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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.

The Travelers Companies, Inc.
Financial Highlights



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

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

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



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

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

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

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

(1) Adjustments to net income and weighted average shares for net income EPS calculations can generally be used for the core income EPS calculations.

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

The Travelers Companies, Inc.
Statement of Income - Consolidated



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

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

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



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

(1) Before policyholder dividends.

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

| (\$ in millions) | 1Q2018 | 2Q2018 | 3Q2018 | 4Q2018 | 1Q2019 | 2Q2019 | YTD 2Q2018 | YTD 2Q2019 |
|---|--------|--------|--------|--------|--------|--------|---------------|---------------|
| Billing and policy fees and other | \$ 23 | \$ 22 | \$ 24 | \$ 24 | \$ 27 | \$ 26 | \$ 45 | \$ 53 |
| Fee income: | | | | | | | | |
| Loss and loss adjustment expenses | \$ 37 | \$ 40 | \$ 38 | \$ 39 | \$ 40 | \$ 45 | \$ 77 | \$ 85 |
| Underwriting expenses | 66 | 72 | 71 | 69 | 69 | 71 | 138 | 140 |
| Total fee income | \$ 103 | \$ 112 | \$ 109 | \$ 108 | \$ 109 | \$ 116 | \$ 215 | \$ 225 |
| Non-insurance general and administrative expenses | \$ 37 | \$ 39 | \$ 38 | \$ 45 | \$ 47 | \$ 50 | \$ 76 | \$ 97 |

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

The Travelers Companies, Inc.
Core Income - Consolidated



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

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

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



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

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

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

The Travelers Companies, Inc.
Written and Earned Premiums - Property and Casualty Operations



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

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

The Travelers Companies, Inc.
Segment Income - Business Insurance



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

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

Segment Income by Major Component and Combined Ratio - Business Insurance

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

(1) Before policyholder dividends.

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

| (\$ in millions) | 1Q2018 | 2Q2018 | 3Q2018 | 4Q2018 | 1Q2019 | 2Q2019 | YTD 2Q2018 | YTD 2Q2019 |
|---|--------|--------|--------|--------|--------|--------|---------------|---------------|
| Billing and policy fees and other | \$ 4 | \$ 4 | \$ 3 | \$ 4 | \$ 4 | \$ 3 | \$ 8 | \$ 7 |
| Fee income: | | | | | | | | |
| Loss and loss adjustment expenses | \$ 37 | \$ 40 | \$ 38 | \$ 39 | \$ 40 | \$ 45 | \$ 77 | \$ 85 |
| Underwriting expenses | 62 | 67 | 65 | 64 | 64 | 66 | 129 | 130 |
| Total fee income | \$ 99 | \$ 107 | \$ 103 | \$ 103 | \$ 104 | \$ 111 | \$ 206 | \$ 215 |
| Non-insurance general and administrative expenses | \$ 28 | \$ 30 | \$ 29 | \$ 37 | \$ 38 | \$ 41 | \$ 58 | \$ 79 |

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

The Travelers Companies, Inc.
Selected Statistics - Business Insurance



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

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

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



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

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

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



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

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

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

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

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

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

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

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



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

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

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



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

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

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



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

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

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

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

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

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

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

The Travelers Companies, Inc.
Selected Statistics - Personal Insurance



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

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

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



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

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

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

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

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

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

| (\$ in millions) | 1Q2018 | 2Q2018 | 3Q2018 | 4Q2018 | 1Q2019 | 2Q2019 | YTD 2Q2018 | YTD 2Q2019 |
|-----------------------------------|--------|--------|--------|--------|--------|--------|---------------|---------------|
| Billing and policy fees and other | \$ 10 | \$ 10 | \$ 11 | \$ 11 | \$ 12 | \$ 12 | \$ 20 | \$ 24 |
| Fee income | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 6 | \$ 6 |

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

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

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

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

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

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

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

The Travelers Companies, Inc.
Interest Expense and Other



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

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

The Travelers Companies, Inc.
Consolidated Balance Sheet



(\$ in millions)

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

The Travelers Companies, Inc.
Investment Portfolio



(at carrying value, \$ in millions)

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

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

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



(at carrying value, \$ in millions)

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

Fixed Maturities
Quality Characteristics (1)

| | June 30, 2019 | | December 31, 2018 | |
|--|---------------|-------------|-------------------|-------------|
| | Amount | % of Total | Amount | % of Total |
| Quality Ratings | | | | |
| Aaa | \$ 27,241 | 40.6% | \$ 26,089 | 41.1% |
| Aa | 17,063 | 25.4 | 16,027 | 25.3 |
| A | 11,684 | 17.4 | 10,539 | 16.6 |
| Baa | 9,615 | 14.3 | 9,334 | 14.7 |
| Total investment grade | 65,603 | 97.7 | 61,989 | 97.7 |
| Ba | 911 | 1.3 | 912 | 1.4 |
| B | 532 | 0.8 | 466 | 0.7 |
| Caa and lower | 126 | 0.2 | 97 | 0.2 |
| Total below investment grade | 1,569 | 2.3 | 1,475 | 2.3 |
| Total fixed maturities | \$ 67,172 | 100.0% | \$ 63,464 | 100.0% |
| Average weighted quality | Aa2, AA | | Aa2, AA | |
| Weighted average duration of fixed maturities and short-term securities, net of securities lending activities and net receivables and payables on investment sales and purchases | 4.2 | | 4.5 | |

