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THE TRAVELERS INDEMNITY COMPANY, ITS POOLED AFFILIATES, AND ITS 100% REINSURED AFFILIATES
(Travelers Combined Pool)

Annual Audited Combined Financial Statements – Statutory Basis

December 31, 2019 and 2018

(With Independent Auditors' Report Thereon)

TRAVELERS COMBINED POOL

Annual Audited Combined Financial Statements – Statutory Basis

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Independent Auditors' Report

The Board of Directors
The Travelers Companies, Inc. and subsidiaries:

We have audited the accompanying financial statements of The Travelers Indemnity Company, its Pooled Affiliates, and its 100% Reinsured Affiliates ("the Travelers Combined Pool"), which comprise the combined balance sheet (statutory basis) as of December 31, 2019 and 2018, and the related combined statements of income (statutory basis), changes in capital and surplus (statutory basis), and cash flow (statutory basis) for the years then ended, and the related notes to the combined financial statements (statutory basis).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with statutory accounting practices prescribed or permitted by state insurance departments whose jurisdiction the Travelers Combined Pool members are subject. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the financial statements, the financial statements are prepared by the Travelers Combined Pool using statutory accounting practices prescribed or permitted by the state insurance departments whose jurisdiction the Travelers Combined Pool are subject, which is a basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the financial statements are not intended to be presented in accordance with U.S. generally accepted accounting principles.



The effects on the financial statements of the variances between the statutory accounting practices described in Note 2 and U.S. generally accepted accounting principles, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the variances between statutory accounting practices and U.S. generally accepted accounting principles discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of the Travelers Combined Pool as of December 31, 2019 and 2018, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Travelers Combined Pool as of December 31, 2019 and 2018, and the results of its operations and its cash flow for the years then ended, in accordance with statutory accounting practices prescribed or permitted by the state insurance departments whose jurisdiction the Travelers Combined Pool members are subject as described in Note 2.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the Combining Worksheets, Summary Investment Schedule, Supplemental Investment Risks Interrogatories, Property and Casualty Interrogatories Relating to Reinsurance, and TRV Consolidated Federal Income Tax Return Filing: List of Included Companies is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the state insurance departments whose jurisdiction the Travelers Combined Pool members are subject. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ KPMG LLP

Hartford, Connecticut
April 21, 2020

TRAVELERS COMBINED POOL
Combined Balance Sheet (statutory basis)

(At December 31, in thousands)

	2019	2018
Assets		
Bonds	\$ 56,567,450	\$ 55,149,407
Preferred stocks	55,317	57,780
Common stocks	3,537,403	3,431,054
Real estate - Properties occupied by the company	363,891	368,292
Real estate - Properties held for the production of income	838,302	776,897
Cash and short-term investments	2,672,707	1,847,517
Other invested assets	3,105,749	3,174,832
Receivables for securities	4,765	103,307
Securities lending reinvested collateral assets	410,096	360,514
Aggregate write-ins for invested assets	(10,791)	(22,514)
Total cash and invested assets	<u>67,544,889</u>	<u>65,247,086</u>
Investment income due and accrued	537,493	543,257
Uncollected premiums and agents' balances in course of collection	1,548,231	1,449,764
Deferred premiums, agents' balances and installments booked but deferred and not yet due	5,259,347	5,037,106
Accrued retrospective premiums and contracts subject to redetermination	82,147	83,340
Reinsurance - Amounts recoverable from reinsurers	183,198	185,544
Reinsurance - Funds held by or deposited with reinsured companies	6,364	7,136
Current federal and foreign income tax recoverable and interest thereon	-	39,169
Net deferred tax asset	892,815	879,443
Guaranty funds receivable or on deposit	10,269	12,493
Electronic data processing equipment and software	71,498	87,467
Receivables from parent, subsidiaries and affiliates	12,693	-
Aggregate write-ins for other-than-invested assets	677,566	666,920
Total assets	<u>\$ 76,826,510</u>	<u>\$ 74,238,725</u>
Liabilities		
Losses	\$ 32,517,369	\$ 31,593,055
Reinsurance payable on paid losses and loss adjustment expenses	27,244	32,986
Loss adjustment expenses	7,429,834	7,275,011
Commissions payable, contingent commissions and other similar charges	792,805	757,586
Other expenses	619,091	611,442
Taxes, licenses and fees	300,120	323,838
Current federal and foreign income taxes	57,305	-
Borrowed money and interest thereon	9	7
Unearned premiums	11,714,527	10,961,678
Advance premium	81,206	71,281
Dividends declared and unpaid - Policyholders	59,459	61,375
Ceded reinsurance premiums payable	263,359	206,732
Funds held by company under reinsurance treaties	67,165	104,904
Amounts withheld or retained by company for account of others	1,036,866	1,123,822
Remittances and items not allocated	429,509	266,585
Provision for reinsurance	40,311	48,197
Net adjustments in assets and liabilities due to foreign exchange rates	66,900	61,397
Payable to parent, subsidiaries and affiliates	-	19,943
Payable for securities	87,798	28,387
Payable for securities lending	410,096	360,514
Aggregate write-ins for liabilities	155,547	144,755
Total liabilities	<u>56,156,520</u>	<u>54,053,495</u>
Surplus as regards policyholders		
Aggregate write-ins for special surplus funds	48,108	52,788
Common capital stock	60,791	60,791
Gross paid in and contributed surplus	10,725,834	10,725,834
Unassigned funds (surplus)	9,835,257	9,345,817
Total surplus as regards policyholders	<u>20,669,990</u>	<u>20,185,230</u>
Total liabilities and surplus as regards policyholders	<u>\$ 76,826,510</u>	<u>\$ 74,238,725</u>

