Brian W. MacLean
President & Chief Operating Officer

Bank of America Merrill Lynch
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Our forward-looking statements speak only as of the date of this presentation or as of the date they are made, and we undertake no obligation to update our forward-looking statements. For a more detailed discussion of these factors, see the information under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent annual report on Form 10-K and our quarterly report on Form 10-Q filed with the Securities and Exchange Commission.

In this presentation, we may refer to some non-GAAP financial measures. For a reconciliation of these measures to the most comparable GAAP measures and a glossary of financial measures, we refer you to the earnings press releases and financial supplements which are available on the Travelers website under the investor section (www.travelers.com).

TRAVELERS
Overview: Travelers Segments

Travelers Full Year 2010 Net Written Premiums: $21.6 Billion

Personal Insurance $7.5 Billion

Business Insurance $10.9 Billion

Financial, Professional & International Insurance: $3.2 Billion
Focus of Today’s Presentation

Individually Underwritten U.S. Commercial Businesses

National Accounts
Commercial Accounts
Industry Focused Underwriting
Target Risk Underwriting
Specialized Distribution
Bond & Financial Products

Notes:
Chart represents percentage of 2010 net written premiums.
Portion of Select Accounts also includes individually underwritten business.
Superior Risk Assessment Enables Outperformance Versus Industry
Ability to make significant investments in infrastructure is vital for success in the markets Travelers operates.
Key Capabilities for Success in the P&C Industry

- Risk Assessment
  - Underwriting Sophistication
  - Distribution Strength
  - Product Quality
  - Service Capabilities
  - Claim Effectiveness

- Technology
- Talent
- Data
Over the past few years, Travelers has developed a multitude of new and enhanced products such as:

- **INDUSTRYEdge**
  - TravelersExpress℠
  - Wrap+℠
  - Quantumhome
  - Quantumauto
  - SelectOne+℠
  - Executive Choice+℠
  - MedFirst℠
  - 1st Choice+℠
  - TravelersExpressPlus℠

Specialization and expertise are key differentiators.
### Product Quality: Manufacturing Process

<table>
<thead>
<tr>
<th>Product Idea</th>
<th>Research</th>
<th>Enterprise Collaboration</th>
<th>Design</th>
<th>Develop</th>
<th>File</th>
<th>Implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Agents</td>
<td>• Industry</td>
<td>• Other Businesses</td>
<td>• Coverage</td>
<td>• Draft Forms</td>
<td>• Filing Strategy</td>
<td>• Press Release</td>
</tr>
<tr>
<td>• Field</td>
<td>• Competitor</td>
<td>• Enterprises Underwriting</td>
<td>• Rates</td>
<td>• Legal Review</td>
<td>• Pilot or C/W</td>
<td>• Articles/Advertising</td>
</tr>
<tr>
<td>• Competitors</td>
<td>• Agents</td>
<td>• Claim</td>
<td>• Class Codes</td>
<td>• Training Plans</td>
<td>• Track Approvals</td>
<td>• Tradeshows</td>
</tr>
<tr>
<td>• New Exposure</td>
<td>• Demographics</td>
<td>• Risk Control</td>
<td>• Systems Support</td>
<td>• Marketing Plans</td>
<td>• Prepare for Launch</td>
<td>• Field Training</td>
</tr>
<tr>
<td>• Risk Control</td>
<td>• Market</td>
<td>• Pro Forma</td>
<td>• Operational Support</td>
<td>• Service Offering</td>
<td>• Prepare Field/Operations</td>
<td>• Release Leads</td>
</tr>
<tr>
<td>• Claim</td>
<td>• Customers</td>
<td>• Actuarial</td>
<td>• Services</td>
<td>• Systems Support</td>
<td>• Research</td>
<td>• Agent Training, etc.</td>
</tr>
<tr>
<td>• Systems</td>
<td>• Systems</td>
<td>• Systems</td>
<td>• Research</td>
<td>• Research</td>
<td></td>
<td>• Post-Launch Feedback Loop</td>
</tr>
<tr>
<td>• Operations</td>
<td>• Operations</td>
<td></td>
<td></td>
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<td></td>
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</tbody>
</table>
Product Quality: Specialization

**INDUSTRYEdge®**

- Suite of products and services providing tailored risk management solutions
  - Tailored coverage solutions
  - Packaged sales kits and joint advertising for agents
  - Pre-qualified leads

