

## Section 1: 8-K (8-K)

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): **July 23, 2019**

**The Travelers Companies, Inc.**

(Exact name of registrant as specified in its charter)

**Minnesota**  
(State or other jurisdiction of  
incorporation)

**001-10898**  
(Commission File Number)

**41-0518860**  
(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))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, without par value	TRV	New York Stock Exchange

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 July 23, 2019, The Travelers Companies, Inc. (the “Company”) issued a press release announcing the results of the Company’s operations for the quarter ended June 30, 2019, and the availability of the Company’s second quarter financial supplement on the Company’s web site. The press release and the financial supplement are furnished as Exhibits 99.1 and 99.2 to this Report and are hereby incorporated by reference in this Item 2.02.

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

**Item 9.01. Financial Statements and Exhibits.**

- (d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#"><u>Press Release, dated July 23, 2019, reporting results of operations (This exhibit is furnished and not filed.)</u></a>
99.2	<a href="#"><u>Second Quarter 2019 Financial Supplement of The Travelers Companies, Inc. (This exhibit is furnished and not filed.)</u></a>

## 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: July 23, 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)



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www.travelers.com

NYSE: TRV

### Travelers Reports Second Quarter 2019 Net Income per Diluted Share of \$2.10, up 9%, and Return on Equity of 9.0%

#### Second Quarter 2019 Core Income per Diluted Share of \$2.02, up 12%, and Core Return on Equity of 9.2%

- Second quarter net income of \$557 million and core income of \$537 million, up 6% and 9%, respectively.
- Consolidated combined ratio of 98.4%; underlying combined ratio of 94.9%, an increase from the prior year quarter due to higher non-catastrophe weather-related losses.
- Record net written premiums of \$7.450 billion, up 4%, reflecting growth in all segments.
- Renewal premium change in Business Insurance of 6.7% at highest level since 2014.
- Total capital returned to shareholders of \$593 million, including \$376 million of share repurchases. Year-to-date total capital returned to shareholders of \$1.218 billion, including \$797 million of share repurchases.
- Book value per share of \$97.26, up 12% from year-end 2018. Adjusted book value per share of \$90.05, up 3% from year-end 2018.
- Board of Directors declared quarterly dividend per share of \$0.82.

**New York, July 23, 2019** — The Travelers Companies, Inc. today reported net income of \$557 million, or \$2.10 per diluted share, for the quarter ended June 30, 2019, compared to \$524 million, or \$1.92 per diluted share, in the prior year quarter. Core income in the current quarter was \$537 million, or \$2.02 per diluted share, compared to \$494 million, or \$1.81 per diluted share, in the prior year quarter. Core income increased primarily due to lower catastrophe losses and higher net investment income, partially offset by elevated non-catastrophe weather-related losses and lower net favorable prior year reserve development. Net realized investment gains were \$25 million pre-tax (\$20 million after-tax), compared to \$36 million pre-tax (\$30 million after-tax) in the prior year quarter. 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 June 30,			Six Months Ended June 30,		
	2019	2018	Change	2019	2018	Change
Net written premiums	\$ 7,450	\$ 7,131	4 %	\$ 14,507	\$ 13,955	4 %
Total revenues	\$ 7,834	\$ 7,477	5	\$ 15,505	\$ 14,763	5
Net income	\$ 557	\$ 524	6	\$ 1,353	\$ 1,193	13

<i>per diluted share</i>	\$ 2.10	\$ 1.92	9	\$ 5.08	\$ 4.35	17
<b>Core income</b>	<b>\$ 537</b>	<b>\$ 494</b>	<b>9</b>	<b>\$ 1,292</b>	<b>\$ 1,172</b>	<b>10</b>
<i>per diluted share</i>	\$ 2.02	\$ 1.81	12	\$ 4.85	\$ 4.27	14
<b>Diluted weighted average shares outstanding</b>	<b>263.7</b>	<b>271.1</b>	<b>(3)</b>	<b>264.2</b>	<b>272.5</b>	<b>(3)</b>
<b>Combined ratio</b>	<b>98.4%</b>	<b>98.1%</b>	<b>0.3 pts</b>	<b>96.1%</b>	<b>96.8%</b>	<b>(0.7) pts</b>
<b>Underlying combined ratio</b>	<b>94.9%</b>	<b>93.6%</b>	<b>1.3 pts</b>	<b>93.3%</b>	<b>93.0%</b>	<b>0.3 pts</b>
<b>Return on equity</b>	<b>9.0%</b>	<b>9.2%</b>	<b>(0.2) pts</b>	<b>11.2%</b>	<b>10.3%</b>	<b>0.9 pts</b>
<b>Core return on equity</b>	<b>9.2%</b>	<b>8.7%</b>	<b>0.5 pts</b>	<b>11.1%</b>	<b>10.3%</b>	<b>0.8 pts</b>

	As of			Change From	
	June 30, 2019	December 31, 2018	June 30, 2018	December 31, 2018	June 30, 2018
<b>Book value per share</b>	<b>\$ 97.26</b>	<b>\$ 86.84</b>	<b>\$ 84.51</b>	<b>12%</b>	<b>15%</b>
<b>Adjusted book value per share</b>	<b>90.05</b>	<b>87.27</b>	<b>84.93</b>	<b>3%</b>	<b>6%</b>

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

“We are pleased to report solid second quarter core income of \$537 million, an increase of 9% over the prior year quarter, and core return on equity of 9.2%,” said Alan Schnitzer, Chairman and Chief Executive Officer. “The increase in earnings was driven by the successful execution of our strategy to profitably grow our top line and thoughtfully manage our expenses, along with strong performance from our investment portfolio, partially offset by lower favorable prior year reserve development. While catastrophe losses were lower than in the prior year quarter, all-in weather losses were modestly higher, due to higher non-catastrophe weather-related losses which adversely impacted the underlying combined ratio of 94.9% by nearly two points compared to the prior year quarter. In addition and to a lesser degree, the change in the underlying combined ratio in the quarter was impacted by a number of favorable items, including lower large losses and improved expense leverage, partially offset by a modest impact from continuing challenges in the tort environment. In terms of capital management, we returned \$593 million of excess capital to our shareholders this quarter, including \$376 million through share repurchases, bringing the total capital returned to shareholders so far this year to more than \$1.2 billion.

“We remain extremely pleased with our performance in the marketplace. We grew net written premiums by 4% to a record \$7.5 billion, marking the tenth consecutive quarter in which we generated premium growth in all three of our business segments. In Business Insurance, we achieved renewal premium change of 6.7%, including renewal rate change of 3.6%, in both cases the highest levels in five years, while maintaining historically high levels of retention. This is the twelfth consecutive quarter of higher year-over-year renewal premium change. In Bond & Specialty Insurance, we once again achieved strong production in both Management Liability and Surety. In Personal Insurance, higher net written premiums benefited from renewal premium increases in both our Agency Automobile and Agency Home businesses.

“Our performance this quarter and year-to-date reflect both the successful execution of our long-term strategy and our relentless execution in the marketplace every day. In an environment of persistently low interest rates, ongoing uncertainty surrounding weather-related losses and a more challenging tort environment, we will continue to leverage the power of our franchise to meet our return objectives, including by selectively and thoughtfully seeking price and improved terms and conditions. With leading data and analytics in the hands of our frontline underwriters, the best talent in the industry and deep relationships with our agents and brokers, we remain well positioned to continue to generate industry-leading returns and deliver shareholder value over time.”

## Consolidated Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Change	2019	2018	Change
<b>Underwriting gain:</b>	\$ 74	\$ 90	\$ (16)	\$ 469	\$ 348	\$ 121
<i>Underwriting gain includes:</i>						
Net favorable prior year reserve development	123	186	(63)	174	336	(162)
Catastrophes, net of reinsurance	(367)	(488)	121	(560)	(842)	282
<b>Net investment income</b>	<b>648</b>	<b>595</b>	<b>53</b>	<b>1,230</b>	<b>1,198</b>	<b>32</b>
<b>Other income (expense), including interest expense</b>	<b>(82)</b>	<b>(90)</b>	<b>8</b>	<b>(145)</b>	<b>(162)</b>	<b>17</b>
<b>Core income before income taxes</b>	<b>640</b>	<b>595</b>	<b>45</b>	<b>1,554</b>	<b>1,384</b>	<b>170</b>
<b>Income tax expense</b>	<b>103</b>	<b>101</b>	<b>2</b>	<b>262</b>	<b>212</b>	<b>50</b>
<b>Core income</b>	<b>537</b>	<b>494</b>	<b>43</b>	<b>1,292</b>	<b>1,172</b>	<b>120</b>
<b>Net realized investment gains after income taxes</b>	<b>20</b>	<b>30</b>	<b>(10)</b>	<b>61</b>	<b>21</b>	<b>40</b>
<b>Net income</b>	<b>\$ 557</b>	<b>\$ 524</b>	<b>\$ 33</b>	<b>\$ 1,353</b>	<b>\$ 1,193</b>	<b>\$ 160</b>
<b>Combined ratio</b>	<b>98.4 %</b>	<b>98.1 %</b>	<b>0.3 pts</b>	<b>96.1 %</b>	<b>96.8 %</b>	<b>(0.7) pts</b>
<i>Impact on combined ratio</i>						
Net favorable prior year reserve development	(1.8) pts	(2.8) pts	1.0 pts	(1.3) pts	(2.5) pts	1.2 pts
Catastrophes, net of reinsurance	5.3 pts	7.3 pts	(2.0) pts	4.1 pts	6.3 pts	(2.2) pts
<b>Underlying combined ratio</b>	<b>94.9 %</b>	<b>93.6 %</b>	<b>1.3 pts</b>	<b>93.3 %</b>	<b>93.0 %</b>	<b>0.3 pts</b>
<b>Net written premiums</b>						
Business Insurance	\$ 3,874	\$ 3,781	2 %	\$ 8,037	\$ 7,775	3 %
Bond & Specialty Insurance	710	653	9	1,297	1,227	6
Personal Insurance	2,866	2,697	6	5,173	4,953	4
<b>Total</b>	<b>\$ 7,450</b>	<b>\$ 7,131</b>	<b>4 %</b>	<b>\$ 14,507</b>	<b>\$ 13,955</b>	<b>4 %</b>

### Second Quarter 2019 Results

(All comparisons vs. second quarter 2018, unless noted otherwise)

Net income of \$557 million increased \$33 million due to higher core income, partially offset by lower net realized investment gains. Core income of \$537 million increased \$43 million. Core income increased primarily due to lower catastrophe losses and higher net investment income, partially offset by a lower underlying underwriting gain and lower net favorable prior year reserve development. The benefit of higher business volumes on the underlying underwriting gain was more than offset by higher levels of non-catastrophe weather-related losses.

Underwriting results:

- The combined ratio of 98.4% increased 0.3 points due to a higher underlying combined ratio (1.3 points) and lower net favorable prior year reserve development (1.0 points), partially offset by lower catastrophe losses (2.0 points).
- The underlying combined ratio of 94.9% increased 1.3 points, including a 0.6 point increase related to the Underlying Property Aggregate Catastrophe Excess-of-Loss Reinsurance Treaty entered into effective January 1, 2019 ("the new catastrophe reinsurance treaty"). See below for further details by segment.
- Net favorable prior year reserve development occurred in all segments. Catastrophe losses primarily resulted from wind storms in several regions of the United States.

Net investment income of \$648 million pre-tax (\$548 million after-tax) increased 9%. Income from the fixed income investment portfolio increased due to a higher average level of fixed maturity investments, as well as higher long-term and short-term interest rates. Private equity partnership returns were higher than in the prior year quarter.

Record net written premiums of \$7.450 billion increased 4%, reflecting growth in all segments.





## **Year-to-Date 2019 Results**

*(All comparisons vs. year-to-date 2018, unless noted otherwise)*

Net income of \$1.353 billion increased \$160 million due to higher core income and higher net realized investment gains. Core income of \$1.292 billion increased \$120 million. Core income increased due to lower catastrophe losses and higher net investment income, partially offset by lower net favorable prior year reserve development. Net realized investment gains of \$78 million pre-tax (\$61 million after-tax) were higher by \$53 million pre-tax (\$40 million after-tax).

Underwriting results:

- The combined ratio of 96.1% decreased 0.7 points due to lower catastrophe losses (2.2 points), partially offset by lower net favorable prior year reserve development (1.2 points) and a higher underlying combined ratio (0.3 points).
- The underlying combined ratio of 93.3% increased 0.3 points, including a 0.6 point increase related to the new catastrophe reinsurance treaty. See below for further details by segment.
- Net favorable prior year reserve development occurred in all segments. Catastrophe losses included the second quarter events described above, as well as winter storms and wind storms in several regions of the United States in the first quarter of 2019.

Net investment income of \$1.230 billion pre-tax (\$1.044 billion after-tax) increased 3%. 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 partnership and real estate partnership returns were lower than in the prior year.