TRAVELERS COMBINED POOL
Combined Statement of Income (statutory basis)

(For the year ended December 31, in thousands)

	2019	2018
Underwriting Income		
Premiums earned	\$ 24,716,089	\$ 23,632,148
Losses incurred	14,377,814	13,899,978
Loss adjustment expenses incurred	2,584,021	2,491,082
Other underwriting expenses incurred	7,203,679	6,938,499
Net underwriting gain	550,575	302,589
Investment Income		
Net investment income earned	2,738,408	2,624,453
Net realized capital gains (losses) [net of tax of \$11,101 in 2019 and \$23,719 in 2018]	(24,538)	94,799
Net investment gain	2,713,870	2,719,252
Other Income		
Net gain (loss) from agents' or premium balances charged off	(55,222)	(51,089)
Finance and service charges not included in premiums	91,175	80,915
Aggregate write-ins for miscellaneous income	49,652	7,684
Total other income	85,605	37,510
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	3,350,050	3,059,351
Dividends to policyholders	41,418	46,405
Federal and foreign income taxes incurred	503,800	454,256
Net income	\$ 2,804,832	\$ 2,558,690

Combined Statement of Changes in Capital and Surplus (statutory basis)

(For the year ended December 31, in thousands)

	2019	2018
Surplus as regards policyholders - December 31, prior year	\$ 20,185,230	\$ 19,862,374
Net income	2,804,832	2,558,690
Change in net unrealized capital gains	140,637	39,789
Change in net unrealized foreign exchange capital gain (loss)	2,212	(13,063)
Change in net deferred income tax	48,245	63,030
Change in nonadmitted assets	(19,052)	(27,217)
Change in provision for reinsurance	7,886	1,627
Dividends to stockholders (cash)	(2,500,000)	(2,300,000)
Change in surplus as regards policyholders for the year	484,760	322,856
Surplus as regards policyholders - December 31, current year	\$ 20,669,990	\$ 20,185,230

TRAVELERS COMBINED POOL
Combined Statement of Cash Flow (statutory basis)

(For the year ended December 31, in thousands)