### Travelers Commercial Accounts: Examples of New and Enhanced Products

<table>
<thead>
<tr>
<th>2008 &amp; Prior</th>
<th>2010 &amp; 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Auto Dealers</td>
<td>• Building Service Contractors</td>
</tr>
<tr>
<td>• Architects</td>
<td>• Equipment Dealers</td>
</tr>
<tr>
<td>• Educational Institutions</td>
<td>• Plastic &amp; Rubber Goods Manufacturing</td>
</tr>
<tr>
<td>• Electrical Equipment</td>
<td>• Retail Businesses</td>
</tr>
<tr>
<td>• Engineers</td>
<td>• Wholesalers &amp; Distributers</td>
</tr>
<tr>
<td>• Food Manufacturers</td>
<td>• Healthcare</td>
</tr>
<tr>
<td>• Hotels &amp; Restaurants</td>
<td></td>
</tr>
<tr>
<td>• Imported Products</td>
<td></td>
</tr>
<tr>
<td>• Printers/Publishers</td>
<td></td>
</tr>
<tr>
<td>• Wood Products</td>
<td></td>
</tr>
</tbody>
</table>

Meeting the specialized needs of customers
Benefits of Product Breadth

- Responds to agents / customers needs with an abundance of related products across markets
- Increases cross-sell opportunities
- Facilitates ability to leverage knowledge across markets
- Provides greater diversification of risk

Supports more sustainable and consistent profits
Distribution Strength: Leadership Position

An Agency’s Average Share of Middle Market Written Premium With Their Top 3 Carriers¹

- 80% of an agency’s book is with their top 3 carriers
- 20%

Agency Preference Survey²

- Percentage of agents who responded that **Travelers** was one of the top 5 companies they do business with:
  
  **Commercial Lines**
  
  #1 Rank: Travelers: 59%
  #2 Ranked Company: 42%

**Strong position within distribution provides greater opportunity to quote on the best risks**

¹ Source: June 2007 Copernicus Market Research Telephone Survey; Booz Allen analysis.
Underwriting Sophistication: Understanding the Risk

Travelers Risk Selection Process and Underwriting Qualitative Controls

- Pre-qualification
  - Underwriting guidance
  - Target prospects
  - Geographic / jurisdiction focus
  - Financial underwriting
  - Loss prevention and risk control

- Collaboration
  - Authority triggers by class, size and underwriter experience
  - Coverage and pricing review

- On-going monitoring and adjustment
  - Monitor state / line / legal environment
  - Adjust eligibility as coverage and conditions change

- Quality control and metrics
  - Field / business unit quality review & underwriting audits
  - Benchmarking price monitoring
  - Monitor changing terms and conditions

Travelers quotes on only approximately 30% of commercial business submitted
Underwriting Sophistication: Industry Leading Analytics

Predictive models
- Large scale of proprietary data
- More robust management information
- Better pricing segmentation
- Continuously refine and update

Business metrics
- Granular views of profit, loss, production metrics
- Views include by: region, office, account, industry, underwriter, etc.
- Macro and micro level data enables quick identification of trends

Specialization → Scale → Analytics → Underwriting Advantage
Underwriting Sophistication: Ability to Execute Risk Based Pricing Strategy

Full Year 2010 Renewal Rate by Band – Travelers Commercial Accounts

Combination of sophisticated pricing tools and experienced underwriters leads to better pricing segmentation

1 Guaranteed cost only
Travelers has over 700 specialists helping customers assess risk and mitigate loss experience.

 Approximately 75% of new accounts assessed prior to quote.

 75,000 jobs completed annually; 110,000 safety recommendations made in 2010.

 Data leveraged into underwriting.

 Broad range of services available ranging from consultative to web based self assessment tools.

 Customers that access two or more core offerings from Risk Control Services have 11 points of better retention over a 3-year period.

