

## 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, 2020**

### 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, 2020, The Travelers Companies, Inc. (the “Company”) issued a press release announcing the results of the Company’s operations for the quarter ended June 30, 2020, 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, 2020, reporting results of operations (This exhibit is furnished and not filed.)</u></a>
99.2	<a href="#"><u>Second Quarter 2020 Financial Supplement of The Travelers Companies, Inc. (This exhibit is furnished and not filed.)</u></a>
101.1	Pursuant to Rule 406 of Regulation S-T, the cover page to this Current Report on Form 8-K is formatted in Inline XBRL.
104.1	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101.1.)

## 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.**

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Date: July 23, 2020

By: /s/ CHRISTINE K. KALLA

**Name: Christine K. Kalla**  
**Executive Vice President and General Counsel**

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## Section 2: EX-99.1 (EX-99.1)



Exhibit 99.1

The Travelers Companies, Inc.  
485 Lexington Avenue  
New York, NY 10017-2630  
[www.travelers.com](http://www.travelers.com)

NYSE: TRV

### **Travelers Reports Second Quarter 2020 Net and Core Loss per Diluted Share of \$0.16 and \$0.20, Respectively**

#### **Provides Estimate of PG&E Subrogation Recoveries of Approximately \$400 Million Pre-Tax to be Recognized in Third Quarter of 2020**

- Second quarter net loss of \$40 million and core loss of \$50 million.
- Catastrophe losses of \$854 million pre-tax, compared to \$367 million pre-tax in the prior year quarter.
- Net investment income of \$268 million pre-tax, compared to \$648 million pre-tax in the prior year quarter.
- Consolidated combined ratio of 103.7%; underlying combined ratio improved 3.5 points to a strong 91.4%.
- Net impact of COVID-19 and related economic conditions on underwriting results in the quarter was modest.
- Net written premiums of \$7.346 billion, down 1% compared to the prior year quarter; excluding personal automobile premium refunds, net written premiums increased 2%.
- Strong renewal rate change in all three segments, including 7.4% in Business Insurance and a record level in Bond & Specialty Insurance.
- Total capital returned to shareholders of \$218 million; no share repurchases in the current quarter. Year-to-date total capital returned to shareholders of \$899 million, including \$471 million of share repurchases.
- Book value per share of \$106.42; adjusted book value per share of \$92.01.
- Board of Directors declares regular quarterly cash dividend of \$0.85 per share.

**New York, July 23, 2020** — The Travelers Companies, Inc. today reported a net loss of \$40 million, or \$0.16 per diluted share, for the quarter ended June 30, 2020, compared to net income of \$557 million, or \$2.10 per diluted share, in the prior year quarter. The core loss in the current quarter was \$50 million, or \$0.20 per diluted share, compared to core income of \$537 million, or \$2.02 per diluted share, in the prior year quarter. The difference was primarily due to higher catastrophe losses, lower net investment income and lower net favorable prior year reserve development, partially offset by a higher underlying underwriting gain (i.e., excluding net prior year reserve development and catastrophe losses). COVID-19 and related economic conditions had a modest net impact on the underwriting result in the quarter. Net realized investment gains in the current quarter were \$13 million pre-tax (\$10 million after-tax), compared to net realized investment gains of \$25 million pre-tax (\$20 million after-tax) in the prior year quarter.

#### **Consolidated Highlights**

Three Months Ended June 30,

Six Months Ended June 30,

(\$ in millions, except for per share amounts, and after-tax, except for premiums and revenues)

	2020	2019	Change	2020	2019	Change
<b>Net written premiums</b>	\$ 7,346	\$ 7,450	(1)%	\$ 14,692	\$ 14,507	1 %
<b>Total revenues</b>	\$ 7,401	\$ 7,834	(6)	\$ 15,309	\$ 15,505	(1)
<b>Net income (loss)</b>	\$ (40)	\$ 557	NM	\$ 560	\$ 1,353	(59)
<i>per diluted share</i>	\$ (0.16)	\$ 2.10	NM	\$ 2.19	\$ 5.08	(57)
<b>Core income (loss)</b>	\$ (50)	\$ 537	NM	\$ 626	\$ 1,292	(52)
<i>per diluted share</i>	\$ (0.20)	\$ 2.02	NM	\$ 2.44	\$ 4.85	(50)
<b>Diluted weighted average shares outstanding</b>	251.6	263.7	(5)	254.7	264.2	(4)
<b>Combined ratio</b>	103.7 %	98.4 %	5.3 pts	99.5 %	96.1 %	3.4 pts
<b>Underlying combined ratio</b>	91.4 %	94.9 %	(3.5) pts	91.3 %	93.3 %	(2.0) pts
<b>Return on equity</b>	(0.6)%	9.0 %	(9.6) pts	4.3 %	11.2 %	(6.9) pts
<b>Core return on equity</b>	(0.8)%	9.2 %	(10.0) pts	5.3 %	11.1 %	(5.8) pts

	As of			Change From	
	June 30, 2020	December 31, 2019	June 30, 2019	December 31, 2019	June 30, 2019
<b>Book value per share</b>	\$ 106.42	\$ 101.55	\$ 97.26	5 %	9 %
<b>Adjusted book value per share</b>	92.01	92.76	90.05	(1)%	2 %

See Glossary of Financial Measures for definitions and the statistical supplement for additional financial data. NM = Not meaningful.

“Our second quarter results reflect an improved underlying underwriting gain that was more than offset by a high level of catastrophe losses and, as expected, losses in our non-fixed income investment portfolio,” said Alan Schnitzer, Chairman and Chief Executive Officer. “Our underlying combined ratio improved by 3.5 points to a very strong 91.4%, with favorable contributions from both Business Insurance and Personal Insurance. The net impact of COVID-19 and related economic conditions on our underlying results was modest, reflecting a culture of disciplined underwriting and management of terms and conditions. Catastrophe losses this quarter were impacted by a relatively high frequency of PCS-designated catastrophe events. Results in our non-fixed income investment portfolio are reported on a lagged basis, and the losses we reported this quarter arose out of the disruption in global financial markets that took place in the first quarter.

“We were very pleased with our marketplace execution in the quarter, particularly in light of the challenging economic environment. Net written premiums declined just slightly, as the impact of the pandemic on insured exposures in our commercial businesses and our auto refund program in Personal Insurance were largely offset by strong renewal rate change in all three segments. Excluding the auto premium refunds, we grew net written premiums by 2%. In Business Insurance, we achieved renewal rate change of 7.4%, nearly 4 points higher than the prior year quarter and its highest level since 2013, while retention remained strong. In Bond & Specialty Insurance, net written premiums increased by 3% as our domestic management liability business achieved renewal premium change of 7.8%, including record renewal rate change, while retention remained strong. In Personal Insurance, net written premiums decreased by 1%. Excluding the auto premium refunds, net written premiums increased by 6%, driven by strong retention and new business in both Agency Auto and Agency Homeowners. In our Agency Homeowners business, renewal premium change remained very strong at 7.7%.

“Investments we have made over recent years as part of our innovation agenda to put digital tools in the hands of our colleagues, customers and distribution partners have proven particularly valuable as we effectively manage our business through the pandemic. We will continue to invest to advance our innovation priorities and ensure that those capabilities and our other competitive advantages remain relevant and differentiating.

“Our steady performance through these difficult times demonstrates the value of underwriting excellence and the strength and resilience of our franchise. With a strong balance sheet, our proven ability to execute on our marketplace strategies and the best talent in the industry, we remain well positioned to continue to deliver meaningful shareholder value over time.”

## Consolidated Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
<b>Underwriting gain (loss):</b>	\$ (280)	\$ 74	\$ (354)	\$ 8	\$ 469	\$ (461)
<i>Underwriting gain (loss) includes:</i>						
Net favorable prior year reserve development	2	123	(121)	29	174	(145)
Catastrophes, net of reinsurance	(854)	(367)	(487)	(1,187)	(560)	(627)
<b>Net investment income</b>	<b>268</b>	<b>648</b>	<b>(380)</b>	<b>879</b>	<b>1,230</b>	<b>(351)</b>
<b>Other income (expense), including interest expense</b>	<b>(86)</b>	<b>(82)</b>	<b>(4)</b>	<b>(167)</b>	<b>(145)</b>	<b>(22)</b>
<b>Core income (loss) before income taxes</b>	<b>(98)</b>	<b>640</b>	<b>(738)</b>	<b>720</b>	<b>1,554</b>	<b>(834)</b>
<b>Income tax expense (benefit)</b>	<b>(48)</b>	<b>103</b>	<b>(151)</b>	<b>94</b>	<b>262</b>	<b>(168)</b>
<b>Core income (loss)</b>	<b>(50)</b>	<b>537</b>	<b>(587)</b>	<b>626</b>	<b>1,292</b>	<b>(666)</b>
<b>Net realized investment gains (losses) after income taxes</b>	<b>10</b>	<b>20</b>	<b>(10)</b>	<b>(66)</b>	<b>61</b>	<b>(127)</b>
<b>Net income (loss)</b>	<b>\$ (40)</b>	<b>\$ 557</b>	<b>\$ (597)</b>	<b>\$ 560</b>	<b>\$ 1,353</b>	<b>\$ (793)</b>
<b>Combined ratio</b>	<b>103.7 %</b>	<b>98.4 %</b>	<b>5.3 pts</b>	<b>99.5 %</b>	<b>96.1 %</b>	<b>3.4 pts</b>
<i>Impact on combined ratio</i>						
Net favorable prior year reserve development	— pts	(1.8) pts	1.8 pts	(0.2) pts	(1.3) pts	1.1 pts
Catastrophes, net of reinsurance	12.3 pts	5.3 pts	7.0 pts	8.4 pts	4.1 pts	4.3 pts
<b>Underlying combined ratio</b>	<b>91.4 %</b>	<b>94.9 %</b>	<b>(3.5) pts</b>	<b>91.3 %</b>	<b>93.3 %</b>	<b>(2.0) pts</b>
<b>Net written premiums</b>						
Business Insurance	\$ 3,777	\$ 3,874	(3)%	\$ 7,967	\$ 8,037	(1)%
Bond & Specialty Insurance	734	710	3	1,397	1,297	8
Personal Insurance	2,835	2,866	(1)	5,328	5,173	3
<b>Total</b>	<b>\$ 7,346</b>	<b>\$ 7,450</b>	<b>(1) %</b>	<b>\$ 14,692</b>	<b>\$ 14,507</b>	<b>1 %</b>

### Second Quarter 2020 Results

(All comparisons vs. second quarter 2019, unless noted otherwise)

The Company reported a net loss of \$40 million compared to net income of \$557 million in the prior year quarter. The net loss was due to a core loss, partially offset by net realized investment gains. The core loss of \$50 million decreased from core income of \$537 million in the prior year quarter, primarily due to higher catastrophe losses, lower net investment income and lower net favorable prior year reserve development, partially offset by a higher underlying underwriting gain. The net impact of COVID-19 and related economic conditions on the underlying underwriting gain in the quarter was modest. Net realized investment gains were \$13 million pre-tax (\$10 million after-tax) compared to \$25 million pre-tax (\$20 million after-tax) in the prior year quarter.

Combined ratio:

- The combined ratio of 103.7% increased 5.3 points due to higher catastrophe losses (7.0 points) and lower net favorable prior year reserve development (1.8 points), partially offset by a lower underlying combined ratio (3.5 points).
- The underlying combined ratio of 91.4% decreased 3.5 points. See below for further details by segment.
- Net favorable prior year reserve development in Personal Insurance was largely offset by net unfavorable prior year reserve development in Bond & Specialty Insurance. There was no net prior year reserve development in Business Insurance. Catastrophe losses primarily resulted from severe storms in several regions of the United States and civil unrest.

Net investment income of \$268 million pre-tax (\$251 million after-tax) decreased 59%. Income from the fixed income investment portfolio decreased from the prior year quarter, primarily due to lower long-term interest rates,

partially offset by a higher average level of fixed maturity investments. The non-fixed income investment portfolio had a loss of \$234 million pre-tax (\$180 million after-tax), compared to income of \$118 million pre-tax (\$95 million after-tax) in the prior year quarter. Non-fixed income returns are generally reported on a one-quarter lagged basis and directionally follow the broader equity markets. Accordingly, the loss in the non-fixed income investment portfolio is related to the disruption in global financial markets during the first quarter of 2020 associated with COVID-19. Based on its composition, the Company's non-fixed income investment portfolio declined less than the broader equity markets in the first quarter of 2020.

Net written premiums of \$7.346 billion decreased 1%. Excluding premium refunds provided to personal automobile customers in response to COVID-19 and related economic conditions, net written premiums increased 2%. See below for further details by segment.

### **Year-to-Date 2020 Results**

*(All comparisons vs. year-to-date 2019, unless noted otherwise)*

Net income of \$560 million decreased \$793 million due to lower core income and net realized investment losses in the current period compared to net realized investment gains in the prior year period. Core income of \$626 million decreased by \$666 million, primarily due to higher catastrophe losses, lower net investment income and lower net favorable prior year reserve development, partially offset by a higher underlying underwriting gain. The underlying underwriting gain benefited from higher business volumes and a lower underlying combined ratio. Net realized investment losses were \$85 million pre-tax (\$66 million after-tax), compared to net realized investment gains of \$78 million pre-tax (\$61 million after-tax) in the prior year period. Net realized investment losses in the current period included the mark-to-market impact on the Company's equity investments related to the volatility in global financial markets in the first six months of 2020.

Combined ratio:

- The combined ratio of 99.5% increased 3.4 points due to higher catastrophe losses (4.3 points) and lower net favorable prior year reserve development (1.1 points), partially offset by a lower underlying combined ratio (2.0 points).
- The underlying combined ratio of 91.3% decreased 2.0 points. See below for further details by segment.
- Net favorable prior year reserve development in Personal Insurance and Business Insurance was partially offset by net unfavorable prior year reserve development in Bond & Specialty Insurance. Catastrophe losses included the second quarter events described above, as well as tornado activity in Tennessee and other wind storms and winter storms in several regions of the United States in the first quarter of 2020.