	2019	2018
Cash from Operations		
Premiums collected net of reinsurance	\$ 25,207,826	\$ 23,875,514
Net investment income	3,023,387	2,897,950
Miscellaneous income	85,605	35,605
Total	28,316,818	26,809,069
Benefit and loss related payments	13,456,123	12,883,202
Commissions, expenses paid and aggregate write-ins for deductions	9,603,906	9,261,636
Dividends paid to policyholders	43,334	42,008
Federal and foreign income taxes paid	418,427	512,752
Total	23,521,790	22,699,598
Net cash provided by operations	4,795,028	4,109,471
Cash from Investments		
Proceeds from investments sold, matured or repaid:		
Bonds	7,250,293	8,722,313
Stocks	137,661	120,209
Real estate	-	8,259
Other invested assets	420,779	490,833
Net gains or (losses) on cash and short-term investments	51	(11)
Miscellaneous proceeds	231,467	93,847
Total investment proceeds	8,040,251	9,435,450
Cost of investments acquired:		
Bonds	8,759,050	11,559,044
Stocks	80,902	101,533
Real estate	109,330	66,435
Other invested assets	443,892	484,531
Miscellaneous applications	122,552	207,809
Total investments acquired	9,515,726	12,419,352
Net decrease in contract loans and premium notes	(438)	(218)
Net cash used in investments	(1,475,037)	(2,983,684)
Cash from Financing and Miscellaneous Sources		
Cash provided (applied):		
Borrowed funds	-	(36)
Dividends to stockholders	(2,500,000)	(2,300,000)
Other cash provided	5,199	10,079
Net cash used in financing and miscellaneous sources	(2,494,801)	(2,289,957)
Net change in cash and short-term investments	825,190	(1,164,170)
Cash and short-term investments - beginning of year	1,847,517	3,011,687
Cash and short-term investments - end of year	\$ 2,672,707	\$ 1,847,517

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

1. ORGANIZATION

Pursuant to approval granted by the appropriate insurance regulatory authorities, annual audited financial statements for The Travelers Indemnity Company (Indemnity) and its Pooled Affiliates (together referred to as the "TRV Reinsurance Pool" or "Reinsurance Pool"), along with its 100% reinsured affiliates (collectively referred to as the "Travelers Combined Pool" or "Combined Pool"), have been prepared on a combined basis for 2019 and 2018. Significant intercompany transactions and balances have been eliminated.

The Reinsurance Pool consists of 35 property-casualty insurance companies. The Combined Pool consists of the companies in the Reinsurance Pool and 6 additional property-casualty companies which cede 100% of their business to the Reinsurance Pool. At December 31, 2019 these U.S. domiciled companies were direct or indirect wholly-owned subsidiaries of The Travelers Companies, Inc. (TRV), a publicly traded holding company.

Indemnity is the lead company of the Reinsurance Pool. Under the terms of the intercompany pooling arrangement, the property-casualty underwriting risks for substantially all lines of business of the intercompany pool participants are reinsured with Indemnity. The net underwriting risks remaining after reinsurance is transacted with third parties by Indemnity is then retroceded to the Reinsurance Pool participants based on pool percentages. The provision for reinsurance and the write-off of uncollectible reinsurance are reported in the statutory financial statements of Indemnity and are not allocated to the other Reinsurance Pool participants.

The names, the National Association of Insurance Commissioners (NAIC) company codes, states of domicile and intercompany pool percentages of the companies participating in the TRV Reinsurance Pool are as follows:

