2.139 billion, including $1.321 billion of share repurchases.
- Book value per share of $86.84, down 1% from year-end 2017, due to the impact of higher interest rates on net unrealized investment gains (losses). Adjusted book value per share of $87.27, up 5% from year-end 2017.
- Board of Directors declared quarterly dividend per share of $0.77.

New York, January 22, 2019 — The Travelers Companies, Inc. today reported net income of $621 million, or $2.32 per diluted share, for the quarter ended December 31, 2018, compared to $551 million, or $1.98 per diluted share, in the prior year quarter. Core income in the current quarter was $571 million, or $2.13 per diluted share, compared to $633 million, or $2.28 per diluted share, in the prior year quarter. Core income before income taxes decreased primarily due to a decrease in net favorable prior year reserve development of $126 million and an increase in catastrophe losses of $111 million, partially offset by an increase in underlying underwriting gain (i.e., excluding net favorable prior year reserve development and catastrophe losses) of $106 million and an increase in net investment income of $29 million. Core income benefited from a lower U.S. corporate income tax rate. Net income in the prior year quarter included a charge of $129 million related to the passage of the Tax Cuts and Jobs Act of 2017 (TCJA). Per diluted share amounts benefited from the impact of share repurchases.

Consolidated Highlights

($ in millions, except for per share amounts, and after-tax, except for premiums and revenues)	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2018	2017	Change		2018	2017	Change	
Net written premiums	$ 6,691	$ 6,424	4 %		$ 27,708	$ 26,219	6 %	
Total revenues	$ 7,796	$ 7,451	5		$ 30,282	$ 28,902	5	
Net income	$ 621	$ 551	13		$ 2,523	$ 2,056	23	
per diluted share	*$ 2.32*	*$ 1.98*	*17*		*$ 9.28*	*$ 7.33*	*27*	
Core income	$ 571	$ 633	(10)		$ 2,430	$ 2,043	19	
per diluted share	*$ 2.13*	*$ 2.28*	*(7)*		*$ 8.94*	*$ 7.28*	*23*	
Diluted weighted average shares outstanding	266.0	275.7	(4)		269.8	278.6	(3)	
Combined ratio	97.5%	95.5%	2.0	pts	96.9%	97.9%	(1.0)	pts
Underlying combined ratio	91.1%	92.4%	(1.3)	pts	92.5%	92.6%	(0.1)	pts
Return on equity	10.9%	9.3%	1.6	pts	11.0%	8.7%	2.3	pts
Core return on equity	10.0%	11.1%	(1.1)	pts	10.7%	9.0%	1.7	pts

	As of		
	December 31, 2018	December 31, 2017	Change
Book value per share	$ 86.84	$ 87.46	(1)%
Adjusted book value per share	87.27	83.36	5 %

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

“Fourth quarter core income of $571 million and core return on equity of 10.0% were both impacted by a high level of catastrophe losses arising from the California wildfires and Hurricane Michael,” said Alan Schnitzer, Chairman and Chief Executive Officer. “Our consolidated underlying results remained strong, benefiting from the continued successful execution of our strategy to create top-line opportunities and improve productivity and efficiency. This resulted in a 5% increase in net earned premiums to a record $6.9 billion and a reduction in the expense ratio to 29.5%. The underlying combined ratio improved to 91.1%, the lowest level since the first quarter of 2016. We were pleased with strong underlying performance across our diversified product portfolio, particularly in the Workers' Compensation, Surety, Management Liability and Personal Auto product lines, while our results in Commercial Auto were impacted by higher loss estimates for the full year. Net investment income of $630 million pre-tax was strong, up 5% over the prior year quarter due to higher returns in our fixed income portfolio. These results, together with our strong balance sheet, enabled us to return $375 million of excess capital to shareholders this quarter, including $170 million of share repurchases. For the full year, we returned over $2.1 billion of excess capital to shareholders, including $1.3 billion in share repurchases.

“We remain very pleased with our performance in the market, as net written premiums increased by 4% to $6.7 billion, with each of our business segments contributing. Net written premiums in Business Insurance increased by 3%, benefiting from renewal premium change of nearly 5% and continued historically high levels of retention. In our Middle Market business, renewal premium change increased over the prior year and was stable sequentially with retention at a fourth quarter record of 88%. In Bond & Specialty Insurance, net written premiums increased by 8%, with strong production in both our Management Liability and Surety businesses. In Personal Insurance, net written premiums increased by 5%. In Agency Auto, net written premiums increased by 5%, with strong retention and renewal premium change that continued to moderate, consistent with our objective of balancing growth and profitability. In our leading Agency Homeowners business, net written premiums increased by 6%, with strong retention and pricing up nearly a point over the prior year quarter.

“For the full year, we were pleased to have achieved record net written premiums of $27.7 billion and core income of $2.4 billion that generated core ROE of 10.7% despite an elevated level of $1.4 billion of after-tax catastrophe losses. These results demonstrate the strength of our franchise. We continue to pursue our ambitious innovation agenda and identify opportunities to leverage our long-standing competitive advantages in a rapidly changing world. For example, we recently announced an agreement to become the exclusive provider of U.S. auto insurance claim management for Lyft. Our significant competitive advantages, including a strong balance sheet, superior talent and leading position with agents and brokers, together with our capital management strategy and the strategic initiatives we have underway, position us well to continue to deliver shareholder value over time.”

Consolidated Results

($ in millions and pre-tax, unless noted otherwise)	Three Months Ended December 31, 2018	2017	Change		Twelve Months Ended December 31, 2018	2017	Change	
Underwriting gain:	**$ 135**	**$ 266**	**$ (131)**		**$ 681**	**$ 404**	**$ 277**	
Underwriting gain includes:								
Net favorable prior year reserve development	*167*	*293*	*(126)*		*517*	*592*	*(75)*	
Catastrophes, net of reinsurance	*(610)*	*(499)*	*(111)*		*(1,716)*	*(1,949)*	*233*	
Net investment income	**630**	**601**	**29**		**2,474**	**2,397**	**77**	
Other income (expense), including interest expense	**(79)**	**(77)**	**(2)**		**(308)**	**(287)**	**(21)**	
Core income before income taxes	**686**	**790**	**(104)**		**2,847**	**2,514**	**333**	
Income tax expense	**115**	**157**	**(42)**		**417**	**471**	**(54)**	
Core income	**571**	**633**	**(62)**		**2,430**	**2,043**	**387**	
Net realized investment gains after income taxes	**50**	**47**	**3**		**93**	**142**	**(49)**	
Impact of TCJA at enactment	**—**	**(129)**	**129**		**—**	**(129)**	**129**	
Net income	**$ 621**	**$ 551**	**$ 70**		**$ 2,523**	**$ 2,056**	**$ 467**	
Combined ratio	**97.5 %**	**95.5 %**	**2.0**	**pts**	**96.9 %**	**97.9 %**	**(1.0)**	**pts**
Impact on combined ratio								
Net favorable prior year reserve development	(2.4) pts	(4.4) pts	2.0	pts	(1.9) pts	(2.3) pts	0.4	pts
Catastrophes, net of reinsurance	8.8 pts	7.5 pts	1.3	pts	6.3 pts	7.6 pts	(1.3)	pts
Underlying combined ratio	**91.1 %**	**92.4 %**	**(1.3)**	**pts**	**92.5 %**	**92.6 %**	**(0.1)**	**pts**
Net written premiums								
Business Insurance	$ 3,533	$ 3,437	3 %		$ 14,956	$ 14,270	5 %	
Bond & Specialty Insurance	657	606	8		2,528	2,359	7	
Personal Insurance	2,501	2,381	5		10,224	9,590	7	
Total	**$ 6,691**	**$ 6,424**	**4 %**		**$ 27,708**	**$ 26,219**	**6 %**	

Fourth Quarter 2018 Results

(All comparisons vs. fourth quarter 2017, unless noted otherwise)

Net income of $621 million increased $70 million due to a $129 million charge in the prior year quarter related to the passage of the TCJA, partially offset by lower core income. Core income of $571 million decreased $62 million. Core income before income taxes decreased primarily due to a decrease in net favorable prior year reserve development of $126 million and an increase in catastrophe losses of $111 million, partially offset by an increase in underlying underwriting gain of $106 million and an increase in net investment income of $29 million. Core income benefited from a lower U.S. corporate income tax rate.

Underwriting results:

- The combined ratio of 97.5% increased 2.0 points due to lower net favorable prior year reserve development (2.0 points) and higher catastrophe losses (1.3 points), partially offset by a lower underlying combined ratio (1.3 points).
- The underlying combined ratio of 91.1% decreased 1.3 points. See below for details by segment.
- Net favorable prior year reserve development occurred in all segments. Catastrophe losses included $453 million pre-tax ($358 million after-tax) from the wildfires in California and $158 million pre-tax ($125 million after-tax) from Hurricane Michael.

Net investment income of $630 million pre-tax ($535 million after-tax) increased 5%. Income from the fixed income investment portfolio increased due to higher long-term and short-term interest rates as well as a higher average level of fixed maturity investments. Private equity returns were lower than in the prior year quarter.

Net written premiums of $6.691 billion increased 4%, reflecting growth in all segments. Retention remained high and new business increased across all segments.

Full Year 2018 Results
(All comparisons vs. full year 2017, unless noted otherwise)

Net income of $2.523 billion increased $467 million due to higher core income and the $129 million charge in the prior year related to the passage of the TCJA, partially offset by lower net realized investment gains. Core income of $2.430 billion increased $387 million. Core income before income taxes increased due to a decrease in catastrophe losses of $233 million, an increase in underlying underwriting gain of $119 million and an increase in net investment income of $77 million, partially offset by a decrease in net favorable prior year reserve development of $75 million. Core income benefited from a lower U.S. corporate income tax rate. Net realized investment gains of $114 million pre-tax ($93 million after-tax) were lower by $102 million pre-tax ($49 million after-tax).

Underwriting results:

- The combined ratio of 96.9% improved 1.0 points due to lower catastrophe losses (1.3 points) and a slightly lower underlying combined ratio (0.1 points), partially offset by lower net favorable prior year reserve development (0.4 points).

- The underlying combined ratio of 92.5% decreased 0.1 points. See below for details by segment.

- Net favorable prior year reserve development occurred in all segments. Catastrophe losses included the fourth quarter events described above, as well as winter storms in the eastern U.S., Hurricane Florence, wind and hail storms in several regions of the U.S. and mudslides in California in the first three quarters of 2018.

Net investment income of $2.474 billion pre-tax ($2.102 billion after-tax) increased 3%. Income from the fixed income investment portfolio increased due to a higher average level of fixed maturity investments and higher long-term and short-term interest rates. Private equity returns were lower than in the prior year.

Record net written premiums of $27.708 billion increased 6%, reflecting growth in all segments. Retention remained high and new business increased across all segments.

Shareholders' Equity

Shareholders' equity of $22.894 billion decreased 4% from year-end 2017 due to the impact of higher interest rates on net unrealized investment gains (losses). Net unrealized investment losses included in shareholders' equity were $137 million pre-tax ($113 million after-tax), compared to net unrealized investment gains of $1.414 billion pre-tax ($1.112 billion after-tax) at year-end 2017. Book value per share of $86.84 decreased 1% from year-end 2017, also due to the impact of higher interest rates on net unrealized investment gains (losses). Adjusted book value per share of $87.27 increased 5% from year-end 2017.

The Company repurchased 1.4 million shares during the fourth quarter at an average price of $125.07 per share for a total cost of $170 million. Capacity remaining under the existing share repurchase authorization was $3.286 billion at the end of the quarter. At the end of fourth quarter 2018, statutory capital and surplus was $20.774 billion, and the ratio of debt-to-capital was 22.3%. The ratio of debt-to-capital excluding after-tax net unrealized investment losses included in shareholders' equity was 22.2%, within the Company's target range of 15% to 25%.

The Board of Directors declared a quarterly dividend of $0.77 per share. The dividend is payable on March 29, 2019, to shareholders of record at the close of business on March 11, 2019.

Business Insurance Segment Financial Results

($ in millions and pre-tax, unless noted otherwise)	Three Months Ended December 31, 2018	2017	Change		Twelve Months Ended December 31, 2018	2017	Change	
Underwriting gain:	**$ 7**	**$ 399**	**$ (392)**		**$ 76**	**$ 251**	**$ (175)**	
Underwriting gain includes:								
Net favorable prior year reserve development	*48*	*244*	*(196)*		*142*	*439*	*(297)*	
Catastrophes, net of reinsurance	*(197)*	*(53)*	*(144)*		*(639)*	*(858)*	*219*	
Net investment income	**465**	**449**	**16**		**1,833**	**1,786**	**47**	
Other income (expense)	**(9)**	**2**	**(11)**		**(12)**	**24**	**(36)**	
Segment income before income taxes	**463**	**850**	**(387)**		**1,897**	**2,061**	**(164)**	
Income tax expense	**72**	**213**	**(141)**		**259**	**448**	**(189)**	
Segment income	**$ 391**	**$ 637**	**$ (246)**		**$ 1,638**	**$ 1,613**	**$ 25**	
Combined ratio	**99.4 %**	**88.6 %**	**10.8**	**pts**	**99.1 %**	**97.8 %**	**1.3**	**pts**
Impact on combined ratio								
Net favorable prior year reserve development	(1.2) pts	(6.7) pts	5.5	pts	(1.0) pts	(3.1) pts	2.1	pts
Catastrophes, net of reinsurance	5.2 pts	1.4 pts	3.8	pts	4.4 pts	6.0 pts	(1.6)	pts
Underlying combined ratio	**95.4 %**	**93.9 %**	**1.5**	**pts**	**95.7 %**	**94.9 %**	**0.8**	**pts**
Net written premiums by market								
Domestic								
Select Accounts	$ 660	$ 661	— %		$ 2,828	$ 2,800	1 %	
Middle Market	1,935	1,863	4		8,214	7,756	6	
National Accounts	247	259	(5)		1,025	1,010	1	
National Property and Other	422	381	11		1,805	1,691	7	
Total Domestic	3,264	3,164	3		13,872	13,257	5	
International	269	273	(1)		1,084	1,013	7	
Total	**$ 3,533**	**$ 3,437**	**3 %**		**$ 14,956**	**$ 14,270**	**5 %**	

Fourth Quarter 2018 Results

(All comparisons vs. fourth quarter 2017, unless noted otherwise)

Segment income for Business Insurance was $391 million after-tax, a decrease of $246 million. Segment income before income taxes decreased due to lower net favorable prior year reserve development, higher catastrophe losses and a lower underlying underwriting gain, partially offset by higher net investment income. The lower underlying underwriting gain was primarily driven by higher loss estimates in the domestic commercial automobile line for bodily injury liability coverages. Segment income in the current quarter benefited from a lower U.S. corporate income tax rate.

Underwriting results:

- The combined ratio of 99.4% increased 10.8 points due to lower net favorable prior year reserve development (5.5 points), higher catastrophe losses (3.8 points) and a higher underlying combined ratio (1.5 points).

- The underlying combined ratio of 95.4% increased 1.5 points, driven by the full year impact of higher loss estimates in the domestic commercial automobile line for bodily injury liability coverages, partially offset by a lower expense ratio.

- Net favorable prior year reserve development was primarily driven by better than expected loss experience in domestic workers' compensation for multiple accident years, partially offset by higher than expected loss experience in domestic commercial automobile for recent accident years and domestic general liability for multiple accident years.

Net written premiums of $3.533 billion increased 3%, benefiting from continued strong retention, higher renewal premium change and higher levels of new business.

Full Year 2018 Results
(All comparisons vs. full year 2017, unless noted otherwise)

Segment income for Business Insurance was $1.638 billion after-tax, an increase of $25 million. Segment income before income taxes decreased due to lower net favorable prior year reserve development and a lower underlying underwriting gain, partially offset by lower catastrophe losses and higher net investment income. The lower underlying underwriting gain was primarily driven by higher loss estimates in the domestic commercial automobile line for bodily injury liability coverages. Segment income in the current year benefited from a lower U.S. corporate income tax rate.

Underwriting results:

- The combined ratio of 99.1% increased 1.3 points due to lower net favorable prior year reserve development (2.1 points) and a higher underlying combined ratio (0.8 points), partially offset by lower catastrophe losses (1.6 points).