Record gross written premiums of \$15.663 billion grew 5%, reflecting growth in all segments. Net written premiums of \$14.507 billion increased 4%. Growth in net written premiums was impacted by the new catastrophe reinsurance treaty, the entire cost of which impacted net written premiums in the first quarter. Accordingly, the treaty did not impact net written premiums in the second quarter and will not impact net written premiums in the remaining quarters of the year.

## **Shareholders' Equity**

Shareholders' equity of \$25.321 billion increased 11% from year-end 2018, primarily due to the impact of lower interest rates on net unrealized investment gains (losses). Net unrealized investment gains included in shareholders' equity were \$2.389 billion pre-tax (\$1.878 billion after-tax), compared to net unrealized investment losses of \$137 million pre-tax (\$113 million after-tax) at year-end 2018. Book value per share of \$97.26 increased 12% from year-end 2018, also primarily due to the impact of lower interest rates on net unrealized investment gains (losses). Adjusted book value per share of \$90.05 increased 3% from year-end 2018.

The Company repurchased 2.6 million shares during the second quarter at an average price of \$145.87 per share for a total cost of \$376 million. Capacity remaining under the existing share repurchase authorization was \$2.536 billion at the end of the quarter. Also at the end of the quarter, statutory capital and surplus was \$21.080 billion, and the ratio of debt-to-capital was 20.6%. The ratio of debt-to-capital excluding after-tax net unrealized investment gains included in shareholders' equity was 21.9%, within the Company's target range of 15% to 25%.

The Board of Directors declared a quarterly dividend of \$0.82 per share. The dividend is payable on September 30, 2019 to shareholders of record at the close of business on September 10, 2019.

## Business Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Change	2019	2018	Change
<b>Underwriting gain (loss):</b>	<b>\$ (55)</b>	<b>\$ 32</b>	<b>\$ (87)</b>	<b>\$ 2</b>	<b>\$ 105</b>	<b>\$ (103)</b>
<i>Underwriting gain (loss) includes:</i>						
<i>Net favorable prior year reserve development</i>	71	84	(13)	50	150	(100)
<i>Catastrophes, net of reinsurance</i>	(211)	(168)	(43)	(306)	(306)	—
<b>Net investment income</b>	<b>481</b>	<b>440</b>	<b>41</b>	<b>908</b>	<b>886</b>	<b>22</b>
<b>Other income</b>	<b>(11)</b>	<b>(10)</b>	<b>(1)</b>	<b>(6)</b>	<b>(7)</b>	<b>1</b>
<b>Segment income before income taxes</b>	<b>415</b>	<b>462</b>	<b>(47)</b>	<b>904</b>	<b>984</b>	<b>(80)</b>
<b>Income tax expense</b>	<b>64</b>	<b>77</b>	<b>(13)</b>	<b>139</b>	<b>147</b>	<b>(8)</b>
<b>Segment income</b>	<b>\$ 351</b>	<b>\$ 385</b>	<b>\$ (34)</b>	<b>\$ 765</b>	<b>\$ 837</b>	<b>\$ (72)</b>
<b>Combined ratio</b>	<b>101.1 %</b>	<b>98.8 %</b>	<b>2.3 pts</b>	<b>99.6 %</b>	<b>98.2 %</b>	<b>1.4 pts</b>
<i>Impact on combined ratio</i>						
<i>Net favorable prior year reserve development</i>	(1.9) pts	(2.3) pts	0.4 pts	(0.7) pts	(2.1) pts	1.4 pts
<i>Catastrophes, net of reinsurance</i>	5.6 pts	4.6 pts	1.0 pts	4.1 pts	4.3 pts	(0.2) pts
<b>Underlying combined ratio</b>	<b>97.4 %</b>	<b>96.5 %</b>	<b>0.9 pts</b>	<b>96.2 %</b>	<b>96.0 %</b>	<b>0.2 pts</b>
<b>Net written premiums by market</b>						
Domestic						
Select Accounts	\$ 756	\$ 729	4 %	\$ 1,541	\$ 1,502	3 %
Middle Market	2,009	1,985	1	4,419	4,247	4
National Accounts	223	231	(3)	527	540	(2)
National Property and Other	588	518	14	975	898	9
<b>Total Domestic</b>	<b>3,576</b>	<b>3,463</b>	<b>3</b>	<b>7,462</b>	<b>7,187</b>	<b>4</b>
International	298	318	(6)	575	588	(2)
<b>Total</b>	<b>\$ 3,874</b>	<b>\$ 3,781</b>	<b>2 %</b>	<b>\$ 8,037</b>	<b>\$ 7,775</b>	<b>3 %</b>

### Second Quarter 2019 Results

(All comparisons vs. second quarter 2018, unless noted otherwise)

Segment income for Business Insurance was \$351 million after-tax, a decrease of \$34 million. Segment income decreased primarily due to higher catastrophe losses, a lower underlying underwriting gain and lower net favorable prior year reserve development, partially offset by higher net investment income. The benefit of higher business volumes on the underlying underwriting gain was more than offset by a higher underlying combined ratio, as described below.

Underwriting results:

- The combined ratio of 101.1% increased 2.3 points due to higher catastrophe losses (1.0 points), a higher underlying combined ratio (0.9 points) and lower net favorable prior year reserve development (0.4 points).
- The underlying combined ratio of 97.4% increased 0.9 points, primarily driven by the impact in the quarter of (1) higher loss estimates in the general liability product line for primary and excess coverages and in the commercial automobile product line, including the re-estimation of losses incurred in the first quarter of 2019, (2) higher non-catastrophe weather-related losses and (3) a 0.5 point impact from the new catastrophe reinsurance treaty, partially offset by (4) a lower level of domestic large losses, primarily fire-related and (5) a lower underwriting expense ratio.
- Net favorable prior year reserve development was primarily driven by better than expected loss experience in the segment's domestic operations in the workers' compensation product line for multiple accident years, partially offset by higher than expected loss experience in the segment's domestic operations (1) in the general liability product line for primary and excess coverages for multiple accident years, including a \$60 million increase to environmental reserves for accident years 2009 and prior, (2) in the commercial automobile product



line for recent accident years and (3) higher than expected loss experience in the segment's international operations.

Net written premiums of \$3.874 billion increased 2%, benefiting from continued strong retention and higher renewal premium change.

### **Year-to-date 2019 Results**

*(All comparisons vs. year-to-date 2018, unless noted otherwise)*

Segment income for Business Insurance was \$765 million after-tax, a decrease of \$72 million. Segment income decreased primarily due to lower net favorable prior year reserve development, partially offset by higher net investment income.

Underwriting results:

- The combined ratio of 99.6% increased 1.4 points due to lower net favorable prior year reserve development (1.4 points) and a higher underlying combined ratio (0.2 points), partially offset by the impact of catastrophe losses (0.2 points).
- The underlying combined ratio of 96.2% increased 0.2 points. The new catastrophe reinsurance treaty resulted in a 0.5 point increase in the underlying combined ratio.
- Net favorable prior year reserve development was primarily driven by better than expected loss experience in the segment's domestic operations in (1) the workers' compensation product line for multiple accident years and (2) the commercial property product line for recent accident years, partially offset by higher than expected loss experience in the segment's domestic operations in (3) the general liability product line for primary and excess coverages for multiple accident years, including the impact of (a) the enactment of legislation by a number of states, which extended the statute of limitations for childhood sexual molestation claims and (b) a \$60 million increase to environmental reserves, both of which impacted accident years 2009 and prior, (4) the commercial automobile product line for recent accident years and (5) the commercial multi-peril product line for recent accident years.

Gross written premiums of \$8.923 billion grew 5%, benefiting from the same factors as discussed above for the second quarter 2019. Net written premiums of \$8.037 billion increased 3%. Growth in net written premiums was impacted by the new catastrophe reinsurance treaty.

## Bond & Specialty Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Change	2019	2018	Change
<b>Underwriting gain:</b>	\$ 157	\$ 199	\$ (42)	\$ 269	\$ 343	\$ (74)
<i>Underwriting gain includes:</i>						
Net favorable prior year reserve development	39	89	(50)	42	124	(82)
Catastrophes, net of reinsurance	—	(5)	5	(3)	(5)	2
<b>Net investment income</b>	<b>58</b>	<b>57</b>	<b>1</b>	<b>114</b>	<b>115</b>	<b>(1)</b>
<b>Other income</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>10</b>	<b>9</b>	<b>1</b>
<b>Segment income before income taxes</b>	<b>220</b>	<b>259</b>	<b>(39)</b>	<b>393</b>	<b>467</b>	<b>(74)</b>
<b>Income tax expense</b>	<b>46</b>	<b>55</b>	<b>(9)</b>	<b>81</b>	<b>90</b>	<b>(9)</b>
<b>Segment income</b>	<b>\$ 174</b>	<b>\$ 204</b>	<b>\$ (30)</b>	<b>\$ 312</b>	<b>\$ 377</b>	<b>\$ (65)</b>
<b>Combined ratio</b>	<b>74.9 %</b>	<b>66.5 %</b>	<b>8.4 pts</b>	<b>77.9 %</b>	<b>70.5 %</b>	<b>7.4 pts</b>
<i>Impact on combined ratio</i>						
Net favorable prior year reserve development	(6.2) pts	(14.8) pts	8.6 pts	(3.4) pts	(10.5) pts	7.1 pts
Catastrophes, net of reinsurance	0.1 pts	0.8 pts	(0.7) pts	0.2 pts	0.4 pts	(0.2) pts
<b>Underlying combined ratio</b>	<b>81.0 %</b>	<b>80.5 %</b>	<b>0.5 pts</b>	<b>81.1 %</b>	<b>80.6 %</b>	<b>0.5 pts</b>
<b>Net written premiums</b>						
Domestic						
Management Liability	\$ 403	\$ 362	11 %	\$ 770	\$ 710	8 %
Surety	244	235	4	428	420	2
Total Domestic	647	597	8	1,198	1,130	6
International	63	56	13	99	97	2
<b>Total</b>	<b>\$ 710</b>	<b>\$ 653</b>	<b>9 %</b>	<b>\$ 1,297</b>	<b>\$ 1,227</b>	<b>6 %</b>

### **Second Quarter 2019 Results**

(All comparisons vs. second quarter 2018, unless noted otherwise)

Segment income for Bond & Specialty Insurance was \$174 million after-tax, a decrease of \$30 million. Segment income decreased primarily due to lower net favorable prior year reserve development.

Underwriting results:

- The combined ratio of 74.9% increased 8.4 points due to lower net favorable prior year reserve development (8.6 points) and a higher underlying combined ratio (0.5 points), partially offset by lower catastrophe losses (0.7 points).
- The underlying combined ratio remained very strong at 81.0%.
- Net favorable prior year reserve development was driven by better than expected loss experience in domestic general liability for management liability coverages for multiple accident years.

Net written premiums of \$710 million increased 9%, with contributions from both management liability and surety.

### **Year-to-Date 2019 Results**

(All comparisons vs. year-to-date 2018, unless noted otherwise)

Segment income for Bond & Specialty Insurance was \$312 million after-tax, a decrease of \$65 million. Segment income decreased primarily due to lower net favorable prior year reserve development.

Underwriting results:

- The combined ratio of 77.9% increased 7.4 points due to lower net favorable prior year reserve development (7.1 points) and a higher underlying combined ratio (0.5 points), partially offset by lower catastrophe losses 0.2 points.
- The underlying combined ratio remained very strong at 81.1%.
- Net favorable prior year reserve development was driven by better than expected loss experience in domestic general liability for management liability coverages for multiple accident years.

Net written premiums of \$1.297 billion increased 6% and benefited from the same factors as discussed above for the second quarter 2019.