Net investment income of \$879 million pre-tax (\$770 million after-tax) decreased 29%. Income from the fixed income investment portfolio decreased from the prior year period, primarily due to lower long-term interest rates, partially offset by a higher average level of fixed maturity investments. The non-fixed income investment portfolio had a loss of \$146 million pre-tax (\$109 million after-tax), compared to income of \$171 million pre-tax (\$138 million after-tax) in the prior year period. The loss from these investments reflected the impact of the disruption in global financial markets in the first quarter of 2020 associated with COVID-19.

Net written premiums of \$14.692 billion increased 1%. Excluding premium refunds provided to personal automobile customers in response to COVID-19 and related economic conditions, net written premiums increased 3%. See below for further details by segment.



## **Shareholders' Equity**

Shareholders' equity of \$26.943 billion increased 4% over year-end 2019, primarily due to higher net unrealized investment gains resulting from lower interest rates, partially offset by the impact of changes in foreign currency exchange rates. Net unrealized investment gains included in shareholders' equity were \$4.634 billion pre-tax (\$3.646 billion after-tax), compared to net unrealized investment gains of \$2.853 billion pre-tax (\$2.246 billion after-tax) at year-end 2019. Book value per share of \$106.42 increased 5% over year-end 2019, also primarily due to the impact of lower interest rates on net unrealized investment gains, partially offset by changes in foreign currency exchange rates. Adjusted book value per share of \$92.01, which excludes net unrealized investment gains, was 1% lower than year-end 2019. Book value per share and adjusted book value per share both included an adverse impact of \$0.76 per share due to net unrealized losses resulting from foreign currency translation.

The Company did not repurchase any shares during the second quarter under its share repurchase authorization. Capacity remaining under the existing share repurchase authorization was \$1.361 billion at the end of the quarter. Also at the end of the quarter, statutory capital and surplus was \$20.607 billion, and the ratio of debt-to-capital was 20.7%. The ratio of debt-to-capital excluding after-tax net unrealized investment gains included in shareholders' equity was 23.2%, within the Company's target range of 15% to 25%.

The Board of Directors declared a regular quarterly dividend of \$0.85 per share. The dividend is payable on September 30, 2020, to shareholders of record at the close of business on September 10, 2020.

## **PG&E Subrogation Recoveries**

In connection with the emergence of PG&E Corporation and Pacific Gas and Electric Company (together "PG&E") from bankruptcy on July 1, 2020, the Company expects to recognize in the third quarter of 2020 favorable prior year reserve development of approximately \$400 million, pre-tax and net of expenses and reinsurance, related to the 2017 and 2018 wildfires in California.

## Business Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
<b>Underwriting gain (loss):</b>	\$ (273)	\$ (55)	\$ (218)	\$ (372)	\$ 2	\$ (374)
<i>Underwriting gain (loss) includes:</i>						
<i>Net favorable prior year reserve development</i>	—	71	(71)	5	50	(45)
<i>Catastrophes, net of reinsurance</i>	(377)	(211)	(166)	(572)	(306)	(266)
<b>Net investment income</b>	<b>180</b>	<b>481</b>	<b>(301)</b>	<b>633</b>	<b>908</b>	<b>(275)</b>
<b>Other income (expense)</b>	<b>(6)</b>	<b>(11)</b>	<b>5</b>	<b>(22)</b>	<b>(6)</b>	<b>(16)</b>
<b>Segment income (loss) before income taxes</b>	<b>(99)</b>	<b>415</b>	<b>(514)</b>	<b>239</b>	<b>904</b>	<b>(665)</b>
<b>Income tax expense (benefit)</b>	<b>(41)</b>	<b>64</b>	<b>(105)</b>	<b>8</b>	<b>139</b>	<b>(131)</b>
<b>Segment income (loss)</b>	<b>\$ (58)</b>	<b>\$ 351</b>	<b>\$ (409)</b>	<b>\$ 231</b>	<b>\$ 765</b>	<b>\$ (534)</b>
<b>Combined ratio</b>	<b>107.1 %</b>	<b>101.1 %</b>	<b>6.0 pts</b>	<b>104.6 %</b>	<b>99.6 %</b>	<b>5.0 pts</b>
<i>Impact on combined ratio</i>						
<i>Net favorable prior year reserve development</i>	— pts	(1.9) pts	1.9 pts	— pts	(0.7) pts	0.7 pts
<i>Catastrophes, net of reinsurance</i>	10.1 pts	5.6 pts	4.5 pts	7.5 pts	4.1 pts	3.4 pts
<b>Underlying combined ratio</b>	<b>97.0 %</b>	<b>97.4 %</b>	<b>(0.4) pts</b>	<b>97.1 %</b>	<b>96.2 %</b>	<b>0.9 pts</b>
<b>Net written premiums by market</b>						
Domestic						
Select Accounts	\$ 734	\$ 756	(3)%	\$ 1,533	\$ 1,541	(1)%
Middle Market	1,960	2,009	(2)	4,368	4,419	(1)
National Accounts	215	223	(4)	516	527	(2)
National Property and Other	585	588	(1)	1,013	975	4
Total Domestic	3,494	3,576	(2)	7,430	7,462	—
International	283	298	(5)	537	575	(7)
<b>Total</b>	<b>\$ 3,777</b>	<b>\$ 3,874</b>	<b>(3) %</b>	<b>\$ 7,967</b>	<b>\$ 8,037</b>	<b>(1) %</b>

### Second Quarter 2020 Results

(All comparisons vs. second quarter 2019, unless noted otherwise)

The segment loss for Business Insurance was \$58 million after-tax, compared with segment income of \$351 million after-tax in the prior year quarter. The difference was primarily due to lower net investment income, higher catastrophe losses and no net prior year reserve development compared with net favorable prior year reserve development in the prior year quarter, partially offset by a higher underlying underwriting gain.

Combined ratio:

- The combined ratio of 107.1% increased 6.0 points due to higher catastrophe losses (4.5 points) and no net prior year reserve development compared with net favorable prior year reserve development in the prior year quarter (1.9 points), partially offset by a lower underlying combined ratio (0.4 points).
- The underlying combined ratio of 97.0% improved by 0.4 points, reflecting a 0.2 point improvement in each of the underlying loss ratio and expense ratio. The net impact of COVID-19 and related economic conditions was modest.
- There was no net prior year reserve development in the current quarter, which reflected the following:
  - *Workers' compensation* - better than expected loss experience in the segment's domestic operations for multiple accident years; and

- *Commercial property* - better than expected loss experience in the segment's domestic operations for multiple accident years.

Offset by:

- *General liability (excluding asbestos and environmental)* - higher than expected loss experience in the segment's domestic operations for primary and excess coverages for multiple accident years; and
- *Commercial multi-peril* - higher than expected loss experience in the segment's domestic operations for recent accident years.

Net written premiums of \$3.777 billion decreased 3%. The benefits of continued strong retention and higher renewal rate changes were more than offset by reduced exposures and a decrease in new business volume, both impacted by COVID-19 and related economic conditions.

### **Year-to-Date 2020 Results**

*(All comparisons vs. year-to-date 2019, unless noted otherwise)*

Segment income for Business Insurance was \$231 million after-tax, a decrease of \$534 million. Segment income decreased primarily due to lower net investment income, higher catastrophe losses, a lower underlying underwriting gain and lower net favorable prior year reserve development.

Combined ratio:

- The combined ratio of 104.6% increased 5.0 points due to higher catastrophe losses (3.4 points), a higher underlying combined ratio (0.9 points) and lower net favorable prior year reserve development (0.7 points).
- The underlying combined ratio of 97.1% increased 0.9 points, primarily due to net charges associated with COVID-19 and related economic conditions.
- Net favorable prior year reserve development was primarily driven by the following:
  - *Workers' compensation* - better than expected loss experience in the segment's domestic operations for multiple accident years; and
  - *Commercial property* - better than expected loss experience in the segment's domestic operations for multiple accident years.

Largely offset by:

- *Commercial automobile* - higher than expected loss experience in the segment's domestic operations for recent accident years;
- *General liability (excluding asbestos and environmental)* - higher than expected loss experience in the segment's domestic operations for primary and excess coverages for multiple accident years; and
- *Commercial multi-peril* - higher than expected loss experience in the segment's domestic operations for recent accident years.

Net written premiums of \$7.967 billion decreased 1%, driven by the same factors described above for the second quarter of 2020.

## Bond & Specialty Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
<b>Underwriting gain:</b>	\$ 40	\$ 157	\$ (117)	\$ 132	\$ 269	\$ (137)
<i>Underwriting gain includes:</i>						
Net favorable (unfavorable) prior year reserve development	(33)	39	(72)	(33)	42	(75)
Catastrophes, net of reinsurance	(7)	—	(7)	(8)	(3)	(5)
<b>Net investment income</b>	<b>42</b>	<b>58</b>	<b>(16)</b>	<b>97</b>	<b>114</b>	<b>(17)</b>
<b>Other income</b>	<b>4</b>	<b>5</b>	<b>(1)</b>	<b>8</b>	<b>10</b>	<b>(2)</b>
<b>Segment income before income taxes</b>	<b>86</b>	<b>220</b>	<b>(134)</b>	<b>237</b>	<b>393</b>	<b>(156)</b>
<b>Income tax expense</b>	<b>14</b>	<b>46</b>	<b>(32)</b>	<b>43</b>	<b>81</b>	<b>(38)</b>
<b>Segment income</b>	<b>\$ 72</b>	<b>\$ 174</b>	<b>\$ (102)</b>	<b>\$ 194</b>	<b>\$ 312</b>	<b>\$ (118)</b>
<b>Combined ratio</b>	<b>93.8 %</b>	<b>74.9 %</b>	<b>18.9 pts</b>	<b>89.9 %</b>	<b>77.9 %</b>	<b>12.0 pts</b>
<i>Impact on combined ratio</i>						
Net (favorable) unfavorable prior year reserve development	4.7 pts	(6.2) pts	10.9 pts	2.4 pts	(3.4) pts	5.8 pts
Catastrophes, net of reinsurance	1.0 pts	0.1 pts	0.9 pts	0.6 pts	0.2 pts	0.4 pts
<b>Underlying combined ratio</b>	<b>88.1 %</b>	<b>81.0 %</b>	<b>7.1 pts</b>	<b>86.9 %</b>	<b>81.1 %</b>	<b>5.8 pts</b>
<b>Net written premiums</b>						
Domestic						
Management Liability	\$ 438	\$ 403	9 %	\$ 839	\$ 770	9 %
Surety	220	244	(10)	435	428	2
Total Domestic	658	647	2	1,274	1,198	6
International	76	63	21	123	99	24
<b>Total</b>	<b>\$ 734</b>	<b>\$ 710</b>	<b>3 %</b>	<b>\$ 1,397</b>	<b>\$ 1,297</b>	<b>8 %</b>

### Second Quarter 2020 Results

(All comparisons vs. second quarter 2019, unless noted otherwise)

Segment income for Bond & Specialty Insurance was \$72 million after-tax, a decrease of \$102 million. Segment income decreased primarily due to net unfavorable prior year reserve development compared to net favorable prior year reserve development in the prior year quarter, a lower underlying underwriting gain and lower net investment income. The underlying underwriting gain benefited from higher business volumes.

Combined ratio:

- The combined ratio of 93.8% increased 18.9 points due to net unfavorable prior year reserve development compared to net favorable prior year reserve development in the prior year quarter (10.9 points), a higher underlying combined ratio (7.1 points) and higher catastrophe losses (0.9 points).
- The underlying combined ratio of 88.1% increased 7.1 points, primarily driven by the impacts of higher loss estimates for management liability coverages, including the impact of COVID-19 and related economic conditions.
- Net unfavorable prior year reserve development was driven by higher than expected loss experience in the domestic general liability product line for management liability coverages for recent accident years.

Net written premiums of \$734 million increased 3%, reflecting continued strong retention and increased levels of renewal premium change in management liability.

## Year-to-Date 2020 Results

(All comparisons vs. year-to-date 2019, unless noted otherwise)

Segment income for Bond & Specialty Insurance was \$194 million after-tax, a decrease of \$118 million. Segment income decreased primarily due to net unfavorable prior year reserve development compared to net favorable prior year reserve development in the prior year period, a lower underlying underwriting gain and lower net investment income. The underlying underwriting gain benefited from higher business volumes.

Combined ratio:

- The combined ratio of 89.9% increased 12.0 points due to net unfavorable prior year reserve development compared to net favorable prior year reserve development in the prior year period (5.8 points), a higher underlying combined ratio (5.8 points) and higher catastrophe losses (0.4 points).
- The underlying combined ratio of 86.9% increased 5.8 points, primarily driven by the impacts of higher loss estimates for management liability coverages, including the impact of COVID-19 and related economic conditions.
- Net unfavorable prior year reserve development was driven by higher than expected loss experience in the domestic general liability product line for management liability coverages for recent accident years.

Net written premiums of \$1.397 billion increased 8%, reflecting continued strong retention, increased levels of renewal premium change and strong new business in management liability.