- The underlying combined ratio of 95.7% increased 0.8 points, primarily driven by higher loss estimates in the domestic commercial automobile line for bodily injury liability coverages.

- Net favorable prior year reserve development was primarily driven by better than expected loss experience in domestic workers' compensation for multiple accident years and commercial property for recent accident years, partially offset by higher than expected loss experience in domestic general liability for multiple accident years (including a $225 million increase to asbestos reserves and a $55 million increase to environmental reserves) and domestic commercial automobile for recent accident years.

Net written premiums of $14.956 billion increased 5% and benefited from the same factors as discussed above for the fourth quarter of 2018.

Bond & Specialty Insurance Segment Financial Results

($ in millions and pre-tax, unless noted otherwise)	Three Months Ended December 31, 2018	2017	Change		Twelve Months Ended December 31, 2018	2017	Change	
Underwriting gain:	**$ 214**	**$ 94**	**$ 120**		**$ 740**	**$ 512**	**$ 228**	
Underwriting gain includes:								
Net favorable prior year reserve development	*89*	*42*	*47*		*266*	*140*	*126*	
Catastrophes, net of reinsurance	*(7)*	*2*	*(9)*		*(16)*	*(6)*	*(10)*	
Net investment income	**61**	**54**	**7**		**233**	**228**	**5**	
Other income	**5**	**8**	**(3)**		**18**	**24**	**(6)**	
Segment income before income taxes	**280**	**156**	**124**		**991**	**764**	**227**	
Income tax expense	**60**	**44**	**16**		**198**	**208**	**(10)**	
Segment income	**$ 220**	**$ 112**	**$ 108**		**$ 793**	**$ 556**	**$ 237**	
Combined ratio	**64.8 %**	**83.7 %**	**(18.9)**	**pts**	**69.0 %**	**77.4 %**	**(8.4)**	**pts**
Impact on combined ratio								
Net favorable prior year reserve development	(14.4) pts	(7.2) pts	(7.2)	pts	(11.0) pts	(6.1) pts	(4.9)	pts
Catastrophes, net of reinsurance	1.1 pts	(0.2) pts	1.3	pts	0.6 pts	0.3 pts	0.3	pts
Underlying combined ratio	**78.1 %**	**91.1 %**	**(13.0)**	**pts**	**79.4 %**	**83.2 %**	**(3.8)**	**pts**
Net written premiums								
Domestic								
Management Liability	$ 366	$ 337	9 %		$ 1,455	$ 1,367	6 %	
Surety	198	196	1		835	793	5	
Total Domestic	564	533	6		2,290	2,160	6	
International	93	73	27		238	199	20	
Total	**$ 657**	**$ 606**	**8 %**		**$ 2,528**	**$ 2,359**	**7 %**	

Fourth Quarter 2018 Results

(All comparisons vs. fourth quarter 2017, unless noted otherwise)

Segment income for Bond & Specialty Insurance was $220 million after-tax, an increase of $108 million. Segment income before income taxes benefited from a higher underlying underwriting gain and higher net favorable prior year reserve development. The higher underlying underwriting gain primarily resulted from a charge for a single international surety loss in the fourth quarter of 2017 and higher business volumes. Segment income in the current quarter benefited from a lower U.S. corporate income tax rate.

Underwriting results:

- The combined ratio of 64.8% improved 18.9 points due to a lower underlying combined ratio (13.0 points) and higher net favorable prior year reserve development (7.2 points), partially offset by higher catastrophe losses (1.3 points).
- The underlying combined ratio of 78.1% improved 13.0 points, primarily driven by a charge for a single international surety loss in the fourth quarter of 2017.
- Net favorable prior year reserve development resulted from better than expected loss experience in domestic general liability for management liability coverages for multiple accident years.

Net written premiums of $657 million increased 8%, reflecting continued strong retention and higher new business in management liability and an increase in surety premiums.

Full Year 2018 Results
(All comparisons vs. full year 2017, unless noted otherwise)

Segment income for Bond & Specialty Insurance was $793 million after-tax, an increase of $237 million. Segment income before income taxes benefited from higher net favorable prior year reserve development and a higher underlying underwriting gain. The higher underlying underwriting gain primarily resulted from a charge for a single international surety loss in 2017 and higher business volumes. Segment income in the current year benefited from a lower U.S. corporate income tax rate.

Underwriting results:

- The combined ratio of 69.0% improved 8.4 points due to higher net favorable prior year reserve development (4.9 points) and a lower underlying combined ratio (3.8 points), partially offset by higher catastrophe losses (0.3 points).
- The underlying combined ratio of 79.4% improved 3.8 points, primarily driven by a charge for a single international surety loss in 2017.
- Net favorable prior year reserve development resulted from better than expected loss experience in domestic general liability for management liability coverages for multiple accident years.

Net written premiums of $2.528 billion increased 7% and benefited from the same factors as discussed above for the fourth quarter of 2018.

Personal Insurance Segment Financial Results

($ in millions and pre-tax, unless noted otherwise)	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Change	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2017	Change
Underwriting gain (loss):	**$ (86)**	**$ (227)**	**$ 141**	**$ (135)**	**$ (359)**	**$ 224**
Underwriting gain (loss) includes:						
Net favorable prior year reserve development	*30*	*7*	*23*	*109*	*13*	*96*
Catastrophes, net of reinsurance	*(406)*	*(448)*	*42*	*(1,061)*	*(1,085)*	*24*
Net investment income	**104**	**98**	**6**	**408**	**383**	**25**
Other income	**18**	**15**	**3**	**66**	**60**	**6**
Segment income (loss) before income taxes	**36**	**(114)**	**150**	**339**	**84**	**255**
Income tax expense (benefit)	**4**	**(64)**	**68**	**42**	**(44)**	**86**
Segment income (loss)	**$ 32**	**$ (50)**	**$ 82**	**$ 297**	**$ 128**	**$ 169**
Combined ratio	**102.6 %**	**108.7 %**	**(6.1) pts**	**100.6 %**	**103.1 %**	**(2.5) pts**
Impact on combined ratio						
Net favorable prior year reserve development	(1.1) pts	(0.3) pts	(0.8) pts	(1.1) pts	(0.1) pts	(1.0) pts
Catastrophes, net of reinsurance	15.9 pts	18.6 pts	(2.7) pts	10.7 pts	11.7 pts	(1.0) pts
Underlying combined ratio	**87.8 %**	**90.4 %**	**(2.6) pts**	**91.0 %**	**91.5 %**	**(0.5) pts**
Net written premiums						
Domestic						
Agency (1)						
Automobile	$ 1,226	$ 1,172	5 %	$ 4,972	$ 4,646	7 %
Homeowners & Other	1,011	955	6	4,148	3,933	5
Total Agency	2,237	2,127	5	9,120	8,579	6
Direct to Consumer	97	90	8	396	361	10
Total Domestic	2,334	2,217	5	9,516	8,940	6
International	167	164	2	708	650	9
Total	**$ 2,501**	**$ 2,381**	**5 %**	**$ 10,224**	**$ 9,590**	**7 %**

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

Fourth Quarter 2018 Results
(All comparisons vs. fourth quarter 2017, unless noted otherwise)

Segment income for Personal Insurance was $32 million after-tax, compared to a loss of $50 million in the prior year quarter. Segment income before income taxes benefited from a higher underlying underwriting gain, lower catastrophe losses, higher net favorable prior year reserve development and higher net investment income. The higher underlying underwriting gain was primarily driven by earned pricing that exceeded loss cost trends in Agency Automobile, partially offset by higher non-weather related losses in Agency Homeowners & Other.

Underwriting results:

- The combined ratio of 102.6% improved 6.1 points due to lower catastrophe losses (2.7 points), a lower underlying combined ratio (2.6 points) and higher net favorable prior year reserve development (0.8 points).

- The underlying combined ratio of 87.8% improved 2.6 points, primarily driven by earned pricing that exceeded loss cost trends in Agency Automobile and a lower expense ratio, partially offset by higher non-weather related losses in Agency Homeowners & Other.

- Net favorable prior year reserve development primarily resulted from better than expected loss experience in Agency Automobile for recent accident years.

Net written premiums of $2.501 billion increased 5%. Agency Automobile net written premiums increased 5%, driven by renewal premium change of 6%. Agency Homeowners & Other net written premiums increased 6%, benefiting from year-over-year policies in force growth of 6%.

Full Year 2018 Results
(All comparisons vs. full year 2017, unless noted otherwise)

Segment income for Personal Insurance was $297 million after-tax, an increase of $169 million. Segment income before income taxes benefited from a higher underlying underwriting gain, higher net favorable prior year reserve development, higher net investment income and lower catastrophe losses. The higher underlying underwriting gain was primarily driven by earned pricing that exceeded loss cost trends in Agency Automobile, partially offset by higher non-catastrophe weather-related losses and non-weather related losses in Agency Homeowners & Other. Segment income in the current year benefited from a lower U.S. corporate income tax rate.

Underwriting results:

- The combined ratio of 100.6% improved 2.5 points due to higher net favorable prior year reserve development (1.0 points), lower catastrophe losses (1.0 points) and a lower underlying combined ratio (0.5 points).

- The underlying combined ratio of 91.0% improved 0.5 points, primarily driven by earned pricing that exceeded loss cost trends in Agency Automobile, partially offset by higher non-catastrophe weather-related losses and non-weather related losses in Agency Homeowners & Other.

- Net favorable prior year reserve development resulted from better than expected loss experience in Agency Automobile for recent accident years.

Net written premiums of $10.224 billion increased 7%. Agency Automobile net written premiums increased 7%, and Agency Homeowners & Other net written premiums increased 5%, in each case benefiting from the same factors as discussed above for the fourth quarter of 2018.

Financial Supplement and Conference Call

The information in this press release should be read in conjunction with a financial supplement that is available on our website at www.travelers.com. Travelers management will discuss the contents of this release and other relevant topics via webcast at 9 a.m. Eastern (8 a.m. Central) on Tuesday, January 22, 2019. Investors can access the call via webcast at http://investor.travelers.com or by dialing 1.844.895.1976 within the United States and 1.647.689.5389 outside the United States. Prior to the webcast, a slide presentation pertaining to the quarterly earnings will be available on the Company's website.

Following the live event, an audio playback of the webcast and the slide presentation will be available on the same website.

About Travelers

The Travelers Companies, Inc. (NYSE: TRV) is a leading provider of property casualty insurance for auto, home and business. A component of the Dow Jones Industrial Average, Travelers has approximately 30,000 employees and generated revenues of approximately $30 billion in 2018. For more information, visit www.travelers.com.

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

Travelers is organized into the following reportable business segments:

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

Bond & Specialty Insurance - Bond & Specialty Insurance provides surety, fidelity, management liability, professional liability, and other property and casualty coverages and related risk management services to its customers in the United States and certain specialty insurance products in Canada, the United Kingdom, the Republic of Ireland and Brazil, utilizing various degrees of financially-based underwriting approaches.

Personal Insurance - Personal Insurance writes a broad range of property and casualty insurance covering individuals' personal risks, primarily in the United States, as well as in Canada. The primary products of automobile and homeowners insurance are complemented by a broad suite of related coverages.

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Forward-Looking Statements

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

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

- the impact of investment (including changes in interest rates), economic (including inflation, recent changes in tax law, rapid changes in commodity prices and fluctuations in foreign currency exchange rates) and underwriting market conditions;
- strategic and operational initiatives to improve profitability and competitiveness;
- the Company's competitive advantages;
- new product offerings;
- the impact of new or potential regulations imposed or to be imposed by the United States or other nations, including tariffs or other barriers to international trade; and
- the impact of the government shutdown.

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

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

- catastrophe losses could materially and adversely affect the Company's results of operations, its financial position and/or liquidity, and could adversely impact the Company's ratings, the Company's ability to raise capital and the availability and cost of reinsurance;
- if actual claims exceed the Company's claims and claim adjustment expense reserves, or if changes in the estimated level of claims and claim adjustment expense reserves are necessary, including as a result of, among other things, changes in the legal, regulatory and economic environments in which the Company operates, the Company's financial results could be materially and adversely affected;
- during or following a period of financial market disruption or an economic downturn, the Company's business could be materially and adversely affected;
- the Company's investment portfolio is subject to credit risk and interest rate risk, and may suffer reduced or low returns or material realized or unrealized losses;
- the Company's business could be harmed because of its potential exposure to asbestos and environmental claims and related litigation;
- the intense competition that the Company faces, and the impact of innovation, technological change and changing customer preferences on the insurance industry and the markets in which it operates, could harm its ability to maintain or increase its business volumes and its profitability;
- disruptions to the Company's relationships with its independent agents and brokers or the Company's inability to manage effectively a changing distribution landscape could adversely affect the Company;
- the Company is exposed to, and may face adverse developments involving, mass tort claims such as those relating to exposure to potentially harmful products or substances;
- the effects of emerging claim and coverage issues on the Company's business are uncertain;
- the Company may not be able to collect all amounts due to it from reinsurers, reinsurance coverage may not be available to the Company in the future at commercially reasonable rates or at all and we are exposed to credit risk related to our structured settlements;
- the Company is also exposed to credit risk in certain of its insurance operations and with respect to certain guarantee or indemnification arrangements that we have with third parties;
- within the United States, the Company's businesses are heavily regulated by the states in which it conducts business, including licensing, market conduct and financial supervision, and changes in regulation may reduce the Company's profitability and limit its growth;
- a downgrade in the Company's claims-paying and financial strength ratings could adversely impact the Company's business volumes, adversely impact the Company's ability to access the capital markets and increase the Company's borrowing costs;
- the inability of the Company's insurance subsidiaries to pay dividends to the Company's holding company in sufficient amounts would harm the Company's ability to meet its obligations, pay future shareholder dividends and/or make future share repurchases;
- the Company's efforts to develop new products, expand in targeted markets or improve business processes and workflows may not be successful and may create enhanced risks;
- the Company may be adversely affected if its pricing and capital models provide materially different indications than actual results;
- the Company's business success and profitability depend, in part, on effective information technology systems and on continuing to develop and implement improvements in technology, particularly as its business processes become more digital;

- if the Company experiences difficulties with technology, data and network security (including as a result of cyber attacks), outsourcing relationships or cloud-based technology, the Company's ability to conduct its business could be negatively impacted;
- the Company is also subject to a number of additional risks associated with its business outside the United States, such as foreign currency exchange fluctuations (including with respect to the valuation of the Company's foreign investments and interests in joint ventures) and restrictive regulations as well as the risks and uncertainties associated with the United Kingdom's withdrawal from the European Union;
- regulatory changes outside of the United States, including in Canada, the United Kingdom, the Republic of Ireland and the European Union, could adversely impact the Company's results of operations and limit its growth;
- loss of or significant restrictions on the use of particular types of underwriting criteria, such as credit scoring, or other data or methodologies, in the pricing and underwriting of the Company's products could reduce the Company's future profitability;
- acquisitions and integration of acquired businesses may result in operating difficulties and other unintended consequences;
- the Company could be adversely affected if its controls designed to ensure compliance with guidelines, policies and legal and regulatory standards are not effective;
- the Company's businesses may be adversely affected if it is unable to hire and retain qualified employees;
- intellectual property is important to the Company's business, and the Company may be unable to protect and enforce its own intellectual property or the Company may be subject to claims for infringing the intellectual property of others;
- changes in federal regulation could impose significant burdens on the Company and otherwise adversely impact the Company's results;
- changes in U.S. tax laws or in the tax laws of other jurisdictions in which the Company operates could adversely impact the Company; and
- the Company's share repurchase plans depend on a variety of factors, including the Company's financial position, earnings, share price, catastrophe losses, maintaining capital levels commensurate with the Company's desired ratings from independent rating agencies, funding of the Company's qualified pension plan, capital requirements of the Company's operating subsidiaries, legal requirements, regulatory constraints, other investment opportunities (including mergers and acquisitions and related financings), market conditions and other factors.

Our forward-looking statements speak only as of the date of this press release or as of the date they are made, and we undertake no obligation to update forward-looking statements. For a more detailed discussion of these factors, see the information under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent annual report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 15, 2018, as updated by our periodic filings with the SEC.