 Ability to impact loss costs is a key differentiator among companies.
Claim Effectiveness: Industry Leading Claim Management

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Travelers Claim Services Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Optimal payout</td>
<td>• Resolution excellence compressing</td>
</tr>
<tr>
<td></td>
<td>claim process (improve customer</td>
</tr>
<tr>
<td></td>
<td>satisfaction, pay right amount and</td>
</tr>
<tr>
<td></td>
<td>eliminate fraud)</td>
</tr>
<tr>
<td>• Deepen customer</td>
<td>• Speed, flexible delivery of claim</td>
</tr>
<tr>
<td>relationships and</td>
<td>service that customers value, share</td>
</tr>
<tr>
<td>deliver value</td>
<td>risk management knowledge</td>
</tr>
<tr>
<td>• New business and retention</td>
<td>• Information advantage for customer</td>
</tr>
<tr>
<td></td>
<td>insights, product development, risk</td>
</tr>
<tr>
<td></td>
<td>selection and pricing – accelerating</td>
</tr>
<tr>
<td></td>
<td>data certainty</td>
</tr>
</tbody>
</table>

Claim effectiveness provides significant top and bottom line advantages
Success in Key Capabilities Needed for Superior Risk Assessment

*Travelers Commercial Accounts: 2008 New Business*

<table>
<thead>
<tr>
<th>Rate Change</th>
<th>New Business</th>
<th>1st Renewal</th>
<th>2nd Renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 New Business</td>
<td>2.0%</td>
<td>1.6%</td>
<td></td>
</tr>
<tr>
<td>Remainder of Book</td>
<td>0.1%</td>
<td>0.1%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Retention</th>
<th>2008 New Business</th>
<th>84.2%</th>
<th>81.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remainder of Book</td>
<td>85.5%</td>
<td>86.2%</td>
<td></td>
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</tbody>
</table>

Continual process of assessing and managing risk critical to profitability
Example: Workers’ Compensation
Workers’ Compensation
Overview of Travelers

Travelers Business Insurance Segment
Full Year 2010 Net Written Premiums: $10.9 Billion

- Commercial Multi-Peril: $3.0B / 27%
- Workers’ Comp.: $2.6B / 24%
- General Liability: $1.7B / 16%
- Property: $1.7B / 15%
- Commercial Auto: $1.9B / 18%

Market Share Percentage
Top 10 U.S. Workers’ Compensation Carriers

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Liberty Mutual</td>
<td>11.0%</td>
<td>11.6%</td>
<td>10.8%</td>
<td>10.7%</td>
<td>9.5%</td>
</tr>
<tr>
<td>2</td>
<td>AIG</td>
<td>8.8%</td>
<td>9.8%</td>
<td>11.6%</td>
<td>12.3%</td>
<td>10.9%</td>
</tr>
<tr>
<td>3</td>
<td><strong>TRAVELERS</strong></td>
<td>6.8%</td>
<td>6.1%</td>
<td>5.3%</td>
<td>5.1%</td>
<td>5.3%</td>
</tr>
<tr>
<td>4</td>
<td>Hartford</td>
<td>6.2%</td>
<td>5.5%</td>
<td>4.9%</td>
<td>4.9%</td>
<td>5.3%</td>
</tr>
<tr>
<td>5</td>
<td>Zurich Financial</td>
<td>5.2%</td>
<td>5.0%</td>
<td>5.3%</td>
<td>4.3%</td>
<td>4.1%</td>
</tr>
<tr>
<td>6</td>
<td>New York State Fund</td>
<td>3.2%</td>
<td>2.9%</td>
<td>3.2%</td>
<td>3.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>7</td>
<td>California State Fund</td>
<td>3.2%</td>
<td>3.7%</td>
<td>4.5%</td>
<td>6.5%</td>
<td>11.0%</td>
</tr>
<tr>
<td>8</td>
<td>ACE</td>
<td>2.4%</td>
<td>1.9%</td>
<td>2.3%</td>
<td>2.2%</td>
<td>2.0%</td>
</tr>
<tr>
<td>9</td>
<td>Accident Fund Group</td>
<td>2.0%</td>
<td>1.9%</td>
<td>1.6%</td>
<td>1.4%</td>
<td>1.3%</td>
</tr>
<tr>
<td>10</td>
<td>CNA</td>
<td>1.9%</td>
<td>1.9%</td>
<td>1.8%</td>
<td>1.9%</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

Source: A.M. Best

On average, Travelers’ combined ratio has outperformed the industry by approximately 10 points over last 10 years¹

¹ Source: SNL Financial calendar year combined ratio data
Workers’ Compensation
Travelers Competitive Advantages

• Broad view of the market
  - Ability to write small, middle market and national accounts successfully including the residual market