### Personal Insurance Segment Financial Results

(\$ in millions and pre-tax, unless noted otherwise)	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
<b>Underwriting gain (loss):</b>	\$ (47)	\$ (28)	\$ (19)	\$ 248	\$ 198	\$ 50
<i>Underwriting gain (loss) includes:</i>						
Net favorable prior year reserve development	35	13	22	57	82	(25)
Catastrophes, net of reinsurance	(470)	(156)	(314)	(607)	(251)	(356)
<b>Net investment income</b>	<b>46</b>	<b>109</b>	<b>(63)</b>	<b>149</b>	<b>208</b>	<b>(59)</b>
<b>Other income</b>	<b>10</b>	<b>21</b>	<b>(11)</b>	<b>32</b>	<b>43</b>	<b>(11)</b>
<b>Segment income before income taxes</b>	<b>9</b>	<b>102</b>	<b>(93)</b>	<b>429</b>	<b>449</b>	<b>(20)</b>
<b>Income tax expense (benefit)</b>	<b>(1)</b>	<b>14</b>	<b>(15)</b>	<b>83</b>	<b>83</b>	<b>—</b>
<b>Segment income</b>	<b>\$ 10</b>	<b>\$ 88</b>	<b>\$ (78)</b>	<b>\$ 346</b>	<b>\$ 366</b>	<b>\$ (20)</b>
<b>Combined ratio</b>	<b>101.3 %</b>	<b>100.2 %</b>	<b>1.1 pts</b>	<b>94.5 %</b>	<b>95.2 %</b>	<b>(0.7) pts</b>
<i>Impact on combined ratio</i>						
Net favorable prior year reserve development	(1.3) pts	(0.5) pts	(0.8) pts	(1.1) pts	(1.6) pts	0.5 pts
Catastrophes, net of reinsurance	18.6 pts	6.1 pts	12.5 pts	11.6 pts	4.9 pts	6.7 pts
<b>Underlying combined ratio</b>	<b>84.0 %</b>	<b>94.6 %</b>	<b>(10.6) pts</b>	<b>84.0 %</b>	<b>91.9 %</b>	<b>(7.9) pts</b>
<b>Net written premiums</b>						
Domestic						
Agency (1)						
Automobile	\$ 1,141	\$ 1,300	(12)%	\$ 2,401	\$ 2,524	(5)%
Homeowners and Other	1,419	1,258	13	2,409	2,095	15
Total Agency	2,560	2,558	—	4,810	4,619	4
Direct-to-Consumer	102	103	(1)	202	198	2
Total Domestic	2,662	2,661	—	5,012	4,817	4
International	173	205	(16)	316	356	(11)
<b>Total</b>	<b>\$ 2,835</b>	<b>\$ 2,866</b>	<b>(1)%</b>	<b>\$ 5,328</b>	<b>\$ 5,173</b>	<b>3 %</b>

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

## **Second Quarter 2020 Results**

*(All comparisons vs. second quarter 2019, unless noted otherwise)*

Segment income for Personal Insurance was \$10 million after-tax, a decrease of \$78 million. Segment income decreased primarily due to higher catastrophe losses and lower net investment income, partially offset by a higher underlying underwriting gain and higher net favorable prior year reserve development.

Combined ratio:

- The combined ratio of 101.3% increased 1.1 points due to higher catastrophe losses (12.5 points), largely offset by a lower underlying combined ratio (10.6 points) and higher net favorable prior year reserve development (0.8 points).
- The underlying combined ratio of 84.0% decreased 10.6 points, primarily driven by lower non-catastrophe weather-related losses in the homeowners and other product line and lower losses in the automobile product line due to a decrease in miles driven attributable to COVID-19 and related economic conditions (net of premium refunds).
- Net favorable prior year reserve development was driven by better than expected loss experience in the segment's domestic operations in both the automobile and homeowners and other product lines for multiple accident years.

Net written premiums of \$2.835 billion decreased 1%. Excluding premium refunds provided to personal automobile customers, net written premiums increased 6%. Agency Automobile net written premiums decreased 12% due to the premium refunds. Excluding the impact of the premium refunds, Agency Automobile net written premiums increased 3%, driven by strong retention, renewal premium change of 2% and higher levels of new business. Agency Homeowners and Other net written premiums increased 13%, driven by strong retention, renewal premium change of 8% and higher levels of new business.

## **Year-to-Date 2020 Results**

*(All comparisons vs. year-to-date 2019, unless noted otherwise)*

Segment income for Personal Insurance was \$346 million after-tax, a decrease of \$20 million. Segment income decreased primarily due to higher catastrophe losses, lower net investment income and lower net favorable prior year reserve development, largely offset by a higher underlying underwriting gain.

Combined ratio:

- The combined ratio of 94.5% decreased 0.7 points due to a lower underlying combined ratio (7.9 points), partially offset by higher catastrophe losses (6.7 points) and lower net favorable prior year reserve development (0.5 points).
- The underlying combined ratio of 84.0% decreased 7.9 points, primarily driven by lower non-catastrophe weather-related losses in the homeowners and other product line and lower losses in the automobile product line due to a decrease in miles driven attributable to COVID-19 and related economic conditions (net of premium refunds).
- Net favorable prior year reserve development was driven by better than expected loss experience in the segment's domestic operations in both the automobile and homeowners and other product lines for multiple accident years.

Net written premiums of \$5.328 billion increased 3%. Excluding premium refunds provided to personal automobile customers, net written premiums increased 7%. Agency Automobile net written premiums decreased 5% due to the premium refunds. Excluding the impact of the premium refunds, Agency Automobile net written premiums increased 3%, driven by strong retention, renewal premium change of 2% and higher levels of new business. Agency Homeowners and Other net written premiums increased 15%, driven by strong retention, renewal premium change of 8% and higher levels of new business.

## 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 Thursday, July 23, 2020. 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 \$32 billion in 2019. 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 and the Republic of Ireland, as well as Brazil through a joint venture, 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);
- the impact of COVID-19 and related economic conditions, including the potential impact on the Company's investments;
- the impact of legislative or regulatory actions taken in response to COVID-19;
- 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 potential benefit associated with the Company's ability to recover on its subrogation claims;
- 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 developments in the tort environment, such as increased attorney involvement in insurance claims and legislation 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:

- high levels of catastrophe losses, including as a result of factors such as increased concentrations of insured exposures in catastrophe-prone areas, 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/tort, regulatory and economic environments in which the Company operates or the impacts of COVID-19, the Company's financial results could be materially and adversely affected;
- the impact of COVID-19 and related risks, including on the Company's distribution or other key partners, could materially affect the Company's results of operations, financial position and/or liquidity;
- during or following a period of financial market disruption or an economic downturn, such as the current environment, 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, particularly in the current environment;
- 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;
- the Company's business could be harmed because of its potential exposure to asbestos and environmental claims and related litigation;
- 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, and court decisions or legislative or regulatory changes that take place after the Company issues its policies, including those taken in response to COVID-19 (such as effectively expanding workers' compensation coverage by instituting presumptions of compensability of claims for certain types of workers or requiring insurers to cover business interruption claims irrespective of terms, exclusions or other conditions included in the policies that would otherwise preclude coverage), can result in an unexpected increase in the number of claims and have a material adverse impact on the Company's results of operations;
- 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 the Company is exposed to credit risk related to its structured settlements;
- the Company is exposed to credit risk in certain of its insurance operations and with respect to certain guarantee or indemnification arrangements that it has with third parties, which risk is heightened in the current environment;



- 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. This risk is heightened in the current environment where a majority of the Company's employees have shifted to a work from home arrangement;
- 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 where 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, including the ongoing level of uncertainty related to COVID-19.

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 the quarterly report on Form 10-Q filed with the Securities and Exchange Commission (SEC) on July 23, 2020, and in our most recent annual report on Form 10-K filed with the SEC on February 13, 2020, in each case 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 (LOSS) TO CORE INCOME (LOSS) 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 (Loss) to Core Income (Loss) less Preferred Dividends

(\$ in millions, after-tax)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Net income (loss)</b>	\$ (40)	\$ 557	\$ 560	\$ 1,353
Less: Net realized investment (gains) losses	(10)	(20)	66	(61)
<b>Core income (loss)</b>	\$ (50)	\$ 537	\$ 626	\$ 1,292

(\$ in millions, pre-tax)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Net income (loss)</b>	\$ (85)	\$ 665	\$ 635	\$ 1,632
Less: Net realized investment (gains) losses	(13)	(25)	85	(78)
<b>Core income (loss)</b>	\$ (98)	\$ 640	\$ 720	\$ 1,554

	Twelve Months Ended December 31,														
(\$ in millions, after-tax)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Net income</b>	\$2,622	\$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>	2,622	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	(85)	(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>	2,537	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>	\$2,537	\$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 (Loss) per Share to Core Income (Loss) per Share on a Basic and Diluted Basis

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Basic income (loss) per share</b>				
<b>Net income (loss)</b>	\$ (0.16)	\$ 2.11	\$ 2.19	\$ 5.12
Adjustments:				
Net realized investment (gains) losses, after-tax	(0.04)	(0.07)	0.26	(0.23)
<b>Core income (loss)</b>	\$ (0.20)	\$ 2.04	\$ 2.45	\$ 4.89
<b>Diluted income (loss) per share</b>				
<b>Net income (loss)</b>	\$ (0.16)	\$ 2.10	\$ 2.19	\$ 5.08
Adjustments:				
Net realized investment (gains) losses, after-tax	(0.04)	(0.08)	0.25	(0.23)
<b>Core income (loss)</b>	\$ (0.20)	\$ 2.02	\$ 2.44	\$ 4.85

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(\$ in millions, after-tax)	2020	2019	2020	2019
Business Insurance	\$ (58)	\$ 351	\$ 231	\$ 765
Bond & Specialty Insurance	72	174	194	312
Personal Insurance	10	88	346	366
Total segment income	24	613	771	1,443
Interest Expense and Other	(74)	(76)	(145)	(151)
<b>Total core income (loss)</b>	\$ (50)	\$ 537	\$ 626	\$ 1,292

### 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,	
	2020	2019
<b>Shareholders' equity</b>	\$ 26,943	\$ 25,321
Adjustments:		
Net unrealized investment gains, net of tax, included in shareholders' equity	(3,646)	(1,878)
Net realized investment (gains) losses, net of tax	66	(61)
<b>Adjusted shareholders' equity</b>	\$ 23,363	\$ 23,382

(\$ in millions)	As of December 31,														
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Shareholders' equity</b>	\$25,943	\$22,894	\$23,731	\$23,221	\$23,598	\$24,836	\$24,796	\$25,405	\$24,477	\$25,475	\$27,415	\$25,319	\$26,616	\$25,135	\$22,303
Adjustments:															
Net unrealized investment (gains) losses, net of tax, included in shareholders' equity	(2,246)	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	(85)	(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>	\$23,612	\$22,914	\$22,764	\$22,444	\$22,307	\$22,819	\$23,368	\$22,270	\$21,570	\$23,375	\$25,458	\$25,647	\$25,783	\$24,545	\$22,227

**Return on equity** is the ratio of annualized net income (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,	
	2020	2019	2020	2019
Annualized net income (loss)	\$ (157)	\$ 2,226	\$ 1,120	\$ 2,706
Average shareholders' equity	26,074	24,831	25,824	24,224
<b>Return on equity</b>	<b>(0.6)%</b>	<b>9.0%</b>	<b>4.3%</b>	<b>11.2%</b>
Annualized core income (loss)	\$ (197)	\$ 2,147	\$ 1,253	\$ 2,583
Adjusted average shareholders' equity	23,353	23,378	23,474	23,264
<b>Core return on equity</b>	<b>(0.8)%</b>	<b>9.2%</b>	<b>5.3%</b>	<b>11.1%</b>

**Average annual core return on equity** over a period is the ratio of: (a) the sum of core income (loss) 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, 2020

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Core income (loss), less preferred dividends	\$ (50)	\$ 537	\$ 626	\$ 1,292
Annualized core income (loss)	(197)	2,147	1,253	2,583
Adjusted average shareholders' equity	23,353	23,378	23,474	23,264
Core return on equity	(0.8) %	9.2 %	5.3 %	11.1 %
<b>Average annual core return on equity for the period January 1, 2005 through June 30, 2020</b>	<b>12.6 %</b>			

(\$ in millions)	Twelve Months Ended December 31,														
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Core income, less preferred dividends	\$2,537	\$2,430	\$2,043	\$2,967	\$3,437	\$3,641	\$3,567	\$2,441	\$1,389	\$3,040	\$3,597	\$3,191	\$4,496	\$4,195	\$2,020
Adjusted average shareholders' equity	23,335	22,814	22,743	22,386	22,681	23,447	23,004	22,158	22,806	24,285	25,777	25,668	25,350	23,381	21,118
Core return on equity	10.9%	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%

## RECONCILIATION OF PRE-TAX UNDERWRITING GAIN EXCLUDING CERTAIN ITEMS TO NET INCOME (LOSS)

**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 2020 ranges from approximately \$20 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 (Loss)

(\$ in millions, after-tax except as noted)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Pre-tax underwriting gain excluding the impact of catastrophes and net prior year loss reserve development	\$ 572	\$ 318	\$ 1,166	\$ 855
Pre-tax impact of catastrophes	(854)	(367)	(1,187)	(560)
Pre-tax impact of net favorable prior year loss reserve development	2	123	29	174
Pre-tax underwriting gain (loss)	(280)	74	8	469
Income tax expense (benefit) on underwriting results	(48)	22	20	110
Underwriting gain (loss)	(232)	52	(12)	359
Net investment income	251	548	770	1,044
Other income (expense), including interest expense	(69)	(63)	(132)	(111)
<b>Core income (loss)</b>	<b>(50)</b>	<b>537</b>	<b>626</b>	<b>1,292</b>
Net realized investment gains (losses)	10	20	(66)	61
<b>Net income (loss)</b>	<b>\$ (40)</b>	<b>\$ 557</b>	<b>\$ 560</b>	<b>\$ 1,353</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,	
	2020	2019	2020	2019
<b>Loss and loss adjustment expense ratio</b>				
Claims and claim adjustment expenses	\$ 5,107	\$ 4,821	\$ 9,896	\$ 9,263
Less:				
Policyholder dividends	8	9	20	22
Allocated fee income	44	45	85	85
<b>Loss ratio numerator</b>	<b>\$ 5,055</b>	<b>\$ 4,767</b>	<b>\$ 9,791</b>	<b>\$ 9,156</b>
<b>Underwriting expense ratio</b>				
Amortization of deferred acquisition costs	\$ 1,173	\$ 1,134	\$ 2,351	\$ 2,251
General and administrative expenses (G&A)	1,121	1,125	2,258	2,182
Less:				
Non-insurance G&A	52	50	107	97
Allocated fee income	70	71	137	140
Billing and policy fees and other	17	26	45	53
<b>Expense ratio numerator</b>	<b>\$ 2,155</b>	<b>\$ 2,112</b>	<b>\$ 4,320</b>	<b>\$ 4,143</b>
<b>Earned premium</b>	<b>\$ 6,955</b>	<b>\$ 6,988</b>	<b>\$ 14,184</b>	<b>\$ 13,843</b>
<b>Combined ratio (1)</b>				
Loss and loss adjustment expense ratio	72.7 %	68.2 %	69.0 %	66.2 %
Underwriting expense ratio	31.0 %	30.2 %	30.5 %	29.9 %
<b>Combined ratio</b>	<b>103.7 %</b>	<b>98.4 %</b>	<b>99.5 %</b>	<b>96.1 %</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, Net of Tax