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

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

In the opinion of the Company's management, a discussion of these measures provides investors, financial analysts, rating agencies and other financial statement users with a better understanding of the significant factors that comprise the Company's periodic results of operations and how management evaluates the Company's financial performance.

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

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

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

Core income (loss) is consolidated net income (loss) excluding the after-tax impact of net realized investment gains (losses), discontinued operations, the effect of a change in tax laws and tax rates at enactment, and cumulative effect of changes in accounting principles when applicable. **Segment income (loss)** is determined in the same manner as core income (loss) on a segment basis. Management uses segment income (loss) to analyze each segment’s performance and as a tool in making business decisions. Financial statement users also consider core income (loss) when analyzing the results and trends of insurance companies. **Core income (loss) per share** is core income (loss) on a per common share basis.

Reconciliation of Net Income to Core Income less Preferred Dividends

($ in millions, after-tax)	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2017
Net income	**$ 621**	**$ 551**	**$ 2,523**	**$ 2,056**
Less: Net realized investment gains	(50)	(47)	(93)	(142)
Impact of TCJA at enactment	—	129	—	129
Core income	**$ 571**	**$ 633**	**$ 2,430**	**$ 2,043**

($ in millions, pre-tax)	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2017
Net income	**$ 746**	**$ 860**	**$ 2,961**	**$ 2,730**
Less: Net realized investment gains	(60)	(70)	(114)	(216)
Core income	**$ 686**	**$ 790**	**$ 2,847**	**$ 2,514**

($ in millions, after-tax)	Twelve Months Ended December 31, 2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net income	**$ 2,523**	**$ 2,056**	**$ 3,014**	**$ 3,439**	**$ 3,692**	**$ 3,673**	**$ 2,473**	**$ 1,426**	**$ 3,216**	**$ 3,622**	**$ 2,924**	**$ 4,601**	**$ 4,208**	**$ 1,622**
Less: Loss from discontinued operations	—	—	—	—	—	—	—	—	—	—	—	—	—	(439)
Income from continuing operations	**2,523**	**2,056**	**3,014**	**3,439**	**3,692**	**3,673**	**2,473**	**1,426**	**3,216**	**3,622**	**2,924**	**4,601**	**4,208**	**2,061**
Adjustments:														
Net realized investment (gains) losses	(93)	(142)	(47)	(2)	(51)	(106)	(32)	(36)	(173)	(22)	271	(101)	(8)	(35)
Impact of TCJA at enactment	—	129	—	—	—	—	—	—	—	—	—	—	—	—
Core income	**2,430**	**2,043**	**2,967**	**3,437**	**3,641**	**3,567**	**2,441**	**1,390**	**3,043**	**3,600**	**3,195**	**4,500**	**4,200**	**2,026**
Less: Preferred dividends	—	—	—	—	—	—	—	1	3	3	4	4	5	6
Core income, less preferred dividends	**$ 2,430**	**$ 2,043**	**$ 2,967**	**$ 3,437**	**$ 3,641**	**$ 3,567**	**$ 2,441**	**$ 1,389**	**$ 3,040**	**$ 3,597**	**$ 3,191**	**$ 4,496**	**$ 4,195**	**$ 2,020**

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	**2017**	**2018**	**2017**
Basic income per share				
Net income	**$ 2.33**	**$ 2.00**	**$ 9.37**	**$ 7.39**
Adjustments:				
Net realized investment gains, after-tax	(0.18)	(0.17)	(0.35)	(0.51)
Impact of TCJA at enactment	—	0.47	—	0.47
Core income	**$ 2.15**	**$ 2.30**	**$ 9.02**	**$ 7.35**
Diluted income per share				
Net income	**$ 2.32**	**$ 1.98**	**$ 9.28**	**$ 7.33**
Adjustments:				
Net realized investment gains, after-tax	(0.19)	(0.17)	(0.34)	(0.51)
Impact of TCJA at enactment	—	0.47	—	0.46
Core income	**$ 2.13**	**$ 2.28**	**$ 8.94**	**$ 7.28**

Reconciliation of Segment Income to Total Core Income

	Three Months Ended December 31,		Twelve Months Ended December 31,	
($ in millions, after-tax)	**2018**	**2017**	**2018**	**2017**
Business Insurance	$ 391	$ 637	$ 1,638	$ 1,613
Bond & Specialty Insurance	220	112	793	556
Personal Insurance	32	(50)	297	128
Total segment income	643	699	2,728	2,297
Interest Expense and Other	(72)	(66)	(298)	(254)
Total core income	**$ 571**	**$ 633**	**$ 2,430**	**$ 2,043**

RECONCILIATION OF SHAREHOLDERS' EQUITY TO ADJUSTED SHAREHOLDERS' EQUITY AND CALCULATION OF RETURN ON EQUITY AND CORE RETURN ON EQUITY

Adjusted shareholders' equity is shareholders' equity excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity, net realized investment gains (losses), net of tax, for the period presented, the effect of a change in tax laws and tax rates at enactment (excluding the portion related to net unrealized investment gains (losses)), preferred stock and discontinued operations.

Reconciliation of Shareholders' Equity to Adjusted Shareholders' Equity

	As of December 31,													
($ in millions)	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Shareholders' equity	**$ 22,894**	**$ 23,731**	**$ 23,221**	**$ 23,598**	**$ 24,836**	**$ 24,796**	**$ 25,405**	**$ 24,477**	**$ 25,475**	**$ 27,415**	**$ 25,319**	**$ 26,616**	**$ 25,135**	**$ 22,303**
Adjustments:														
Net unrealized investment (gains) losses, net of tax, included in shareholders' equity	113	(1,112)	(730)	(1,289)	(1,966)	(1,322)	(3,103)	(2,871)	(1,859)	(1,856)	146	(620)	(453)	(327)
Net realized investment (gains) losses, net of tax	(93)	(142)	(47)	(2)	(51)	(106)	(32)	(36)	(173)	(22)	271	(101)	(8)	(35)
Impact of TCJA at enactment	—	287	—	—	—	—	—	—	—	—	—	—	—	—
Preferred stock	—	—	—	—	—	—	—	—	(68)	(79)	(89)	(112)	(129)	(153)
Loss from discontinued operations	—	—	—	—	—	—	—	—	—	—	—	—	—	439
Adjusted shareholders' equity	**$ 22,914**	**$ 22,764**	**$ 22,444**	**$ 22,307**	**$ 22,819**	**$ 23,368**	**$ 22,270**	**$ 21,570**	**$ 23,375**	**$ 25,458**	**$ 25,647**	**$ 25,783**	**$ 24,545**	**$ 22,227**

Return on equity is the ratio of annualized net income less preferred dividends to average shareholders' equity for the periods presented. **Core return on equity** is the ratio of annualized core income less preferred dividends to adjusted average shareholders' equity for the periods presented. In the opinion of the Company's management, these are important indicators of how well management creates value for its shareholders through its operating activities and its capital management.

Average shareholders' equity is (a) the sum of total shareholders' equity excluding preferred stock at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two. **Adjusted average shareholders' equity** is (a) the sum of adjusted shareholders' equity at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two.

Calculation of Return on Equity and Core Return on Equity

($ in millions, after-tax)	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2017
Annualized net income	$ 2,483	$ 2,202	$ 2,523	$ 2,056
Average shareholders' equity	22,677	23,735	22,843	23,671
Return on equity	**10.9%**	**9.3%**	**11.0%**	**8.7%**
Annualized core income	$ 2,286	$ 2,530	$ 2,430	$ 2,043
Adjusted average shareholders' equity	22,932	22,795	22,814	22,743
Core return on equity	**10.0%**	**11.1%**	**10.7%**	**9.0%**

Average annual core return on equity over a period is the ratio of:
a) the sum of core income less preferred dividends for the periods presented to b) the sum of: 1) the sum of the adjusted average shareholders' equity for all full years in the period presented, and 2) for partial years in the period presented, the number of quarters in that partial year divided by four, multiplied by the adjusted average shareholders' equity of the partial year.

Calculation of Average Annual Core Return on Equity from January 1, 2005 through December 31, 2018

	Twelve Months Ended December 31,													
($ in millions)	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Core income, less preferred dividends	$ 2,430	$ 2,043	$ 2,967	$ 3,437	$ 3,641	$ 3,567	$ 2,441	$ 1,389	$ 3,040	$ 3,597	$ 3,191	$ 4,496	$ 4,195	$ 2,020
Adjusted average shareholders' equity	22,814	22,743	22,386	22,681	23,447	23,004	22,158	22,806	24,285	25,777	25,668	25,350	23,381	21,118
Core return on equity	10.7%	9.0%	13.3%	15.2%	15.5%	15.5%	11.0%	6.1%	12.5%	14.0%	12.4%	17.7%	17.9%	9.6%
Average annual core return on equity for the period Jan. 1, 2005 through Dec. 31, 2018	**13.0%**													

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

Underwriting gain (loss) is net earned premiums and fee income less claims and claim adjustment expenses and insurance-related expenses. In the opinion of the Company's management, it is important to measure the profitability of each segment excluding the results of investing activities, which are managed separately from the insurance business. This measure is used to assess each segment's business performance and as a tool in making business decisions. **Pre-tax underwriting gain, excluding the impact of catastrophes and net favorable prior year loss reserve development**, is the underwriting gain adjusted to exclude claims and claim adjustment expenses, reinstatement premiums and assessments related to catastrophes and loss reserve development related to time periods prior to the current year. In the opinion of the Company's management, this measure is meaningful to users of the financial statements to understand the Company's periodic earnings and the variability of earnings caused by the unpredictable nature (i.e., the timing and amount) of catastrophes and loss reserve development. This measure is also referred to as **underlying underwriting margin** or **underlying underwriting gain**.

A **catastrophe** is a severe loss designated a catastrophe by internationally recognized organizations that track and report on insured losses resulting from catastrophic events, such as Property Claim Services (PCS) for events in the United States and Canada. Catastrophes can be caused by various natural events, including, among others, hurricanes, tornadoes and other windstorms, earthquakes, hail, wildfires, severe winter weather, floods, tsunamis, volcanic eruptions and other naturally occurring events, such as solar flares. Catastrophes can also be man-made, such as terrorist attacks and other intentionally destructive acts including those involving nuclear, biological, chemical or radiological events, cyber attacks, explosions and infrastructure failures. Each catastrophe has unique characteristics and catastrophes are not predictable as to timing or amount. Their effects are included in net and core income and claims and claim adjustment expense reserves upon occurrence. A catastrophe may result in the payment of reinsurance reinstatement premiums and assessments from various pools.

The Company's threshold for disclosing catastrophes is primarily determined at the reportable segment level. If a threshold for one segment or a combination thereof is exceeded and the other segments have losses from the same event, losses from the event are identified as catastrophe losses in the segment results and for the consolidated results of the Company. Additionally, an aggregate threshold is applied for international business across all reportable segments. The threshold for 2018 ranges from approximately $18 million to $30 million of losses before reinsurance and taxes.

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

Components of Net Income

($ in millions, after-tax except as noted)	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2017
Pre-tax underwriting gain excluding the impact of catastrophes and net favorable prior year loss reserve development	$ 578	$ 472	$ 1,880	$ 1,761
Pre-tax impact of catastrophes	(610)	(499)	(1,716)	(1,949)
Pre-tax impact of net favorable prior year loss reserve development	167	293	517	592
Pre-tax underwriting gain	135	266	681	404
Income tax expense on underwriting results	36	50	105	54
Underwriting gain	99	216	576	350
Net investment income	535	467	2,102	1,872
Other income (expense), including interest expense	(63)	(50)	(248)	(179)
Core income	**571**	**633**	**2,430**	**2,043**
Net realized investment gains	50	47	93	142
Impact of TCJA at enactment	—	(129)	—	(129)
Net income	**$ 621**	**$ 551**	**$ 2,523**	**$ 2,056**

COMBINED RATIO AND ADJUSTMENTS FOR UNDERLYING COMBINED RATIO

Combined ratio: For Statutory Accounting Practices (SAP), the combined ratio is the sum of the SAP loss and LAE ratio and the SAP underwriting expense ratio as defined in the statutory financial statements required by insurance regulators. The combined ratio, as used in this earnings release, is the equivalent of, and is calculated in the same manner as, the SAP combined ratio except that the SAP underwriting expense ratio is based on net *written* premiums and the underwriting expense ratio as used in this earnings release is based on net *earned* premiums.

For SAP, the loss and LAE ratio is the ratio of incurred losses and loss adjustment expenses less certain administrative services fee income to net earned premiums as defined in the statutory financial statements required by insurance regulators. The loss and LAE ratio as used in this earnings release is calculated in the same manner as the SAP ratio.

For SAP, the underwriting expense ratio is the ratio of underwriting expenses incurred (including commissions paid), less certain administrative services fee income and billing and policy fees and other, to net *written* premiums as defined in the statutory financial statements required by insurance regulators. The underwriting expense ratio as used in this earnings release, is the ratio of underwriting expenses (including the amortization of deferred acquisition costs), less certain administrative services fee income, billing and policy fees and other, to net *earned* premiums.

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

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

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

Calculation of the Combined Ratio

($ in millions, pre-tax)	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2017
Loss and loss adjustment expense ratio				
Claims and claim adjustment expenses	$ 4,778	$ 4,342	$ 18,291	$ 17,467
Less:				
Policyholder dividends	15	13	52	51
Allocated fee income	39	36	154	162
Loss ratio numerator	**$ 4,724**	**$ 4,293**	**$ 18,085**	**$ 17,254**
Underwriting expense ratio				
Amortization of deferred acquisition costs	$ 1,122	$ 1,072	$ 4,381	$ 4,166
General and administrative expenses (G&A)	1,063	1,084	4,297	4,170
Less:				
Non-insurance G&A	45	33	159	77
Allocated fee income	69	69	278	285
Billing and policy fees and other	24	21	93	88
Expense ratio numerator	**$ 2,047**	**$ 2,033**	**$ 8,148**	**$ 7,886**
Earned premium	**$ 6,945**	**$ 6,626**	**$ 27,059**	**$ 25,683**
Combined ratio (1)				
Loss and loss adjustment expense ratio	68.0%	64.8%	66.8%	67.2%
Underwriting expense ratio	29.5%	30.7%	30.1%	30.7%
Combined ratio	**97.5%**	**95.5%**	**96.9%**	**97.9%**

(1) For purposes of computing ratios, billing and policy fees and other (which are a component of other revenues) are allocated as a reduction of underwriting expenses. In addition, fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses. In addition, G&A include non-insurance expenses that are excluded from underwriting expenses, and accordingly are excluded in calculating the combined ratio.

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

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

Reconciliation of Shareholders' Equity to Tangible Shareholders' Equity, Excluding Net Unrealized Investment Gains (Losses), Net of Tax

($ in millions, except per share amounts)	As of December 31, 2018	As of December 31, 2017
Shareholders' equity	**$ 22,894**	**$ 23,731**
Less: Net unrealized investment gains (losses), net of tax, included in shareholders' equity	(113)	1,112
Shareholders' equity, excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity	**23,007**	**22,619**
Less:		
Goodwill	3,937	3,951
Other intangible assets	345	342
Impact of deferred tax on other intangible assets	(44)	(44)
Tangible shareholders' equity	**$ 18,769**	**$ 18,370**
Common shares outstanding	263.6	271.4
Book value per share	$ 86.84	$ 87.46
Adjusted book value per share	87.27	83.36
Tangible book value per share	71.20	67.70

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

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

($ in millions)	As of December 31, 2018	As of December 31, 2017
Debt	$ 6,564	$ 6,571
Shareholders' equity	22,894	23,731
Total capitalization	**29,458**	**30,302**
Less: Net unrealized investment gains (losses), net of tax, included in shareholders' equity	(113)	1,112
Total capitalization excluding net unrealized gain (loss) on investments, net of tax, included in shareholders' equity	**$ 29,571**	**$ 29,190**
Debt-to-capital ratio	22.3%	21.7%
Debt-to-capital ratio excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity	22.2%	22.5%

OTHER DEFINITIONS

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

For Business Insurance and Bond & Specialty Insurance, **retention** is the amount of premium available for renewal that was retained, excluding rate and exposure changes. For Personal Insurance, **retention** is the ratio of the expected number of renewal policies that will be retained throughout the annual policy period to the number of available renewal base policies. For all of the segments, **renewal rate change** represents the estimated change in average premium on policies that renew, excluding exposure changes. **Exposure** is the measure of risk used in the pricing of an insurance product. The change in exposure is the amount of change in premium on policies that renew attributable to the change in portfolio risk. **Renewal premium change** represents the estimated change in average premium on policies that renew, including rate and exposure changes. **New business** is the amount of written premium related to new policyholders and additional products sold to existing policyholders. These are operating statistics, which are in part dependent on the use of estimates and are therefore subject to change. For Business Insurance, retention, renewal premium change and new business exclude National Accounts. For Bond & Specialty Insurance, retention, renewal premium change and new business exclude surety.