**Personal Insurance Segment Financial Results**

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Change	2019	2018	Change
<b>Underwriting gain (loss):</b>	<b>\$ (28)</b>	<b>\$ (141)</b>	<b>\$ 113</b>	<b>\$ 198</b>	<b>\$ (100)</b>	<b>\$ 298</b>
<i>Underwriting gain (loss) includes:</i>						
Net favorable prior year reserve development	13	13	—	82	62	20
Catastrophes, net of reinsurance	(156)	(315)	159	(251)	(531)	280
<b>Net investment income</b>	<b>109</b>	<b>98</b>	<b>11</b>	<b>208</b>	<b>197</b>	<b>11</b>
<b>Other income</b>	<b>21</b>	<b>14</b>	<b>7</b>	<b>43</b>	<b>31</b>	<b>12</b>
<b>Segment income before income taxes</b>	<b>102</b>	<b>(29)</b>	<b>131</b>	<b>449</b>	<b>128</b>	<b>321</b>
<b>Income tax expense</b>	<b>14</b>	<b>(12)</b>	<b>26</b>	<b>83</b>	<b>16</b>	<b>67</b>
<b>Segment income (loss)</b>	<b>\$ 88</b>	<b>\$ (17)</b>	<b>\$ 105</b>	<b>\$ 366</b>	<b>\$ 112</b>	<b>\$ 254</b>
<b>Combined ratio</b>	<b>100.2 %</b>	<b>104.9 %</b>	<b>(4.7) pts</b>	<b>95.2 %</b>	<b>101.3 %</b>	<b>(6.1) pts</b>
<i>Impact on combined ratio</i>						
Net favorable prior year reserve development	(0.5) pts	(0.5) pts	— pts	(1.6) pts	(1.3) pts	(0.3) pts
Catastrophes, net of reinsurance	6.1 pts	12.8 pts	(6.7) pts	4.9 pts	11.0 pts	(6.1) pts
<b>Underlying combined ratio</b>	<b>94.6 %</b>	<b>92.6 %</b>	<b>2.0 pts</b>	<b>91.9 %</b>	<b>91.6 %</b>	<b>0.3 pts</b>
<b>Net written premiums</b>						
Domestic						
Agency (1)						
Automobile	\$ 1,300	\$ 1,258	3 %	\$ 2,524	\$ 2,441	3 %
Homeowners & Other	1,258	1,137	11	2,095	1,969	6
Total Agency	2,558	2,395	7	4,619	4,410	5
Direct to Consumer	103	99	4	198	191	4
Total Domestic	2,661	2,494	7	4,817	4,601	5
International	205	203	1	356	352	1
<b>Total</b>	<b>\$ 2,866</b>	<b>\$ 2,697</b>	<b>6 %</b>	<b>\$ 5,173</b>	<b>\$ 4,953</b>	<b>4 %</b>

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

**Second Quarter 2019 Results**

(All comparisons vs. second quarter 2018, unless noted otherwise)

Segment income for Personal Insurance was \$88 million after-tax, compared to a loss of \$(17) million in the prior year quarter. Segment income benefited primarily from lower catastrophe losses and higher net investment income, partially offset by a lower underlying underwriting gain. The benefit of higher business volumes on the underlying underwriting gain was more than offset by higher levels of non-catastrophe weather-related losses.



Underwriting results:

- The combined ratio of 100.2% improved 4.7 points due to lower catastrophe losses (6.7 points), partially offset by a higher underlying combined ratio (2.0 points).
- The underlying combined ratio of 94.6% increased 2.0 points, primarily driven by the impacts of (1) higher non-catastrophe weather-related losses in Agency Homeowners and Other and (2) a 0.8 point impact from the new catastrophe reinsurance treaty, mostly impacting Agency Homeowners and Other, partially offset by (3) the impact of earned pricing that exceeded loss cost trends in Agency Automobile and (4) a lower underwriting expense ratio.

Net written premiums of \$2.866 billion increased 6%. Agency Automobile net written premiums increased 3%, driven by renewal premium change of 5%. Agency Homeowners and Other net written premiums increased 11%, driven by renewal premium change of 7% and higher levels of new business.

**Year-to-Date 2019 Results**

*(All comparisons vs. year-to-date 2018, unless noted otherwise)*

Segment income for Personal Insurance was \$366 million after-tax, an increase of \$254 million. Segment income increased primarily due to lower catastrophe losses and higher net favorable prior year reserve development.

Underwriting results:

- The combined ratio of 95.2% improved 6.1 points due to lower catastrophe losses (6.1 points) and higher net favorable prior year reserve development (0.3 points), partially offset by a higher underlying combined ratio (0.3 points).
- The underlying combined ratio of 91.9% increased 0.3 points. The new catastrophe reinsurance treaty resulted in a 0.8 point increase in the underlying combined ratio.
- Net favorable prior year reserve development was driven by better than expected loss experience in Agency Automobile and Agency Homeowners and Other for recent accident years.

Gross written premiums of \$5.331 billion grew 6%. Net written premiums of \$5.173 billion increased 4%. Growth in net written premiums was impacted by the new catastrophe reinsurance treaty.

Agency Automobile gross written premiums of \$2.544 billion grew 4%, driven by renewal premium change of 5%. Net written premiums increased 3%. Growth in net written premiums was impacted by the new catastrophe reinsurance treaty.

Agency Homeowners & Other gross written premiums of \$2.222 billion grew 10% driven by renewal premium change of 6% and higher levels of new business. Net written premiums increased 6%. Growth in net written premiums was impacted by the new catastrophe reinsurance treaty.

**Financial Supplement and Conference Call**

The information in this press release should be read in conjunction with the financial supplement that is available on our website at [www.travelers.com](http://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, July 23, 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](http://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 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, underwriting margins and underlying underwriting 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, changes in tax law, 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 legislation enacted or to be enacted by states allowing victims of sexual abuse to file or proceed with claims that otherwise would have been time-barred.

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 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, changes in levels of written premiums, 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 14, 2019, 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 June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Net income</b>	\$ 557	\$ 524	\$ 1,353	\$ 1,193
Less: Net realized investment gains	(20)	(30)	(61)	(21)
<b>Core income</b>	\$ 537	\$ 494	\$ 1,292	\$ 1,172

(\$ in millions, pre-tax)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Net income</b>	\$ 665	\$ 631	\$ 1,632	\$ 1,409
Less: Net realized investment gains	(25)	(36)	(78)	(25)
<b>Core income</b>	\$ 640	\$ 595	\$ 1,554	\$ 1,384

(\$ in millions, after-tax)	Twelve Months Ended December 31,													
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Net income</b>	\$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)
<b>Income from continuing operations</b>	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 (1)	—	129	—	—	—	—	—	—	—	—	—	—	—	—
<b>Core income</b>	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
<b>Core income, less preferred dividends</b>	\$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

(1) Tax Cuts and Jobs Act of 2017 (TCJA)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Basic income per share</b>				
<b>Net income</b>	\$ 2.11	\$ 1.93	\$ 5.12	\$ 4.39
Adjustments:				
Net realized investment gains, after-tax	(0.07)	(0.10)	(0.23)	(0.08)
<b>Core income</b>	\$ 2.04	\$ 1.83	\$ 4.89	\$ 4.31
<b>Diluted income per share</b>				
<b>Net income</b>	\$ 2.10	\$ 1.92	\$ 5.08	\$ 4.35
Adjustments:				
Net realized investment gains, after-tax	(0.08)	(0.11)	(0.23)	(0.08)
<b>Core income</b>	\$ 2.02	\$ 1.81	\$ 4.85	\$ 4.27

## Reconciliation of Segment Income (Loss) to Total Core Income

(\$ in millions, after-tax)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Business Insurance	\$ 351	\$ 385	\$ 765	\$ 837
Bond & Specialty Insurance	174	204	312	377
Personal Insurance	88	(17)	366	112
Total segment income	613	572	1,443	1,326
Interest Expense and Other	(76)	(78)	(151)	(154)
<b>Total core income</b>	<b>\$ 537</b>	<b>\$ 494</b>	<b>\$ 1,292</b>	<b>\$ 1,172</b>

## 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

(\$ in millions)	As of June 30,	
	2019	2018
<b>Shareholders' equity</b>	<b>\$ 25,321</b>	<b>\$ 22,623</b>
Adjustments:		
Net unrealized investment (gains) losses, net of tax, included in shareholders' equity	(1,878)	112
Net realized investment gains, net of tax	(61)	(21)
<b>Adjusted shareholders' equity</b>	<b>\$ 23,382</b>	<b>\$ 22,714</b>

(\$ in millions)	As of December 31,													
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Shareholders' equity</b>	<b>\$22,894</b>	<b>\$23,731</b>	<b>\$23,221</b>	<b>\$23,598</b>	<b>\$24,836</b>	<b>\$24,796</b>	<b>\$25,405</b>	<b>\$24,477</b>	<b>\$25,475</b>	<b>\$27,415</b>	<b>\$25,319</b>	<b>\$26,616</b>	<b>\$25,135</b>	<b>\$22,303</b>
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
<b>Adjusted shareholders' equity</b>	<b>\$22,914</b>	<b>\$22,764</b>	<b>\$22,444</b>	<b>\$22,307</b>	<b>\$22,819</b>	<b>\$23,368</b>	<b>\$22,270</b>	<b>\$21,570</b>	<b>\$23,375</b>	<b>\$25,458</b>	<b>\$25,647</b>	<b>\$25,783</b>	<b>\$24,545</b>	<b>\$22,227</b>

**Return on equity** is the ratio of annualized net income (loss) less preferred dividends to average shareholders' equity for the periods presented. **Core return on equity** is the ratio of annualized core income (loss) 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 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.

### Calculation of Return on Equity and Core Return on Equity

(\$ in millions, after-tax)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Annualized net income	\$ 2,226	\$ 2,094	\$ 2,706	\$ 2,385
Average shareholders' equity	24,831	22,801	24,224	23,078
<b>Return on equity</b>	<b>9.0%</b>	<b>9.2%</b>	<b>11.2%</b>	<b>10.3%</b>
Annualized core income	\$ 2,147	\$ 1,978	\$ 2,583	\$ 2,344
Adjusted average shareholders' equity	23,378	22,776	23,264	22,757
<b>Core return on equity</b>	<b>9.2%</b>	<b>8.7%</b>	<b>11.1%</b>	<b>10.3%</b>

**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 June 30, 2019

(\$ in millions)	Six Months Ended June 30,		Twelve Months Ended December 31,													
	2019	2018	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Core income, less preferred dividends	\$1,292	\$1,172	\$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
Annualized core income	2,583	2,344														
Adjusted average shareholders' equity	23,264	22,757	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	11.1%	10.3%	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%
<b>Average annual core return on equity for the period Jan. 1, 2005 through June 30, 2019</b>	<b>12.9%</b>															

### 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 (unfavorable) 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 and radiological events, cyber events, explosions and destruction of infrastructure. 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 2019 ranges from approximately \$19 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 June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Pre-tax underwriting gain excluding the impact of catastrophes and net favorable prior year loss reserve development	\$ 318	\$ 392	\$ 855	\$ 854
Pre-tax impact of catastrophes	(367)	(488)	(560)	(842)
Pre-tax impact of net favorable prior year loss reserve development	123	186	174	336
Pre-tax underwriting gain	74	90	469	348
Income tax expense on underwriting results	22	29	110	65
Underwriting gain	52	61	359	283
Net investment income	548	507	1,044	1,020
Other income (expense), including interest expense	(63)	(74)	(111)	(131)
<b>Core income</b>	<b>537</b>	<b>494</b>	<b>1,292</b>	<b>1,172</b>
Net realized investment gains	20	30	61	21
<b>Net income</b>	<b>\$ 557</b>	<b>\$ 524</b>	<b>\$ 1,353</b>	<b>\$ 1,193</b>

## 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 June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Loss and loss adjustment expense ratio</b>				
Claims and claim adjustment expenses	\$ 4,821	\$ 4,562	\$ 9,263	\$ 8,858
Less:				
Policyholder dividends	9	12	22	25
Allocated fee income	45	40	85	77
<b>Loss ratio numerator</b>	<b>\$ 4,767</b>	<b>\$ 4,510</b>	<b>\$ 9,156</b>	<b>\$ 8,756</b>
<b>Underwriting expense ratio</b>				
Amortization of deferred acquisition costs	\$ 1,134	\$ 1,081	\$ 2,251	\$ 2,142
General and administrative expenses (G&A)	1,125	1,113	2,182	2,175
Less:				
Non-insurance G&A	50	39	97	76
Allocated fee income	71	72	140	138
Billing and policy fees and other	26	22	53	45
<b>Expense ratio numerator</b>	<b>\$ 2,112</b>	<b>\$ 2,061</b>	<b>\$ 4,143</b>	<b>\$ 4,058</b>
<b>Earned premium</b>	<b>\$ 6,988</b>	<b>\$ 6,695</b>	<b>\$ 13,843</b>	<b>\$ 13,232</b>
<b>Combined ratio (1)</b>				
Loss and loss adjustment expense ratio	68.2%	67.4%	66.2%	66.2%
Underwriting expense ratio	30.2%	30.7%	29.9%	30.6%
<b>Combined ratio</b>	<b>98.4%</b>	<b>98.1%</b>	<b>96.1%</b>	<b>96.8%</b>

(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

	As of	
	June 30, 2019	December 31, 2018
(\$ in millions, except per share amounts)		
<b>Shareholders' equity</b>	<b>\$ 25,321</b>	<b>\$ 22,894</b>
Less: Net unrealized investment gains (losses), net of tax, included in shareholders' equity	1,878	(113)
<b>Shareholders' equity, excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity</b>	<b>23,443</b>	<b>23,007</b>
Less:		
Goodwill	3,943	3,937
Other intangible assets	335	345
Impact of deferred tax on other intangible assets	(46)	(44)
<b>Tangible shareholders' equity</b>	<b>\$ 19,211</b>	<b>\$ 18,769</b>
Common shares outstanding	260.3	263.6
Book value per share	\$ 97.26	\$ 86.84
Adjusted book value per share	90.05	87.27
Tangible book value per share	73.79	71.20

## 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.

	As of	
	June 30, 2019	December 31, 2018
(\$ in millions)		
Debt	\$ 6,558	\$ 6,564
Shareholders' equity	25,321	22,894
<b>Total capitalization</b>	<b>31,879</b>	<b>29,458</b>
Less: Net unrealized investment gains (losses), net of tax, included in shareholders' equity	1,878	(113)
<b>Total capitalization excluding net unrealized gain (loss) on investments, net of tax, included in shareholders' equity</b>	<b>\$ 30,001</b>	<b>\$ 29,571</b>
Debt-to-capital ratio	20.6%	22.3%
Debt-to-capital ratio excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity	21.9%	22.2%

## 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 and other products that are generally sold on a non-recurring, project specific basis.