	As of	
	June 30, 2020	December 31, 2019
(\$ in millions, except per share amounts)		
<b>Shareholders' equity</b>	<b>\$ 26,943</b>	<b>\$ 25,943</b>
Less: Net unrealized investment gains, net of tax, included in shareholders' equity	3,646	2,246
<b>Shareholders' equity, excluding net unrealized investment gains, net of tax, included in shareholders' equity</b>	<b>23,297</b>	<b>23,697</b>
Less:		
Goodwill	3,925	3,961
Other intangible assets	319	330
Impact of deferred tax on other intangible assets	(49)	(51)
<b>Tangible shareholders' equity</b>	<b>\$ 19,102</b>	<b>\$ 19,457</b>
Common shares outstanding	253.2	255.5
Book value per share	\$ 106.42	\$ 101.55
Adjusted book value per share	92.01	92.76
Tangible book value per share	75.45	76.17

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

**Total capitalization** is the sum of total shareholders' equity and debt. **Debt-to-capital ratio excluding net unrealized gain on investments, 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, 2020	December 31, 2019
(\$ in millions)		
Debt	\$ 7,049	\$ 6,558
Shareholders' equity	26,943	25,943
<b>Total capitalization</b>	<b>33,992</b>	<b>32,501</b>
Less: Net unrealized investment gains, net of tax, included in shareholders' equity	3,646	2,246
<b>Total capitalization excluding net unrealized gain on investments, net of tax, included in shareholders' equity</b>	<b>\$ 30,346</b>	<b>\$ 30,255</b>
Debt-to-capital ratio	20.7 %	20.2 %
Debt-to-capital ratio excluding net unrealized investment gains, net of tax, included in shareholders' equity	23.2 %	21.7 %

## 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 13, 2020, and subsequent periodic filings with the SEC.

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**Contacts**

Media:  
Patrick Linehan  
917.778.6267

Institutional Investors:  
Abbe Goldstein  
917.778.6825

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## Section 3: EX-99.2 (EX-99.2)

The Travelers Companies, Inc.



Financial Supplement - Second Quarter 2020

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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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(\$ and shares in millions, except for per share data)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
Net income (loss)	\$ 796	\$ 557	\$ 396	\$ 873	\$ 600	\$ (40)	\$ 1,353	\$ 560
Net income (loss) per share:								
Basic	\$ 3.01	\$ 2.11	\$ 1.52	\$ 3.37	\$ 2.34	\$ (0.16)	\$ 5.12	\$ 2.19
Diluted	\$ 2.99	\$ 2.10	\$ 1.50	\$ 3.35	\$ 2.33	\$ (0.16)	\$ 5.08	\$ 2.19
Core income (loss)	\$ 755	\$ 537	\$ 378	\$ 867	\$ 676	\$ (50)	\$ 1,292	\$ 626
Core income (loss) per share:								
Basic	\$ 2.85	\$ 2.04	\$ 1.45	\$ 3.35	\$ 2.64	\$ (0.20)	\$ 4.89	\$ 2.45
Diluted	\$ 2.83	\$ 2.02	\$ 1.43	\$ 3.32	\$ 2.62	\$ (0.20)	\$ 4.85	\$ 2.44
Return on equity	13.5 %	9.0 %	6.2 %	13.5 %	9.4 %	(0.6)%	11.2 %	4.3 %
Core return on equity	13.0 %	9.2 %	6.5 %	14.8 %	11.5 %	(0.8)%	11.1 %	5.3 %
Total assets, at period end	\$ 107,246	\$ 108,572	\$ 110,241	\$ 110,122	\$ 109,436	\$ 113,337	\$ 108,572	\$ 113,337
Total equity, at period end	\$ 24,340	\$ 25,321	\$ 25,607	\$ 25,943	\$ 25,204	\$ 26,943	\$ 25,321	\$ 26,943
Book value per share, at period end	\$ 92.94	\$ 97.26	\$ 99.21	\$ 101.55	\$ 99.69	\$ 106.42	\$ 97.26	\$ 106.42
Less: Net unrealized investment gains, net of tax	3.85	7.21	9.12	8.79	7.06	14.41	7.21	14.41
Adjusted book value per share, at period end	\$ 89.09	\$ 90.05	\$ 90.09	\$ 92.76	\$ 92.63	\$ 92.01	\$ 90.05	\$ 92.01
Weighted average number of common shares outstanding (basic)	262.9	261.3	259.2	256.8	254.4	251.6	262.1	253.6
Weighted average number of common shares outstanding and common stock equivalents (diluted)	264.8	263.7	261.8	259.0	255.9	251.6	264.2	254.7
Common shares outstanding at period end	261.9	260.3	258.1	255.5	252.8	253.2	260.3	253.2
Common stock dividends declared	\$ 204	\$ 217	\$ 215	\$ 212	\$ 210	\$ 218	\$ 421	\$ 428
Common stock repurchased:								
Under Board of Directors authorization								
Shares	2.9	2.6	2.5	2.8	3.5	—	5.5	3.5
Cost	\$ 375	\$ 375	\$ 375	\$ 375	\$ 425	\$ —	\$ 750	\$ 425
Other								
Shares	0.3	—	—	0.1	0.3	—	0.3	0.3
Cost	\$ 46	\$ 1	\$ —	\$ 1	\$ 46	\$ —	\$ 47	\$ 46

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

The Travelers Companies, Inc. **TRAVELERS**  
**Reconciliation to Net Income (Loss) and Earnings per Share**

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

	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Net income (loss)</b>								
Net income (loss)	\$ 796	\$ 557	\$ 396	\$ 873	\$ 600	\$ (40)	\$ 1,353	\$ 560
Adjustments:								
Net realized investment (gains) losses, after-tax	(41)	(20)	(18)	(6)	76	(10)	(61)	66
Core income (loss)	\$ 755	\$ 537	\$ 378	\$ 867	\$ 676	\$ (50)	\$ 1,292	\$ 626
<b>Basic earnings per share</b>								
Net income (loss)	\$ 3.01	\$ 2.11	\$ 1.52	\$ 3.37	\$ 2.34	\$ (0.16)	\$ 5.12	\$ 2.19
Adjustments:								
Net realized investment (gains) losses, after-tax	(0.16)	(0.07)	(0.07)	(0.02)	0.30	(0.04)	(0.23)	0.26
Core income (loss)	\$ 2.85	\$ 2.04	\$ 1.45	\$ 3.35	\$ 2.64	\$ (0.20)	\$ 4.89	\$ 2.45
<b>Diluted earnings per share</b>								
Net income (loss)	\$ 2.99	\$ 2.10	\$ 1.50	\$ 3.35	\$ 2.33	\$ (0.16)	\$ 5.08	\$ 2.19
Adjustments:								
Net realized investment (gains) losses, after-tax	(0.16)	(0.08)	(0.07)	(0.03)	0.29	(0.04)	(0.23)	0.25
Core income (loss)	\$ 2.83	\$ 2.02	\$ 1.43	\$ 3.32	\$ 2.62	\$ (0.20)	\$ 4.85	\$ 2.44

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

<b>Basic and Diluted</b>	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
Net income (loss), as reported	\$ 796	\$ 557	\$ 396	\$ 873	\$ 600	\$ (40)	\$ 1,353	\$ 560
Participating share-based awards - allocated income	(5)	(4)	(3)	(7)	(5)	(1)	(10)	(3)
Net income (loss) available to common shareholders - basic and diluted	\$ 791	\$ 553	\$ 393	\$ 866	\$ 595	\$ (41)	\$ 1,343	\$ 557
<b>Common Shares</b>								
<b>Basic</b>								
Weighted average shares outstanding	262.9	261.3	259.2	256.8	254.4	251.6	262.1	253.6
<b>Diluted</b>								
Weighted average shares outstanding	262.9	261.3	259.2	256.8	254.4	251.6	262.1	253.6
Weighted average effects of dilutive securities - stock options and performance shares	1.9	2.4	2.6	2.2	1.5	—	2.1	1.1
Diluted weighted average shares outstanding	264.8	263.7	261.8	259.0	255.9	251.6	264.2	254.7

(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.

## Statement of Income (Loss) - Consolidated

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Revenues</b>								
Premiums	\$ 6,855	\$ 6,988	\$ 7,179	\$ 7,250	\$ 7,229	\$ 6,955	\$ 13,843	\$ 14,184
Net investment income	582	648	622	616	611	268	1,230	879
Fee income	109	116	121	113	108	114	225	222
Net realized investment gains (losses)	53	25	23	12	(98)	13	78	(85)
Other revenues	72	57	68	72	58	51	129	109
Total revenues	7,671	7,834	8,013	8,063	7,908	7,401	15,505	15,309
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	4,442	4,821	5,230	4,640	4,789	5,107	9,263	9,896
Amortization of deferred acquisition costs	1,117	1,134	1,169	1,181	1,178	1,173	2,251	2,351
General and administrative expenses	1,057	1,125	1,098	1,085	1,137	1,121	2,182	2,258
Interest expense	88	89	84	83	84	85	177	169
Total claims and expenses	6,704	7,169	7,581	6,989	7,188	7,486	13,873	14,674
Income (loss) before income taxes	967	665	432	1,074	720	(85)	1,632	635
Income tax expense (benefit)	171	108	36	201	120	(45)	279	75
Net income (loss)	\$ 796	\$ 557	\$ 396	\$ 873	\$ 600	\$ (40)	\$ 1,353	\$ 560
<b>Investment impairments</b>								
Total investment impairments	\$ (1)	\$ (1)	\$ —	\$ (1)	\$ (16)	\$ (46)	\$ (2)	\$ (62)
Credit losses recognized in net realized investment gains (losses)	\$ (1)	\$ (1)	\$ —	\$ (2)	\$ (16)	\$ (46)	\$ (2)	\$ (62)
Non-credit losses recognized in other comprehensive income	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —
<b>Other statistics</b>								
Effective tax rate on net investment income	14.7 %	15.4 %	15.2 %	14.8 %	15.1 %	6.2 %	15.1 %	12.4 %
Net investment income (after-tax)	\$ 496	\$ 548	\$ 528	\$ 525	\$ 519	\$ 251	\$ 1,044	\$ 770
Catastrophes, net of reinsurance:								
Pre-tax	\$ 193	\$ 367	\$ 241	\$ 85	\$ 333	\$ 854	\$ 560	\$ 1,187
After-tax	\$ 152	\$ 290	\$ 190	\$ 67	\$ 263	\$ 673	\$ 442	\$ 936
Prior year reserve development - favorable (unfavorable):								
Pre-tax	\$ 51	\$ 123	\$ (294)	\$ 60	\$ 27	\$ 2	\$ 174	\$ 29
After-tax	\$ 41	\$ 99	\$ (232)	\$ 45	\$ 21	\$ 1	\$ 140	\$ 22

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

## Net Income (Loss) by Major Component and Combined Ratio - Consolidated

(\$ in millions, net of tax)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
Underwriting gain (loss)	\$ 307	\$ 52	\$ (101)	\$ 396	\$ 220	\$ (232)	\$ 359	\$ (12)
Net investment income	496	548	528	525	519	251	1,044	770
Other income (expense), including interest expense	(48)	(63)	(49)	(54)	(63)	(69)	(111)	(132)
Core income (loss)	755	537	378	867	676	(50)	1,292	626
Net realized investment gains (losses)	41	20	18	6	(76)	10	61	(66)
<b>Net income (loss)</b>	<b>\$ 796</b>	<b>\$ 557</b>	<b>\$ 396</b>	<b>\$ 873</b>	<b>\$ 600</b>	<b>\$ (40)</b>	<b>\$ 1,353</b>	<b>\$ 560</b>
<b>Combined ratio (1) (2)</b>								
Loss and loss adjustment expense ratio	64.0 %	68.2 %	72.0 %	63.3 %	65.5 %	72.7 %	66.2 %	69.0 %
Underwriting expense ratio	29.7 %	30.2 %	29.5 %	29.1 %	30.0 %	31.0 %	29.9 %	30.5 %
Combined ratio	<u>93.7 %</u>	<u>98.4 %</u>	<u>101.5 %</u>	<u>92.4 %</u>	<u>95.5 %</u>	<u>103.7 %</u>	<u>96.1 %</u>	<u>99.5 %</u>
Impact on combined ratio:								
Net (favorable) unfavorable prior year reserve development	(0.7)%	(1.8)%	4.1 %	(0.8)%	(0.4)%	— %	(1.3)%	(0.2)%
Catastrophes, net of reinsurance	2.8 %	5.3 %	3.3 %	1.1 %	4.6 %	12.3 %	4.1 %	8.4 %
Underlying combined ratio	<u>91.6 %</u>	<u>94.9 %</u>	<u>94.1 %</u>	<u>92.1 %</u>	<u>91.3 %</u>	<u>91.4 %</u>	<u>93.3 %</u>	<u>91.3 %</u>