Statutory capital and surplus represents the excess of an insurance company's admitted assets over its liabilities, including loss reserves, as determined in accordance with statutory accounting practices.

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

For a glossary of other financial terms used in this press release, we refer you to the Company's most recent annual report on Form 10-K filed with the SEC on February 15, 2018, and subsequent periodic filings with the SEC.

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Section 3: EX-99.2 (EXHIBIT 99.2)

The Travelers Companies, Inc.
Financial Supplement - Fourth Quarter 2018

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

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The Travelers Companies, Inc.
Financial Highlights

($ and shares in millions, except for per share data)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Net income	$ 617	$ 595	$ 293	$ 551	$ 669	$ 524	$ 709	$ 621	$ 2,056	$ 2,523
Net income per share:										
Basic	$ 2.19	$ 2.13	$ 1.06	$ 2.00	$ 2.45	$ 1.93	$ 2.65	$ 2.33	$ 7.39	$ 9.37
Diluted	$ 2.17	$ 2.11	$ 1.05	$ 1.98	$ 2.42	$ 1.92	$ 2.62	$ 2.32	$ 7.33	$ 9.28
Core income	$ 614	$ 543	$ 253	$ 633	$ 678	$ 494	$ 687	$ 571	$ 2,043	$ 2,430
Core income per share:										
Basic	$ 2.18	$ 1.94	$ 0.92	$ 2.30	$ 2.48	$ 1.83	$ 2.56	$ 2.15	$ 7.35	$ 9.02
Diluted	$ 2.16	$ 1.92	$ 0.91	$ 2.28	$ 2.46	$ 1.81	$ 2.54	$ 2.13	$ 7.28	$ 8.94
Return on equity	10.5%	10.0%	4.9%	9.3%	11.5%	9.2%	12.6%	10.9%	8.7%	11.0%
Core return on equity	10.8%	9.5%	4.5%	11.1%	11.9%	8.7%	12.0%	10.0%	9.0%	10.7%
Total assets, at period end	$101,246	$102,669	$104,311	$103,483	$103,676	$103,523	$104,390	$104,233	$103,483	$104,233
Total equity, at period end	$ 23,612	$ 23,858	$ 23,738	$ 23,731	$ 22,979	$ 22,623	$ 22,460	$ 22,894	$ 23,731	$ 22,894
Book value per share, at period end	$ 84.51	$ 86.46	$ 86.73	$ 87.46	$ 85.03	$ 84.51	$ 84.82	$ 86.84	$ 87.46	$ 86.84
Less: Net unrealized investment gains (losses), net of tax	2.95	3.75	3.67	4.10	0.49	(0.42)	(1.69)	(0.43)	4.10	(0.43)
Adjusted book value per share, at period end	$ 81.56	$ 82.71	$ 83.06	$ 83.36	$ 84.54	$ 84.93	$ 86.51	$ 87.27	$ 83.36	$ 87.27
Weighted average number of common shares outstanding (basic)	279.7	277.5	274.1	272.8	271.0	268.7	266.1	263.9	276.0	267.4
Weighted average number of common shares outstanding and common stock equivalents (diluted)	282.4	280.0	276.6	275.7	273.9	271.1	268.4	266.0	278.6	269.8
Common shares outstanding at period end	279.4	275.9	273.7	271.4	270.2	267.7	264.8	263.6	271.4	263.6
Common stock dividends declared	$ 190	$ 201	$ 200	$ 198	$ 197	$ 209	$ 207	$ 205	$ 789	$ 818
Common stock repurchased:										
Under Board of Directors authorization										
Shares	1.9	3.8	2.6	2.6	2.5	2.7	3.0	1.4	10.9	9.6
Cost	$ 225	$ 475	$ 328	$ 350	$ 350	$ 350	$ 400	$ 170	$ 1,378	$ 1,270
Other										
Shares	0.5	—	—	—	0.3	—	0.1	—	0.5	0.4
Cost	$ 61	$ —	$ —	$ 1	$ 51	$ —	$ —	$ —	$ 62	$ 51

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Reconciliation to Net Income and Earnings per Share

($ and shares in millions, except earnings per share)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Net income										
Net income	$ 617	$ 595	$ 293	$ 551	$ 669	$ 524	$ 709	$ 621	$ 2,056	$ 2,523
Adjustments:										
Net realized investment (gains) losses, after-tax	(3)	(52)	(40)	(47)	9	(30)	(22)	(50)	(142)	(93)
Impact of TCJA at enactment (1)	—	—	—	129	—	—	—	—	129	—
Core income	$ 614	$ 543	$ 253	$ 633	$ 678	$ 494	$ 687	$ 571	$ 2,043	$ 2,430
Basic earnings per share										
Net income	$ 2.19	$ 2.13	$ 1.06	$ 2.00	$ 2.45	$ 1.93	$ 2.65	$ 2.33	$ 7.39	$ 9.37
Adjustments:										
Net realized investment (gains) losses, after-tax	(0.01)	(0.19)	(0.14)	(0.17)	0.03	(0.10)	(0.09)	(0.18)	(0.51)	(0.35)
Impact of TCJA at enactment (1)	—	—	—	0.47	—	—	—	—	0.47	—
Core income	$ 2.18	$ 1.94	$ 0.92	$ 2.30	$ 2.48	$ 1.83	$ 2.56	$ 2.15	$ 7.35	$ 9.02
Diluted earnings per share										
Net income	$ 2.17	$ 2.11	$ 1.05	$ 1.98	$ 2.42	$ 1.92	$ 2.62	$ 2.32	$ 7.33	$ 9.28
Adjustments:										
Net realized investment (gains) losses, after-tax	(0.01)	(0.19)	(0.14)	(0.17)	0.04	(0.11)	(0.08)	(0.19)	(0.51)	(0.34)
Impact of TCJA at enactment (1)	—	—	—	0.47	—	—	—	—	0.46	—
Core income	$ 2.16	$ 1.92	$ 0.91	$ 2.28	$ 2.46	$ 1.81	$ 2.54	$ 2.13	$ 7.28	$ 8.94

Adjustments to net income and weighted average shares for net income EPS calculations: (2)

Basic and Diluted	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Net income, as reported	$ 617	$ 595	$ 293	$ 551	$ 669	$ 524	$ 709	$ 621	$ 2,056	$ 2,523
Participating share-based awards - allocated income	(4)	(5)	(2)	(4)	(5)	(4)	(5)	(5)	(15)	(19)
Net income available to common shareholders - basic and diluted	$ 613	$ 590	$ 291	$ 547	$ 664	$ 520	$ 704	$ 616	$ 2,041	$ 2,504
Common Shares										
Basic										
Weighted average shares outstanding	279.7	277.5	274.1	272.8	271.0	268.7	266.1	263.9	276.0	267.4
Diluted										
Weighted average shares outstanding	279.7	277.5	274.1	272.8	271.0	268.7	266.1	263.9	276.0	267.4
Weighted average effects of dilutive securities - stock options and performance shares	2.7	2.5	2.5	2.9	2.9	2.4	2.3	2.1	2.6	2.4
Diluted weighted average shares outstanding	282.4	280.0	276.6	275.7	273.9	271.1	268.4	266.0	278.6	269.8

(1) Reflects the impact of changes in tax laws and tax rates enacted in the U.S. on December 22, 2017 as part of the Tax Cuts and Jobs Act of 2017 (TCJA), resulting primarily from revaluing the Company's deferred tax assets and liabilities and the tax associated with accumulated foreign earnings.
(2) Adjustments to net income and weighted average shares for net income EPS calculations can generally be used for the core income EPS calculations.

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Statement of Income - Consolidated

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Revenues										
Premiums	$6,183	$6,351	$6,523	$6,626	$6,537	$6,695	$6,882	$6,945	$25,683	$27,059
Net investment income	610	598	588	601	603	595	646	630	2,397	2,474
Fee income	113	116	113	105	103	112	109	108	447	432
Net realized investment gains (losses)	5	80	61	70	(11)	36	29	60	216	114
Other revenues	31	39	40	49	54	39	57	53	159	203
Total revenues	6,942	7,184	7,325	7,451	7,286	7,477	7,723	7,796	28,902	30,282
Claims and expenses										
Claims and claim adjustment expenses	4,094	4,225	4,806	4,342	4,296	4,562	4,655	4,778	17,467	18,291
Amortization of deferred acquisition costs	1,003	1,032	1,059	1,072	1,061	1,081	1,117	1,122	4,166	4,381
General and administrative expenses	996	1,045	1,045	1,084	1,062	1,113	1,059	1,063	4,170	4,297
Interest expense	89	92	95	93	89	90	86	87	369	352
Total claims and expenses	6,182	6,394	7,005	6,591	6,508	6,846	6,917	7,050	26,172	27,321
Income before income taxes	760	790	320	860	778	631	806	746	2,730	2,961
Income tax expense	143	195	27	309	109	107	97	125	674	438
Net income	$ 617	$ 595	$ 293	$ 551	$ 669	$ 524	$ 709	$ 621	$ 2,056	$ 2,523
Other-than-temporary impairments (OTTI)										
Total OTTI gains (losses)	$ (1)	$ (5)	$ (5)	$ (2)	$ —	$ (1)	$ —	$ —	$ (13)	$ (1)
OTTI losses recognized in net realized investment gains (losses)	$ (2)	$ (5)	$ (5)	$ (2)	$ —	$ (1)	$ —	$ —	$ (14)	$ (1)
OTTI gains (losses) recognized in other comprehensive income (loss)	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1	$ —
Other statistics										
Effective tax rate on net investment income	21.3%	21.9%	22.1%	22.4%	14.9%	14.8%	15.4%	15.0%	21.9%	15.0%
Net investment income (after-tax)	$ 480	$ 468	$ 457	$ 467	$ 513	$ 507	$ 547	$ 535	$ 1,872	$ 2,102
Catastrophes, net of reinsurance:										
Pre-tax	$ 347	$ 403	$ 700	$ 499	$ 354	$ 488	$ 264	$ 610	$ 1,949	$ 1,716
After-tax	$ 226	$ 262	$ 455	$ 324	$ 280	$ 384	$ 209	$ 482	$ 1,267	$ 1,355
Prior year reserve development - favorable:										
Pre-tax	$ 81	$ 203	$ 15	$ 293	$ 150	$ 186	$ 14	$ 167	$ 592	$ 517
After-tax	$ 44	$ 132	$ 10	$ 192	$ 119	$ 148	$ 10	$ 132	$ 378	$ 409

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Net Income by Major Component and Combined Ratio - Consolidated

($ in millions, net of tax)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Underwriting gain (loss)	$ 175	$ 112	$(153)	$ 216	$ 222	$ 61	$ 194	$ 99	$ 350	$ 576
Net investment income	480	468	457	467	513	507	547	535	1,872	2,102
Other income (expense), including interest expense	(41)	(37)	(51)	(50)	(57)	(74)	(54)	(63)	(179)	(248)
Core income	614	543	253	633	678	494	687	571	2,043	2,430
Net realized investment gains (losses)	3	52	40	47	(9)	30	22	50	142	93
Impact of TCJA at enactment (1)	—	—	—	(129)	—	—	—	—	(129)	—
Net income	$ 617	$ 595	$ 293	$ 551	$ 669	$ 524	$ 709	$ 621	$2,056	$2,523
Combined ratio (2) (3)										
Loss and loss adjustment expense ratio	65.3 %	65.6 %	72.8 %	64.8 %	64.9 %	67.4 %	66.9 %	68.0 %	67.2 %	66.8 %
Underwriting expense ratio	30.7 %	31.1 %	30.4 %	30.7 %	30.6 %	30.7 %	29.7 %	29.5 %	30.7 %	30.1 %
Combined ratio	96.0 %	96.7 %	103.2 %	95.5 %	95.5 %	98.1 %	96.6 %	97.5 %	97.9 %	96.9 %
Impact on combined ratio:										
Net favorable prior year reserve development	(1.3)%	(3.2)%	(0.3)%	(4.4)%	(2.3)%	(2.8)%	(0.2)%	(2.4)%	(2.3)%	(1.9)%
Catastrophes, net of reinsurance	5.6 %	6.4 %	10.7 %	7.5 %	5.4 %	7.3 %	3.8 %	8.8 %	7.6 %	6.3 %
Underlying combined ratio	91.7 %	93.5 %	92.8 %	92.4 %	92.4 %	93.6 %	93.0 %	91.1 %	92.6 %	92.5 %

(1) Reflects the impact of changes in tax laws and tax rates enacted in the U.S. on December 22, 2017 as part of the TCJA, resulting primarily from revaluing the Company's deferred tax assets and liabilities and the tax associated with accumulated foreign earnings.
(2) Before policyholder dividends.
(3) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses. In addition, fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses. In addition, general and administrative expenses include non-insurance expenses that are excluded from underwriting expenses, and accordingly are excluded in calculating the combined ratio. See following:

($ in millions, net of tax)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Billing and policy fees and other	$ 23	$ 22	$ 22	$ 21	$ 23	$ 22	$ 24	$ 24	$ 88	$ 93
Fee income:										
Loss and loss adjustment expenses	$ 42	$ 42	$ 42	$ 36	$ 37	$ 40	$ 38	$ 39	$ 162	$ 154
Underwriting expenses	71	74	71	69	66	72	71	69	285	278
Total fee income	$ 113	$ 116	$ 113	$ 105	$ 103	$ 112	$ 109	$ 108	$ 447	$ 432
Non-insurance general and administrative expenses	$ 8	$ 8	$ 28	$ 33	$ 37	$ 39	$ 38	$ 45	$ 77	$ 159

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Core Income - Consolidated

TRAVELERS

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Revenues										
Premiums	$6,183	$6,351	$6,523	$6,626	$6,537	$6,695	$6,882	$6,945	$25,683	$27,059
Net investment income	610	598	588	601	603	595	646	630	2,397	2,474
Fee income	113	116	113	105	103	112	109	108	447	432
Other revenues	31	39	40	49	54	39	57	53	159	203
Total revenues	6,937	7,104	7,264	7,381	7,297	7,441	7,694	7,736	28,686	30,168
Claims and expenses										
Claims and claim adjustment expenses	4,094	4,225	4,806	4,342	4,296	4,562	4,655	4,778	17,467	18,291
Amortization of deferred acquisition costs	1,003	1,032	1,059	1,072	1,061	1,081	1,117	1,122	4,166	4,381
General and administrative expenses	996	1,045	1,045	1,084	1,062	1,113	1,059	1,063	4,170	4,297
Interest expense	89	92	95	93	89	90	86	87	369	352
Total claims and expenses	6,182	6,394	7,005	6,591	6,508	6,846	6,917	7,050	26,172	27,321
Core income before income taxes	755	710	259	790	789	595	777	686	2,514	2,847
Income tax expense	141	167	6	157	111	101	90	115	471	417
Core income	$ 614	$ 543	$ 253	$ 633	$ 678	$ 494	$ 687	$ 571	$ 2,043	$ 2,430
Other statistics										
Effective tax rate on net investment income	21.3%	21.9%	22.1%	22.4%	14.9%	14.8%	15.4%	15.0%	21.9%	15.0%
Net investment income (after-tax)	$ 480	$ 468	$ 457	$ 467	$ 513	$ 507	$ 547	$ 535	$ 1,872	$ 2,102
Catastrophes, net of reinsurance:										
Pre-tax	$ 347	$ 403	$ 700	$ 499	$ 354	$ 488	$ 264	$ 610	$ 1,949	$ 1,716
After-tax	$ 226	$ 262	$ 455	$ 324	$ 280	$ 384	$ 209	$ 482	$ 1,267	$ 1,355
Prior year reserve development - favorable:										
Pre-tax	$ 81	$ 203	$ 15	$ 293	$ 150	$ 186	$ 14	$ 167	$ 592	$ 517
After-tax	$ 44	$ 132	$ 10	$ 192	$ 119	$ 148	$ 10	$ 132	$ 378	$ 409