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

The Travelers Companies, Inc.
Investment Income



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

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

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

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

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

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

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

The Travelers Companies, Inc.
Reinsurance Recoverables



(\$ in millions)

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

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

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

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

The net reinsurance recoverables reflect an allowance for uncollectible reinsurance that is based upon the Company's ongoing review of amounts outstanding, reinsurer solvency, the Company's experience, current economic conditions, and other relevant factors. Of the total net recoverables due from reinsurers at June 30, 2019, after deducting mandatory pools and associations and structured settlement balances, \$2.7 billion, or 82%, were rated by A.M. Best Company. Of the total rated by A.M. Best Company, 99% were rated A- or better. The remaining 18% of net recoverables from reinsurers were comprised of the following: 3% related to the Company's participation in voluntary pools, 12% related to recoverables from captive insurance companies and 3% were balances from other companies not rated by A.M. Best Company. In addition, \$0.8 billion of the net recoverables were collateralized by letters of credit, funds held or trust agreements at June 30, 2019.

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

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

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

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

(1) On October 23, 2016, Genworth Financial (Genworth) announced that they have entered into a definitive agreement under which China Oceanwide Holdings Group Co., Ltd. (China Oceanwide) agreed to acquire all of the outstanding shares of Genworth. China Oceanwide is a privately held, family-owned international financial holding group headquartered in Beijing, China. On March 7, 2017, Genworth stockholders adopted the merger agreement, and the acquisition is pending the receipt of required regulatory approvals. On July 1, 2019, the parties agreed to extend the closing deadline for the transaction until November 30, 2019.

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



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

(1) Excludes accretion of discount.

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

The Travelers Companies, Inc.
Asbestos and Environmental Reserves



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

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

The Travelers Companies, Inc.
Capitalization



(\$ in millions)

| | June 30, 2019 | December 31, 2018 |
|---|------------------|----------------------|
| Debt | | |
| Short-term debt | | |
| Commercial paper | \$ 100 | \$ 100 |
| 5.90% Senior notes due June 2, 2019 (1) | — | 500 |
| Total short-term debt | 100 | 600 |
| Long-term debt | | |
| 3.90% Senior notes due November 1, 2020 (1) | 500 | 500 |
| 7.75% Senior notes due April 15, 2026 | 200 | 200 |
| 7.625% Junior subordinated debentures due December 15, 2027 | 125 | 125 |
| 6.375% Senior notes due March 15, 2033 (1) | 500 | 500 |
| 6.75% Senior notes due June 20, 2036 (1) | 400 | 400 |
| 6.25% Senior notes due June 15, 2037 (1) | 800 | 800 |
| 5.35% Senior notes due November 1, 2040 (1) | 750 | 750 |
| 4.60% Senior notes due August 1, 2043 (1) | 500 | 500 |
| 4.30% Senior notes due August 25, 2045 (1) | 400 | 400 |
| 8.50% Junior subordinated debentures due December 15, 2045 | 56 | 56 |
| 3.75% Senior notes due May 15, 2046 (1) | 500 | 500 |
| 8.312% Junior subordinated debentures due July 1, 2046 | 73 | 73 |
| 4.00% Senior notes due May 30, 2047 (1) | 700 | 700 |
| 4.05% Senior notes due March 7, 2048 (1) | 500 | 500 |
| 4.10% Senior notes due March 4, 2049 (1) | 500 | — |
| Total long-term debt | 6,504 | 6,004 |
| Unamortized fair value adjustment | 44 | 44 |
| Unamortized debt issuance costs | (90) | (84) |
| Total debt | 6,458 | 5,964 |
| Common equity (excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity) | 6,558 | 6,564 |
| Total capital (excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity) | 23,443 | 23,007 |
| Total debt to capital (excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity) | \$ 30,001 | \$ 29,571 |
| | 21.9% | 22.2% |

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

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

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



(\$ in millions)

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

(1) Estimated and Preliminary

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

The Travelers Companies, Inc.
Statement of Cash Flows



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

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



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

Glossary of Financial Measures and Description of Reportable Business Segments

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

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

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

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

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

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

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

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

A **catastrophe** is a severe loss designated a catastrophe by internationally recognized organizations that track and report on insured losses resulting from catastrophic events, such as Property Claim Services (PCS) for events in the United States and Canada. Catastrophes can be caused by various natural events, including, among others, hurricanes, tornadoes and other windstorms, earthquakes, hail, wildfires, severe winter weather, floods, tsunamis, volcanic eruptions and other naturally-occurring events, such as solar flares. Catastrophes can also be man-made, such as terrorist attacks and other intentionally destructive acts including those involving nuclear, biological, chemical and radiological events, cyber events, explosions and destruction of infrastructure. Each catastrophe has unique characteristics and catastrophes are not predictable as to timing or amount. Their effects are included in net and core income and claims and claim adjustment expense reserves upon occurrence. A catastrophe may result in the payment of reinsurance reinstatement premiums and assessments from various pools. The Company's threshold for disclosing catastrophes is primarily determined at the reportable segment level. If a threshold for one segment or a combination thereof is exceeded and the other segments have losses from the same event, losses from the event are identified as catastrophe losses in the segment results and for the consolidated results of the Company. Additionally, an aggregate threshold is applied for international business across all reportable segments. The threshold for 2019 ranges from approximately \$19 million to \$30 million of losses before reinsurance and taxes.

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

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

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

Glossary of Financial Measures and Description of Reportable Business Segments

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

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

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

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

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

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

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

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

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

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