(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)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
Billing and policy fees and other	\$ 27	\$ 26	\$ 28	\$ 27	\$ 28	\$ 17	\$ 53	\$ 45
Fee income:								
Loss and loss adjustment expenses	\$ 40	\$ 45	\$ 47	\$ 42	\$ 41	\$ 44	\$ 85	\$ 85
Underwriting expenses	69	71	74	71	67	70	140	137
Total fee income	<u>\$ 109</u>	<u>\$ 116</u>	<u>\$ 121</u>	<u>\$ 113</u>	<u>\$ 108</u>	<u>\$ 114</u>	<u>\$ 225</u>	<u>\$ 222</u>
Non-insurance general and administrative expenses	<u>\$ 47</u>	<u>\$ 50</u>	<u>\$ 48</u>	<u>\$ 56</u>	<u>\$ 55</u>	<u>\$ 52</u>	<u>\$ 97</u>	<u>\$ 107</u>

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

The Travelers Companies, Inc.  
Core Income (Loss) - Consolidated



(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Revenues</b>								
Premiums	\$ 6,855	\$ 6,988	\$ 7,179	\$ 7,250	\$ 7,229	\$ 6,955	\$ 13,843	\$ 14,184
Net investment income	582	648	622	616	611	268	1,230	879
Fee income	109	116	121	113	108	114	225	222
Other revenues	72	57	68	72	58	51	129	109
Total revenues	7,618	7,809	7,990	8,051	8,006	7,388	15,427	15,394
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	4,442	4,821	5,230	4,640	4,789	5,107	9,263	9,896
Amortization of deferred acquisition costs	1,117	1,134	1,169	1,181	1,178	1,173	2,251	2,351
General and administrative expenses	1,057	1,125	1,098	1,085	1,137	1,121	2,182	2,258
Interest expense	88	89	84	83	84	85	177	169
Total claims and expenses	6,704	7,169	7,581	6,989	7,188	7,486	13,873	14,674
Core income (loss) before income taxes	914	640	409	1,062	818	(98)	1,554	720
Income tax expense (benefit)	159	103	31	195	142	(48)	262	94
Core income (loss)	\$ 755	\$ 537	\$ 378	\$ 867	\$ 676	\$ (50)	\$ 1,292	\$ 626
<b>Other statistics</b>								
Effective tax rate on net investment income	14.7 %	15.4 %	15.2 %	14.8 %	15.1 %	6.2 %	15.1 %	12.4 %
Net investment income (after-tax)	\$ 496	\$ 548	\$ 528	\$ 525	\$ 519	\$ 251	\$ 1,044	\$ 770
Catastrophes, net of reinsurance:								
Pre-tax	\$ 193	\$ 367	\$ 241	\$ 85	\$ 333	\$ 854	\$ 560	\$ 1,187
After-tax	\$ 152	\$ 290	\$ 190	\$ 67	\$ 263	\$ 673	\$ 442	\$ 936
Prior year reserve development - favorable (unfavorable):								
Pre-tax	\$ 51	\$ 123	\$ (294)	\$ 60	\$ 27	\$ 2	\$ 174	\$ 29
After-tax	\$ 41	\$ 99	\$ (232)	\$ 45	\$ 21	\$ 1	\$ 140	\$ 22

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

**Selected Statistics - Property and Casualty Operations**

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Statutory underwriting</b>								
Gross written premiums	\$ 7,839	\$ 7,824	\$ 8,022	\$ 7,378	\$ 8,152	\$ 7,751	\$ 15,663	\$ 15,903
Net written premiums	\$ 7,057	\$ 7,450	\$ 7,569	\$ 7,075	\$ 7,346	\$ 7,346	\$ 14,507	\$ 14,692
Net earned premiums	\$ 6,855	\$ 6,988	\$ 7,179	\$ 7,250	\$ 7,229	\$ 6,955	\$ 13,843	\$ 14,184
Losses and loss adjustment expenses	4,389	4,764	5,166	4,578	4,733	5,053	9,153	9,786
Underwriting expenses	2,116	2,217	2,179	2,072	2,193	2,212	4,333	4,405
Statutory underwriting gain (loss)	350	7	(166)	600	303	(310)	357	(7)
Policyholder dividends	13	9	15	10	12	8	22	20
Statutory underwriting gain (loss) after policyholder dividends	\$ 337	\$ (2)	\$ (181)	\$ 590	\$ 291	\$ (318)	\$ 335	\$ (27)
<b>Other statutory statistics</b>								
Reserves for losses and loss adjustment expenses	\$42,581	\$42,979	\$43,624	\$43,743	\$43,913	\$45,112	\$42,979	\$45,112
Increase in reserves	\$ 172	\$ 398	\$ 645	\$ 119	\$ 170	\$ 1,199	\$ 570	\$ 1,369
Statutory capital and surplus	\$21,074	\$21,080	\$20,780	\$21,330	\$20,808	\$20,607	\$21,080	\$20,607
Net written premiums/surplus (1)	1.33:1	1.34:1	1.38:1	1.37:1	1.41:1	1.42:1	1.34:1	1.42:1

(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)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Written premiums</b>								
Gross	\$ 7,839	\$ 7,824	\$ 8,022	\$ 7,378	\$ 8,152	\$ 7,751	\$ 15,663	\$ 15,903
Ceded	(782)	(374)	(453)	(303)	(806)	(405)	(1,156)	(1,211)
Net	<u>\$ 7,057</u>	<u>\$ 7,450</u>	<u>\$ 7,569</u>	<u>\$ 7,075</u>	<u>\$ 7,346</u>	<u>\$ 7,346</u>	<u>\$ 14,507</u>	<u>\$ 14,692</u>
<b>Earned premiums</b>								
Gross	\$ 7,282	\$ 7,429	\$ 7,636	\$ 7,723	\$ 7,683	\$ 7,446	\$ 14,711	\$ 15,129
Ceded	(427)	(441)	(457)	(473)	(454)	(491)	(868)	(945)
Net	<u>\$ 6,855</u>	<u>\$ 6,988</u>	<u>\$ 7,179</u>	<u>\$ 7,250</u>	<u>\$ 7,229</u>	<u>\$ 6,955</u>	<u>\$ 13,843</u>	<u>\$ 14,184</u>

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

**Segment Income (Loss) - Business Insurance**

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Revenues</b>								
Premiums	\$ 3,742	\$ 3,783	\$ 3,882	\$ 3,893	\$ 3,864	\$ 3,735	\$ 7,525	\$ 7,599
Net investment income	427	481	457	451	453	180	908	633
Fee income	104	111	114	108	102	108	215	210
Other revenues	43	30	39	43	31	36	73	67
Total revenues	4,316	4,405	4,492	4,495	4,450	4,059	8,721	8,509
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	2,580	2,686	3,028	2,669	2,791	2,880	5,266	5,671
Amortization of deferred acquisition costs	615	618	634	636	636	622	1,233	1,258
General and administrative expenses	632	686	657	652	685	656	1,318	1,341
Total claims and expenses	3,827	3,990	4,319	3,957	4,112	4,158	7,817	8,270
Segment income (loss) before income taxes	489	415	173	538	338	(99)	904	239
Income tax expense (benefit)	75	64	(6)	90	49	(41)	139	8
Segment income (loss)	\$ 414	\$ 351	\$ 179	\$ 448	\$ 289	\$ (58)	\$ 765	\$ 231
<b>Other statistics</b>								
Effective tax rate on net investment income	14.6 %	15.3 %	15.1 %	14.8 %	15.0 %	6.3 %	15.0 %	12.5 %
Net investment income (after-tax)	\$ 365	\$ 407	\$ 389	\$ 384	\$ 385	\$ 169	\$ 772	\$ 554
Catastrophes, net of reinsurance:								
Pre-tax	\$ 95	\$ 211	\$ 116	\$ 48	\$ 195	\$ 377	\$ 306	\$ 572
After-tax	\$ 75	\$ 167	\$ 91	\$ 37	\$ 154	\$ 298	\$ 242	\$ 452
Prior year reserve development - favorable (unfavorable):								
Pre-tax	\$ (21)	\$ 71	\$ (316)	\$ 8	\$ 5	\$ —	\$ 50	\$ 5
After-tax	\$ (16)	\$ 57	\$ (249)	\$ 5	\$ 3	\$ —	\$ 41	\$ 3

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 - Business Insurance**

(\$ in millions, net of tax)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
Underwriting gain (loss)	\$ 44	\$ (48)	\$ (210)	\$ 65	\$ (84)	\$ (221)	\$ (4)	\$ (305)
Net investment income	365	407	389	384	385	169	772	554
Other income (expense)	5	(8)	—	(1)	(12)	(6)	(3)	(18)
<b>Segment income (loss)</b>	<b>\$ 414</b>	<b>\$ 351</b>	<b>\$ 179</b>	<b>\$ 448</b>	<b>\$ 289</b>	<b>\$ (58)</b>	<b>\$ 765</b>	<b>\$ 231</b>
<b>Combined ratio (1) (2)</b>								
Loss and loss adjustment expense ratio	67.6 %	69.6 %	76.6 %	67.3 %	70.9 %	75.8 %	68.6 %	73.3 %
Underwriting expense ratio	30.5 %	31.5 %	30.4 %	30.2 %	31.3 %	31.3 %	31.0 %	31.3 %
Combined ratio	98.1 %	101.1 %	107.0 %	97.5 %	102.2 %	107.1 %	99.6 %	104.6 %
Impact on combined ratio:								
Net (favorable) unfavorable prior year reserve development	0.6 %	(1.9)%	8.1 %	(0.2)%	(0.1)%	— %	(0.7)%	— %
Catastrophes, net of reinsurance	2.5 %	5.6 %	3.0 %	1.3 %	5.0 %	10.1 %	4.1 %	7.5 %
Underlying combined ratio	95.0 %	97.4 %	95.9 %	96.4 %	97.3 %	97.0 %	96.2 %	97.1 %

(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)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
Billing and policy fees and other	\$ 4	\$ 3	\$ 5	\$ 4	\$ 4	\$ 3	\$ 7	\$ 7
Fee income:								
Loss and loss adjustment expenses	\$ 40	\$ 45	\$ 47	\$ 42	\$ 41	\$ 44	\$ 85	\$ 85
Underwriting expenses	64	66	67	66	61	64	130	125
Total fee income	\$ 104	\$ 111	\$ 114	\$ 108	\$ 102	\$ 108	\$ 215	\$ 210
Non-insurance general and administrative expenses	\$ 38	\$ 41	\$ 39	\$ 43	\$ 47	\$ 42	\$ 79	\$ 89

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

## Selected Statistics - Business Insurance

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Statutory underwriting</b>								
Gross written premiums	\$ 4,730	\$ 4,193	\$ 4,271	\$ 3,957	\$ 4,794	\$ 4,127	\$ 8,923	\$ 8,921
Net written premiums	\$ 4,163	\$ 3,874	\$ 3,889	\$ 3,703	\$ 4,190	\$ 3,777	\$ 8,037	\$ 7,967
Net earned premiums	\$ 3,742	\$ 3,783	\$ 3,882	\$ 3,893	\$ 3,864	\$ 3,735	\$ 7,525	\$ 7,599
Losses and loss adjustment expenses	2,529	2,631	2,969	2,608	2,737	2,828	5,160	5,565
Underwriting expenses	1,226	1,226	1,164	1,133	1,247	1,167	2,452	2,414
Statutory underwriting gain (loss)	(13)	(74)	(251)	152	(120)	(260)	(87)	(380)
Policyholder dividends	11	7	11	7	10	6	18	16
Statutory underwriting gain (loss) after policyholder dividends	\$ (24)	\$ (81)	\$ (262)	\$ 145	\$ (130)	\$ (266)	\$ (105)	\$ (396)

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

## Net Written Premiums - Business Insurance

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Net written premiums by market</b>								
Domestic								
Select Accounts	\$ 785	\$ 756	\$ 695	\$ 675	\$ 799	\$ 734	\$ 1,541	\$ 1,533
Middle Market	2,410	2,009	2,150	2,061	2,408	1,960	4,419	4,368
National Accounts	304	223	273	251	301	215	527	516
National Property and Other	387	588	553	437	428	585	975	1,013
Total Domestic	3,886	3,576	3,671	3,424	3,936	3,494	7,462	7,430
International	277	298	218	279	254	283	575	537
Total	\$ 4,163	\$ 3,874	\$ 3,889	\$ 3,703	\$ 4,190	\$ 3,777	\$ 8,037	\$ 7,967
<b>Net written premiums by product line</b>								
Domestic								
Workers' compensation	\$ 1,191	\$ 893	\$ 905	\$ 817	\$ 1,096	\$ 780	\$ 2,084	\$ 1,876
Commercial automobile	719	677	674	666	755	667	1,396	1,422
Commercial property	389	583	568	474	433	620	972	1,053
General liability	678	548	611	579	683	531	1,226	1,214
Commercial multi-peril	902	871	885	884	956	892	1,773	1,848
Other	7	4	28	4	13	4	11	17
Total Domestic	3,886	3,576	3,671	3,424	3,936	3,494	7,462	7,430
International	277	298	218	279	254	283	575	537
Total	\$ 4,163	\$ 3,874	\$ 3,889	\$ 3,703	\$ 4,190	\$ 3,777	\$ 8,037	\$ 7,967

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

## Segment Income - Bond &amp; Specialty Insurance

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Revenues</b>								
Premiums	\$ 606	\$ 632	\$ 653	\$ 674	\$ 667	\$ 693	\$ 1,238	\$ 1,360
Net investment income	56	58	59	60	55	42	114	97
Other revenues	6	6	7	7	5	5	12	10
Total revenues	668	696	719	741	727	740	1,364	1,467
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	266	238	303	287	327	403	504	730
Amortization of deferred acquisition costs	112	118	123	125	124	128	230	252
General and administrative expenses	117	120	124	122	125	123	237	248
Total claims and expenses	495	476	550	534	576	654	971	1,230
Segment income before income taxes	173	220	169	207	151	86	393	237
Income tax expense	35	46	30	40	29	14	81	43
Segment income	\$ 138	\$ 174	\$ 139	\$ 167	\$ 122	\$ 72	\$ 312	\$ 194
<b>Other statistics</b>								
Effective tax rate on net investment income	14.4 %	14.8 %	14.9 %	13.2 %	14.7 %	3.0 %	14.6 %	9.7 %
Net investment income (after-tax)	\$ 47	\$ 50	\$ 50	\$ 52	\$ 47	\$ 41	\$ 97	\$ 88
Catastrophes, net of reinsurance:								
Pre-tax	\$ 3	\$ —	\$ 1	\$ 1	\$ 1	\$ 7	\$ 3	\$ 8
After-tax	\$ 2	\$ —	\$ 1	\$ 1	\$ 1	\$ 5	\$ 2	\$ 6
Prior year reserve development - favorable (unfavorable):								
Pre-tax	\$ 3	\$ 39	\$ 3	\$ 20	\$ —	\$ (33)	\$ 42	\$ (33)
After-tax	\$ 2	\$ 31	\$ 2	\$ 16	\$ —	\$ (26)	\$ 33	\$ (26)