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Selected Statistics - Property and Casualty Operations

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Statutory underwriting										
Gross written premiums	$ 7,018	$ 6,927	$ 7,063	$ 6,640	$ 7,418	$ 7,429	$ 7,462	$ 6,943	$27,648	$29,252
Net written premiums	$ 6,495	$ 6,640	$ 6,660	$ 6,424	$ 6,824	$ 7,131	$ 7,062	$ 6,691	$26,219	$27,708
Net earned premiums	$ 6,183	$ 6,351	$ 6,523	$ 6,626	$ 6,537	$ 6,695	$ 6,882	$ 6,945	$25,683	$27,059
Losses and loss adjustment expenses	4,043	4,169	4,751	4,291	4,245	4,506	4,606	4,719	17,254	18,076
Underwriting expenses	1,975	2,049	2,018	1,992	2,072	2,147	2,082	1,999	8,034	8,300
Statutory underwriting gain (loss)	165	133	(246)	343	220	42	194	227	395	683
Policyholder dividends	11	15	12	13	13	12	12	15	51	52
Statutory underwriting gain (loss) after policyholder dividends	$ 154	$ 118	$ (258)	$ 330	$ 207	$ 30	$ 182	$ 212	$ 344	$ 631
Other statutory statistics										
Reserves for losses and loss adjustment expenses	$40,313	$40,630	$41,545	$41,454	$41,669	$41,861	$42,293	$42,409	$41,454	$42,409
Increase (decrease) in reserves	$ 409	$ 317	$ 915	$ (91)	$ 215	$ 192	$ 432	$ 116	$ 1,550	$ 955
Statutory capital and surplus	$20,617	$20,607	$20,740	$20,448	$20,533	$20,371	$20,462	$20,774	$20,448	$20,774
Net written premiums/surplus (1)	1.23:1	1.24:1	1.25:1	1.28:1	1.29:1	1.33:1	1.34:1	1.33:1	1.28:1	1.33:1

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

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Written premiums										
Gross	$ 7,018	$ 6,927	$ 7,063	$ 6,640	$ 7,418	$ 7,429	$ 7,462	$ 6,943	$27,648	$29,252
Ceded	(523)	(287)	(403)	(216)	(594)	(298)	(400)	(252)	(1,429)	(1,544)
Net	$ 6,495	$ 6,640	$ 6,660	$ 6,424	$ 6,824	$ 7,131	$ 7,062	$ 6,691	$26,219	$27,708
Earned premiums										
Gross	$ 6,550	$ 6,720	$ 6,906	$ 6,978	$ 6,903	$ 7,060	$ 7,266	$ 7,331	$27,154	$28,560
Ceded	(367)	(369)	(383)	(352)	(366)	(365)	(384)	(386)	(1,471)	(1,501)
Net	$ 6,183	$ 6,351	$ 6,523	$ 6,626	$ 6,537	$ 6,695	$ 6,882	$ 6,945	$25,683	$27,059

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Revenues										
Premiums	$3,429	$3,504	$3,576	$3,637	$3,568	$3,641	$3,743	$3,770	$14,146	$14,722
Net investment income	453	447	437	449	446	440	482	465	1,786	1,833
Fee income	109	112	108	101	99	107	103	103	430	412
Other revenues	9	15	19	26	31	20	33	28	69	112
Total revenues	4,000	4,078	4,140	4,213	4,144	4,208	4,361	4,366	16,431	17,079
Claims and expenses										
Claims and claim adjustment expenses	2,265	2,306	2,847	2,103	2,392	2,484	2,653	2,642	9,521	10,171
Amortization of deferred acquisition costs	554	567	579	586	580	588	610	610	2,286	2,388
General and administrative expenses	610	636	643	674	650	674	648	651	2,563	2,623
Total claims and expenses	3,429	3,509	4,069	3,363	3,622	3,746	3,911	3,903	14,370	15,182
Segment income before income taxes	571	569	71	850	522	462	450	463	2,061	1,897
Income tax expense (benefit)	129	140	(34)	213	70	77	40	72	448	259
Segment income	$ 442	$ 429	$ 105	$ 637	$ 452	$ 385	$ 410	$ 391	$ 1,613	$ 1,638
Other statistics										
Effective tax rate on net investment income	22.0%	22.2%	22.4%	22.7%	14.7%	14.7%	15.3%	14.9%	22.3%	14.9%
Net investment income (after-tax)	$ 353	$ 348	$ 338	$ 348	$ 380	$ 376	$ 408	$ 395	$ 1,387	$ 1,559
Catastrophes, net of reinsurance:										
Pre-tax	$ 132	$ 184	$ 489	$ 53	$ 138	$ 168	$ 136	$ 197	$ 858	$ 639
After-tax	$ 86	$ 120	$ 318	$ 34	$ 110	$ 132	$ 107	$ 156	$ 558	$ 505
Prior year reserve development - favorable (unfavorable):										
Pre-tax (1)	$ 61	$ 125	$ 9	$ 244	$ 66	$ 84	$ (56)	$ 48	$ 439	$ 142
After-tax (1)	$ 30	$ 81	$ 6	$ 159	$ 52	$ 68	$ (45)	$ 38	$ 276	$ 113

(1) The first quarter of 2017 includes the unfavorable impact of $62 million pre-tax ($51 million after-tax) in the Company's international operations in Europe due to the UK Ministry of Justice's "Ogden" discount rate adjustment applied to lump sum bodily injury payouts.

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

TRAVELERS

Segment Income by Major Component and Combined Ratio - Business Insurance

($ in millions, net of tax)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Underwriting gain (loss)	$ 83	$ 69	$(233)	$ 288	$ 70	$ 19	$ 2	$ 3	$ 207	$ 94
Net investment income	353	348	338	348	380	376	408	395	1,387	1,559
Other income (expense)	6	12	—	1	2	(10)	—	(7)	19	(15)
Segment income	$ 442	$ 429	$ 105	$ 637	$ 452	$ 385	$ 410	$ 391	$1,613	$1,638
Combined ratio (1) (2)										
Loss and loss adjustment expense ratio	64.5 %	64.3 %	78.1 %	56.5 %	65.7 %	66.9 %	69.6%	68.7 %	65.9 %	67.8 %
Underwriting expense ratio	31.9 %	32.2 %	31.7 %	32.1 %	31.8 %	31.9 %	31.0%	30.7 %	31.9 %	31.3 %
Combined ratio	96.4 %	96.5 %	109.8 %	88.6 %	97.5 %	98.8 %	100.6%	99.4 %	97.8 %	99.1 %
Impact on combined ratio:										
Net (favorable) unfavorable prior year reserve development	(1.8)%	(3.6)%	(0.3)%	(6.7)%	(1.9)%	(2.3)%	1.5%	(1.2)%	(3.1)%	(1.0)%
Catastrophes, net of reinsurance	3.8 %	5.3 %	13.7 %	1.4 %	3.9 %	4.6 %	3.7%	5.2 %	6.0 %	4.4 %
Underlying combined ratio	94.4 %	94.8 %	96.4 %	93.9 %	95.5 %	96.5 %	95.4%	95.4 %	94.9 %	95.7 %

(1) Before policyholder dividends.
(2) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses. In addition, fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses. In addition, general and administrative expenses include non-insurance expenses that are excluded from underwriting expenses, and accordingly are excluded in calculating the combined ratio. See following:

($ in millions, net of tax)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Billing and policy fees and other	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4	$ 3	$ 4	$ 16	$ 15
Fee income:										
Loss and loss adjustment expenses	$ 42	$ 42	$ 42	$ 36	$ 37	$ 40	$ 38	$ 39	$ 162	$ 154
Underwriting expenses	67	70	66	65	62	67	65	64	268	258
Total fee income	$ 109	$ 112	$ 108	$ 101	$ 99	$ 107	$ 103	$ 103	$ 430	$ 412
Non-insurance general and administrative expenses	$ —	$ —	$ 21	$ 24	$ 28	$ 30	$ 29	$ 37	$ 45	$ 124

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Selected Statistics - Business Insurance

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Statutory underwriting										
Gross written premiums	$ 4,271	$ 3,794	$ 3,787	$ 3,621	$ 4,471	$ 4,038	$ 3,992	$ 3,754	$15,473	$16,255
Net written premiums	$ 3,855	$ 3,544	$ 3,434	$ 3,437	$ 3,994	$ 3,781	$ 3,648	$ 3,533	$14,270	$14,956
Net earned premiums	$ 3,429	$ 3,504	$ 3,576	$ 3,637	$ 3,568	$ 3,641	$ 3,743	$ 3,770	$14,146	$14,722
Losses and loss adjustment expenses	2,215	2,254	2,795	2,053	2,344	2,429	2,606	2,586	9,317	9,965
Underwriting expenses	1,169	1,153	1,106	1,126	1,213	1,196	1,144	1,107	4,554	4,660
Statutory underwriting gain (loss)	45	97	(325)	458	11	16	(7)	77	275	97
Policyholder dividends	9	12	10	11	11	9	11	12	42	43
Statutory underwriting gain (loss) after policyholder dividends	$ 36	$ 85	$ (335)	$ 447	$ —	$ 7	$ (18)	$ 65	$ 233	$ 54

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Net Written Premiums - Business Insurance

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Net written premiums by market										
Domestic										
Select Accounts	$ 755	$ 720	$ 664	$ 661	$ 773	$ 729	$ 666	$ 660	$ 2,800	$ 2,828
Middle Market	2,177	1,820	1,896	1,863	2,262	1,985	2,032	1,935	7,756	8,214
National Accounts	288	219	244	259	309	231	238	247	1,010	1,025
National Property and Other	386	496	428	381	380	518	485	422	1,691	1,805
Total Domestic	3,606	3,255	3,232	3,164	3,724	3,463	3,421	3,264	13,257	13,872
International	249	289	202	273	270	318	227	269	1,013	1,084
Total	$ 3,855	$ 3,544	$ 3,434	$ 3,437	$ 3,994	$ 3,781	$ 3,648	$ 3,533	$14,270	$14,956
Net written premiums by product line										
Domestic										
Workers' compensation	$ 1,207	$ 925	$ 918	$ 876	$ 1,190	$ 935	$ 887	$ 828	$ 3,926	$ 3,840
Commercial automobile	581	543	549	546	651	629	625	613	2,219	2,518
Commercial property	402	506	441	423	391	536	492	448	1,772	1,867
General liability	558	491	519	518	591	531	559	546	2,086	2,227
Commercial multi-peril	855	788	787	798	896	831	840	823	3,228	3,390
Other	3	2	18	3	5	1	18	6	26	30
Total Domestic	3,606	3,255	3,232	3,164	3,724	3,463	3,421	3,264	13,257	13,872
International	249	289	202	273	270	318	227	269	1,013	1,084
Total	$ 3,855	$ 3,544	$ 3,434	$ 3,437	$ 3,994	$ 3,781	$ 3,648	$ 3,533	$14,270	$14,956
National Accounts										
Additions to claim volume under administration (1)	$ 734	$ 529	$ 521	$ 581	$ 771	$ 522	$ 540	$ 574	$ 2,365	$ 2,407
Written fees	$ 104	$ 85	$ 83	$ 75	$ 103	$ 83	$ 81	$ 76	$ 347	$ 343

(1) Includes new and renewal business.

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Segment Income - Bond & Specialty Insurance

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Revenues										
Premiums	$ 555	$ 575	$ 591	$ 586	$ 582	$ 601	$ 617	$ 620	$2,307	$2,420
Net investment income	61	56	57	54	58	57	57	61	228	233
Other revenues	5	6	5	8	6	5	5	7	24	23
Total revenues	621	637	653	648	646	663	679	688	2,559	2,676
Claims and expenses										
Claims and claim adjustment expenses	227	174	236	262	216	175	205	176	899	772
Amortization of deferred acquisition costs	103	108	111	110	107	113	117	117	432	454
General and administrative expenses	113	116	115	120	115	116	113	115	464	459
Total claims and expenses	443	398	462	492	438	404	435	408	1,795	1,685
Segment income before income taxes	178	239	191	156	208	259	244	280	764	991
Income tax expense	33	76	55	44	35	55	48	60	208	198
Segment income	$ 145	$ 163	$ 136	$ 112	$ 173	$ 204	$ 196	$ 220	$ 556	$ 793
Other statistics										
Effective tax rate on net investment income	14.6%	17.6%	18.9%	19.6%	14.5%	14.3%	14.6%	14.8%	17.6%	14.6%
Net investment income (after-tax)	$ 52	$ 46	$ 47	$ 43	$ 50	$ 48	$ 49	$ 52	$ 188	$ 199
Catastrophes, net of reinsurance:										
Pre-tax	$ 1	$ 1	$ 6	$ (2)	$ —	$ 5	$ 4	$ 7	$ 6	$ 16
After-tax	$ —	$ 1	$ 4	$ (1)	$ —	$ 4	$ 3	$ 6	$ 4	$ 13
Prior year reserve development - favorable:										
Pre-tax	$ 14	$ 78	$ 6	$ 42	$ 35	$ 89	$ 53	$ 89	$ 140	$ 266
After-tax	$ 10	$ 51	$ 4	$ 27	$ 28	$ 70	$ 42	$ 70	$ 92	$ 210

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.

Segment Income by Major Component and Combined Ratio - Bond & Specialty Insurance

($ in millions, net of tax)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Underwriting gain	$ 89	$ 114	$ 85	$ 64	$ 119	$ 153	$ 143	$ 165	$ 352	$ 580
Net investment income	52	46	47	43	50	48	49	52	188	199
Other income	4	3	4	5	4	3	4	3	16	14
Segment income	$ 145	$ 163	$ 136	$ 112	$ 173	$ 204	$ 196	$ 220	$ 556	$ 793
Combined ratio (1)										
Loss and loss adjustment expense ratio	40.6 %	29.7 %	39.5 %	44.6 %	36.6 %	28.8 %	33.1 %	27.9 %	38.6 %	31.5 %
Underwriting expense ratio	38.8 %	39.0 %	38.2 %	39.1 %	38.1 %	37.7 %	37.1 %	36.9 %	38.8 %	37.5 %
Combined ratio	79.4 %	68.7 %	77.7 %	83.7 %	74.7 %	66.5 %	70.2 %	64.8 %	77.4 %	69.0 %
Impact on combined ratio:										
Net favorable prior year reserve development	(2.6)%	(13.5)%	(0.9)%	(7.2)%	(6.0)%	(14.8)%	(8.7)%	(14.4)%	(6.1)%	(11.0)%
Catastrophes, net of reinsurance	0.1 %	0.2 %	0.9 %	(0.2)%	— %	0.8 %	0.6 %	1.1 %	0.3 %	0.6 %
Underlying combined ratio	81.9 %	82.0 %	77.7 %	91.1 %	80.7 %	80.5 %	78.3 %	78.1 %	83.2 %	79.4 %

(1) General and administrative expenses include non-insurance expenses that are excluded from underwriting expenses, and accordingly are excluded in calculating the combined ratio. See following:

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Non-insurance general and administrative expenses	$ —	$ —	$ —	$ —	$ —	$ 2	$ 1	$ 2	$ —	$ 5

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

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

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Statutory underwriting										
Gross written premiums	$ 601	$ 620	$ 632	$ 627	$ 638	$ 674	$ 673	$ 680	$ 2,480	$ 2,665
Net written premiums	$ 544	$ 598	$ 611	$ 606	$ 574	$ 653	$ 644	$ 657	$ 2,359	$ 2,528
Net earned premiums	$ 555	$ 575	$ 591	$ 586	$ 582	$ 601	$ 617	$ 620	$ 2,307	$ 2,420
Losses and loss adjustment expenses	226	170	233	261	213	173	204	173	890	763
Underwriting expenses	219	228	231	226	232	234	232	231	904	929
Statutory underwriting gain	110	177	127	99	137	194	181	216	513	728
Policyholder dividends	2	3	2	2	2	3	1	3	9	9
Statutory underwriting gain after policyholder dividends	$ 108	$ 174	$ 125	$ 97	$ 135	$ 191	$ 180	$ 213	$ 504	$ 719