**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 14, 2019, 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 - Second Quarter 2019**



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

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**The Travelers Companies, Inc.**  
**Financial Highlights**



(\$ and shares in millions, except for per share data)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
Net income	\$ 669	\$ 524	\$ 709	\$ 621	\$ 796	\$ 557	\$ 1,193	\$ 1,353
Net income per share:								
Basic	\$ 2.45	\$ 1.93	\$ 2.65	\$ 2.33	\$ 3.01	\$ 2.11	\$ 4.39	\$ 5.12
Diluted	\$ 2.42	\$ 1.92	\$ 2.62	\$ 2.32	\$ 2.99	\$ 2.10	\$ 4.35	\$ 5.08
Core income	\$ 678	\$ 494	\$ 687	\$ 571	\$ 755	\$ 537	\$ 1,172	\$ 1,292
Core income per share:								
Basic	\$ 2.48	\$ 1.83	\$ 2.56	\$ 2.15	\$ 2.85	\$ 2.04	\$ 4.31	\$ 4.89
Diluted	\$ 2.46	\$ 1.81	\$ 2.54	\$ 2.13	\$ 2.83	\$ 2.02	\$ 4.27	\$ 4.85
Return on equity	11.5%	9.2%	12.6%	10.9%	13.5%	9.0%	10.3%	11.2%
Core return on equity	11.9%	8.7%	12.0%	10.0%	13.0%	9.2%	10.3%	11.1%
Total assets, at period end	\$103,676	\$103,523	\$104,390	\$104,233	\$107,246	\$108,572	\$103,523	\$108,572
Total equity, at period end	\$ 22,979	\$ 22,623	\$ 22,460	\$ 22,894	\$ 24,340	\$ 25,321	\$ 22,623	\$ 25,321
Book value per share, at period end	\$ 85.03	\$ 84.51	\$ 84.82	\$ 86.84	\$ 92.94	\$ 97.26	\$ 84.51	\$ 97.26
Less: Net unrealized investment gains (losses), net of tax	0.49	(0.42)	(1.69)	(0.43)	3.85	7.21	(0.42)	7.21
Adjusted book value per share, at period end	\$ 84.54	\$ 84.93	\$ 86.51	\$ 87.27	\$ 89.09	\$ 90.05	\$ 84.93	\$ 90.05
Weighted average number of common shares outstanding (basic)	271.0	268.7	266.1	263.9	262.9	261.3	269.8	262.1
Weighted average number of common shares outstanding and common stock equivalents (diluted)	273.9	271.1	268.4	266.0	264.8	263.7	272.5	264.2
Common shares outstanding at period end	270.2	267.7	264.8	263.6	261.9	260.3	267.7	260.3
Common stock dividends declared	\$ 197	\$ 209	\$ 207	\$ 205	\$ 204	\$ 217	\$ 406	\$ 421
Common stock repurchased:								
Under Board of Directors authorization								
Shares	2.5	2.7	3.0	1.4	2.9	2.6	5.2	5.5
Cost	\$ 350	\$ 350	\$ 400	\$ 170	\$ 375	\$ 375	\$ 700	\$ 750
Other								
Shares	0.3	—	0.1	—	0.3	—	0.3	0.3
Cost	\$ 51	\$ —	\$ —	\$ —	\$ 46	\$ 1	\$ 51	\$ 47

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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Net income</b>								
Net income	\$ 669	\$ 524	\$ 709	\$ 621	\$ 796	\$ 557	\$ 1,193	\$ 1,353
Adjustments:								
Net realized investment (gains) losses, after-tax	9	(30)	(22)	(50)	(41)	(20)	(21)	(61)
Core income	\$ 678	\$ 494	\$ 687	\$ 571	\$ 755	\$ 537	\$ 1,172	\$ 1,292
<b>Basic earnings per share</b>								
Net income	\$ 2.45	\$ 1.93	\$ 2.65	\$ 2.33	\$ 3.01	\$ 2.11	\$ 4.39	\$ 5.12
Adjustments:								
Net realized investment (gains) losses, after-tax	0.03	(0.10)	(0.09)	(0.18)	(0.16)	(0.07)	(0.08)	(0.23)
Core income	\$ 2.48	\$ 1.83	\$ 2.56	\$ 2.15	\$ 2.85	\$ 2.04	\$ 4.31	\$ 4.89
<b>Diluted earnings per share</b>								
Net income	\$ 2.42	\$ 1.92	\$ 2.62	\$ 2.32	\$ 2.99	\$ 2.10	\$ 4.35	\$ 5.08
Adjustments:								
Net realized investment (gains) losses, after-tax	0.04	(0.11)	(0.08)	(0.19)	(0.16)	(0.08)	(0.08)	(0.23)
Core income	\$ 2.46	\$ 1.81	\$ 2.54	\$ 2.13	\$ 2.83	\$ 2.02	\$ 4.27	\$ 4.85

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

Basic and Diluted	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
Net income, as reported	\$ 669	\$ 524	\$ 709	\$ 621	\$ 796	\$ 557	\$ 1,193	\$ 1,353
Participating share-based awards - allocated income	(5)	(4)	(5)	(5)	(5)	(4)	(9)	(10)
Net income available to common shareholders - basic and diluted	\$ 664	\$ 520	\$ 704	\$ 616	\$ 791	\$ 553	\$ 1,184	\$ 1,343
<b>Common Shares</b>								
<b>Basic</b>								
Weighted average shares outstanding	271.0	268.7	266.1	263.9	262.9	261.3	269.8	262.1
<b>Diluted</b>								
Weighted average shares outstanding	271.0	268.7	266.1	263.9	262.9	261.3	269.8	262.1
Weighted average effects of dilutive securities - stock options and performance shares	2.9	2.4	2.3	2.1	1.9	2.4	2.7	2.1
Diluted weighted average shares outstanding	273.9	271.1	268.4	266.0	264.8	263.7	272.5	264.2

(1) 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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Revenues</b>								
Premiums	\$6,537	\$6,695	\$6,882	\$6,945	\$6,855	\$6,988	\$13,232	\$13,843
Net investment income	603	595	646	630	582	648	1,198	1,230
Fee income	103	112	109	108	109	116	215	225
Net realized investment gains (losses)	(11)	36	29	60	53	25	25	78
Other revenues	54	39	57	53	72	57	93	129
Total revenues	7,286	7,477	7,723	7,796	7,671	7,834	14,763	15,505
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	4,296	4,562	4,655	4,778	4,442	4,821	8,858	9,263
Amortization of deferred acquisition costs	1,061	1,081	1,117	1,122	1,117	1,134	2,142	2,251
General and administrative expenses	1,062	1,113	1,059	1,063	1,057	1,125	2,175	2,182
Interest expense	89	90	86	87	88	89	179	177
Total claims and expenses	6,508	6,846	6,917	7,050	6,704	7,169	13,354	13,873
Income before income taxes	778	631	806	746	967	665	1,409	1,632
Income tax expense	109	107	97	125	171	108	216	279
Net income	\$ 669	\$ 524	\$ 709	\$ 621	\$ 796	\$ 557	\$ 1,193	\$ 1,353
<b>Other-than-temporary impairments (OTTI)</b>								
Total OTTI gains (losses)	\$ —	\$ (1)	\$ —	\$ —	\$ (1)	\$ (1)	\$ (1)	\$ (2)
OTTI losses recognized in net realized investment gains (losses)	\$ —	\$ (1)	\$ —	\$ —	\$ (1)	\$ (1)	\$ (1)	\$ (2)
OTTI gains (losses) recognized in other comprehensive income (loss)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Other statistics</b>								
Effective tax rate on net investment income	14.9%	14.8%	15.4%	15.0%	14.7%	15.4%	14.8%	15.1%
Net investment income (after-tax)	\$ 513	\$ 507	\$ 547	\$ 535	\$ 496	\$ 548	\$ 1,020	\$ 1,044
Catastrophes, net of reinsurance:								
Pre-tax	\$ 354	\$ 488	\$ 264	\$ 610	\$ 193	\$ 367	\$ 842	\$ 560
After-tax	\$ 280	\$ 384	\$ 209	\$ 482	\$ 152	\$ 290	\$ 664	\$ 442
Prior year reserve development - favorable:								
Pre-tax	\$ 150	\$ 186	\$ 14	\$ 167	\$ 51	\$ 123	\$ 336	\$ 174
After-tax	\$ 119	\$ 148	\$ 10	\$ 132	\$ 41	\$ 99	\$ 267	\$ 140

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

Net Income by Major Component and Combined Ratio - Consolidated

(\$ in millions, net of tax)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
Underwriting gain	\$ 222	\$ 61	\$ 194	\$ 99	\$ 307	\$ 52	\$ 283	\$ 359
Net investment income	513	507	547	535	496	548	1,020	1,044
Other income (expense), including interest expense	(57)	(74)	(54)	(63)	(48)	(63)	(131)	(111)
Core income	678	494	687	571	755	537	1,172	1,292
Net realized investment gains (losses)	(9)	30	22	50	41	20	21	61
<b>Net income</b>	<b>\$ 669</b>	<b>\$ 524</b>	<b>\$ 709</b>	<b>\$ 621</b>	<b>\$ 796</b>	<b>\$ 557</b>	<b>\$1,193</b>	<b>\$1,353</b>
<b>Combined ratio (1) (2)</b>								
Loss and loss adjustment expense ratio	64.9 %	67.4 %	66.9 %	68.0 %	64.0 %	68.2 %	66.2 %	66.2 %
Underwriting expense ratio	30.6 %	30.7 %	29.7 %	29.5 %	29.7 %	30.2 %	30.6 %	29.9 %
Combined ratio	95.5 %	98.1 %	96.6 %	97.5 %	93.7 %	98.4 %	96.8 %	96.1 %
Impact on combined ratio:								
Net favorable prior year reserve development	(2.3)%	(2.8)%	(0.2)%	(2.4)%	(0.7)%	(1.8)%	(2.5)%	(1.3)%
Catastrophes, net of reinsurance	5.4 %	7.3 %	3.8 %	8.8 %	2.8 %	5.3 %	6.3 %	4.1 %
Underlying combined ratio	92.4 %	93.6 %	93.0 %	91.1 %	91.6 %	94.9 %	93.0 %	93.3 %

(1) Before policyholder dividends.

(2) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses. In addition, fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses. 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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
Billing and policy fees and other	\$ 23	\$ 22	\$ 24	\$ 24	\$ 27	\$ 26	\$ 45	\$ 53
Fee income:								
Loss and loss adjustment expenses	\$ 37	\$ 40	\$ 38	\$ 39	\$ 40	\$ 45	\$ 77	\$ 85
Underwriting expenses	66	72	71	69	69	71	138	140
Total fee income	<u>\$ 103</u>	<u>\$ 112</u>	<u>\$ 109</u>	<u>\$ 108</u>	<u>\$ 109</u>	<u>\$ 116</u>	<u>\$ 215</u>	<u>\$ 225</u>
Non-insurance general and administrative expenses	<u>\$ 37</u>	<u>\$ 39</u>	<u>\$ 38</u>	<u>\$ 45</u>	<u>\$ 47</u>	<u>\$ 50</u>	<u>\$ 76</u>	<u>\$ 97</u>

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



**The Travelers Companies, Inc.**  
**Core Income - Consolidated**



(\$ in millions)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Revenues</b>								
Premiums	\$6,537	\$6,695	\$6,882	\$6,945	\$6,855	\$6,988	\$13,232	\$13,843
Net investment income	603	595	646	630	582	648	1,198	1,230
Fee income	103	112	109	108	109	116	215	225
Other revenues	54	39	57	53	72	57	93	129
Total revenues	7,297	7,441	7,694	7,736	7,618	7,809	14,738	15,427
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	4,296	4,562	4,655	4,778	4,442	4,821	8,858	9,263
Amortization of deferred acquisition costs	1,061	1,081	1,117	1,122	1,117	1,134	2,142	2,251
General and administrative expenses	1,062	1,113	1,059	1,063	1,057	1,125	2,175	2,182
Interest expense	89	90	86	87	88	89	179	177
Total claims and expenses	6,508	6,846	6,917	7,050	6,704	7,169	13,354	13,873
Core income before income taxes	789	595	777	686	914	640	1,384	1,554
Income tax expense	111	101	90	115	159	103	212	262
Core income	\$ 678	\$ 494	\$ 687	\$ 571	\$ 755	\$ 537	\$ 1,172	\$ 1,292
<b>Other statistics</b>								
Effective tax rate on net investment income	14.9%	14.8%	15.4%	15.0%	14.7%	15.4%	14.8%	15.1%
Net investment income (after-tax)	\$ 513	\$ 507	\$ 547	\$ 535	\$ 496	\$ 548	\$ 1,020	\$ 1,044
Catastrophes, net of reinsurance:								
Pre-tax	\$ 354	\$ 488	\$ 264	\$ 610	\$ 193	\$ 367	\$ 842	\$ 560
After-tax	\$ 280	\$ 384	\$ 209	\$ 482	\$ 152	\$ 290	\$ 664	\$ 442
Prior year reserve development - favorable:								
Pre-tax	\$ 150	\$ 186	\$ 14	\$ 167	\$ 51	\$ 123	\$ 336	\$ 174
After-tax	\$ 119	\$ 148	\$ 10	\$ 132	\$ 41	\$ 99	\$ 267	\$ 140