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 &amp; Specialty Insurance

(\$ in millions, net of tax)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
Underwriting gain	\$ 86	\$ 120	\$ 85	\$ 111	\$ 72	\$ 29	\$ 206	\$ 101
Net investment income	47	50	50	52	47	41	97	88
Other income	5	4	4	4	3	2	9	5
<b>Segment income</b>	<b>\$ 138</b>	<b>\$ 174</b>	<b>\$ 139</b>	<b>\$ 167</b>	<b>\$ 122</b>	<b>\$ 72</b>	<b>\$ 312</b>	<b>\$ 194</b>
<b>Combined ratio (1)</b>								
Loss and loss adjustment expense ratio	43.5 %	37.4 %	45.7 %	42.4 %	48.8 %	57.8 %	40.3 %	53.4 %
Underwriting expense ratio	37.6 %	37.5 %	37.6 %	36.2 %	37.1 %	36.0 %	37.6 %	36.5 %
Combined ratio	81.1 %	74.9 %	83.3 %	78.6 %	85.9 %	93.8 %	77.9 %	89.9 %
Impact on combined ratio:								
Net (favorable) unfavorable prior year reserve development	(0.5) %	(6.2) %	(0.5) %	(2.9) %	— %	4.7 %	(3.4) %	2.4 %
Catastrophes, net of reinsurance	0.5 %	0.1 %	0.2 %	0.2 %	0.2 %	1.0 %	0.2 %	0.6 %
Underlying combined ratio	81.1 %	81.0 %	83.6 %	81.3 %	85.7 %	88.1 %	81.1 %	86.9 %

(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)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
Non-insurance general and administrative expenses	\$ 1	\$ 1	\$ 1	\$ 2	\$ 1	\$ 1	\$ 2	\$ 2

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

## Selected Statistics - Bond &amp; Specialty Insurance

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Statutory underwriting</b>								
Gross written premiums	\$ 662	\$ 747	\$ 770	\$ 752	\$ 750	\$ 770	\$ 1,409	\$ 1,520
Net written premiums	\$ 587	\$ 710	\$ 728	\$ 714	\$ 663	\$ 734	\$ 1,297	\$ 1,397
Net earned premiums	\$ 606	\$ 632	\$ 653	\$ 674	\$ 667	\$ 693	\$ 1,238	\$ 1,360
Losses and loss adjustment expenses	264	236	298	286	325	401	500	726
Underwriting expenses	233	251	261	242	254	253	484	507
Statutory underwriting gain	109	145	94	146	88	39	254	127
Policyholder dividends	2	2	4	3	2	2	4	4
Statutory underwriting gain after policyholder dividends	\$ 107	\$ 143	\$ 90	\$ 143	\$ 86	\$ 37	\$ 250	\$ 123

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



## Net Written Premiums - Bond &amp; Specialty Insurance

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Net written premiums by market</b>								
Domestic								
Management Liability	\$ 367	\$ 403	\$ 424	\$ 411	\$ 401	\$ 438	\$ 770	\$ 839
Surety	184	244	232	206	215	220	428	435
Total Domestic	551	647	656	617	616	658	1,198	1,274
International	36	63	72	97	47	76	99	123
Total	\$ 587	\$ 710	\$ 728	\$ 714	\$ 663	\$ 734	\$ 1,297	\$ 1,397
<b>Net written premiums by product line</b>								
Domestic								
Fidelity & surety	\$ 239	\$ 298	\$ 292	\$ 260	\$ 272	\$ 274	\$ 537	\$ 546
General liability	262	292	293	301	289	326	554	615
Other	50	57	71	56	55	58	107	113
Total Domestic	551	647	656	617	616	658	1,198	1,274
International	36	63	72	97	47	76	99	123
Total	\$ 587	\$ 710	\$ 728	\$ 714	\$ 663	\$ 734	\$ 1,297	\$ 1,397

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

The Travelers Companies, Inc.  
Segment Income - Personal Insurance



(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Revenues</b>								
Premiums	\$ 2,507	\$ 2,573	\$ 2,644	\$ 2,683	\$ 2,698	\$ 2,527	\$ 5,080	\$ 5,225
Net investment income	99	109	106	105	103	46	208	149
Fee income	5	5	7	5	6	6	10	12
Other revenues	22	21	22	22	22	10	43	32
Total revenues	2,633	2,708	2,779	2,815	2,829	2,589	5,341	5,418
<b>Claims and expenses</b>								
Claims and claim adjustment expenses	1,596	1,897	1,899	1,684	1,671	1,824	3,493	3,495
Amortization of deferred acquisition costs	390	398	412	420	418	423	788	841
General and administrative expenses	300	311	309	300	320	333	611	653
Total claims and expenses	2,286	2,606	2,620	2,404	2,409	2,580	4,892	4,989
Segment income before income taxes	347	102	159	411	420	9	449	429
Income tax expense (benefit)	69	14	28	84	84	(1)	83	83
Segment income	\$ 278	\$ 88	\$ 131	\$ 327	\$ 336	\$ 10	\$ 366	\$ 346
<b>Other statistics</b>								
Effective tax rate on net investment income	15.4 %	16.1 %	15.8 %	15.6 %	15.8 %	9.1 %	15.8 %	13.7 %
Net investment income (after-tax)	\$ 84	\$ 91	\$ 89	\$ 89	\$ 87	\$ 41	\$ 175	\$ 128
Catastrophes, net of reinsurance:								
Pre-tax	\$ 95	\$ 156	\$ 124	\$ 36	\$ 137	\$ 470	\$ 251	\$ 607
After-tax	\$ 75	\$ 123	\$ 98	\$ 29	\$ 108	\$ 370	\$ 198	\$ 478
Prior year reserve development - favorable:								
Pre-tax	\$ 69	\$ 13	\$ 19	\$ 32	\$ 22	\$ 35	\$ 82	\$ 57
After-tax	\$ 55	\$ 11	\$ 15	\$ 24	\$ 18	\$ 27	\$ 66	\$ 45

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

Segment Income by Major Component and Combined Ratio - Personal Insurance

(\$ in millions, net of tax)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
Underwriting gain (loss)	\$ 177	\$ (20)	\$ 24	\$ 220	\$ 232	\$ (40)	\$ 157	\$ 192
Net investment income	84	91	89	89	87	41	175	128
Other income	17	17	18	18	17	9	34	26
<b>Segment income</b>	<b>\$ 278</b>	<b>\$ 88</b>	<b>\$ 131</b>	<b>\$ 327</b>	<b>\$ 336</b>	<b>\$ 10</b>	<b>\$ 366</b>	<b>\$ 346</b>
<b>Combined ratio (1)</b>								
Loss and loss adjustment expense ratio	63.7 %	73.7 %	71.8 %	62.8 %	61.9 %	72.2 %	68.8 %	66.9 %
Underwriting expense ratio	26.4 %	26.5 %	26.2 %	25.7 %	26.3 %	29.1 %	26.4 %	27.6 %
Combined ratio	90.1 %	100.2 %	98.0 %	88.5 %	88.2 %	101.3 %	95.2 %	94.5 %
<i>Domestic Agency combined ratio</i>	88.9 %	98.8 %	97.2 %	88.2 %	86.9 %	100.4 %	93.9 %	93.5 %
Impact on combined ratio:								
Net favorable prior year reserve development	(2.8) %	(0.5) %	(0.7) %	(1.2) %	(0.8) %	(1.3) %	(1.6) %	(1.1) %
Catastrophes, net of reinsurance	3.8 %	6.1 %	4.7 %	1.3 %	5.0 %	18.6 %	4.9 %	11.6 %
Underlying combined ratio	89.1 %	94.6 %	94.0 %	88.4 %	84.0 %	84.0 %	91.9 %	84.0 %

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

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
Billing and policy fees and other	\$ 23	\$ 23	\$ 23	\$ 23	\$ 24	\$ 14	\$ 46	\$ 38
Fee income	\$ 5	\$ 5	\$ 7	\$ 5	\$ 6	\$ 6	\$ 10	\$ 12

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

## Selected Statistics - Personal Insurance

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Statutory underwriting</b>								
Gross written premiums	\$ 2,447	\$ 2,884	\$ 2,981	\$ 2,669	\$ 2,608	\$ 2,854	\$ 5,331	\$ 5,462
Net written premiums	\$ 2,307	\$ 2,866	\$ 2,952	\$ 2,658	\$ 2,493	\$ 2,835	\$ 5,173	\$ 5,328
Net earned premiums	\$ 2,507	\$ 2,573	\$ 2,644	\$ 2,683	\$ 2,698	\$ 2,527	\$ 5,080	\$ 5,225
Losses and loss adjustment expenses	1,596	1,897	1,899	1,684	1,671	1,824	3,493	3,495
Underwriting expenses	657	740	754	697	692	792	1,397	1,484
Statutory underwriting gain (loss)	\$ 254	\$ (64)	\$ (9)	\$ 302	\$ 335	\$ (89)	\$ 190	\$ 246
<b>Policies in force (in thousands)</b>								
Automobile	2,981	2,980	2,979	2,973	2,970	2,993	2,980	2,993
Homeowners and Other	5,163	5,263	5,361	5,444	5,534	5,679	5,263	5,679

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

Net Written Premiums - Personal Insurance

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Net written premiums by market</b>								
Domestic								
Agency								
Automobile	\$ 1,224	\$ 1,300	\$ 1,347	\$ 1,253	\$ 1,260	\$ 1,141	\$ 2,524	\$ 2,401
Homeowners and Other	837	1,258	1,300	1,145	990	1,419	2,095	2,409
Total Agency	2,061	2,558	2,647	2,398	2,250	2,560	4,619	4,810
Direct-to-Consumer	95	103	115	99	100	102	198	202
Total Domestic	2,156	2,661	2,762	2,497	2,350	2,662	4,817	5,012
International	151	205	190	161	143	173	356	316
Total	\$ 2,307	\$ 2,866	\$ 2,952	\$ 2,658	\$ 2,493	\$ 2,835	\$ 5,173	\$ 5,328

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)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Statutory underwriting</b>								
Gross written premiums	\$ 1,240	\$ 1,304	\$ 1,352	\$ 1,258	\$ 1,272	\$ 1,145	\$ 2,544	\$ 2,417
Net written premiums	\$ 1,224	\$ 1,300	\$ 1,347	\$ 1,253	\$ 1,260	\$ 1,141	\$ 2,524	\$ 2,401
Net earned premiums	\$ 1,228	\$ 1,249	\$ 1,271	\$ 1,276	\$ 1,279	\$ 1,091	\$ 2,477	\$ 2,370
Losses and loss adjustment expenses	810	876	891	971	842	627	1,686	1,469
Underwriting expenses	296	312	310	299	301	317	608	618
Statutory underwriting gain	\$ 122	\$ 61	\$ 70	\$ 6	\$ 136	\$ 147	\$ 183	\$ 283
<b>Other statistics</b>								
Combined ratio (2):								
Loss and loss adjustment expense ratio	66.0 %	70.1 %	70.1 %	76.1 %	65.9 %	57.5 %	68.0 %	62.0 %
Underwriting expense ratio	23.4 %	23.9 %	22.9 %	23.1 %	23.5 %	28.2 %	23.7 %	25.7 %
Combined ratio	89.4 %	94.0 %	93.0 %	99.2 %	89.4 %	85.7 %	91.7 %	87.7 %
Impact on combined ratio:								
Net favorable prior year reserve development	(3.4)%	(1.1)%	(0.5)%	(0.5)%	(0.4)%	(1.0)%	(2.2)%	(0.7)%
Catastrophes, net of reinsurance	0.7 %	1.3 %	0.8 %	0.1 %	0.6 %	2.5 %	1.0 %	1.5 %
Underlying combined ratio	92.1 %	93.8 %	92.7 %	99.6 %	89.2 %	84.2 %	92.9 %	86.9 %
Catastrophe losses, net of reinsurance:								
Pre-tax	\$ 9	\$ 16	\$ 11	\$ 1	\$ 7	\$ 27	\$ 25	\$ 34
After-tax	\$ 7	\$ 13	\$ 8	\$ 1	\$ 6	\$ 21	\$ 20	\$ 27
Prior year reserve development - favorable:								
Pre-tax	\$ 42	\$ 13	\$ 5	\$ 6	\$ 6	\$ 11	\$ 55	\$ 17
After-tax	\$ 33	\$ 10	\$ 5	\$ 4	\$ 5	\$ 9	\$ 43	\$ 14
Policies in force (in thousands)	2,516	2,517	2,524	2,532	2,540	2,570		
Change from prior year quarter	(0.1)%	— %	0.2 %	0.6 %	1.0 %	2.1 %		
Change from prior quarter	(0.1)%	— %	0.3 %	0.3 %	0.3 %	1.2 %		

(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)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
Billing and policy fees and other	\$ 12	\$ 12	\$ 12	\$ 11	\$ 12	\$ 7	\$ 24	\$ 19
Fee income	\$ 3	\$ 3	\$ 4	\$ 3	\$ 3	\$ 4	\$ 6	\$ 7