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Net Written Premiums - Bond & Specialty Insurance

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Net written premiums by market										
Domestic										
Management Liability	$ 330	$ 341	$ 359	$ 337	$ 348	$ 362	$ 379	$ 366	$ 1,367	$ 1,455
Surety	174	211	212	196	185	235	217	198	793	835
Total Domestic	504	552	571	533	533	597	596	564	2,160	2,290
International	40	46	40	73	41	56	48	93	199	238
Total	$ 544	$ 598	$ 611	$ 606	$ 574	$ 653	$ 644	$ 657	$ 2,359	$ 2,528
Net written premiums by product line										
Domestic										
Fidelity & surety	$ 225	$ 260	$ 264	$ 244	$ 241	$ 285	$ 273	$ 250	$ 993	$ 1,049
General liability	234	249	247	247	244	264	261	268	977	1,037
Other	45	43	60	42	48	48	62	46	190	204
Total Domestic	504	552	571	533	533	597	596	564	2,160	2,290
International	40	46	40	73	41	56	48	93	199	238
Total	$ 544	$ 598	$ 611	$ 606	$ 574	$ 653	$ 644	$ 657	$ 2,359	$ 2,528

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Segment Income (Loss) - Personal Insurance

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Revenues										
Premiums	$2,199	$2,272	$2,356	$2,403	$2,387	$2,453	$2,522	$2,555	$9,230	$9,917
Net investment income	96	95	94	98	99	98	107	104	383	408
Fee income	4	4	5	4	4	5	6	5	17	20
Other revenues	16	15	14	15	17	14	17	18	60	66
Total revenues	2,315	2,386	2,469	2,520	2,507	2,570	2,652	2,682	9,690	10,411
Claims and expenses										
Claims and claim adjustment expenses	1,602	1,745	1,723	1,977	1,688	1,903	1,797	1,960	7,047	7,348
Amortization of deferred acquisition costs	346	357	369	376	374	380	390	395	1,448	1,539
General and administrative expenses	265	285	280	281	288	316	290	291	1,111	1,185
Total claims and expenses	2,213	2,387	2,372	2,634	2,350	2,599	2,477	2,646	9,606	10,072
Segment income (loss) before income taxes	102	(1)	97	(114)	157	(29)	175	36	84	339
Income tax expense (benefit)	13	(13)	20	(64)	28	(12)	22	4	(44)	42
Segment income (loss)	$ 89	$ 12	$ 77	$ (50)	$ 129	$ (17)	$ 153	$ 32	$ 128	$ 297
Other statistics										
Effective tax rate on net investment income	22.3%	22.5%	22.7%	22.9%	15.6%	15.6%	16.1%	15.7%	22.6%	15.8%
Net investment income (after-tax)	$ 75	$ 74	$ 72	$ 76	$ 83	$ 83	$ 90	$ 88	$ 297	$ 344
Catastrophes, net of reinsurance:										
Pre-tax	$ 214	$ 218	$ 205	$ 448	$ 216	$ 315	$ 124	$ 406	$1,085	$1,061
After-tax	$ 140	$ 141	$ 133	$ 291	$ 170	$ 248	$ 99	$ 320	$ 705	$ 837
Prior year reserve development - favorable (unfavorable):										
Pre-tax	$ 6	$ —	$ —	$ 7	$ 49	$ 13	$ 17	$ 30	$ 13	$ 109
After-tax	$ 4	$ —	$ —	$ 6	$ 39	$ 10	$ 13	$ 24	$ 10	$ 86

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

TRAVELERS

Segment Income (Loss) by Major Component and Combined Ratio - Personal Insurance

($ in millions, net of tax)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Underwriting gain (loss)	$ 3	$ (71)	$ (5)	$ (136)	$ 33	$ (111)	$ 49	$ (69)	$ (209)	$ (98)
Net investment income	75	74	72	76	83	83	90	88	297	344
Other income	11	9	10	10	13	11	14	13	40	51
Segment income (loss)	$ 89	$ 12	$ 77	$ (50)	$129	$ (17)	$153	$ 32	$ 128	$ 297
Combined ratio (1)										
Loss and loss adjustment expense ratio	72.9 %	76.8%	73.1%	82.2 %	70.7 %	77.6 %	71.2 %	76.8 %	76.3 %	74.1 %
Underwriting expense ratio	26.7 %	27.3%	26.6%	26.5 %	26.8 %	27.3 %	26.0 %	25.8 %	26.8 %	26.5 %
Combined ratio	99.6 %	104.1%	99.7%	108.7 %	97.5 %	104.9 %	97.2 %	102.6 %	103.1 %	100.6 %
Domestic Agency combined ratio	*99.0 %*	*103.5 %*	*98.7 %*	*108.7 %*	*96.5 %*	*103.6 %*	*95.4 %*	*101.9 %*	*102.6 %*	*99.4 %*
Impact on combined ratio:										
Net (favorable) unfavorable prior year reserve development	(0.3)%	—%	—%	(0.3)%	(2.0)%	(0.5)%	(0.6)%	(1.1)%	(0.1)%	(1.1)%
Catastrophes, net of reinsurance	9.8 %	9.6%	8.7%	18.6 %	9.0 %	12.8 %	4.9 %	15.9 %	11.7 %	10.7 %
Underlying combined ratio	90.1 %	94.5%	91.0%	90.4 %	90.5 %	92.6 %	92.9 %	87.8 %	91.5 %	91.0 %

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

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Billing and policy fees and other	$ 19	$ 18	$ 18	$ 17	$ 19	$ 18	$ 21	$ 20	$ 72	$ 78
Fee income	$ 4	$ 4	$ 5	$ 4	$ 4	$ 5	$ 6	$ 5	$ 17	$ 20

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Selected Statistics - Personal Insurance

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Statutory underwriting										
Gross written premiums	$ 2,146	$ 2,513	$ 2,644	$ 2,392	$ 2,309	$ 2,717	$ 2,797	$ 2,509	$ 9,695	$10,332
Net written premiums	$ 2,096	$ 2,498	$ 2,615	$ 2,381	$ 2,256	$ 2,697	$ 2,770	$ 2,501	$ 9,590	$10,224
Net earned premiums	$ 2,199	$ 2,272	$ 2,356	$ 2,403	$ 2,387	$ 2,453	$ 2,522	$ 2,555	$ 9,230	$ 9,917
Losses and loss adjustment expenses	1,602	1,745	1,723	1,977	1,688	1,904	1,796	1,960	7,047	7,348
Underwriting expenses	587	668	681	640	627	717	706	661	2,576	2,711
Statutory underwriting gain (loss)	$ 10	$ (141)	$ (48)	$ (214)	$ 72	$ (168)	$ 20	$ (66)	$ (393)	$ (142)
Policies in force (in thousands)										
Automobile	2,929	2,962	2,979	2,983	2,976	2,981	2,986	2,983	2,983	2,983
Homeowners and Other	4,639	4,702	4,773	4,826	4,879	4,961	5,037	5,087	4,826	5,087

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Net Written Premiums - Personal Insurance

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Net written premiums by market										
Domestic										
Agency										
Automobile	$ 1,087	$ 1,159	$ 1,228	$ 1,172	$ 1,183	$ 1,258	$ 1,305	$ 1,226	$ 4,646	$ 4,972
Homeowners and Other	794	1,077	1,107	955	832	1,137	1,168	1,011	3,933	4,148
Total Agency	1,881	2,236	2,335	2,127	2,015	2,395	2,473	2,237	8,579	9,120
Direct-to-Consumer	83	88	100	90	92	99	108	97	361	396
Total Domestic	1,964	2,324	2,435	2,217	2,107	2,494	2,581	2,334	8,940	9,516
International	132	174	180	164	149	203	189	167	650	708
Total	$ 2,096	$ 2,498	$ 2,615	$ 2,381	$ 2,256	$ 2,697	$ 2,770	$ 2,501	$ 9,590	$10,224

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Selected Statistics - Personal Insurance - Domestic Agency Automobile (1)

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Statutory underwriting										
Gross written premiums	$1,094	$1,164	$1,234	$1,179	$1,192	$1,265	$1,310	$1,231	$4,671	$4,998
Net written premiums	$1,087	$1,159	$1,228	$1,172	$1,183	$1,258	$1,305	$1,226	$4,646	$4,972
Net earned premiums	$1,035	$1,083	$1,128	$1,158	$1,158	$1,192	$1,227	$1,242	$4,404	$4,819
Losses and loss adjustment expenses	800	890	936	920	823	851	840	900	3,546	3,414
Underwriting expenses	260	278	279	281	285	299	297	288	1,098	1,169
Statutory underwriting gain (loss)	$ (25)	$ (85)	$ (87)	$ (43)	$ 50	$ 42	$ 90	$ 54	$ (240)	$ 236
Other statistics										
Combined ratio (2):										
Loss and loss adjustment expense ratio	77.3%	82.2%	83.0%	79.4 %	71.1 %	71.4 %	68.5 %	72.5 %	80.6%	70.8 %
Underwriting expense ratio	23.8%	24.2%	23.0%	23.6 %	23.7 %	24.0 %	22.8 %	22.8 %	23.6%	23.4 %
Combined ratio	101.1%	106.4%	106.0%	103.0 %	94.8 %	95.4 %	91.3 %	95.3 %	104.2%	94.2 %
Impact on combined ratio:										
Net (favorable) unfavorable prior year reserve development	—%	—%	—%	— %	(2.3)%	(2.8)%	(1.8)%	(1.9)%	—%	(2.2)%
Catastrophes, net of reinsurance	2.5%	4.0%	7.2%	(1.1)%	0.8 %	2.7 %	0.5 %	0.3 %	3.2%	1.1 %
Underlying combined ratio	98.6%	102.4%	98.8%	104.1 %	96.3 %	95.5 %	92.6 %	96.9 %	101.0%	95.3 %
Catastrophe losses, net of reinsurance:										
Pre-tax	$ 26	$ 43	$ 80	$ (12)	$ 10	$ 32	$ 6	$ 4	$ 137	$ 52
After-tax	$ 17	$ 28	$ 52	$ (8)	$ 8	$ 25	$ 5	$ 3	$ 89	$ 41
Prior year reserve development - favorable (unfavorable):										
Pre-tax	$ —	$ —	$ —	$ —	$ 27	$ 34	$ 22	$ 24	$ —	$ 107
After-tax	$ —	$ —	$ —	$ —	$ 21	$ 27	$ 18	$ 19	$ —	$ 85
Policies in force (in thousands)	2,482	2,514	2,528	2,529	2,519	2,517	2,518	2,518		
Change from prior year quarter	12.2%	10.5%	7.6%	4.2 %	1.5 %	0.1 %	(0.4)%	(0.4)%		
Change from prior quarter	2.2%	1.3%	0.6%	— %	(0.4)%	(0.1)%	— %	— %		

(1) Represents Automobile policies sold through agents, brokers and other intermediaries, and excludes direct to consumer.
(2) Billing and policy fees and other, which are a component of other revenues, and fee income are allocated as a reduction of underwriting expenses.

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Billing and policy fees and other	$ 10	$ 10	$ 10	$ 9	$ 10	$ 10	$ 11	$ 11	$ 39	$ 42
Fee income	$ 2	$ 3	$ 2	$ 3	$ 3	$ 3	$ 3	$ 3	$ 10	$ 12

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Selected Statistics - Personal Insurance - Domestic Agency Homeowners and Other (1)

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Statutory underwriting										
Gross written premiums	$ 835	$1,085	$1,123	$ 957	$ 873	$1,148	$1,180	$1,012	$4,000	$4,213
Net written premiums	$ 794	$1,077	$1,107	$ 955	$ 832	$1,137	$1,168	$1,011	$3,933	$4,148
Net earned premiums	$ 934	$ 955	$ 976	$ 987	$ 972	$ 996	$1,025	$1,038	$3,852	$4,031
Losses and loss adjustment expenses	646	686	605	865	687	841	746	857	2,802	3,131
Underwriting expenses	243	299	305	270	255	320	313	281	1,117	1,169
Statutory underwriting gain (loss)	$ 45	$ (30)	$ 66	$ (148)	$ 30	$ (165)	$ (34)	$ (100)	$ (67)	$ (269)
Other statistics										
Combined ratio (2):										
Loss and loss adjustment expense ratio	69.1%	71.9%	62.1%	87.6%	70.7 %	84.4%	72.8%	82.6 %	72.7%	77.7%
Underwriting expense ratio	27.6%	28.4%	28.2%	27.7%	27.8 %	29.2%	27.5%	27.2 %	28.0%	27.9%
Combined ratio	96.7%	100.3%	90.3%	115.3%	98.5 %	113.6%	100.3%	109.8 %	100.7%	105.6%
Impact on combined ratio:										
Net (favorable) unfavorable prior year reserve development	—%	—%	—%	—%	(2.4)%	2.2%	0.7%	(0.6)%	—%	—%
Catastrophes, net of reinsurance	19.1%	17.5%	12.2%	45.1%	20.7 %	26.2%	11.1%	37.9 %	23.6%	24.0%
Underlying combined ratio	77.6%	82.8%	78.1%	70.2%	80.2 %	85.2%	88.5%	72.5 %	77.1%	81.6%
Catastrophe losses, net of reinsurance:										
Pre-tax	$ 178	$ 168	$ 119	$ 444	$ 201	$ 262	$ 114	$ 394	$ 909	$ 971
After-tax	$ 116	$ 109	$ 77	$ 289	$ 159	$ 207	$ 90	$ 311	$ 591	$ 767
Prior year reserve development - favorable (unfavorable):										
Pre-tax	$ —	$ —	$ —	$ —	$ 24	$ (22)	$ (7)	$ 6	$ —	$ 1
After-tax	$ —	$ —	$ —	$ —	$ 19	$ (17)	$ (6)	$ 5	$ —	$ 1
Policies in force (in thousands)	4,222	4,283	4,352	4,402	4,453	4,530	4,601	4,652		
Change from prior year quarter	3.8%	4.0%	5.0%	5.5%	5.5 %	5.8%	5.7%	5.7 %		
Change from prior quarter	1.1%	1.4%	1.6%	1.1%	1.2 %	1.7%	1.6%	1.1%		

(1) Represents Homeowners and Other Lines sold through agents, brokers and other intermediaries, and excludes direct to consumer.
(2) Billing and policy fees and other, which are a component of other revenues, and fee income are allocated as a reduction of underwriting expenses.

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Billing and policy fees and other	$ 7	$ 6	$ 6	$ 6	$ 6	$ 7	$ 7	$ 7	$ 25	$ 27
Fee income	$ 2	$ 2	$ 2	$ 1	$ 2	$ 2	$ 2	$ 2	$ 7	$ 8

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Interest Expense and Other

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Revenues										
Other revenues	$ 1	$ 3	$ 2	$ —	$ —	$ —	$ 2	$ —	$ 6	$ 2
Claims and expenses										
Interest expense	89	92	95	93	89	90	86	87	369	352
General and administrative expenses	8	8	7	9	9	7	8	6	32	30
Total claims and expenses	97	100	102	102	98	97	94	93	401	382
Loss before income tax benefit	(96)	(97)	(100)	(102)	(98)	(97)	(92)	(93)	(395)	(380)
Income tax benefit	(34)	(36)	(35)	(36)	(22)	(19)	(20)	(21)	(141)	(82)
Loss	$ (62)	$ (61)	$ (65)	$ (66)	$ (76)	$ (78)	$ (72)	$ (72)	$ (254)	$ (298)

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Consolidated Balance Sheet

TRAVELERS

($ in millions)	December 31, 2018 (1)	December 31, 2017
Assets		
Fixed maturities, available for sale, at fair value (amortized cost $63,601 and $61,316)	$ 63,464	$ 62,694
Equity securities, at fair value (cost $382 and $440)	368	453
Real estate investments	904	932
Short-term securities	3,985	4,895
Other investments	3,557	3,528
Total investments	72,278	72,502
Cash	373	344
Investment income accrued	624	606
Premiums receivable	7,506	7,144
Reinsurance recoverables	8,370	8,309
Ceded unearned premiums	578	551
Deferred acquisition costs	2,120	2,025
Deferred taxes	445	70
Contractholder receivables	4,785	4,775
Goodwill	3,937	3,951
Other intangible assets	345	342
Other assets	2,872	2,864
Total assets	$ 104,233	$ 103,483
Liabilities		
Claims and claim adjustment expense reserves	$ 50,668	$ 49,650
Unearned premium reserves	13,555	12,915
Contractholder payables	4,785	4,775
Payables for reinsurance premiums	289	274
Debt	6,564	6,571
Other liabilities	5,478	5,567
Total liabilities	81,339	79,752
Shareholders' equity		
Common stock (1,750.0 shares authorized; 263.7 and 271.5 shares issued, 263.6 and 271.4 shares outstanding)	23,144	22,886
Retained earnings	35,204	33,462
Accumulated other comprehensive loss	(1,859)	(343)
Treasury stock, at cost (510.9 and 500.9 shares)	(33,595)	(32,274)
Total shareholders' equity	22,894	23,731
Total liabilities and shareholders' equity	$ 104,233	$ 103,483

(1) Preliminary.