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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Statutory underwriting</b>								
Gross written premiums	\$ 7,418	\$ 7,429	\$ 7,462	\$ 6,943	\$ 7,839	\$ 7,824	\$14,847	\$15,663
Net written premiums	\$ 6,824	\$ 7,131	\$ 7,062	\$ 6,691	\$ 7,057	\$ 7,450	\$13,955	\$14,507
Net earned premiums	\$ 6,537	\$ 6,695	\$ 6,882	\$ 6,945	\$ 6,855	\$ 6,988	\$13,232	\$13,843
Losses and loss adjustment expenses	4,245	4,506	4,606	4,719	4,389	4,764	8,751	9,153
Underwriting expenses	2,072	2,147	2,082	1,999	2,116	2,217	4,219	4,333
Statutory underwriting gain	220	42	194	227	350	7	262	357
Policyholder dividends	13	12	12	15	13	9	25	22
Statutory underwriting gain (loss) after policyholder dividends	\$ 207	\$ 30	\$ 182	\$ 212	\$ 337	\$ (2)	\$ 237	\$ 335
<b>Other statutory statistics</b>								
Reserves for losses and loss adjustment expenses	\$41,669	\$41,861	\$42,293	\$42,409	\$42,581	\$42,979	\$41,861	\$42,979
Increase in reserves	\$ 215	\$ 192	\$ 432	\$ 116	\$ 172	\$ 398	\$ 407	\$ 570
Statutory capital and surplus	\$20,533	\$20,371	\$20,462	\$20,774	\$21,074	\$21,080	\$20,371	\$21,080
Net written premiums/surplus (1)	1.29:1	1.33:1	1.34:1	1.33:1	1.33:1	1.34:1	1.33:1	1.34:1

(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.

Written and Earned Premiums - Property and Casualty Operations

(\$ in millions)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Written premiums</b>								
Gross	\$ 7,418	\$ 7,429	\$ 7,462	\$ 6,943	\$ 7,839	\$ 7,824	\$14,847	\$15,663
Ceded	(594)	(298)	(400)	(252)	(782)	(374)	(892)	(1,156)
Net	<u>\$ 6,824</u>	<u>\$ 7,131</u>	<u>\$ 7,062</u>	<u>\$ 6,691</u>	<u>\$ 7,057</u>	<u>\$ 7,450</u>	<u>\$13,955</u>	<u>\$14,507</u>
<b>Earned premiums</b>								
Gross	\$ 6,903	\$ 7,060	\$ 7,266	\$ 7,331	\$ 7,282	\$ 7,429	\$13,963	\$14,711
Ceded	(366)	(365)	(384)	(386)	(427)	(441)	(731)	(868)
Net	<u>\$ 6,537</u>	<u>\$ 6,695</u>	<u>\$ 6,882</u>	<u>\$ 6,945</u>	<u>\$ 6,855</u>	<u>\$ 6,988</u>	<u>\$13,232</u>	<u>\$13,843</u>

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

The Travelers Companies, Inc.  
Segment Income - Business Insurance



(\$ in millions)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Revenues</b>								
Premiums	\$3,568	\$3,641	\$3,743	\$3,770	\$3,742	\$3,783	\$7,209	\$7,525
Net investment income	446	440	482	465	427	481	886	908
Fee income	99	107	103	103	104	111	206	215
Other revenues	31	20	33	28	43	30	51	73
Total revenues	4,144	4,208	4,361	4,366	4,316	4,405	8,352	8,721
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	2,392	2,484	2,653	2,642	2,580	2,686	4,876	5,266
Amortization of deferred acquisition costs	580	588	610	610	615	618	1,168	1,233
General and administrative expenses	650	674	648	651	632	686	1,324	1,318
Total claims and expenses	3,622	3,746	3,911	3,903	3,827	3,990	7,368	7,817
Segment income before income taxes	522	462	450	463	489	415	984	904
Income tax expense	70	77	40	72	75	64	147	139
Segment income	\$ 452	\$ 385	\$ 410	\$ 391	\$ 414	\$ 351	\$ 837	\$ 765
<b>Other statistics</b>								
Effective tax rate on net investment income	14.7%	14.7%	15.3%	14.9%	14.6%	15.3%	14.7%	15.0%
Net investment income (after-tax)	\$ 380	\$ 376	\$ 408	\$ 395	\$ 365	\$ 407	\$ 756	\$ 772
Catastrophes, net of reinsurance:								
Pre-tax	\$ 138	\$ 168	\$ 136	\$ 197	\$ 95	\$ 211	\$ 306	\$ 306
After-tax	\$ 110	\$ 132	\$ 107	\$ 156	\$ 75	\$ 167	\$ 242	\$ 242
Prior year reserve development - favorable (unfavorable):								
Pre-tax	\$ 66	\$ 84	\$ (56)	\$ 48	\$ (21)	\$ 71	\$ 150	\$ 50
After-tax	\$ 52	\$ 68	\$ (45)	\$ 38	\$ (16)	\$ 57	\$ 120	\$ 41

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

Segment Income by Major Component and Combined Ratio - Business Insurance

(\$ in millions, net of tax)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
Underwriting gain (loss)	\$ 70	\$ 19	\$ 2	\$ 3	\$ 44	\$ (48)	\$ 89	\$ (4)
Net investment income	380	376	408	395	365	407	756	772
Other income (expense)	2	(10)	—	(7)	5	(8)	(8)	(3)
<b>Segment income</b>	<b>\$ 452</b>	<b>\$ 385</b>	<b>\$ 410</b>	<b>\$ 391</b>	<b>\$ 414</b>	<b>\$ 351</b>	<b>\$ 837</b>	<b>\$ 765</b>
<b>Combined ratio (1) (2)</b>								
Loss and loss adjustment expense ratio	65.7 %	66.9 %	69.6%	68.7 %	67.6%	69.6 %	66.3 %	68.6 %
Underwriting expense ratio	31.8 %	31.9 %	31.0%	30.7 %	30.5%	31.5 %	31.9 %	31.0 %
Combined ratio	97.5 %	98.8 %	100.6%	99.4 %	98.1%	101.1 %	98.2 %	99.6 %
<b>Impact on combined ratio:</b>								
Net (favorable) unfavorable prior year reserve development	(1.9)%	(2.3)%	1.5%	(1.2)%	0.6%	(1.9)%	(2.1)%	(0.7)%
Catastrophes, net of reinsurance	3.9 %	4.6 %	3.7%	5.2 %	2.5%	5.6 %	4.3 %	4.1 %
Underlying combined ratio	95.5 %	96.5 %	95.4%	95.4 %	95.0%	97.4 %	96.0 %	96.2 %

(1) Before policyholder dividends.

(2) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses. In addition, fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses. 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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
Billing and policy fees and other	\$ 4	\$ 4	\$ 3	\$ 4	\$ 4	\$ 3	\$ 8	\$ 7
Fee income:								
Loss and loss adjustment expenses	\$ 37	\$ 40	\$ 38	\$ 39	\$ 40	\$ 45	\$ 77	\$ 85
Underwriting expenses	62	67	65	64	64	66	129	130
Total fee income	\$ 99	\$ 107	\$ 103	\$ 103	\$ 104	\$ 111	\$ 206	\$ 215
Non-insurance general and administrative expenses	\$ 28	\$ 30	\$ 29	\$ 37	\$ 38	\$ 41	\$ 58	\$ 79

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)	<b>1Q2018</b>	<b>2Q2018</b>	<b>3Q2018</b>	<b>4Q2018</b>	<b>1Q2019</b>	<b>2Q2019</b>	<b>YTD 2Q2018</b>	<b>YTD 2Q2019</b>
<b>Statutory underwriting</b>								
Gross written premiums	\$ 4,471	\$ 4,038	\$ 3,992	\$ 3,754	\$ 4,730	\$ 4,193	\$ 8,509	\$ 8,923
Net written premiums	\$ 3,994	\$ 3,781	\$ 3,648	\$ 3,533	\$ 4,163	\$ 3,874	\$ 7,775	\$ 8,037
Net earned premiums	\$ 3,568	\$ 3,641	\$ 3,743	\$ 3,770	\$ 3,742	\$ 3,783	\$ 7,209	\$ 7,525
Losses and loss adjustment expenses	2,344	2,429	2,606	2,586	2,529	2,631	4,773	5,160
Underwriting expenses	1,213	1,196	1,144	1,107	1,226	1,226	2,409	2,452
Statutory underwriting gain (loss)	11	16	(7)	77	(13)	(74)	27	(87)
Policyholder dividends	11	9	11	12	11	7	20	18
Statutory underwriting gain (loss) after policyholder dividends	\$ —	\$ 7	\$ (18)	\$ 65	\$ (24)	\$ (81)	\$ 7	\$ (105)

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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Net written premiums by market</b>								
Domestic								
Select Accounts	\$ 773	\$ 729	\$ 666	\$ 660	\$ 785	\$ 756	\$ 1,502	\$ 1,541
Middle Market	2,262	1,985	2,032	1,935	2,410	2,009	4,247	4,419
National Accounts	309	231	238	247	304	223	540	527
National Property and Other	380	518	485	422	387	588	898	975
Total Domestic	3,724	3,463	3,421	3,264	3,886	3,576	7,187	7,462
International	270	318	227	269	277	298	588	575
Total	\$ 3,994	\$ 3,781	\$ 3,648	\$ 3,533	\$ 4,163	\$ 3,874	\$ 7,775	\$ 8,037
<b>Net written premiums by product line</b>								
Domestic								
Workers' compensation	\$ 1,190	\$ 935	\$ 887	\$ 828	\$ 1,191	\$ 893	\$ 2,125	\$ 2,084
Commercial automobile	651	629	625	613	719	677	1,280	1,396
Commercial property	391	536	492	448	389	583	927	972
General liability	591	531	559	546	678	548	1,122	1,226
Commercial multi-peril	896	831	840	823	902	871	1,727	1,773
Other	5	1	18	6	7	4	6	11
Total Domestic	3,724	3,463	3,421	3,264	3,886	3,576	7,187	7,462
International	270	318	227	269	277	298	588	575
Total	\$ 3,994	\$ 3,781	\$ 3,648	\$ 3,533	\$ 4,163	\$ 3,874	\$ 7,775	\$ 8,037

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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Revenues</b>								
Premiums	\$ 582	\$ 601	\$ 617	\$ 620	\$ 606	\$ 632	\$1,183	\$1,238
Net investment income	58	57	57	61	56	58	115	114
Other revenues	6	5	5	7	6	6	11	12
Total revenues	646	663	679	688	668	696	1,309	1,364
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	216	175	205	176	266	238	391	504
Amortization of deferred acquisition costs	107	113	117	117	112	118	220	230
General and administrative expenses	115	116	113	115	117	120	231	237
Total claims and expenses	438	404	435	408	495	476	842	971
Segment income before income taxes	208	259	244	280	173	220	467	393
Income tax expense	35	55	48	60	35	46	90	81
Segment income	\$ 173	\$ 204	\$ 196	\$ 220	\$ 138	\$ 174	\$ 377	\$ 312
<b>Other statistics</b>								
Effective tax rate on net investment income	14.5%	14.3%	14.6%	14.8%	14.4%	14.8%	14.4%	14.6%
Net investment income (after-tax)	\$ 50	\$ 48	\$ 49	\$ 52	\$ 47	\$ 50	\$ 98	\$ 97
Catastrophes, net of reinsurance:								
Pre-tax	\$ —	\$ 5	\$ 4	\$ 7	\$ 3	\$ —	\$ 5	\$ 3
After-tax	\$ —	\$ 4	\$ 3	\$ 6	\$ 2	\$ —	\$ 4	\$ 2
Prior year reserve development - favorable:								
Pre-tax	\$ 35	\$ 89	\$ 53	\$ 89	\$ 3	\$ 39	\$ 124	\$ 42
After-tax	\$ 28	\$ 70	\$ 42	\$ 70	\$ 2	\$ 31	\$ 98	\$ 33