<u>TRV Reinsurance Pool Participant</u>	<u>NAIC Company Code</u>	<u>State of Domicile</u>	<u>Pool Participation %</u>
St. Paul Fire and Marine Insurance Company	24767	CT	24.79
The Travelers Indemnity Company	25658	CT	23.29
Travelers Casualty and Surety Company	19038	CT	20.36
The Phoenix Insurance Company	25623	CT	5.00
The Standard Fire Insurance Company	19070	CT	4.84
United States Fidelity and Guaranty Company	25887	CT	4.41
Travelers Casualty Insurance Company of America	19046	CT	2.73
Farmington Casualty Company	41483	CT	1.48
The Automobile Insurance Company of Hartford, Connecticut	19062	CT	1.37
The Travelers Indemnity Company of Connecticut	25682	CT	1.37
The Charter Oak Fire Insurance Company	25615	CT	1.27
Northland Insurance Company	24015	CT	1.22
St. Paul Surplus Lines Insurance Company	30481	DE	0.88
The Travelers Indemnity Company of America	25666	CT	0.77
St. Paul Protective Insurance Company	19224	CT	0.58
Northfield Insurance Company	27987	IA	0.52
Travelers Casualty Company of Connecticut	36170	CT	0.47
Travelers Commercial Casualty Company	40282	CT	0.47
Travelers Commercial Insurance Company	36137	CT	0.47
St. Paul Mercury Insurance Company	24791	CT	0.40
Travelers Property Casualty Company of America	25674	CT	0.36
Travelers Property Casualty Insurance Company	36161	CT	0.30
The Travelers Casualty Company	41769	CT	0.29
Travelers Constitution State Insurance Company	41750	CT	0.29
TravCo Insurance Company	28188	CT	0.27
Travelers Excess and Surplus Lines Company	29696	CT	0.27
The Travelers Home and Marine Insurance Company	27998	CT	0.27
Travelers Personal Insurance Company	38130	CT	0.27
Travelers Personal Security Insurance Company	36145	CT	0.27
Discover Property & Casualty Insurance Company	36463	CT	0.14
Discover Specialty Insurance Company	10213	CT	0.14
Northland Casualty Company	24031	CT	0.14
American Equity Specialty Insurance Company	10819	CT	0.10
Fidelity and Guaranty Insurance Underwriters, Inc.	25879	WI	0.10
St. Paul Guardian Insurance Company	24775	CT	0.10

Other Intercompany Reinsurance Agreements:

As described above, the following additional 6 companies participate in intercompany reinsurance agreements whereby each company cedes 100% of their direct and assumed business to one of the above Reinsurance Pool participants:

American Equity Insurance Company	43117	AZ	-
Fidelity and Guaranty Insurance Company	35386	IA	-
Gulf Underwriters Insurance Company	42811	CT	-
Select Insurance Company	22233	TX	-
The Travelers Lloyds Insurance Company	41262	TX	-
Travelers Lloyds of Texas Insurance Company	41564	TX	-

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

On January 1, 2019, Jupiter Holdings, Inc. (Jupiter), a subsidiary of Indemnity, was dissolved in accordance with Minnesota Statutes Chapter 302A and its corporate existence was terminated. In accordance with SSAP No. 68, *Business Combinations and Goodwill*, the statutory merger method was utilized, cancelling the equity of Jupiter, without the issuance of new equity, and incorporating the assets and liabilities of Jupiter directly within Indemnity's financial statements. Following this dissolution, American Equity Insurance Company and Northland Insurance Company became direct subsidiaries of Indemnity.

Details of the results of operations for the previously separate entities for the year ending December 31, 2018, were as follows (in millions):

	Indemnity	Jupiter
Net underwriting gain	\$ 71.6	\$ -
Net investment gain	854.7	56.4
Other income	11.4	-
Net income before dividends to policyholders, after capital gains tax and before federal and foreign income taxes	937.7	56.4
Dividends to policyholders	10.8	-
Federal and foreign income taxes incurred	141.4	-
Net income	<u>\$ 785.5</u>	<u>\$ 56.4</u>

No adjustments were made to Indemnity's policyholders' surplus as a result of this dissolution. Prior year financial statement balances for Indemnity and the Combined Pool have been adjusted to reflect this dissolution.

On January 1, 2018, The Premier Insurance Company of Massachusetts, a Connecticut domiciled insurance entity, was merged with and into its parent, Indemnity, with Indemnity being the surviving entity.

The companies in the Combined Pool are licensed to write property-casualty coverages in 50 states, the District of Columbia, Guam, Puerto Rico, the US Virgin Islands, the Northern Mariana Islands and Canada.