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)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Statutory underwriting</b>								
Gross written premiums	\$ 954	\$ 1,268	\$ 1,316	\$ 1,147	\$ 1,086	\$ 1,432	\$ 2,222	\$ 2,518
Net written premiums	\$ 837	\$ 1,258	\$ 1,300	\$ 1,145	\$ 990	\$ 1,419	\$ 2,095	\$ 2,409
Net earned premiums	\$ 1,011	\$ 1,050	\$ 1,089	\$ 1,125	\$ 1,145	\$ 1,188	\$ 2,061	\$ 2,333
Losses and loss adjustment expenses	604	801	801	542	642	1,010	1,405	1,652
Underwriting expenses	277	335	349	314	310	385	612	695
Statutory underwriting gain (loss)	\$ 130	\$ (86)	\$ (61)	\$ 269	\$ 193	\$ (207)	\$ 44	\$ (14)
<b>Other statistics</b>								
Combined ratio (2):								
Loss and loss adjustment expense ratio	59.8 %	76.3 %	73.6 %	48.2 %	56.1 %	85.0 %	68.2 %	70.8 %
Underwriting expense ratio	28.4 %	28.2 %	28.4 %	27.6 %	28.1 %	28.9 %	28.3 %	28.5 %
Combined ratio	88.2 %	104.5 %	102.0 %	75.8 %	84.2 %	113.9 %	96.5 %	99.3 %
Impact on combined ratio:								
Net (favorable) unfavorable prior year reserve development	(2.4)%	(1.3)%	(1.4)%	(0.8)%	(1.5)%	(1.7)%	(1.9)%	(1.6)%
Catastrophes, net of reinsurance	8.0 %	12.9 %	9.9 %	3.0 %	10.8 %	34.2 %	10.5 %	22.7 %
Underlying combined ratio	82.6 %	92.9 %	93.5 %	73.6 %	74.9 %	81.4 %	87.9 %	78.2 %
Catastrophe losses, net of reinsurance:								
Pre-tax	\$ 80	\$ 136	\$ 107	\$ 34	\$ 123	\$ 407	\$ 216	\$ 530
After-tax	\$ 63	\$ 107	\$ 85	\$ 27	\$ 97	\$ 322	\$ 170	\$ 419
Prior year reserve development - favorable (unfavorable):								
Pre-tax	\$ 25	\$ 13	\$ 15	\$ 9	\$ 17	\$ 21	\$ 38	\$ 38
After-tax	\$ 19	\$ 11	\$ 12	\$ 7	\$ 14	\$ 16	\$ 30	\$ 30
Policies in force (in thousands)	4,726	4,825	4,927	5,016	5,111	5,255		
Change from prior year quarter	6.1 %	6.5 %	7.1 %	7.8 %	8.1 %	8.9 %		
Change from prior quarter	1.6 %	2.1 %	2.1 %	1.8 %	1.9 %	2.8 %		

(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)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
Billing and policy fees and other	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 5	\$ 16	\$ 13
Fee income	\$ 2	\$ 2	\$ 3	\$ 2	\$ 2	\$ 3	\$ 4	\$ 5

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)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Revenues</b>								
Other revenues	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —
<b>Claims and expenses</b>								
Interest expense	88	89	84	83	84	85	177	169
General and administrative expenses	8	8	8	11	7	9	16	16
Total claims and expenses	96	97	92	94	91	94	193	185
Loss before income tax benefit	(95)	(97)	(92)	(94)	(91)	(94)	(192)	(185)
Income tax benefit	(20)	(21)	(21)	(19)	(20)	(20)	(41)	(40)
Loss	\$ (75)	\$ (76)	\$ (71)	\$ (75)	\$ (71)	\$ (74)	\$ (151)	\$ (145)

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, 2020	December 31, 2019
<b>Assets</b>		
Fixed maturities, available for sale, at fair value (amortized cost \$65,430 and \$65,281; allowance for expected credit losses of \$8 at June 30, 2020)	\$ 70,054	\$ 68,134
Equity securities, at fair value (cost \$378 and \$376)	390	425
Real estate investments	962	963
Short-term securities	6,087	4,943
Other investments	3,108	3,419
Total investments	80,601	77,884
Cash	623	494
Investment income accrued	596	618
Premiums receivable (net of allowance for expected credit losses of \$94 at June 30, 2020)	8,459	7,909
Reinsurance recoverables (net of allowance for estimated uncollectible reinsurance of \$156 at June 30, 2020)	8,093	8,235
Ceded unearned premiums	945	689
Deferred acquisition costs	2,367	2,273
Contractholder receivables (net of allowance for expected credit losses of \$22 at June 30, 2020)	4,314	4,599
Goodwill	3,925	3,961
Other intangible assets	319	330
Other assets	3,095	3,130
<b>Total assets</b>	<b>\$ 113,337</b>	<b>\$ 110,122</b>
<b>Liabilities</b>		
Claims and claim adjustment expense reserves	\$ 53,109	\$ 51,849
Unearned premium reserves	15,198	14,604
Contractholder payables	4,336	4,619
Payables for reinsurance premiums	567	363
Deferred taxes	409	137
Debt	7,049	6,558
Other liabilities	5,726	6,049
<b>Total liabilities</b>	<b>86,394</b>	<b>84,179</b>
<b>Shareholders' equity</b>		
Common stock (1,750.0 shares authorized; 253.2 and 255.5 shares issued and outstanding)	23,606	23,469
Retained earnings	37,069	36,977
Accumulated other comprehensive income	1,882	640
Treasury stock, at cost (525.9 and 522.1 shares)	(35,614)	(35,143)
<b>Total shareholders' equity</b>	<b>26,943</b>	<b>25,943</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 113,337</b>	<b>\$ 110,122</b>

Note: Certain reclassifications have been made to the 2019 consolidated balance sheet to conform to the 2020 presentation.

(at carrying value, \$ in millions)	June 30, 2020	Pre-tax Book Yield (1)	December 31, 2019	Pre- tax Book Yield (1)
<b>Investment portfolio</b>				
Taxable fixed maturities (including redeemable preferred stock)	\$ 38,696	3.11 %	\$ 38,570	3.17 %
Tax-exempt fixed maturities	31,358	3.01 %	29,564	3.12 %
<b>Total fixed maturities</b>	<b>70,054</b>	<b>3.07 %</b>	<b>68,134</b>	<b>3.15 %</b>
Non-redeemable preferred stocks	39	5.07 %	42	5.04 %
Public common stocks	351		383	
<b>Total equity securities</b>	<b>390</b>		<b>425</b>	
<b>Real estate investments</b>	<b>962</b>		<b>963</b>	
<b>Short-term securities</b>	<b>6,087</b>	<b>0.54 %</b>	<b>4,943</b>	<b>1.82 %</b>
Private equities	2,055		2,236	
Hedge funds	175		186	
Real estate partnerships	683		658	
Other investments	195		339	
<b>Total other investments</b>	<b>3,108</b>		<b>3,419</b>	
<b>Total investments</b>	<b>\$ 80,601</b>		<b>\$ 77,884</b>	
<b>Net unrealized investment gains, net of tax, included in shareholders' equity</b>	<b>\$ 3,646</b>		<b>\$ 2,246</b>	

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

## Investment Portfolio - Fixed Maturities Data

(at carrying value, \$ in millions)	June 30, 2020	December 31, 2019
<b>Fixed maturities</b>		
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 2,095	\$ 2,095
Obligations of states and political subdivisions:		
Pre-refunded	2,461	2,056
All other	29,607	27,861
Total	32,068	29,917
Debt securities issued by foreign governments	1,051	1,173
Mortgage-backed securities - principally obligations of U.S. Government agencies	3,084	3,280
Corporates (including redeemable preferreds)	31,756	31,669
<b>Total fixed maturities</b>	<b>\$ 70,054</b>	<b>\$ 68,134</b>

### Fixed Maturities Quality Characteristics (1)

	June 30, 2020		December 31, 2019	
	Amount	% of Total	Amount	% of Total
<b>Quality Ratings</b>				
Aaa	\$ 29,950	42.8 %	\$ 29,164	42.9 %
Aa	16,400	23.4	15,819	23.2
A	12,673	18.1	12,148	17.8
Baa	9,541	13.6	9,541	14.0
Total investment grade	68,564	97.9	66,672	97.9
Ba	918	1.3	846	1.2
B	454	0.6	511	0.7
Caa and lower	118	0.2	105	0.2
Total below investment grade	1,490	2.1	1,462	2.1
Total fixed maturities	\$ 70,054	100.0 %	\$ 68,134	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	3.8		4.0	

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

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Gross investment income</b>								
Fixed maturities	\$ 511	\$ 514	\$ 520	\$ 525	\$ 511	\$ 498	\$ 1,025	\$ 1,009
Short-term securities	28	27	26	24	22	13	55	35
Other	53	118	85	77	88	(234)	171	(146)
	592	659	631	626	621	277	1,251	898
Investment expenses	10	11	9	10	10	9	21	19
Net investment income, pre-tax	582	648	622	616	611	268	1,230	879
Income taxes	86	100	94	91	92	17	186	109
Net investment income, after-tax	\$ 496	\$ 548	\$ 528	\$ 525	\$ 519	\$ 251	\$ 1,044	\$ 770
Effective tax rate	14.7 %	15.4 %	15.2 %	14.8 %	15.1 %	6.2 %	15.1 %	12.4 %
Average invested assets (1)	\$74,040	\$74,370	\$74,910	\$75,996	\$76,191	\$76,635	\$74,197	\$76,508
Average yield pre-tax (1)	3.1 %	3.5 %	3.3 %	3.2 %	3.2 %	1.4 %	3.3 %	2.3 %
Average yield after-tax	2.7 %	2.9 %	2.8 %	2.8 %	2.7 %	1.3 %	2.8 %	2.0 %

(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)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Net realized investment gains (losses)</b>								
Fixed maturities	\$ 16	\$ 13	\$ 14	\$ 12	\$ (2)	\$ 10	\$ 29	\$ 8
Equity securities	41	10	8	14	(88)	43	51	(45)
Other (1)	(4)	2	1	(14)	(8)	(40)	(2)	(48)
Realized investment gains (losses) before tax	53	25	23	12	(98)	13	78	(85)
Related taxes	12	5	5	6	(22)	3	17	(19)
Net realized investment gains (losses)	\$ 41	\$ 20	\$ 18	\$ 6	\$ (76)	\$ 10	\$ 61	\$ (66)
<b>Gross investment gains (losses) before impairments</b>								
Gross investment gains (1)	\$ 65	\$ 31	\$ 30	\$ 32	\$ 31	\$ 69	\$ 96	\$ 100
Gross investment losses before impairments (1)	(11)	(5)	(7)	(18)	(113)	(10)	(16)	(123)
Net investment gains (losses) before impairments	54	26	23	14	(82)	59	80	(23)
Credit impairment losses	(1)	(1)	—	(2)	(16)	(46)	(2)	(62)
Net realized investment gains (losses) before tax	53	25	23	12	(98)	13	78	(85)
Related taxes	12	5	5	6	(22)	3	17	(19)
Net realized investment gains (losses)	\$ 41	\$ 20	\$ 18	\$ 6	\$ (76)	\$ 10	\$ 61	\$ (66)
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020		
<b>Net unrealized investment gains, net of tax, included in shareholders' equity, by asset type</b>								
Fixed maturities	\$ 1,284	\$ 2,388	\$ 2,990	\$ 2,853	\$ 2,271	\$ 4,632		
Equity securities & other	—	1	1	—	2	2		
Unrealized investment gains before tax	1,284	2,389	2,991	2,853	2,273	4,634		
Related taxes	277	511	637	607	488	988		
Balance, end of period	\$ 1,007	\$ 1,878	\$ 2,354	\$ 2,246	\$ 1,785	\$ 3,646		

(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	\$ 1	\$ —	\$ —	\$ —	\$ 5	\$ —	\$ 1	\$ 5
Gross investment Treasury future losses	\$ 1	\$ —	\$ —	\$ —	\$ 12	\$ —	\$ 1	\$ 12

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.

(\$ in millions)	June 30, 2020	December 31, 2019
Gross reinsurance recoverables on paid and unpaid claims and claim adjustment expenses (1)	\$ 3,404	\$ 3,476
Gross structured settlements (2)	2,940	2,965
Mandatory pools and associations (3)	1,905	1,886
Gross reinsurance recoverables (4)	8,249	8,327
Allowance for estimated uncollectible reinsurance (5)	(156)	(92)
Net reinsurance recoverables	<u>\$ 8,093</u>	<u>\$ 8,235</u>

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

Reinsurer	A.M. Best Rating of Group's Predominant Reinsurer	June 30, 2020
Swiss Re Group	A+ second highest of 16 ratings	\$ 516
Berkshire Hathaway	A++ highest of 16 ratings	331
Munich Re Group	A+ second highest of 16 ratings	278
Axa Group	A+ second highest of 16 ratings	165
Alleghany Group	A+ second highest of 16 ratings	136

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.

(2) 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 amounts due from the life insurance company related to the structured settlement are included in both the claims and claim adjustment expense reserves and reinsurance recoverables in the Company's consolidated balance sheet, as the Company retains the 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 included in gross structured settlements is as follows:

Group	A.M. Best Rating of Group's Predominant Insurer	June 30, 2020
Fidelity & Guaranty Life Group (a)	A- fourth highest of 16 ratings	\$ 786
Genworth Financial Group (b)	B seventh highest of 16 ratings	338
John Hancock Group	A+ second highest of 16 ratings	261
Brighthouse Financial, Inc.	A third highest of 16 ratings	245
Symetra Financial Corporation	A third highest of 16 ratings	236

(a) On June 1, 2020, Fidelity National Financial, Inc. completed its acquisition of FGL Holdings (Fidelity & Guaranty Life Group).

(b) 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 June 30, 2020, the parties agreed to extend the closing deadline for the transaction until September 30, 2020.

(3) 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.