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



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

(\$ in millions, net of tax)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
Underwriting gain	\$ 119	\$ 153	\$ 143	\$ 165	\$ 86	\$ 120	\$ 272	\$ 206
Net investment income	50	48	49	52	47	50	98	97
Other income	4	3	4	3	5	4	7	9
<b>Segment income</b>	<b>\$ 173</b>	<b>\$ 204</b>	<b>\$ 196</b>	<b>\$ 220</b>	<b>\$ 138</b>	<b>\$ 174</b>	<b>\$ 377</b>	<b>\$ 312</b>
<b>Combined ratio (1)</b>								
Loss and loss adjustment expense ratio	36.6 %	28.8 %	33.1 %	27.9 %	43.5 %	37.4 %	32.6 %	40.3 %
Underwriting expense ratio	38.1 %	37.7 %	37.1 %	36.9 %	37.6 %	37.5 %	37.9 %	37.6 %
Combined ratio	74.7 %	66.5 %	70.2 %	64.8 %	81.1 %	74.9 %	70.5 %	77.9 %
<b>Impact on combined ratio:</b>								
Net favorable prior year reserve development	(6.0)%	(14.8)%	(8.7)%	(14.4)%	(0.5)%	(6.2)%	(10.5)%	(3.4)%
Catastrophes, net of reinsurance	— %	0.8 %	0.6 %	1.1 %	0.5 %	0.1 %	0.4 %	0.2 %
Underlying combined ratio	80.7 %	80.5 %	78.3 %	78.1 %	81.1 %	81.0 %	80.6 %	81.1 %

(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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
Non-insurance general and administrative expenses	\$ —	\$ 2	\$ 1	\$ 2	\$ 1	\$ 1	\$ 2	\$ 2

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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Statutory underwriting</b>								
Gross written premiums	\$ 638	\$ 674	\$ 673	\$ 680	\$ 662	\$ 747	\$ 1,312	\$ 1,409
Net written premiums	\$ 574	\$ 653	\$ 644	\$ 657	\$ 587	\$ 710	\$ 1,227	\$ 1,297
Net earned premiums	\$ 582	\$ 601	\$ 617	\$ 620	\$ 606	\$ 632	\$ 1,183	\$ 1,238
Losses and loss adjustment expenses	213	173	204	173	264	236	386	500
Underwriting expenses	232	234	232	231	233	251	466	484
Statutory underwriting gain	137	194	181	216	109	145	331	254
Policyholder dividends	2	3	1	3	2	2	5	4
Statutory underwriting gain after policyholder dividends	<u>\$ 135</u>	<u>\$ 191</u>	<u>\$ 180</u>	<u>\$ 213</u>	<u>\$ 107</u>	<u>\$ 143</u>	<u>\$ 326</u>	<u>\$ 250</u>

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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Net written premiums by market</b>								
Domestic								
Management Liability	\$ 348	\$ 362	\$ 379	\$ 366	\$ 367	\$ 403	\$ 710	\$ 770
Surety	185	235	217	198	184	244	420	428
<b>Total Domestic</b>	<b>533</b>	<b>597</b>	<b>596</b>	<b>564</b>	<b>551</b>	<b>647</b>	<b>1,130</b>	<b>1,198</b>
International	41	56	48	93	36	63	97	99
<b>Total</b>	<b>\$ 574</b>	<b>\$ 653</b>	<b>\$ 644</b>	<b>\$ 657</b>	<b>\$ 587</b>	<b>\$ 710</b>	<b>\$ 1,227</b>	<b>\$ 1,297</b>
<b>Net written premiums by product line</b>								
Domestic								
Fidelity & surety	\$ 241	\$ 285	\$ 273	\$ 250	\$ 239	\$ 298	\$ 526	\$ 537
General liability	244	264	261	268	262	292	508	554
Other	48	48	62	46	50	57	96	107
<b>Total Domestic</b>	<b>533</b>	<b>597</b>	<b>596</b>	<b>564</b>	<b>551</b>	<b>647</b>	<b>1,130</b>	<b>1,198</b>
International	41	56	48	93	36	63	97	99
<b>Total</b>	<b>\$ 574</b>	<b>\$ 653</b>	<b>\$ 644</b>	<b>\$ 657</b>	<b>\$ 587</b>	<b>\$ 710</b>	<b>\$ 1,227</b>	<b>\$ 1,297</b>

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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Revenues</b>								
Premiums	\$2,387	\$2,453	\$2,522	\$2,555	\$2,507	\$2,573	\$4,840	\$5,080
Net investment income	99	98	107	104	99	109	197	208
Fee income	4	5	6	5	5	5	9	10
Other revenues	17	14	17	18	22	21	31	43
Total revenues	2,507	2,570	2,652	2,682	2,633	2,708	5,077	5,341
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	1,688	1,903	1,797	1,960	1,596	1,897	3,591	3,493
Amortization of deferred acquisition costs	374	380	390	395	390	398	754	788
General and administrative expenses	288	316	290	291	300	311	604	611
Total claims and expenses	2,350	2,599	2,477	2,646	2,286	2,606	4,949	4,892
Segment income (loss) before income taxes	157	(29)	175	36	347	102	128	449
Income tax expense (benefit)	28	(12)	22	4	69	14	16	83
Segment income (loss)	\$ 129	\$ (17)	\$ 153	\$ 32	\$ 278	\$ 88	\$ 112	\$ 366
<b>Other statistics</b>								
Effective tax rate on net investment income	15.6%	15.6%	16.1%	15.7%	15.4%	16.1%	15.6%	15.8%
Net investment income (after-tax)	\$ 83	\$ 83	\$ 90	\$ 88	\$ 84	\$ 91	\$ 166	\$ 175
Catastrophes, net of reinsurance:								
Pre-tax	\$ 216	\$ 315	\$ 124	\$ 406	\$ 95	\$ 156	\$ 531	\$ 251
After-tax	\$ 170	\$ 248	\$ 99	\$ 320	\$ 75	\$ 123	\$ 418	\$ 198
Prior year reserve development - favorable (unfavorable):								
Pre-tax	\$ 49	\$ 13	\$ 17	\$ 30	\$ 69	\$ 13	\$ 62	\$ 82
After-tax	\$ 39	\$ 10	\$ 13	\$ 24	\$ 55	\$ 11	\$ 49	\$ 66

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

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

(\$ in millions, net of tax)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
Underwriting gain (loss)	\$ 33	\$ (111)	\$ 49	\$ (69)	\$177	\$ (20)	\$ (78)	\$157
Net investment income	83	83	90	88	84	91	166	175
Other income	13	11	14	13	17	17	24	34
<b>Segment income (loss)</b>	<b>\$129</b>	<b>\$ (17)</b>	<b>\$153</b>	<b>\$ 32</b>	<b>\$278</b>	<b>\$ 88</b>	<b>\$ 112</b>	<b>\$366</b>
<b>Combined ratio (1)</b>								
Loss and loss adjustment expense ratio	70.7 %	77.6 %	71.2 %	76.8 %	63.7 %	73.7 %	74.2 %	68.8 %
Underwriting expense ratio	26.8 %	27.3 %	26.0 %	25.8 %	26.4 %	26.5 %	27.1 %	26.4 %
Combined ratio	97.5 %	104.9 %	97.2 %	102.6 %	90.1 %	100.2 %	101.3 %	95.2 %
<i>Domestic Agency combined ratio</i>	96.5 %	103.6 %	95.4 %	101.9 %	88.9 %	98.8 %	100.1 %	93.9 %
Impact on combined ratio:								
Net (favorable) unfavorable prior year reserve development	(2.0)%	(0.5)%	(0.6)%	(1.1)%	(2.8)%	(0.5)%	(1.3)%	(1.6)%
Catastrophes, net of reinsurance	9.0 %	12.8 %	4.9 %	15.9 %	3.8 %	6.1 %	11.0 %	4.9 %
Underlying combined ratio	90.5 %	92.6 %	92.9 %	87.8 %	89.1 %	94.6 %	91.6 %	91.9 %

(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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
Billing and policy fees and other	\$ 19	\$ 18	\$ 21	\$ 20	\$ 23	\$ 23	\$ 37	\$ 46
Fee income	\$ 4	\$ 5	\$ 6	\$ 5	\$ 5	\$ 5	\$ 9	\$ 10

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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Statutory underwriting</b>								
Gross written premiums	\$ 2,309	\$ 2,717	\$ 2,797	\$ 2,509	\$ 2,447	\$ 2,884	\$ 5,026	\$ 5,331
Net written premiums	\$ 2,256	\$ 2,697	\$ 2,770	\$ 2,501	\$ 2,307	\$ 2,866	\$ 4,953	\$ 5,173
Net earned premiums	\$ 2,387	\$ 2,453	\$ 2,522	\$ 2,555	\$ 2,507	\$ 2,573	\$ 4,840	\$ 5,080
Losses and loss adjustment expenses	1,688	1,904	1,796	1,960	1,596	1,897	3,592	3,493
Underwriting expenses	627	717	706	661	657	740	1,344	1,397
Statutory underwriting gain (loss)	\$ 72	\$ (168)	\$ 20	\$ (66)	\$ 254	\$ (64)	\$ (96)	\$ 190
<b>Policies in force (in thousands)</b>								
Automobile	2,976	2,981	2,986	2,983	2,981	2,980	2,981	2,980
Homeowners and Other	4,879	4,961	5,037	5,087	5,163	5,263	4,961	5,263

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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Net written premiums by market</b>								
Domestic								
Agency								
Automobile	\$ 1,183	\$ 1,258	\$ 1,305	\$ 1,226	\$ 1,224	\$ 1,300	\$ 2,441	\$ 2,524
Homeowners and Other	832	1,137	1,168	1,011	837	1,258	1,969	2,095
Total Agency	2,015	2,395	2,473	2,237	2,061	2,558	4,410	4,619
Direct-to-Consumer	92	99	108	97	95	103	191	198
Total Domestic	2,107	2,494	2,581	2,334	2,156	2,661	4,601	4,817
International	149	203	189	167	151	205	352	356
Total	\$ 2,256	\$ 2,697	\$ 2,770	\$ 2,501	\$ 2,307	\$ 2,866	\$ 4,953	\$ 5,173

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

Selected Statistics - Personal Insurance - Domestic Agency Automobile (1)

(\$ in millions)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Statutory underwriting</b>								
Gross written premiums	\$1,192	\$1,265	\$1,310	\$1,231	\$1,240	\$1,304	\$2,457	\$2,544
Net written premiums	\$1,183	\$1,258	\$1,305	\$1,226	\$1,224	\$1,300	\$2,441	\$2,524
Net earned premiums	\$1,158	\$1,192	\$1,227	\$1,242	\$1,228	\$1,249	\$2,350	\$2,477
Losses and loss adjustment expenses	823	851	840	900	810	876	1,674	1,686
Underwriting expenses	285	299	297	288	296	312	584	608
Statutory underwriting gain	\$ 50	\$ 42	\$ 90	\$ 54	\$ 122	\$ 61	\$ 92	\$ 183
<b>Other statistics</b>								
Combined ratio (2):								
Loss and loss adjustment expense ratio	71.1 %	71.4 %	68.5 %	72.5 %	66.0 %	70.1 %	71.2 %	68.0 %
Underwriting expense ratio	23.7 %	24.0 %	22.8 %	22.8 %	23.4 %	23.9 %	23.9 %	23.7 %
Combined ratio	94.8 %	95.4 %	91.3 %	95.3 %	89.4 %	94.0 %	95.1 %	91.7 %
Impact on combined ratio:								
Net (favorable) unfavorable prior year reserve development	(2.3)%	(2.8)%	(1.8)%	(1.9)%	(3.4)%	(1.1)%	(2.6)%	(2.2)%
Catastrophes, net of reinsurance	0.8 %	2.7 %	0.5 %	0.3 %	0.7 %	1.3 %	1.8 %	1.0 %
Underlying combined ratio	96.3 %	95.5 %	92.6 %	96.9 %	92.1 %	93.8 %	95.9 %	92.9 %
Catastrophe losses, net of reinsurance:								
Pre-tax	\$ 10	\$ 32	\$ 6	\$ 4	\$ 9	\$ 16	\$ 42	\$ 25
After-tax	\$ 8	\$ 25	\$ 5	\$ 3	\$ 7	\$ 13	\$ 33	\$ 20
Prior year reserve development - favorable (unfavorable):								
Pre-tax	\$ 27	\$ 34	\$ 22	\$ 24	\$ 42	\$ 13	\$ 61	\$ 55
After-tax	\$ 21	\$ 27	\$ 18	\$ 19	\$ 33	\$ 10	\$ 48	\$ 43
Policies in force (in thousands)	2,519	2,517	2,518	2,518	2,516	2,517		
Change from prior year quarter	1.5 %	0.1 %	(0.4)%	(0.4)%	(0.1)%	— %		
Change from prior quarter	(0.4)%	(0.1)%	— %	— %	(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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
Billing and policy fees and other	\$ 10	\$ 10	\$ 11	\$ 11	\$ 12	\$ 12	\$ 20	\$ 24
Fee income	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 6	\$ 6

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



Selected Statistics - Personal Insurance - Domestic Agency Homeowners and Other (1)