(at carrying value, $ in millions)	December 31, 2018	Pre-tax Book Yield (1)	December 31, 2017	Pre-tax Book Yield (1)
Investment portfolio				
Taxable fixed maturities (including redeemable preferred stock)	$ 35,150	3.23%	$ 32,089	3.09%
Tax-exempt fixed maturities	28,314	3.18%	30,605	3.12%
Total fixed maturities	**63,464**	**3.21%**	**62,694**	**3.10%**
Non-redeemable preferred stocks	52	4.86%	114	5.34%
Public common stocks	316		339	
Total equity securities	**368**		**453**	
Real estate investments	**904**		**932**	
Short-term securities	**3,985**	**2.54%**	**4,895**	**1.39%**
Private equities	2,293		2,145	
Hedge funds	222		303	
Real estate partnerships	675		661	
Other investments	367		419	
Total other investments	**3,557**		**3,528**	
Total investments	**$ 72,278**		**$ 72,502**	
Net unrealized investment gains (losses), net of tax, included in accumulated other comprehensive loss	**$ (113)**		**$ 954**	
Tax effect of TCJA (2)	—		158	
Net unrealized investment gains (losses), net of tax, included in shareholders' equity	**$ (113)**		**$ 1,112**	

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

(2) At December 31, 2017, shareholders' equity included a $158 million tax benefit related to net unrealized investment gains (losses) that was recorded in net income as part of the $129 million charge related to enactment of TCJA. In accordance with new accounting guidance adopted on January 1, 2018, the Company reclassified the stranded tax effects of TCJA from accumulated other comprehensive income to retained earnings.

The Travelers Companies, Inc.
Investment Portfolio - Fixed Maturities Data

(at carrying value, $ in millions)	December 31, 2018	December 31, 2017
Fixed maturities		
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 2,064	$ 2,076
Obligations of states and political subdivisions:		
Pre-refunded	2,852	3,899
All other	25,759	27,016
Total	28,611	30,915
Debt securities issued by foreign governments	1,257	1,509
Mortgage-backed securities - principally obligations of U.S. Government agencies	2,573	2,410
Corporates (including redeemable preferreds)	28,959	25,784
Total fixed maturities	$ 63,464	$ 62,694

Fixed Maturities
Quality Characteristics (1)

	December 31, 2018		December 31, 2017	
	Amount	% of Total	Amount	% of Total
Quality Ratings				
Aaa	$ 26,089	41.1%	$ 26,682	42.6%
Aa	16,027	25.3	16,828	26.8
A	10,539	16.6	9,786	15.6
Baa	9,334	14.7	7,731	12.3
Total investment grade	61,989	97.7	61,027	97.3
Ba	912	1.4	990	1.6
B	466	0.7	477	0.8
Caa and lower	97	0.2	200	0.3
Total below investment grade	1,475	2.3	1,667	2.7
Total fixed maturities	$ 63,464	100.0%	$ 62,694	100.0%
Average weighted quality	Aa2, AA		Aa2, AA	
Weighted average duration of fixed maturities and short-term securities, net of securities lending activities and net receivables and payables on investment sales and purchases	4.5		4.0	

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

The Travelers Companies, Inc.
Investment Income

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Gross investment income										
Fixed maturities	$ 477	$ 471	$ 469	$ 478	$ 481	$ 489	$ 498	$ 512	$1,895	$1,980
Short-term securities	11	13	19	19	19	21	25	27	62	92
Other	131	124	108	115	113	94	134	100	478	441
	619	608	596	612	613	604	657	639	2,435	2,513
Investment expenses	9	10	8	11	10	9	11	9	38	39
Net investment income, pre-tax	610	598	588	601	603	595	646	630	2,397	2,474
Income taxes	130	130	131	134	90	88	99	95	525	372
Net investment income, after-tax	$ 480	$ 468	$ 457	$ 467	$ 513	$ 507	$ 547	$ 535	$1,872	$2,102
Effective tax rate	21.3%	21.9%	22.1%	22.4%	14.9%	14.8%	15.4%	15.0%	21.9%	15.0%
Average invested assets (1)	$70,865	$71,385	$72,363	$72,781	$72,524	$72,618	$73,059	$73,758	$71,867	$73,031
Average yield pre-tax (1)	3.4%	3.4%	3.2%	3.3%	3.3%	3.3%	3.5%	3.4%	3.3%	3.4%
Average yield after-tax	2.7%	2.6%	2.5%	2.6%	2.8%	2.8%	3.0%	2.9%	2.6%	2.9%

(1) Excludes net unrealized investment gains, and is adjusted for cash, receivables for investment sales, payables on investment purchases and accrued investment income.

The Travelers Companies, Inc.

Net Realized and Unrealized Investment Gains (Losses) included in Shareholders' Equity

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Net realized investment gains (losses)										
Fixed maturities	$ 4	$ 5	$ 9	$ (18)	$ —	$ 12	$ 18	$ 2	$ —	$ 32
Equity securities (1)	5	79	54	89	(14)	12	6	(37)	227	(33)
Other (2)	(4)	(4)	(2)	(1)	3	12	5	95	(11)	115
Realized investment gains (losses) before tax	5	80	61	70	(11)	36	29	60	216	114
Related taxes	2	28	21	23	(2)	6	7	10	74	21
Net realized investment gains (losses)	$ 3	$ 52	$ 40	$ 47	$ (9)	$ 30	$ 22	$ 50	$ 142	$ 93
Gross investment gains (2)	$ 47	$ 122	$ 101	$ 131	$ 26	$ 63	$ 41	$ 105	$ 401	$ 235
Gross investment losses before impairments (2)	(40)	(37)	(35)	(59)	(37)	(26)	(12)	(45)	(171)	(120)
Net investment gains (losses) before impairments	7	85	66	72	(11)	37	29	60	230	115
Other-than-temporary impairment losses	(2)	(5)	(5)	(2)	—	(1)	—	—	(14)	(1)
Net realized investment gains (losses) before tax	5	80	61	70	(11)	36	29	60	216	114
Related taxes	2	28	21	23	(2)	6	7	10	74	21
Net realized investment gains (losses)	$ 3	$ 52	$ 40	$ 47	$ (9)	$ 30	$ 22	$ 50	$ 142	$ 93

($ in millions)	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018
Net unrealized investment gains (losses), net of tax, included in shareholders' equity, by asset type								
Fixed maturities	$ 999	$ 1,425	$ 1,430	$ 1,378	$ 173	$ (138)	$ (561)	$ (137)
Equity securities & other	256	160	115	36	2	3	1	—
Unrealized investment gains (losses) before tax	1,255	1,585	1,545	1,414	175	(135)	(560)	(137)
Related taxes (3)	432	550	539	302	42	(23)	(113)	(24)
Balance, end of period	$ 823	$ 1,035	$ 1,006	$ 1,112	$ 133	$ (112)	$ (447)	$ (113)

(1) In accordance with new accounting guidance effective for the quarter ending March 31, 2018, changes in fair value of equity investments, except those accounted for under the equity method of accounting, are recognized in net income.

(2) Includes the following gross investment gains and gross investment losses related to U.S. Treasury futures, which are settled daily:

Gross investment Treasury future gains	$ 31	$ 26	$ 30	$ 25	$ 25	$ 11	$ 7	$ —	$ 112	$ 43
Gross investment Treasury future losses	$ 34	$ 31	$ 30	$ 21	$ 14	$ 8	$ 5	$ —	$ 116	$ 27

The Company entered into these arrangements as part of its strategy to manage the duration of its fixed maturity portfolio. In a changing interest rate environment, the change in the value of the futures contracts can be expected to partially offset changes in the value of the fixed maturity portfolio.

(3) At December 31, 2017, shareholders' equity included $460 million of taxes on unrealized investment gains (losses) recorded in accumulated other comprehensive income, partially offset by a $158 million tax benefit related to net unrealized investment gains (losses) recorded in retained earnings as part of the effect of enactment of TCJA. In accordance with new accounting guidance adopted on January 1, 2018, the Company reclassified the stranded tax effects of TCJA from accumulated other comprehensive income to retained earnings.

($ in millions)	December 31, 2018	December 31, 2017
Gross reinsurance recoverables on paid and unpaid claims and claim adjustment expenses	$ 3,485	$ 3,303
Allowance for uncollectible reinsurance	(110)	(111)
Net reinsurance recoverables (i)	3,375	3,192
Mandatory pools and associations (ii)	2,005	2,011
Structured settlements (iii)	2,990	3,106
Total reinsurance recoverables	$ 8,370	$ 8,309

(i) The Company's top five reinsurer groups, including retroactive reinsurance, included in net reinsurance recoverables is as follows:

Reinsurer	A.M. Best Rating of Group's Predominant Reinsurer	December 31, 2018
Swiss Re Group	A+ second highest of 16 ratings	$ 473
Munich Re Group	A+ second highest of 16 ratings	305
Berkshire Hathaway	A++ highest of 16 ratings	278
Axa Group (1)	A+ second highest of 16 ratings	188
Sompo Japan Nipponkoa Group	A+ second highest of 16 ratings	129

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

The net reinsurance recoverables reflect an allowance for uncollectible reinsurance that is based upon the Company's ongoing review of amounts outstanding, reinsurer solvency, the Company's experience, current economic conditions, and other relevant factors. Of the total net recoverables due from reinsurers at December 31, 2018, after deducting mandatory pools and associations and structured settlement balances, $2.8 billion, or 82%, were rated by A.M. Best Company. Of the total rated by A.M. Best Company, 99% were rated A- or better. The remaining 18% of net recoverables from reinsurers were comprised of the following: 3% related to the Company's participation in voluntary pools, 11% related to recoverables from captive insurance companies and 4% were balances from other companies not rated by A.M. Best Company. In addition, $0.9 billion of the net recoverables were collateralized by letters of credit, funds held or trust agreements at December 31, 2018.

(ii) The mandatory pools and associations represent various involuntary assigned risk pools that the Company is required to participate in. These pools principally involve workers' compensation and automobile insurance, which provide various insurance coverages to insureds that otherwise are unable to purchase coverage in the open market. The costs of these mandatory pools in most states are usually charged back to the participating members in proportion to voluntary writings of related business in that state. In the event that a member of the pool becomes insolvent, the remaining members assume an additional pro rata share of the pool's liabilities.

(iii) Included in reinsurance recoverables are certain amounts related to structured settlements, which comprise annuities purchased from various life insurance companies to settle certain personal physical injury claims, of which workers' compensation claims comprise a significant portion. In cases where the Company did not receive a release from the claimant, the amount due from the life insurance company related to the structured settlement is included in the Company's consolidated balance sheet as a liability and as a reinsurance recoverable, as the Company retains the contingent liability to pay the claimant in the event that the life insurance company fails to make the required annuity payments. The Company would be required to make such payments, to the extent the purchased annuities are not covered by state guaranty associations.

The Company's top five groups by structured settlement is as follows:

Group	A.M. Best Rating of Group's Predominant Insurer	December 31, 2018
Fidelity & Guaranty Life Group (2)	A- fourth highest of 16 ratings	$ 809
Genworth Financial Group (3)	B+ sixth highest of 16 ratings	356
John Hancock Group	A+ second highest of 16 ratings	273
Brighthouse Financial, Inc.	A third highest of 16 ratings	266
Symetra Financial Corporation	A third highest of 16 ratings	251

(1) On September 12, 2018, Axa SA completed its acquisition of XL Group Ltd. On December 6, 2018, A.M. Best upgraded the financial strength rating for XL Reinsurance America Inc to A+ (Superior) from A (Excellent).

(2) On November 20, 2018, A.M. Best upgraded the financial strength rating for Fidelity & Guaranty Life Insurance Company to A- (Excellent) from B++ (Good).

(3) On October 23, 2016, Genworth Financial (Genworth) announced that they have entered into a definitive agreement under which China Oceanwide Holdings Group Co., Ltd. (China Oceanwide) agreed to acquire all of the outstanding shares of Genworth. China Oceanwide is a privately held, family-owned international financial holding group headquartered in Beijing, China. On March 7, 2017, Genworth stockholders adopted the merger agreement, and the acquisition is pending the receipt of required regulatory approvals. On November 30, 2018, the parties agreed to extend the closing deadline for the transaction until January 31, 2019.

The Travelers Companies, Inc.
Net Reserves for Losses and Loss Adjustment Expense

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Statutory Reserves for Losses and Loss Adjustment Expenses										
Business Insurance										
Beginning of period	$32,407	$32,621	$32,789	$33,501	$33,107	$33,292	$33,369	$33,773	$32,407	$33,107
Incurred	2,215	2,254	2,795	2,053	2,344	2,429	2,606	2,586	9,317	9,965
Paid	(2,019)	(2,132)	(2,132)	(2,451)	(2,163)	(2,298)	(2,207)	(2,454)	(8,734)	(9,122)
Foreign exchange and other	18	46	49	4	4	(54)	5	(48)	117	(93)
End of period	$32,621	$32,789	$33,501	$33,107	$33,292	$33,369	$33,773	$33,857	$33,107	$33,857
Bond & Specialty Insurance										
Beginning of period	$ 3,150	$ 3,132	$ 3,122	$ 3,144	$ 3,187	$ 3,207	$ 3,111	$ 3,057	$ 3,150	$ 3,187
Incurred	226	170	233	261	213	173	204	173	890	763
Paid	(249)	(193)	(224)	(221)	(201)	(248)	(258)	(230)	(887)	(937)
Foreign exchange and other	5	13	13	3	8	(21)	—	(13)	34	(26)
End of period	$ 3,132	$ 3,122	$ 3,144	$ 3,187	$ 3,207	$ 3,111	$ 3,057	$ 2,987	$ 3,187	$ 2,987
Personal Insurance										
Beginning of period	$ 4,347	$ 4,560	$ 4,719	$ 4,900	$ 5,160	$ 5,170	$ 5,381	$ 5,463	$ 4,347	$ 5,160
Incurred	1,602	1,745	1,723	1,977	1,688	1,904	1,796	1,960	7,047	7,348
Paid	(1,400)	(1,609)	(1,578)	(1,711)	(1,655)	(1,676)	(1,728)	(1,815)	(6,298)	(6,874)
Foreign exchange and other	11	23	36	(6)	(23)	(17)	14	(43)	64	(69)
End of period	$ 4,560	$ 4,719	$ 4,900	$ 5,160	$ 5,170	$ 5,381	$ 5,463	$ 5,565	$ 5,160	$ 5,565
Total										
Beginning of period	$39,904	$40,313	$40,630	$41,545	$41,454	$41,669	$41,861	$42,293	$39,904	$41,454
Incurred	4,043	4,169	4,751	4,291	4,245	4,506	4,606	4,719	17,254	18,076
Paid	(3,668)	(3,934)	(3,934)	(4,383)	(4,019)	(4,222)	(4,193)	(4,499)	(15,919)	(16,933)
Foreign exchange and other	34	82	98	1	(11)	(92)	19	(104)	215	(188)
End of period	$40,313	$40,630	$41,545	$41,454	$41,669	$41,861	$42,293	$42,409	$41,454	$42,409
Prior Year Reserve Development: Unfavorable (Favorable)										
Business Insurance										
Asbestos	$ —	$ —	$ 225	$ —	$ —	$ —	$ 225	$ —	$ 225	$ 225
Environmental	—	65	—	—	—	55	—	—	65	55
All other	(61)	(190)	(234)	(244)	(66)	(139)	(169)	(48)	(729)	(422)
Total Business Insurance (1)	(61)	(125)	(9)	(244)	(66)	(84)	56	(48)	(439)	(142)
Bond & Specialty Insurance	(14)	(78)	(6)	(42)	(35)	(89)	(53)	(89)	(140)	(266)
Personal Insurance	(6)	—	—	(7)	(49)	(13)	(17)	(30)	(13)	(109)
Total	$ (81)	$ (203)	$ (15)	$ (293)	$ (150)	$ (186)	$ (14)	$ (167)	$ (592)	$ (517)

(1) Excludes accretion of discount.