Catastrophe Exposure:

The Combined Pool has geographic exposure to catastrophe losses, which can be caused by a variety of events, including, among others, hurricanes, tornadoes and other windstorms, earthquakes, hail, wildfires, severe winter weather, floods, tsunamis, volcanic eruptions, solar flares and other naturally-occurring events. Catastrophes can also result from terrorist attacks and other intentionally destructive acts including those involving nuclear, biological, chemical and radiological events, cyber events, explosions and destruction of infrastructure. The incidence and severity of catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of both the total amount of insured exposure affected by the event and the severity of the event. Most catastrophes are restricted to small geographic areas; however, hurricanes, earthquakes, wildfires and cyber attacks may produce significant damage in larger areas, especially those areas that are heavily populated. The Combined Pool generally seeks to manage its exposure to catastrophes through individual risk selection and the purchase of catastrophe reinsurance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. The Combined Pool prepares its statutory financial statements in conformity with the accounting practices prescribed or permitted by the respective regulatory authorities of the states in which the Combined Pool members are domiciled. These states require that insurance companies domiciled therein prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the respective regulatory authorities. The Combined Pool does not apply any statutory accounting practices that would be considered a permitted practice in its financial statements.
- B. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and losses and expenses during the reporting period. Actual results could differ from those estimates.
- C. Statutory accounting practices differ in certain respects from U.S. Generally Accepted Accounting Principles (GAAP). The items of greatest significance are as follows:

Nonadmitted Assets: Certain assets are designated as nonadmitted, including non-operating system software, other invested assets for which audited financial statements are not obtained in accordance with statutory accounting requirements, uncollected agents' balances over 90 days past due, a portion of deferred tax assets and furniture, fixtures and equipment. Nonadmitted assets are excluded from the statutory balance sheet and changes in such amounts are charged or credited directly to unassigned funds, a component of surplus as regards policyholders (policyholders' surplus).

Policy Acquisition Costs: The costs of acquiring both new and renewal insurance business are charged to income as incurred. Under GAAP, such costs are deferred and amortized on a pro rata basis over the contract periods in which the related premiums are earned.

Reinsurance: Reserves for losses, loss adjustment expenses (LAE) and unearned premiums ceded to reinsurers have been reported as reductions of the related reserves rather than as assets as required by GAAP.

Under statutory accounting, a liability is established for unsecured, unauthorized reinsurance and overdue authorized reinsurance recoverables. Under GAAP, the reinsurance recoverable asset is reported net of an allowance for estimated uncollectible reinsurance recoverables.

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

Investments: Under GAAP, bonds are categorized based on positive intent as “trading securities” (reported at fair value, with changes in fair value reported in earnings), “available for sale” securities (reported at fair value, with changes in fair value reported in equity), or “held to maturity” securities (reported at amortized cost). Under statutory reporting, bonds are valued according to statutory requirements as described below.

Under GAAP, an entity’s share of undistributed earnings and losses of an investee accounted for under the equity method is recognized in earnings. Under statutory accounting, distributions received from these investments are recorded as net investment income and undistributed earnings or (losses) are recorded as unrealized capital gains or (losses) and charged or credited directly to unassigned funds. As a result of the difference in the accounting methods, the recognition of impairment losses for statutory accounting considers accumulated unrealized losses in the measurement of impairments, while these unrealized losses were previously recorded in income as incurred for GAAP.

Subsidiaries of the companies which are not included in the Combined Pool are not consolidated and changes in values are charged or credited directly to unassigned funds. Under GAAP, these subsidiaries are generally consolidated.

Deferred Tax Assets: Under statutory accounting practices, gross deferred tax assets are admitted subject to certain restrictions. The change in net deferred income tax is reported as a charge or credit directly to unassigned funds. Under GAAP, this change is reported as an adjustment to income.

D. Other significant statutory accounting policies are as follows:

Premiums are recognized as revenues pro rata over the policy period. Unearned premium reserves represent the unexpired portion of policy premiums, net of reinsurance.

Realized investment gains and losses are included as a component of net income based upon specific identification of the investments sold on the trade date net of capital gains tax. Impairments are charged directly to net realized capital gains (losses) and are determined based on the continual review of investment portfolio valuations.

Unrealized investment gains and losses, net of deferred taxes, are credited or charged directly to unassigned funds.

Amounts recoverable from reinsurers are estimated in a manner consistent with the loss liability associated with the reinsured business. The Combined Pool evaluates and monitors the financial condition of its reinsurers under voluntary reinsurance arrangements to minimize its exposure to significant losses from reinsurer insolvencies.

