Greg Toczydlowski
President - Personal Insurance

Keefe, Bruyette & Woods
Insurance Conference
September 8, 2011
Travelers Reporting Segments

Travelers 2010 Net Written Premium: $21.7 Billion

- Personal Insurance
  - $7.6 Billion
    - Automobile
      - $3.8 Billion
    - Homeowners & Other
      - $3.8 Billion

- Business Insurance
  - $10.9 Billion

- Financial, Professional & International Insurance
  - $3.2 Billion
Travelers Personal Insurance Target Market
From 2010 Investor Day

U.S. Personal Insurance Market

Underwriting Risk

Asset Complexity

Low

High

Complex

Simple
Travelers Personal Insurance Target Market

**U.S. Personal Insurance Market**

**Travelers Target Market**
- 50% of Households
- Greater Likelihood of:
  - College Education
  - 3 or More Vehicles
  - Homeownership

Source: Claritas Insurance Survey and Acxiom Household data.
Travelers Personal Insurance

Key Strengths

- Product sophistication
- Claim effectiveness
- Distribution strength
- Breadth of product
Product Sophistication

Next Generation of Products: Quantumauto

- **2006**: Quantum launched
  - Multivariate pricing approach
  - Expanded customer reach, e.g. average age of named insured went from 56 years to 50 years
  - Currently 75% of Travelers auto written premium in Quantum

- **2008**: Quantum 1.5 applied learning from Quantum launch

- **2012**: Quantum Next Generation blends pricing sophistication with new product features and customer experience
**Product Sophistication**

*Next Generation of Products: Quantumhome*

- **2006:** Quantum launched
  - Multivariate by peril pricing approach
  - Successfully enhanced already strong position with application of auto-like pricing sophistication
  - Currently 40% of Travelers homeowners written premium in Quantum

- Ongoing product features, e.g. Green Home, Improved Identity Theft Coverage
Claim Effectiveness
Industry Leading Claim Capabilities

48 Hour Inspection Speed

- **189 Hours**
  - Countrywide March 2004
- **60 Hours**
  - Countrywide 2010
- **48 Hours**
  - Best Office 2010

Continued investment in claim drives better results
Claim Effectiveness
Property Claim Response

Travelers Response Metrics

Concierge Services

- Tree removal ~ 600 Irene customers
- Roof mitigation ~ 200,000 sq ft during spring storms
- Water mitigation
- Hotel/temporary living

Contact @ 5 Days | Inspected @ 4 Weeks | Closed @ 4 Weeks

| Hurricane Rita | Hurricane Ike | April 22-28, 2011 Tornadoes |
Distribution Strength
Position Within Independent Agencies

Carrier’s Share of Agency Premium Based on Rank within Agency

- #1 Carrier: 54%
- #2 Carrier: 23%
- #3 Carrier: 12%
- All Other: 11%

How Often Company is Ranked as a Top 3 Carrier within an Agency

- Progressive: 8% (38%)
- TRAVELERS: 16% (36%)
- Safeco (LMG): 11% (28%)
- Hartford: 11% (17%)
- Auto Owner’s: 11%
- MetLife: 9%
- State Auto: 7%
- Encompass: 6%
- Unitrin: 4%

Leadership position in agency drives greater share of premium

Distribution Strength
Direct to Consumer a Growing and Complementary Channel

Tools & Capabilities

- **Find an Agent**: Most frequently used feature on Travelers.com
- **E-agent**: Capability extends web quoting platform to agent websites
- **Web Tools**: Available for use on agent websites (e.g. Insurance Basics) commitment
- **Direct Sales Centers**: Sell on agency behalf when independent agent customer is identified

Marketing

- **Direct Mail Selection**: Excludes Travelers’ independent agent customers
- **Online Quoting**: Identifies existing Travelers’ independent agent customers and redirects to agent
- **Television Advertising**: Includes voice over to see an independent agent

Investment in direct to consumer strengthens independent agent capabilities
Distribution Strength

Travelers Direct to Consumer Initiative Status

<table>
<thead>
<tr>
<th>Fundamental Capabilities</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>What We Have Learned and Executed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Research</td>
<td></td>
<td></td>
<td></td>
<td><strong>How to drive response in target market</strong> Driving response in digital and direct mail to capture the target market</td>
</tr>
<tr>
<td>Marketing Effectiveness</td>
<td></td>
<td></td>
<td></td>
<td><strong>How to have a process that drives quotes</strong> After significant web redesign, our web quote complete rate is near competitive parity</td>
</tr>
<tr>
<td>Fulfillment</td>
<td></td>
<td></td>
<td></td>
<td><strong>How to convert quotes to sales</strong> Web only quote conversion rate is not at competitive benchmarks and we are investing appropriately</td>
</tr>
<tr>
<td>Product Portfolio</td>
<td></td>
<td></td>
<td></td>
<td><strong>What are the right product(s) and price</strong> Our competitive position varies by customer</td>
</tr>
</tbody>
</table>