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Asbestos and Environmental Reserves

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Asbestos reserves										
Beginning reserves:										
Gross	$ 1,512	$ 1,436	$ 1,347	$ 1,621	$ 1,538	$ 1,483	$ 1,408	$ 1,681	$ 1,512	$ 1,538
Ceded	(186)	(168)	(159)	(262)	(257)	(234)	(225)	(336)	(186)	(257)
Net	1,326	1,268	1,188	1,359	1,281	1,249	1,183	1,345	1,326	1,281
Incurred losses and loss expenses:										
Gross	—	—	340	—	—	—	343	—	340	343
Ceded	—	—	(115)	—	—	—	(118)	—	(115)	(118)
Paid loss and loss expenses:										
Gross	76	90	66	83	56	74	70	73	315	273
Ceded	(18)	(9)	(12)	(5)	(23)	(9)	(7)	(9)	(44)	(48)
Foreign exchange and other:										
Gross	—	1	—	—	1	(1)	—	—	1	—
Ceded	—	—	—	—	—	—	—	—	—	—
Ending reserves:										
Gross	1,436	1,347	1,621	1,538	1,483	1,408	1,681	1,608	1,538	1,608
Ceded	(168)	(159)	(262)	(257)	(234)	(225)	(336)	(327)	(257)	(327)
Net	$ 1,268	$ 1,188	$ 1,359	$ 1,281	$ 1,249	$ 1,183	$ 1,345	$ 1,281	$ 1,281	$ 1,281
Environmental reserves										
Beginning reserves:										
Gross	$ 395	$ 379	$ 431	$ 408	$ 373	$ 356	$ 413	$ 397	$ 395	$ 373
Ceded	(13)	(13)	(20)	(20)	(13)	(9)	(25)	(25)	(13)	(13)
Net	382	366	411	388	360	347	388	372	382	360
Incurred losses and loss expenses:										
Gross	—	74	—	—	—	71	—	—	74	71
Ceded	—	(9)	—	—	—	(16)	—	—	(9)	(16)
Paid loss and loss expenses:										
Gross	16	23	23	35	17	13	17	39	97	86
Ceded	—	(2)	—	(7)	(4)	—	—	(2)	(9)	(6)
Foreign exchange and other:										
Gross	—	1	—	—	—	(1)	1	—	1	—
Ceded	—	—	—	—	—	—	—	(1)	—	(1)
Ending reserves:										
Gross	379	431	408	373	356	413	397	358	373	358
Ceded	(13)	(20)	(20)	(13)	(9)	(25)	(25)	(24)	(13)	(24)
Net	$ 366	$ 411	$ 388	$ 360	$ 347	$ 388	$ 372	$ 334	$ 360	$ 334

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

($ in millions)	December 31, 2018	December 31, 2017
Debt		
Short-term debt		
Commercial paper	$ 100	$ 100
5.80% Senior notes due May 15, 2018	—	500
5.90% Senior notes due June 2, 2019 (1)	500	—
Total short-term debt	600	600
Long-term debt		
5.90% Senior notes due June 2, 2019 (1)	—	500
3.90% Senior notes due November 1, 2020 (1)	500	500
7.75% Senior notes due April 15, 2026	200	200
7.625% Junior subordinated debentures due December 15, 2027	125	125
6.375% Senior notes due March 15, 2033 (1)	500	500
6.75% Senior notes due June 20, 2036 (1)	400	400
6.25% Senior notes due June 15, 2037 (1)	800	800
5.35% Senior notes due November 1, 2040 (1)	750	750
4.60% Senior notes due August 1, 2043 (1)	500	500
4.30% Senior notes due August 25, 2045 (1)	400	400
8.50% Junior subordinated debentures due December 15, 2045	56	56
3.75% Senior notes due May 15, 2046 (1)	500	500
8.312% Junior subordinated debentures due July 1, 2046	73	73
4.00% Senior notes due May 30, 2047 (1)	700	700
4.05% Senior notes due March 7, 2048 (1)	500	—
Total long-term debt	6,004	6,004
Unamortized fair value adjustment	44	46
Unamortized debt issuance costs	(84)	(79)
	5,964	5,971
Total debt	6,564	6,571
Common equity (excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity)	23,007	22,619
Total capital (excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity)	$ 29,571	$ 29,190
Total debt to capital (excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity)	22.2%	22.5%

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

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Statutory Capital and Surplus to GAAP Shareholders' Equity Reconciliation

($ in millions)	December 31, 2018 (1)	December 31, 2017
Statutory capital and surplus	$ 20,774	$ 20,448
GAAP adjustments		
Goodwill and intangible assets	3,600	3,692
Investments	252	1,783
Noninsurance companies	(4,234)	(4,283)
Deferred acquisition costs	2,120	2,025
Deferred federal income tax	(561)	(934)
Current federal income tax	(22)	(12)
Reinsurance recoverables	56	55
Furniture, equipment & software	654	682
Agents balances	202	186
Other	53	89
Total GAAP adjustments	2,120	3,283
GAAP shareholders’ equity	$ 22,894	$ 23,731

(1) Estimated and Preliminary

See Glossary of Financial Measures and Description of Reportable Business Segments on pages 35 and 36.

The Travelers Companies, Inc.
Statement of Cash Flows - Preliminary

TRAVELERS

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Cash flows from operating activities										
Net income	$ 617	$ 595	$ 293	$ 551	$ 669	$ 524	$ 709	$ 621	$ 2,056	$ 2,523
Adjustments to reconcile net income to net cash provided by operating activities:										
Net realized investment (gains) losses	(5)	(80)	(61)	(70)	11	(36)	(29)	(60)	(216)	(114)
Depreciation and amortization	211	198	202	202	212	199	198	194	813	803
Deferred federal income tax expense (benefit)	151	(45)	(18)	249	(56)	(14)	27	30	337	(13)
Amortization of deferred acquisition costs	1,003	1,032	1,059	1,072	1,061	1,081	1,117	1,122	4,166	4,381
Equity in income from other investments	(109)	(101)	(90)	(97)	(95)	(74)	(115)	(81)	(397)	(365)
Premiums receivable	(286)	(323)	92	123	(397)	(263)	152	115	(394)	(393)
Reinsurance recoverables	94	63	(176)	35	5	24	(50)	(79)	16	(100)
Deferred acquisition costs	(1,065)	(1,092)	(1,080)	(1,020)	(1,124)	(1,160)	(1,141)	(1,063)	(4,257)	(4,488)
Claims and claim adjustment expense reserves	334	164	1,063	(101)	180	255	445	366	1,460	1,246
Unearned premium reserves	475	214	163	(331)	518	361	216	(385)	521	710
Other (1)	(572)	281	284	50	(430)	247	205	168	43	190
Net cash provided by operating activities (1)	848	906	1,731	663	554	1,144	1,734	948	4,148	4,380
Cash flows from investing activities										
Proceeds from maturities of fixed maturities	2,218	2,082	2,281	2,169	1,950	1,707	1,998	1,431	8,750	7,086
Proceeds from sales of investments:										
Fixed maturities	188	375	297	994	1,085	1,522	578	361	1,854	3,546
Equity securities	21	179	140	425	26	66	35	51	765	178
Real estate investments	11	9	3	—	—	—	8	66	23	74
Other investments (1)	122	111	108	127	114	75	81	241	468	511
Purchases of investments:										
Fixed maturities	(3,056)	(2,617)	(2,730)	(3,847)	(3,920)	(4,032)	(2,910)	(2,664)	(12,250)	(13,526)
Equity securities	(22)	(144)	(27)	(266)	(20)	(40)	(26)	(31)	(459)	(117)
Real estate investments	(16)	(10)	(14)	(19)	(33)	(11)	(13)	(17)	(59)	(74)
Other investments	(124)	(135)	(133)	(149)	(142)	(133)	(117)	(145)	(541)	(537)
Net sales (purchases) of short-term securities	49	(473)	(566)	964	410	792	(746)	452	(26)	908
Securities transactions in course of settlement	157	13	(48)	(169)	202	77	(106)	(229)	(47)	(56)
Acquisitions, net of cash acquired	—	—	(439)	—	—	—	(4)	—	(439)	(4)
Other	(63)	(65)	(58)	(55)	(53)	(99)	(80)	(86)	(241)	(318)
Net cash provided by (used in) investing activities (1)	(515)	(675)	(1,186)	174	(381)	(76)	(1,302)	(570)	(2,202)	(2,329)

(1) In accordance with new accounting guidance, certain distributions received on equity method investments previously included in net cash flows from investing activities are now included in net cash flows from operating activities. Prior periods have been restated to conform to the new presentation.

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

($ in millions)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	YTD 4Q2017	YTD 4Q2018
Cash flows from financing activities										
Treasury stock acquired - share repurchase authorization	(225)	(475)	(328)	(350)	(350)	(350)	(400)	(170)	(1,378)	(1,270)
Treasury stock acquired - net employee share-based compensation	(61)	—	—	(1)	(51)	—	—	—	(62)	(51)
Dividends paid to shareholders	(190)	(199)	(200)	(196)	(197)	(207)	(207)	(203)	(785)	(814)
Payment of debt	—	(207)	—	(450)	(100)	(500)	—	—	(657)	(600)
Issuance of debt	—	689	—	100	491	—	100	—	789	591
Issuance of common stock - employee share options	83	35	30	25	85	13	19	15	173	132
Net cash used in financing activities	(393)	(157)	(498)	(872)	(122)	(1,044)	(488)	(358)	(1,920)	(2,012)
Effect of exchange rate changes on cash	2	5	4	—	2	(6)	—	(6)	11	(10)
Net increase (decrease) in cash	(58)	79	51	(35)	53	18	(56)	14	37	29
Cash at beginning of period	307	249	328	379	344	397	415	359	307	344
Cash at end of period	$ 249	$ 328	$ 379	$ 344	$ 397	$ 415	$ 359	$ 373	$ 344	$ 373
Income taxes paid	$ 2	$ 321	$ 144	$ 47	$ 56	$ 182	$ 6	$ 164	$ 514	$ 408
Interest paid	$ 43	$ 135	$ 39	$ 150	$ 39	$ 136	$ 50	$ 122	$ 367	$ 347

Glossary of Financial Measures and Description of Reportable Business Segments

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

In the opinion of the Company's management, a discussion of these measures provides investors, financial analysts, rating agencies and other financial statement users with a better understanding of the significant factors that comprise the Company's periodic results of operations and how management evaluates the Company's financial performance.

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

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

Core income (loss) is consolidated net income (loss) excluding the after-tax impact of net realized investment gains (losses), discontinued operations, the effect of a change in tax laws and tax rates at enactment, and cumulative effect of changes in accounting principles when applicable. **Segment income (loss)** is determined in the same manner as core income (loss) on a segment basis. Management uses segment income (loss) to analyze each segment's performance and as a tool in making business decisions. Financial statement users also consider core income (loss) when analyzing the results and trends of insurance companies. **Core income (loss) per share** is core income (loss) on a per common share basis.

Average shareholders' equity is (a) the sum of total shareholders' equity at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two. **Adjusted shareholders' equity** is shareholders'equity excluding net realized investment gains (losses), net of tax, net unrealized investment gains (losses), net of tax, included in shareholders'equity for the periods presented and the effect of a change in tax laws and tax rates at enactment (excluding the portion related to net unrealized investment gains (losses)). **Adjusted average shareholders' equity** is (a) the sum of total adjusted shareholders' equity at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two.

Return on equity is the ratio of annualized net income (loss) to average shareholders' equity for the periods presented. **Core return on equity** is the ratio of annualized core income (loss) to adjusted average shareholders' equity for the periods presented. In the opinion of the Company's management, these are important indicators of how well management creates value for its shareholders through its operating activities and its capital management.

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

A **catastrophe** is a severe loss designated a catastrophe by internationally recognized organizations that track and report on insured losses resulting from catastrophic events, such as Property Claim Services (PCS) for events in the United States and Canada. Catastrophes can be caused by various natural events, including, among others, hurricanes, tornadoes and other windstorms, earthquakes, hail, wildfires, severe winter weather, floods, tsunamis, volcanic eruptions and other naturally-occurring events, such as solar flares. Catastrophes can also be man-made, such as terrorist attacks and other intentionally destructive acts including those involving nuclear, biological, chemical or radiological events, cyber-attacks, explosions and infrastructure failures. Each catastrophe has unique characteristics and catastrophes are not predictable as to timing or amount. Their effects are included in net and core income and claims and claim adjustment expense reserves upon occurrence. A catastrophe may result in the payment of reinsurance reinstatement premiums and assessments from various pools. The Company's threshold for disclosing catastrophes is primarily determined at the reportable segment level. If a threshold for one segment or a combination thereof is exceeded and the other segments have losses from the same event, losses from the event are identified as catastrophe losses in the segment results and for the consolidated results of the Company. Additionally, an aggregate threshold is applied for international business across all reportable segments. The threshold for 2018 ranges from approximately $18 million to $30 million of losses before reinsurance and taxes.

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

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

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

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

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

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

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

Statutory capital and surplus represents the excess of an insurance company's admitted assets over its liabilities, including loss reserves, as determined in accordance with statutory accounting practices.

Travelers has organized its businesses into the following reportable business segments:

Business Insurance - Business Insurance offers a broad array of property and casualty insurance and insurance related services to its customers, primarily in the United States, as well as in Canada, the United Kingdom, the Republic of Ireland, Brazil and throughout other parts of the world as a corporate member of Lloyd's. Business Insurance is organized as follows: Select Accounts; Middle Market including Commercial Accounts, Construction, Technology, Public Sector Services, Oil & Gas, Excess Casualty, Inland Marine, Ocean Marine, and Boiler & Machinery; National Accounts; National Property and Other including National Property, Northland Transportation, Northfield, National Programs, and Agribusiness; and International including Global Services. Business Insurance also includes Simply Business, a leading provider of small business insurance policies primarily in the United Kingdom that was acquired in August 2017, as well as Business Insurance Other, which comprises the Special Liability Group (which manages the Company's asbestos and environmental liabilities within the Company's Strategic Resolution Group), and the assumed reinsurance and certain other runoff operations.

Bond & Specialty Insurance - Bond & Specialty Insurance provides surety, fidelity, management liability, professional liability, and other property and casualty coverages and related risk management services to its customers in the United States, and certain specialty insurance products in Canada, the United Kingdom, the Republic of Ireland and Brazil, utilizing various degrees of financially-based underwriting approaches. The range of coverages includes performance, payment and commercial surety and fidelity bonds for construction and general commercial enterprises; management liability coverages including directors' and officers' liability, employee dishonesty, employment practices liability, fiduciary liability and cyber risk for public corporations, private companies, not-for-profit organizations and financial institutions; professional liability coverage for a variety of professionals including, among others, lawyers and design professionals; and in the United States only, property, workers' compensation, auto and general liability for financial institutions.

Bond & Specialty Insurance surety business in Brazil and Colombia is conducted through Junto Holding Brasil S.A. (Junto) and Junto Holding Latam S.A. in Brazil. The Company owns 49.5% of both Junto, a market leader in surety coverages in Brazil, and Junto Holding Latam S.A., which in September 2015 acquired a majority interest in JMalucelli Travelers Seguros S.A., a Colombian start-up surety provider. These joint venture investments are accounted for using the equity method and are included in "other investments" on the consolidated balance sheet.

Personal Insurance - Personal Insurance writes a broad range of property and casualty insurance covering individuals' personal risks, primarily in the United States, as well as in Canada. The primary products of automobile and homeowners insurance are complemented by a broad suite of related coverages.