(\$ in millions)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Statutory underwriting</b>								
Gross written premiums	\$ 873	\$1,148	\$1,180	\$1,012	\$ 954	\$1,268	\$2,021	\$2,222
Net written premiums	\$ 832	\$1,137	\$1,168	\$1,011	\$ 837	\$1,258	\$1,969	\$2,095
Net earned premiums	\$ 972	\$ 996	\$1,025	\$1,038	\$1,011	\$1,050	\$1,968	\$2,061
Losses and loss adjustment expenses	687	841	746	857	604	801	1,528	1,405
Underwriting expenses	255	320	313	281	277	335	575	612
Statutory underwriting gain (loss)	\$ 30	\$ (165)	\$ (34)	\$ (100)	\$ 130	\$ (86)	\$ (135)	\$ 44
<b>Other statistics</b>								
Combined ratio (2):								
Loss and loss adjustment expense ratio	70.7 %	84.4%	72.8%	82.6 %	59.8 %	76.3 %	77.6 %	68.2 %
Underwriting expense ratio	27.8 %	29.2%	27.5%	27.2 %	28.4 %	28.2 %	28.5 %	28.3 %
Combined ratio	98.5 %	113.6%	100.3%	109.8 %	88.2 %	104.5 %	106.1 %	96.5 %
Impact on combined ratio:								
Net (favorable) unfavorable prior year reserve development	(2.4)%	2.2%	0.7%	(0.6)%	(2.4)%	(1.3)%	(0.1)%	(1.9)%
Catastrophes, net of reinsurance	20.7 %	26.2%	11.1%	37.9 %	8.0 %	12.9 %	23.5 %	10.5 %
Underlying combined ratio	80.2 %	85.2%	88.5%	72.5 %	82.6 %	92.9 %	82.7 %	87.9 %
Catastrophe losses, net of reinsurance:								
Pre-tax	\$ 201	\$ 262	\$ 114	\$ 394	\$ 80	\$ 136	\$ 463	\$ 216
After-tax	\$ 159	\$ 207	\$ 90	\$ 311	\$ 63	\$ 107	\$ 366	\$ 170
Prior year reserve development - favorable (unfavorable):								
Pre-tax	\$ 24	\$ (22)	\$ (7)	\$ 6	\$ 25	\$ 13	\$ 2	\$ 38
After-tax	\$ 19	\$ (17)	\$ (6)	\$ 5	\$ 19	\$ 11	\$ 2	\$ 30
Policies in force (in thousands)	4,453	4,530	4,601	4,652	4,726	4,825		
Change from prior year quarter	5.5 %	5.8%	5.7%	5.7 %	6.1 %	6.5 %		
Change from prior quarter	1.2 %	1.7%	1.6%	1.1%	1.6 %	2.1 %		

(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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
Billing and policy fees and other	\$ 6	\$ 7	\$ 7	\$ 7	\$ 8	\$ 8	\$ 13	\$ 16
Fee income	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 4	\$ 4

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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Revenues</b>								
Other revenues	\$ —	\$ —	\$ 2	\$ —	\$ 1	\$ —	\$ —	\$ 1
<b>Claims and expenses</b>								
Interest expense	89	90	86	87	88	89	179	177
General and administrative expenses	9	7	8	6	8	8	16	16
Total claims and expenses	98	97	94	93	96	97	195	193
Loss before income tax benefit	(98)	(97)	(92)	(93)	(95)	(97)	(195)	(192)
Income tax benefit	(22)	(19)	(20)	(21)	(20)	(21)	(41)	(41)
Loss	<u>\$ (76)</u>	<u>\$ (78)</u>	<u>\$ (72)</u>	<u>\$ (72)</u>	<u>\$ (75)</u>	<u>\$ (76)</u>	<u>\$ (154)</u>	<u>\$ (151)</u>

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

**The Travelers Companies, Inc.**  
**Consolidated Balance Sheet**



(\$ in millions)	June 30, 2019	December 31, 2018
<b>Assets</b>		
Fixed maturities, available for sale, at fair value (amortized cost \$64,784 and \$63,601)	\$ 67,172	\$ 63,464
Equity securities, at fair value (cost \$373 and \$382)	406	368
Real estate investments	965	904
Short-term securities	3,487	3,985
Other investments	3,466	3,557
<b>Total investments</b>	<b>75,496</b>	<b>72,278</b>
Cash	416	373
Investment income accrued	615	624
Premiums receivable	8,297	7,506
Reinsurance recoverables	8,234	8,370
Ceded unearned premiums	864	578
Deferred acquisition costs	2,281	2,120
Deferred taxes	—	445
Contractholder receivables	4,776	4,785
Goodwill	3,943	3,937
Other intangible assets	335	345
Other assets	3,315	2,872
<b>Total assets</b>	<b>\$ 108,572</b>	<b>\$ 104,233</b>
<b>Liabilities</b>		
Claims and claim adjustment expense reserves	\$ 51,073	\$ 50,668
Unearned premium reserves	14,538	13,555
Contractholder payables	4,776	4,785
Payables for reinsurance premiums	591	289
Deferred taxes	87	—
Debt	6,558	6,564
Other liabilities	5,628	5,478
<b>Total liabilities</b>	<b>83,251</b>	<b>81,339</b>
<b>Shareholders' equity</b>		
Common stock (1,750.0 shares authorized; 260.4 and 263.7 shares issued, 260.3 and 263.6 shares outstanding)	23,372	23,144
Retained earnings	36,135	35,204
Accumulated other comprehensive income (loss)	206	(1,859)
Treasury stock, at cost (516.7 and 510.9 shares)	(34,392)	(33,595)
<b>Total shareholders' equity</b>	<b>25,321</b>	<b>22,894</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 108,572</b>	<b>\$ 104,233</b>

The Travelers Companies, Inc.  
Investment Portfolio



(at carrying value, \$ in millions)	June 30, 2019	Pre-tax Book Yield (1)	December 31, 2018	Pre- tax Book Yield (1)
<b>Investment portfolio</b>				
Taxable fixed maturities (including redeemable preferred stock)	\$ 37,710	3.25%	\$ 35,150	3.23%
Tax-exempt fixed maturities	29,462	3.18%	28,314	3.18%
<b>Total fixed maturities</b>	<b>67,172</b>	<b>3.22%</b>	<b>63,464</b>	<b>3.21%</b>
Non-redeemable preferred stocks	43	5.08%	52	4.86%
Public common stocks	363		316	
<b>Total equity securities</b>	<b>406</b>		<b>368</b>	
<b>Real estate investments</b>	<b>965</b>		<b>904</b>	
<b>Short-term securities</b>	<b>3,487</b>	<b>2.50%</b>	<b>3,985</b>	<b>2.54%</b>
Private equities	2,274		2,293	
Hedge funds	188		222	
Real estate partnerships	656		675	
Other investments	348		367	
<b>Total other investments</b>	<b>3,466</b>		<b>3,557</b>	
<b>Total investments</b>	<b>\$ 75,496</b>		<b>\$ 72,278</b>	
<b>Net unrealized investment gains (losses), net of tax, included in shareholders' equity</b>	<b>\$ 1,878</b>		<b>\$ (113)</b>	

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

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



(at carrying value, \$ in millions)	June 30, 2019	December 31, 2018
<b>Fixed maturities</b>		
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 2,018	\$ 2,064
Obligations of states and political subdivisions:		
Pre-refunded	2,326	2,852
All other	27,404	25,759
Total	29,730	28,611
Debt securities issued by foreign governments	1,125	1,257
Mortgage-backed securities - principally obligations of U.S. Government agencies	2,925	2,573
Corporates (including redeemable preferreds)	31,374	28,959
Total fixed maturities	\$ 67,172	\$ 63,464

**Fixed Maturities  
Quality Characteristics (1)**

	June 30, 2019		December 31, 2018	
	Amount	% of Total	Amount	% of Total
<b>Quality Ratings</b>				
Aaa	\$ 27,241	40.6%	\$ 26,089	41.1%
Aa	17,063	25.4	16,027	25.3
A	11,684	17.4	10,539	16.6
Baa	9,615	14.3	9,334	14.7
Total investment grade	65,603	97.7	61,989	97.7
Ba	911	1.3	912	1.4
B	532	0.8	466	0.7
Caa and lower	126	0.2	97	0.2
Total below investment grade	1,569	2.3	1,475	2.3
Total fixed maturities	\$ 67,172	100.0%	\$ 63,464	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	4.2		4.5	

(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.

(\$ in millions)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Gross investment income</b>								
Fixed maturities	\$ 481	\$ 489	\$ 498	\$ 512	\$ 511	\$ 514	\$ 970	\$1,025
Short-term securities	19	21	25	27	28	27	40	55
Other	113	94	134	100	53	118	207	171
	613	604	657	639	592	659	1,217	1,251
Investment expenses	10	9	11	9	10	11	19	21
Net investment income, pre-tax	603	595	646	630	582	648	1,198	1,230
Income taxes	90	88	99	95	86	100	178	186
Net investment income, after-tax	\$ 513	\$ 507	\$ 547	\$ 535	\$ 496	\$ 548	\$1,020	\$1,044
Effective tax rate	14.9%	14.8%	15.4%	15.0%	14.7%	15.4%	14.8%	15.1%
Average invested assets (1)	\$72,524	\$72,618	\$73,059	\$73,758	\$74,040	\$74,370	\$72,569	\$74,197
Average yield pre-tax (1)	3.3%	3.3%	3.5%	3.4%	3.1%	3.5%	3.3%	3.3%
Average yield after-tax	2.8%	2.8%	3.0%	2.9%	2.7%	2.9%	2.8%	2.8%

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

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

(\$ in millions)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Net realized investment gains (losses)</b>								
Fixed maturities	\$ —	\$ 12	\$ 18	\$ 2	\$ 16	\$ 13	\$ 12	\$ 29
Equity securities	(14)	12	6	(37)	41	10	(2)	51
Other (1)	3	12	5	95	(4)	2	15	(2)
Realized investment gains (losses) before tax	(11)	36	29	60	53	25	25	78
Related taxes	(2)	6	7	10	12	5	4	17
Net realized investment gains (losses)	\$ (9)	\$ 30	\$ 22	\$ 50	\$ 41	\$ 20	\$ 21	\$ 61
<b>Gross investment gains (losses) before impairments</b>								
Gross investment gains (1)	\$ 26	\$ 63	\$ 41	\$ 105	\$ 65	\$ 31	\$ 89	\$ 96
Gross investment losses before impairments (1)	(37)	(26)	(12)	(45)	(11)	(5)	(63)	(16)
Net investment gains (losses) before impairments	(11)	37	29	60	54	26	26	80
Other-than-temporary impairment losses	—	(1)	—	—	(1)	(1)	(1)	(2)
Net realized investment gains (losses) before tax	(11)	36	29	60	53	25	25	78
Related taxes	(2)	6	7	10	12	5	4	17
Net realized investment gains (losses)	\$ (9)	\$ 30	\$ 22	\$ 50	\$ 41	\$ 20	\$ 21	\$ 61
<b>Net unrealized investment gains (losses), net of tax, included in shareholders' equity, by asset type</b>								
(\$ in millions)	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019		
Fixed maturities	\$ 173	\$ (138)	\$ (561)	\$ (137)	\$ 1,284	\$ 2,388		
Equity securities & other	2	3	1	—	—	1		
Unrealized investment gains (losses) before tax	175	(135)	(560)	(137)	1,284	2,389		
Related taxes	42	(23)	(113)	(24)	277	511		
Balance, end of period	\$ 133	\$ (112)	\$ (447)	\$ (113)	\$ 1,007	\$ 1,878		

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

Gross investment Treasury future gains	\$ 25	\$ 11	\$ 7	\$ —	\$ 1	\$ —	\$ 36	\$ 1
Gross investment Treasury future losses	\$ 14	\$ 8	\$ 5	\$ —	\$ 1	\$ —	\$ 22	\$ 1

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

**The Travelers Companies, Inc.**  
**Reinsurance Recoverables**



(\$ in millions)	June 30, 2019	December 31, 2018
Gross reinsurance recoverables on paid and unpaid claims and claim adjustment expenses	\$ 3,410	\$ 3,485
Allowance for uncollectible reinsurance	(107)	(110)
Net reinsurance recoverables (i)	3,303	3,375
Mandatory pools and associations (ii)	1,959	2,005
Structured settlements (iii)	2,972	2,990
Total reinsurance recoverables	\$ 8,234	\$ 8,370

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

Reinsurer	A.M. Best Rating of Group's Predominant Reinsurer	June 30, 2019
Swiss Re Group	A+ second highest of 16 ratings	\$ 454
Munich Re Group	A+ second highest of 16 ratings	288
Berkshire Hathaway	A++ highest of 16 ratings	276
Axa Group	A+ second highest of 16 ratings	192
Sompo Japan Nipponkoa Group	A+ second highest of 16 ratings	128

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

The net reinsurance recoverables reflect an allowance for uncollectible reinsurance that is based upon the Company's ongoing review of amounts outstanding, reinsurer solvency, the Company's experience, current economic conditions, and other relevant factors. Of the total net recoverables due from reinsurers at June 30, 2019, after deducting mandatory pools and associations and structured settlement balances, \$2.7 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, 12% related to recoverables from captive insurance companies and 3% were balances from other companies not rated by A.M. Best Company. In addition, \$0.8 billion of the net recoverables were collateralized by letters of credit, funds held or trust agreements at June 30, 2019.