Weak Capability | | | | Strong Capability
Breadth of Product
*Integrated Solution*

<table>
<thead>
<tr>
<th>Auto</th>
<th>Home</th>
<th>Other(^1)</th>
</tr>
</thead>
</table>

- **Acquisition**
- **Fulfillment**
- **Service**
- **Claim**

*Opportunity for Travelers to create integrated solution across customer experience*

1. Other Includes Umbrella, Personal Articles Floater, Dwelling Fire, Boat, Yacht, and Wedding.
Breadth of Product
Cross Sold Customers

Investment in Technology

Impact of Cross Selling Focus

- **Agency Portal**: Making it easier for agents to cross sell Travelers products

Cross sold customers retain longer and generate higher profit margins
Focus on Comprehensive Protection…

…at a Competitive Price
Travelers Personal Insurance

Key Strengths

- Product sophistication
- Claim effectiveness
- Distribution strength
- Breadth of product
Travelers Personal Insurance Growth & Profitability
2006-2010 Total Personal Insurance Industry (Auto & Home)

Source: AM Best auto and homeowners data. Travelers data excludes direct to consumer initiative.
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- our results of operations and financial condition (including, among other things, premium volume, premium rates, net and operating income, investment income and performance, return on equity, and expected current returns and combined ratios);
- the sufficiency of our asbestos and other reserves;
- the impact of emerging claims issues as well as other insurance and non-insurance litigation;
- the cost and availability of reinsurance coverage;
- catastrophe losses;
- the impact of investment, economic and underwriting market conditions; and
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In this presentation, we may refer to some non-GAAP financial measures. For a reconciliation of these measures to the most comparable GAAP measures and a glossary of financial measures, we refer you to the earnings press releases and financial supplements which are available on the Travelers website under the investor section (www.travelers.com) and our most recent annual report on Form 10-K filed with the Securities and Exchange Commission.
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- Catastrophe losses could materially and adversely affect our results of operations, financial position and/or liquidity, and could adversely impact our ratings, our ability to raise capital and the availability and cost of reinsurance;
- During or following a period of financial market disruption or economic downturn, our business could be materially and adversely affected;
- If actual claims exceed our loss reserves, or if changes in the estimated level of loss reserves are necessary, our financial results could be materially and adversely affected;
- Our investment portfolio may suffer reduced returns or material realized or unrealized losses;
- Our business could be harmed because of its potential exposure to asbestos and environmental claims and related litigation;
- We are 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 our business are uncertain;
- The intense competition that we face could harm our ability to maintain, increase our business volumes and profitability;
- We may not be able to collect all amounts due to us from reinsurers and reinsurance coverage may not be available to us in the future at commercially reasonable rates or at all;
- We are exposed to credit risk in certain of our business operations;
- Our businesses are heavily regulated and changes in regulation may reduce our profitability and limit our growth;
- A downgrade in our claims-paying and financial strength ratings could adversely impact our business volumes, adversely impact our ability to access the capital markets and increase our borrowing costs;
- The inability of our insurance subsidiaries to pay dividends to our holding company in sufficient amounts would harm our ability to meet our obligations, pay future shareholder dividends or make future share repurchases;
- Disruptions to our relationships with our independent agents and brokers could adversely affect us;
- Our efforts to develop new products or expand in targeted markets may not be successful and may create enhanced risks;
- Our net deferred tax assets could be adversely affected by a reduction in the U.S. Federal corporate income tax rate;
- We may be adversely affected if our pricing and capital models are inaccurate;
- We are subject to a number of risks associated with our business outside the United States;
- Our business success and profitability depend, in part, on effective information technology systems and on continuing to develop and implement improvements in technology;
- If we experience difficulties with technology, data security and/or outsourcing relationships, our ability to conduct business could be negatively impacted;
- Acquisitions and integration of acquired businesses may result in operating difficulties and other unintended consequences;
- We could be adversely affected if our controls to ensure compliance with guidelines, policies and legal and regulatory standards are not effective;
- Our businesses may be adversely affected if we are unable to hire and retain qualified employees;
- Loss of or significant restriction on the use of credit scoring in the pricing and underwriting of Personal Insurance products could reduce our future profitability; and
- Our repurchase plans depend on a variety of factors, including our financial position, earnings, capital requirements of our operating subsidiaries, legal requirements, regulatory constraints, catastrophe losses, other investment opportunities (including mergers and acquisitions), market conditions and other factors.

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 and quarterly report on Form 10-Q filed with the Securities and Exchange Commission.
• For further information, please see Travelers reports filed with the SEC pursuant to the Securities Exchange Act of 1934 which are available at the SEC’s website (www.sec.gov)

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