Canadian dollar denominated assets, liabilities, revenues and expenses of the Combined Pool’s Canadian Branch operations are included in the accompanying financial statements at the Canadian currency amounts. The net assets of the Canadian Branch operations are translated at the year-end exchange rate and the adjustment into U.S. dollars is reflected as a separate liability in the Combined Pool’s accompanying balance sheet. The liabilities reported at year end for these foreign currency translation amounts were \$66.9 million and \$61.4 million for 2019 and 2018, respectively. The change in this account balance is charged or credited directly to unassigned funds. Foreign denominated bonds (non-Canadian Branch operations) have also been translated to U.S. dollars at the year-end exchange rates. Changes in the value of the bonds due to fluctuations in foreign currency exchange rates are charged or credited directly to unassigned funds until the bonds are sold or mature.

The provision for federal income taxes is comprised of two components: current income taxes and deferred income taxes. Deferred federal income taxes arise from changes during the year in cumulative temporary differences between the statutory basis and tax basis of assets and liabilities. Gross deferred tax assets are reduced by a statutory valuation allowance adjustment if, based on the weight of available evidence, it is more likely than not that some portion or all of the gross deferred tax assets will not be realized.

The Combined Pool utilizes anticipated investment income as a factor in the premium deficiency calculation.

Property-casualty reserves are established for loss and LAE and represent management’s estimate of the ultimate cost of all unpaid reported and unreported claims incurred and related expenses. In establishing loss and LAE reserves, the Combined Pool also takes into account estimated recoveries, reinsurance, salvage and subrogation. The loss and LAE reserves are reviewed regularly by qualified actuaries employed by the Combined Pool. The Combined Pool continually refines its loss and LAE reserve estimates in a regular ongoing process as historical loss experience develops and additional claims are reported and settled. Because establishment of loss and LAE reserves is an inherently uncertain process involving estimates, currently established reserves may change. The Combined Pool reflects adjustments to loss and LAE reserves in the period in which the estimates change. Such changes in estimates could occur in a future period and may be material to the Combined Pool’s net income in such period.

Included in loss reserves at December 31, 2019 and 2018 were \$2.16 billion and \$2.13 billion, respectively, of discounted workers’ compensation reserves. Also included in loss reserves at December 31, 2019 and 2018, were \$145.1 million and \$142.4 million, respectively, of discounted other liability-occurrence reserves. See Note 17.

Invested assets are valued according to statutory requirements and the bases of valuation adopted by the NAIC as follows:

Short-term investments are stated at amortized cost and consist of investments with remaining maturities of one year or less at the time of acquisition.

Bonds are generally stated at amortized cost, except bonds that are defined by the NAIC as non-investment grade (NAIC designation 3-6), which are stated at the lower of amortized cost or fair value. Amortization is calculated using the constant yield method.

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

Common stocks of non-affiliates are stated at fair value based on fair values received from the Securities Valuation Office (SVO) or by a third party organization. Common stock investments in subsidiaries are based on the net worth of the entity, determined in accordance with statutory accounting valuation methods. Common stock investments of Indemnity, St. Paul Fire and Marine Insurance Company (Fire and Marine), Travelers Casualty and Surety Company and The Standard Fire Insurance Company in direct and indirect subsidiaries that also are participants in the Combined Pool have been eliminated in the combining process (see Exhibit 1, Sections 2 and 3). Dividends received from non-Combined Pool subsidiaries are recorded as net investment income and undistributed net income is recorded as net unrealized capital gains or (losses). Dividends paid and received among Combined Pool participants have been eliminated in the combining process (see Exhibit 1, Sections 4 and 5). The carrying value of the Combined Pool's subsidiary investments was \$3.42 billion and \$3.36 billion at December 31, 2019 and 2018, respectively.

NAIC designation 1 and 2 redeemable preferred stocks are generally stated at amortized cost, whereas NAIC designation 3-6 redeemable preferred stocks are stated at the lower of cost, amortized cost, or fair value. NAIC designation 1 and 2 perpetual preferred stocks are generally stated at fair value, while NAIC designation 3-6 perpetual preferred stocks are stated at the lower of cost or fair value.