(4) Of the total reinsurance recoverables at June 30, 2020, after deducting mandatory pools and associations and before allowances for estimated uncollectible reinsurance, \$5.54 billion, or 87%, were rated by A.M. Best Company. The Company utilizes updated A.M. Best credit ratings on a quarterly basis when determining the allowance. Of the total rated by A.M. Best Company, 93% were rated A- or better. The remaining 13% of reinsurance recoverables were comprised of the following: 6% related to captive insurance companies, 2% related to the Company's participation in voluntary pools and 5% were balances from other companies not rated by A.M. Best Company. Certain of the Company's reinsurance recoverables are collateralized by letters of credit, funds held or trust agreements.

(5) The Company reports its reinsurance recoverables net of an allowance for estimated uncollectible reinsurance. The allowance is based upon the Company's ongoing review of amounts outstanding, length of collection periods, changes in reinsurer credit standing, disputes, applicable coverage defenses and other relevant factors. For structured settlements, the allowance is also based upon the Company's ongoing review of life insurers' creditworthiness and estimated amounts of coverage that would be available from state guaranty funds if a life insurer defaults. A probability-of-default methodology which reflects current and forecasted economic conditions is used to estimate the amount of uncollectible reinsurance due to credit-related factors and the estimate is reported in an allowance for estimated uncollectible reinsurance. The allowance also includes estimated uncollectible amounts related to dispute risk with reinsurers. The Company adopted updated guidance for the accounting for credit losses for financial instruments for the quarter ending March 31, 2020 which resulted in the recognition of an allowance for expected credit losses on structured settlements of \$53 million, pre-tax, with an offsetting after-tax cumulative effect adjustment to retained earnings as of January 1, 2020.

**Net Reserves for Losses and Loss Adjustment Expense**

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Statutory Reserves for Losses and Loss Adjustment Expenses</b>								
<b>Business Insurance</b>								
Beginning of period	\$ 33,857	\$ 34,086	\$ 34,377	\$ 34,963	\$ 35,142	\$ 35,415	\$ 33,857	\$ 35,142
Incurred	2,529	2,631	2,969	2,608	2,737	2,828	5,160	5,565
Paid	(2,320)	(2,345)	(2,354)	(2,482)	(2,364)	(2,067)	(4,665)	(4,431)
Foreign exchange and other	20	5	(29)	53	(100)	34	25	(66)
End of period	\$ 34,086	\$ 34,377	\$ 34,963	\$ 35,142	\$ 35,415	\$ 36,210	\$ 34,377	\$ 36,210
<b>Bond &amp; Specialty Insurance</b>								
Beginning of period	\$ 2,987	\$ 3,068	\$ 3,042	\$ 3,074	\$ 3,094	\$ 3,085	\$ 2,987	\$ 3,094
Incurred	264	236	298	286	325	401	500	726
Paid	(189)	(260)	(256)	(290)	(300)	(216)	(449)	(516)
Foreign exchange and other	6	(2)	(10)	24	(34)	6	4	(28)
End of period	\$ 3,068	\$ 3,042	\$ 3,074	\$ 3,094	\$ 3,085	\$ 3,276	\$ 3,042	\$ 3,276
<b>Personal Insurance</b>								
Beginning of period	\$ 5,565	\$ 5,427	\$ 5,560	\$ 5,587	\$ 5,507	\$ 5,413	\$ 5,565	\$ 5,507
Incurred	1,596	1,897	1,899	1,684	1,671	1,824	3,493	3,495
Paid	(1,751)	(1,781)	(1,862)	(1,782)	(1,693)	(1,644)	(3,532)	(3,337)
Foreign exchange and other	17	17	(10)	18	(72)	33	34	(39)
End of period	\$ 5,427	\$ 5,560	\$ 5,587	\$ 5,507	\$ 5,413	\$ 5,626	\$ 5,560	\$ 5,626
<b>Total</b>								
Beginning of period	\$ 42,409	\$ 42,581	\$ 42,979	\$ 43,624	\$ 43,743	\$ 43,913	\$ 42,409	\$ 43,743
Incurred	4,389	4,764	5,166	4,578	4,733	5,053	9,153	9,786
Paid	(4,260)	(4,386)	(4,472)	(4,554)	(4,357)	(3,927)	(8,646)	(8,284)
Foreign exchange and other	43	20	(49)	95	(206)	73	63	(133)
End of period	\$ 42,581	\$ 42,979	\$ 43,624	\$ 43,743	\$ 43,913	\$ 45,112	\$ 42,979	\$ 45,112
<b>Prior Year Reserve Development: Unfavorable (Favorable)</b>								
<b>Business Insurance</b>								
Asbestos	\$ —	\$ —	\$ 220	\$ —	\$ —	\$ —	\$ —	\$ —
Environmental	—	60	8	8	17	17	60	34
All other	21	(131)	88	(16)	(22)	(17)	(110)	(39)
Total Business Insurance (1)	21	(71)	316	(8)	(5)	—	(50)	(5)
<b>Bond &amp; Specialty Insurance</b>	(3)	(39)	(3)	(20)	—	33	(42)	33
<b>Personal Insurance</b>	(69)	(13)	(19)	(32)	(22)	(35)	(82)	(57)
<b>Total</b>	\$ (51)	\$ (123)	\$ 294	\$ (60)	\$ (27)	\$ (2)	\$ (174)	\$ (29)

(1) Excludes accretion of discount.

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

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Asbestos reserves</b>								
Beginning reserves:								
Gross	\$ 1,608	\$ 1,564	\$ 1,474	\$ 1,685	\$ 1,601	\$ 1,530	\$ 1,608	\$ 1,601
Ceded	(327)	(321)	(295)	(334)	(322)	(316)	(327)	(322)
Net	1,281	1,243	1,179	1,351	1,279	1,214	1,281	1,279
Incurred losses and loss expenses:								
Gross	—	—	268	—	—	—	—	—
Ceded	—	—	(48)	—	—	—	—	—
Paid loss and loss expenses:								
Gross	44	90	57	86	69	60	134	129
Ceded	(6)	(26)	(9)	(12)	(6)	(15)	(32)	(21)
Foreign exchange and other:								
Gross	—	—	—	2	(2)	—	—	(2)
Ceded	—	—	—	—	—	—	—	—
Ending reserves:								
Gross	1,564	1,474	1,685	1,601	1,530	1,470	1,474	1,470
Ceded	(321)	(295)	(334)	(322)	(316)	(301)	(295)	(301)
Net	\$ 1,243	\$ 1,179	\$ 1,351	\$ 1,279	\$ 1,214	\$ 1,169	\$ 1,179	\$ 1,169
<b>Environmental reserves</b>								
Beginning reserves:								
Gross	\$ 358	\$ 338	\$ 388	\$ 374	\$ 350	\$ 350	\$ 358	\$ 350
Ceded	(24)	(24)	(29)	(29)	(29)	(27)	(24)	(29)
Net	334	314	359	345	321	323	334	321
Incurred losses and loss expenses:								
Gross	—	67	8	9	19	17	67	36
Ceded	—	(7)	—	(1)	(2)	—	(7)	(2)
Paid loss and loss expenses:								
Gross	20	16	22	34	18	11	36	29
Ceded	—	(1)	—	(1)	(4)	(1)	(1)	(5)
Foreign exchange and other:								
Gross	—	(1)	—	1	(1)	—	(1)	(1)
Ceded	—	1	—	—	—	—	1	—
Ending reserves:								
Gross	338	388	374	350	350	356	388	356
Ceded	(24)	(29)	(29)	(29)	(27)	(26)	(29)	(26)
Net	\$ 314	\$ 359	\$ 345	\$ 321	\$ 323	\$ 330	\$ 359	\$ 330

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



(\$ in millions)	June 30, 2020	December 31, 2019
<b>Debt</b>		
<b>Short-term debt</b>		
Commercial paper	\$ 100	\$ 100
3.90% Senior notes due November 1, 2020 (1)	500	500
Total short-term debt	600	600
<b>Long-term debt</b>		
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	500
2.55% Senior notes due April 27, 2050 (1)	500	—
Total long-term debt	6,504	6,004
Unamortized fair value adjustment	42	43
Unamortized debt issuance costs	(97)	(89)
	6,449	5,958
<b>Total debt</b>	7,049	6,558
<b>Common equity (excluding net unrealized investment gains, net of tax, included in shareholders' equity)</b>	23,297	23,697
<b>Total capital (excluding net unrealized investment gains, net of tax, included in shareholders' equity)</b>	\$ 30,346	\$ 30,255
<b>Total debt to capital (excluding net unrealized investment gains, net of tax, included in shareholders' equity)</b>	23.2 %	21.7 %

(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)	<b>June 30, 2020 (1)</b>	<b>December 31, 2019</b>
<b>Statutory capital and surplus</b>	\$ 20,607	\$ 21,330
<b>GAAP adjustments</b>		
Goodwill and intangible assets	3,573	3,589
Investments	4,839	3,130
Noninsurance companies	(4,055)	(4,111)
Deferred acquisition costs	2,367	2,273
Deferred federal income tax	(1,398)	(1,144)
Current federal income tax	(42)	(29)
Reinsurance recoverables	47	47
Furniture, equipment & software	696	676
Agents balances	180	212
Other	129	(30)
<b>Total GAAP adjustments</b>	<b>6,336</b>	<b>4,613</b>
<b>GAAP shareholders' equity</b>	<b>\$ 26,943</b>	<b>\$ 25,943</b>

(1) Estimated and Preliminary

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

(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Cash flows from operating activities</b>								
Net income (loss)	\$ 796	\$ 557	\$ 396	\$ 873	\$ 600	\$ (40)	\$ 1,353	\$ 560
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Net realized investment (gains) losses	(53)	(25)	(23)	(12)	98	(13)	(78)	85
Depreciation and amortization	211	190	180	182	203	188	401	391
Deferred federal income tax expense (benefit)	32	(22)	(20)	(23)	6	(77)	10	(71)
Amortization of deferred acquisition costs	1,117	1,134	1,169	1,181	1,178	1,173	2,251	2,351
Equity in (income) loss from other investments	(34)	(98)	(64)	(55)	(67)	253	(132)	186
Premiums receivable	(434)	(345)	168	227	(326)	(245)	(779)	(571)
Reinsurance recoverables	98	53	61	(55)	(15)	75	151	60
Deferred acquisition costs	(1,185)	(1,223)	(1,211)	(1,128)	(1,215)	(1,238)	(2,408)	(2,453)
Claims and claim adjustment expense reserves	(2)	331	598	120	388	1,067	329	1,455
Unearned premium reserves	551	407	392	(342)	414	229	958	643
Other	(458)	194	355	444	(636)	292	(264)	(344)
<b>Net cash provided by operating activities</b>	<b>639</b>	<b>1,153</b>	<b>2,001</b>	<b>1,412</b>	<b>628</b>	<b>1,664</b>	<b>1,792</b>	<b>2,292</b>
<b>Cash flows from investing activities</b>								
Proceeds from maturities of fixed maturities	1,556	1,482	1,857	1,950	1,461	1,610	3,038	3,071
Proceeds from sales of investments:								
Fixed maturities	769	726	306	386	388	832	1,495	1,220
Equity securities	39	32	28	41	33	21	71	54
Other investments	105	135	106	113	64	75	240	139
Purchases of investments:								
Fixed maturities	(2,914)	(2,794)	(2,526)	(2,477)	(2,630)	(2,160)	(5,708)	(4,790)
Equity securities	(22)	(19)	(21)	(32)	(35)	(24)	(41)	(59)
Real estate investments	(77)	(8)	(10)	(12)	(16)	(8)	(85)	(24)
Other investments	(146)	(116)	(107)	(128)	(103)	(125)	(262)	(228)
Net sales (purchases) of short-term securities	(109)	606	(1,114)	(340)	906	(2,053)	497	(1,147)
Securities transactions in course of settlement	295	(72)	209	(274)	85	9	223	94
Other	(82)	(87)	(74)	(82)	(69)	(75)	(169)	(144)
<b>Net cash provided by (used in) investing activities</b>	<b>(586)</b>	<b>(115)</b>	<b>(1,346)</b>	<b>(855)</b>	<b>84</b>	<b>(1,898)</b>	<b>(701)</b>	<b>(1,814)</b>

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



(\$ in millions)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	YTD 2Q2019	YTD 2Q2020
<b>Cash flows from financing activities</b>								
Treasury stock acquired - share repurchase authorization	(375)	(375)	(375)	(375)	(425)	—	(750)	(425)
Treasury stock acquired - net employee share-based compensation	(46)	(1)	—	(1)	(46)	—	(47)	(46)
Dividends paid to shareholders	(205)	(214)	(214)	(211)	(210)	(216)	(419)	(426)
Payment of debt	—	(500)	—	—	—	—	(500)	—
Issuance of debt	492	—	—	—	—	490	492	490
Issuance of common stock - employee share options	63	111	32	7	31	34	174	65
<b>Net cash provided by (used in) financing activities</b>	<b>(71)</b>	<b>(979)</b>	<b>(557)</b>	<b>(580)</b>	<b>(650)</b>	<b>308</b>	<b>(1,050)</b>	<b>(342)</b>
Effect of exchange rate changes on cash	2	—	(6)	9	(12)	5	2	(7)
Net increase (decrease) in cash	(16)	59	92	(14)	50	79	43	129
Cash at beginning of period	373	357	416	508	494	544	373	494
Cash at end of period	<u>\$ 357</u>	<u>\$ 416</u>	<u>\$ 508</u>	<u>\$ 494</u>	<u>\$ 544</u>	<u>\$ 623</u>	<u>\$ 416</u>	<u>\$ 623</u>
Income taxes paid	\$ 5	\$ 320	\$ 42	\$ 61	\$ 15	\$ 2	\$ 325	\$ 17
Interest paid	\$ 50	\$ 121	\$ 60	\$ 107	\$ 60	\$ 106	\$ 171	\$ 166

## 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 2020 ranges from approximately \$20 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.

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

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

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

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

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

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

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

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

**Business Insurance** - Business Insurance offers a broad array of property and casualty insurance and insurance-related services to its customers, primarily in the United States, as well as in Canada, the United Kingdom, the Republic of Ireland 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 (through a joint venture as described below), 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., 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.