(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	June 30, 2019
Fidelity & Guaranty Life Group	A- fourth highest of 16 ratings	\$ 787
Genworth Financial Group (1)	B+ sixth highest of 16 ratings	340
John Hancock Group	A+ second highest of 16 ratings	275
Brighthouse Financial, Inc.	A third highest of 16 ratings	256
Symetra Financial Corporation	A third highest of 16 ratings	246

(1) 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 July 1, 2019, the parties agreed to extend the closing deadline for the transaction until November 30, 2019.



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



(\$ in millions)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Statutory Reserves for Losses and Loss Adjustment Expenses</b>								
<b>Business Insurance</b>								
Beginning of period	\$33,107	\$33,292	\$33,369	\$33,773	\$33,857	\$34,086	\$33,107	\$33,857
Incurred	2,344	2,429	2,606	2,586	2,529	2,631	4,773	5,160
Paid	(2,163)	(2,298)	(2,207)	(2,454)	(2,320)	(2,345)	(4,461)	(4,665)
Foreign exchange and other	4	(54)	5	(48)	20	5	(50)	25
End of period	\$33,292	\$33,369	\$33,773	\$33,857	\$34,086	\$34,377	\$33,369	\$34,377
<b>Bond &amp; Specialty Insurance</b>								
Beginning of period	\$ 3,187	\$ 3,207	\$ 3,111	\$ 3,057	\$ 2,987	\$ 3,068	\$ 3,187	\$ 2,987
Incurred	213	173	204	173	264	236	386	500
Paid	(201)	(248)	(258)	(230)	(189)	(260)	(449)	(449)
Foreign exchange and other	8	(21)	—	(13)	6	(2)	(13)	4
End of period	\$ 3,207	\$ 3,111	\$ 3,057	\$ 2,987	\$ 3,068	\$ 3,042	\$ 3,111	\$ 3,042
<b>Personal Insurance</b>								
Beginning of period	\$ 5,160	\$ 5,170	\$ 5,381	\$ 5,463	\$ 5,565	\$ 5,427	\$ 5,160	\$ 5,565
Incurred	1,688	1,904	1,796	1,960	1,596	1,897	3,592	3,493
Paid	(1,655)	(1,676)	(1,728)	(1,815)	(1,751)	(1,781)	(3,331)	(3,532)
Foreign exchange and other	(23)	(17)	14	(43)	17	17	(40)	34
End of period	\$ 5,170	\$ 5,381	\$ 5,463	\$ 5,565	\$ 5,427	\$ 5,560	\$ 5,381	\$ 5,560
<b>Total</b>								
Beginning of period	\$41,454	\$41,669	\$41,861	\$42,293	\$42,409	\$42,581	\$41,454	\$42,409
Incurred	4,245	4,506	4,606	4,719	4,389	4,764	8,751	9,153
Paid	(4,019)	(4,222)	(4,193)	(4,499)	(4,260)	(4,386)	(8,241)	(8,646)
Foreign exchange and other	(11)	(92)	19	(104)	43	20	(103)	63
End of period	\$41,669	\$41,861	\$42,293	\$42,409	\$42,581	\$42,979	\$41,861	\$42,979
<b>Prior Year Reserve Development: Unfavorable (Favorable)</b>								
<b>Business Insurance</b>								
Asbestos	\$ —	\$ —	\$ 225	\$ —	\$ —	\$ —	\$ —	\$ —
Environmental	—	55	—	—	—	60	55	60
All other	(66)	(139)	(169)	(48)	21	(131)	(205)	(110)
Total Business Insurance (1)	(66)	(84)	56	(48)	21	(71)	(150)	(50)
<b>Bond &amp; Specialty Insurance</b>								
	(35)	(89)	(53)	(89)	(3)	(39)	(124)	(42)
<b>Personal Insurance</b>								
	(49)	(13)	(17)	(30)	(69)	(13)	(62)	(82)
<b>Total</b>	\$ (150)	\$ (186)	\$ (14)	\$ (167)	\$ (51)	\$ (123)	\$ (336)	\$ (174)

(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)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Asbestos reserves</b>								
Beginning reserves:								
Gross	\$ 1,538	\$ 1,483	\$ 1,408	\$ 1,681	\$ 1,608	\$ 1,564	\$ 1,538	\$ 1,608
Ceded	(257)	(234)	(225)	(336)	(327)	(321)	(257)	(327)
Net	1,281	1,249	1,183	1,345	1,281	1,243	1,281	1,281
Incurred losses and loss expenses:								
Gross	—	—	343	—	—	—	—	—
Ceded	—	—	(118)	—	—	—	—	—
Paid loss and loss expenses:								
Gross	56	74	70	73	44	90	130	134
Ceded	(23)	(9)	(7)	(9)	(6)	(26)	(32)	(32)
Foreign exchange and other:								
Gross	1	(1)	—	—	—	—	—	—
Ceded	—	—	—	—	—	—	—	—
Ending reserves:								
Gross	1,483	1,408	1,681	1,608	1,564	1,474	1,408	1,474
Ceded	(234)	(225)	(336)	(327)	(321)	(295)	(225)	(295)
Net	\$ 1,249	\$ 1,183	\$ 1,345	\$ 1,281	\$ 1,243	\$ 1,179	\$ 1,183	\$ 1,179
<b>Environmental reserves</b>								
Beginning reserves:								
Gross	\$ 373	\$ 356	\$ 413	\$ 397	\$ 358	\$ 338	\$ 373	\$ 358
Ceded	(13)	(9)	(25)	(25)	(24)	(24)	(13)	(24)
Net	360	347	388	372	334	314	360	334
Incurred losses and loss expenses:								
Gross	—	71	—	—	—	67	71	67
Ceded	—	(16)	—	—	—	(7)	(16)	(7)
Paid loss and loss expenses:								
Gross	17	13	17	39	20	16	30	36
Ceded	(4)	—	—	(2)	—	(1)	(4)	(1)
Foreign exchange and other:								
Gross	—	(1)	1	—	—	(1)	(1)	(1)
Ceded	—	—	—	(1)	—	1	—	1
Ending reserves:								
Gross	356	413	397	358	338	388	413	388
Ceded	(9)	(25)	(25)	(24)	(24)	(29)	(25)	(29)
Net	\$ 347	\$ 388	\$ 372	\$ 334	\$ 314	\$ 359	\$ 388	\$ 359

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

(\$ in millions)	June 30, 2019	December 31, 2018
<b>Debt</b>		
<b>Short-term debt</b>		
Commercial paper	\$ 100	\$ 100
5.90% Senior notes due June 2, 2019 (1)	—	500
Total short-term debt	100	600
<b>Long-term debt</b>		
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	500
4.10% Senior notes due March 4, 2049 (1)	500	—
Total long-term debt	6,504	6,004
Unamortized fair value adjustment	44	44
Unamortized debt issuance costs	(90)	(84)
	6,458	5,964
<b>Total debt</b>	6,558	6,564
<b>Common equity (excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity)</b>	23,443	23,007
<b>Total capital (excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity)</b>	\$ 30,001	\$ 29,571
<b>Total debt to capital (excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity)</b>	21.9%	22.2%

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

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

Statutory Capital and Surplus to GAAP Shareholders' Equity Reconciliation

(\$ in millions)	June 30, 2019 (1)	December 31, 2018
<b>Statutory capital and surplus</b>	\$ 21,080	\$ 20,774
<b>GAAP adjustments</b>		
Goodwill and intangible assets	3,594	3,600
Investments	2,690	252
Noninsurance companies	(4,183)	(4,234)
Deferred acquisition costs	2,281	2,120
Deferred federal income tax	(1,063)	(561)
Current federal income tax	(37)	(22)
Reinsurance recoverables	56	56
Furniture, equipment & software	657	654
Agents balances	211	202
Other	35	53
Total GAAP adjustments	4,241	2,120
<b>GAAP shareholders' equity</b>	<b>\$ 25,321</b>	<b>\$ 22,894</b>

(1) Estimated and Preliminary

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

(\$ in millions)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Cash flows from operating activities</b>								
Net income	\$ 669	\$ 524	\$ 709	\$ 621	\$ 796	\$ 557	\$ 1,193	\$ 1,353
Adjustments to reconcile net income to net cash provided by operating activities:								
Net realized investment (gains) losses	11	(36)	(29)	(60)	(53)	(25)	(25)	(78)
Depreciation and amortization	212	199	198	194	211	190	411	401
Deferred federal income tax expense (benefit)	(56)	(14)	27	30	32	(22)	(70)	10
Amortization of deferred acquisition costs	1,061	1,081	1,117	1,122	1,117	1,134	2,142	2,251
Equity in income from other investments	(95)	(74)	(115)	(81)	(34)	(98)	(169)	(132)
Premiums receivable	(397)	(263)	152	115	(434)	(345)	(660)	(779)
Reinsurance recoverables	5	24	(50)	(79)	98	53	29	151
Deferred acquisition costs	(1,124)	(1,160)	(1,141)	(1,063)	(1,185)	(1,223)	(2,284)	(2,408)
Claims and claim adjustment expense reserves	180	255	445	366	(2)	331	435	329
Unearned premium reserves	518	361	216	(385)	551	407	879	958
Other	(430)	247	205	168	(458)	194	(183)	(264)
<b>Net cash provided by operating activities</b>	<b>554</b>	<b>1,144</b>	<b>1,734</b>	<b>948</b>	<b>639</b>	<b>1,153</b>	<b>1,698</b>	<b>1,792</b>
<b>Cash flows from investing activities</b>								
Proceeds from maturities of fixed maturities	1,950	1,707	1,998	1,431	1,556	1,482	3,657	3,038
Proceeds from sales of investments:								
Fixed maturities	1,085	1,522	578	361	769	726	2,607	1,495
Equity securities	26	66	35	51	39	32	92	71
Real estate investments	—	—	8	66	—	—	—	—
Other investments	114	75	81	241	105	135	189	240
Purchases of investments:								
Fixed maturities	(3,920)	(4,032)	(2,910)	(2,664)	(2,914)	(2,794)	(7,952)	(5,708)
Equity securities	(20)	(40)	(26)	(31)	(22)	(19)	(60)	(41)
Real estate investments	(33)	(11)	(13)	(17)	(77)	(8)	(44)	(85)
Other investments	(142)	(133)	(117)	(145)	(146)	(116)	(275)	(262)
Net sales (purchases) of short-term securities	410	792	(746)	452	(109)	606	1,202	497
Securities transactions in course of settlement	202	77	(106)	(229)	295	(72)	279	223
Acquisitions, net of cash acquired	—	—	(4)	—	—	—	—	—
Other	(53)	(99)	(80)	(86)	(82)	(87)	(152)	(169)
<b>Net cash used in investing activities</b>	<b>(381)</b>	<b>(76)</b>	<b>(1,302)</b>	<b>(570)</b>	<b>(586)</b>	<b>(115)</b>	<b>(457)</b>	<b>(701)</b>

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



(\$ in millions)	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	YTD 2Q2018	YTD 2Q2019
<b>Cash flows from financing activities</b>								
Treasury stock acquired - share repurchase authorization	(350)	(350)	(400)	(170)	(375)	(375)	(700)	(750)
Treasury stock acquired - net employee share-based compensation	(51)	—	—	—	(46)	(1)	(51)	(47)
Dividends paid to shareholders	(197)	(207)	(207)	(203)	(205)	(214)	(404)	(419)
Payment of debt	(100)	(500)	—	—	—	(500)	(600)	(500)
Issuance of debt	491	—	100	—	492	—	491	492
Issuance of common stock - employee share options	85	13	19	15	63	111	98	174
<b>Net cash used in financing activities</b>	<b>(122)</b>	<b>(1,044)</b>	<b>(488)</b>	<b>(358)</b>	<b>(71)</b>	<b>(979)</b>	<b>(1,166)</b>	<b>(1,050)</b>
Effect of exchange rate changes on cash	2	(6)	—	(6)	2	—	(4)	2
Net increase (decrease) in cash	53	18	(56)	14	(16)	59	71	43
Cash at beginning of period	344	397	415	359	373	357	344	373
Cash at end of period	\$ 397	\$ 415	\$ 359	\$ 373	\$ 357	\$ 416	\$ 415	\$ 416
Income taxes paid	\$ 56	\$ 182	\$ 6	\$ 164	\$ 5	\$ 320	\$ 238	\$ 325
Interest paid	\$ 39	\$ 136	\$ 50	\$ 122	\$ 50	\$ 121	\$ 175	\$ 171

## 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 and radiological events, cyber events, explosions and destruction of infrastructure. 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 2019 ranges from approximately \$19 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.

## Glossary of Financial Measures and Description of Reportable Business Segments

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 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 primarily comprises the Company's asbestos and environmental liabilities, 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.