• Risk selection advantage
  - Industry leading analytics and tools at the local level enhance underwriting and pricing decisions
  - Connectivity between underwriting, claim management and risk control

• Risk control expertise
  - Over 400 specialists support workers’ compensation product line
  - Provide services related to post-injury management, safety management, ergonomics and industrial hygiene

• Claim effectiveness
  - 2,100 workers' compensation claim professionals across the country with an average of 15 years of experience
Workers’ Compensation
Travelers Integrated Claims Management

Claim Event
- Mandatory Medicare Reporting Experts
- Medicare Set-Aside Experts
- Early Intervention in Chronic Pain
- Medical Case Management
- Second Injury Fund Team
- Litigation Management
- Medical Fraud Team
- Investigative Services
- Durable Medical Equipment Network
- Integrated Workstation Platform
- 1-800 Nurse Assistance
- Claim Reporting 24/7
- Compensability Investigation
- Preferred Provider Network
- Pharmacy Management Program
- Medical Director
- Subrogation Team
- Major Case Unit
- Medical Bill Review
- Predictive Modeling
- Investigative Services
- Durable Medical Equipment Network
- Integrated Workstation Platform

Return-to-work focus while ensuring the appropriate level of medical care at the appropriate cost
Workers’ Compensation
Travelers Integrated Claims Management – Examples of Capabilities

Medical Case Management

Employ over 500 nurses to actively manage all medical components of a workers’ compensation claim

- **Patented nurse triage process**
  - Based on predictive modeling, nurses are assigned early in the process to only those claims where they can add value

- **Return-to-work coordination**
  - Establishment of return-to-work timeframes based on proprietary targets from historical data
  - Active management of return-to-work process through frequent communication with all involved parties

- **Utilization review**
  - Ensure treatment is related to the injury and medically necessary
Pharmacy Management Program

Extensive countrywide pharmacy network drives a 44% reduction in pharmacy costs

- Partner with pharmacists
  - Analyze potential harmful drug interactions
  - Look for generic substitutions
  - Eliminate duplicative therapy
  - Identify excessive dosing and abuse patterns

- Utilize medical director and extensive pharmaceutical data
  - Continuously monitor for emerging trends to ensure the company is proactive in responding to the changing medical environment
Workers’ Compensation

Travelers Integrated Claims Management – Examples of Capabilities (Cont.)

Medical Bill Review

Travelers receives medical bills for nearly $2.5 billion related to workers’ compensation per year

- All bills are subject to a sophisticated automated and manual system of review
  - System intelligence / triggers identify billing trends, billing code inconsistencies and high value bills
  - Detects duplicates
  - Isolates outlier bills
  - Identifies potential fraud and inappropriate coding

- Specialized Medical Audit and Review Team (SMART)
  - Predictive models and protocols identify which medical bills require manual review
  - Team of nurses conducts line-by-line reviews of 23% of received medical bills (review of 45,000 – 55,000 bills per month)
  - Continuously create new protocols to be ahead of changing medical environment
  - Over 70% of medical bills reviewed by SMART yield lower payouts (approximately $135 million per year)
Workers’ Compensation
Travelers Integrated Claims Management

**Travelers Results**

- Frequency of lost time claims declined approximately 40% from 2002 to 2009
- Number of days out work per loss declined 3.5% in 2010 compared to 2009
- 67% of injured workers return to work within 30 days; 82% within 60 days
- 81% of medical treatment occurs within Travelers network vs. 70% estimate for the industry\(^1\)
- Prescription costs as percentage of all medical costs paid – Travelers: 9.5% vs. industry: 14.0%\(^2\)
- Travelers saves an average of 61% on all medical bills vs. estimated industry savings of 50% - 59%\(^1\)
- 17% sustained denial rate vs. 10% estimate for the industry\(^1\)

\(^1\) Travelers’ estimates for industry results.
\(^2\) The Journal of Workers’ Compensation Vol.18 No 4 Summer 2009.
Risk Assessment

- Underwriting Sophistication
- Distribution Strength
- Product Quality
- Service Capabilities
- Claim Effectiveness

- Technology
- Talent
- Data
Superior risk assessment enables outperformance versus industry
• For further information, please see Travelers reports filed with the SEC pursuant to the Securities Exchange Act of 1934 which are available at the SEC’s website (www.sec.gov).

• This presentation should be read with accompanying discussion and Travelers SEC filings.

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