Real estate is stated at depreciated cost, net of encumbrances and specific impairments.

For a discussion of the valuation basis and adjustment methodology for loan-backed securities and structured securities, see Note 3D.

The Combined Pool's investments in partnerships, joint ventures and limited liability companies are reported using the equity method of accounting, determined in accordance with statutory accounting valuation methods. Distributions of accumulated earnings received from these investments are recorded as net investment income earned and undistributed net income is recorded as net unrealized capital gains or (losses).

The Combined Pool has investments in limited partnerships that generate certain federal and state tax credits which are used to offset federal taxes and state premium taxes. These investments are amortized as the tax credits are utilized.

For accounting policy regarding derivative instruments, see Note 6.

- E. The Combined Pool is the owner and beneficiary of life insurance policies included in "Aggregate write-ins for other-than-invested assets" at their cash surrender values. At December 31, 2019, the cash surrender value in an investment vehicle is \$168.7 million and is allocated between bonds (72%), equities (27%), and cash equivalents (1%) based on underlying investment characteristics.

3. INVESTMENTS

A. Bonds:

Bonds by investment type (in millions):

	Carrying Value	Excess of Fair Value Over Carrying Value	Excess of Carrying Value Over Fair Value	Fair Value
<u>At December 31, 2019</u>				
U.S. government and government agencies and authorities	\$ 1,898.5	\$ 18.8	\$ (0.2)	\$ 1,917.1
All other governments	539.2	13.9	(0.2)	552.9
States, territories and possessions	1,183.5	63.2	-	1,246.7
U.S. political subdivisions of states, territories, and possessions	15,206.2	813.2	(3.5)	16,015.9
U.S. special revenue and special assessment obligations	9,909.8	589.6	(1.6)	10,497.8
Industrial and miscellaneous	22,564.7	1,006.4	(5.1)	23,566.0
Bank loans	76.8	0.4	(0.1)	77.1
Loan-backed securities	2,444.3	62.0	(2.0)	2,504.3
Structured securities	2,744.4	79.1	(2.2)	2,821.3
Total bonds	<u>\$ 56,567.4</u>	<u>\$ 2,646.6</u>	<u>\$ (14.9)</u>	<u>\$ 59,199.1</u>

	Carrying Value	Excess of Fair Value Over Carrying Value	Excess of Carrying Value Over Fair Value	Fair Value
<u>At December 31, 2018</u>				
U.S. government and government agencies and authorities	\$ 1,911.1	\$ 5.0	\$ (14.1)	\$ 1,902.0
All other governments	574.5	5.5	(1.7)	578.3
States, territories and possessions	1,495.3	21.6	(11.6)	1,505.3
U.S. political subdivisions of states, territories, and possessions	14,462.8	240.0	(101.8)	14,601.0
U.S. special revenue and special assessment obligations	10,273.8	197.7	(62.4)	10,409.1

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

	Carrying Value	Excess of Fair Value Over Carrying Value	Excess of Carrying Value Over Fair Value	Fair Value
<u>At December 31, 2018</u>				
Industrial and miscellaneous	21,949.8	116.8	(397.3)	21,669.3
Bank loans	77.4	-	(0.3)	77.1
Loan-backed securities	1,799.7	21.0	(33.4)	1,787.3
Structured securities	2,605.0	51.6	(34.7)	2,621.9
Total bonds	<u>\$ 55,149.4</u>	<u>\$ 659.2</u>	<u>\$ (657.3)</u>	<u>\$ 55,151.3</u>

The carrying value of bonds is generally amortized cost, except bonds that are rated by the NAIC as non-investment grade (i.e. NAIC designation 3-6), which are reported at the lower of amortized cost or fair value. Fair value amounts disclosed are generally provided by the SVO or, if not available from the SVO, by third party pricing services.

The carrying value and fair value of bonds at December 31, 2019, by maturity are shown below, separating out loan-backed and structured securities. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(in millions)	Carrying Value	Fair Value
One year or less	\$ 2,572.7	\$ 2,591.6
Over 1 year through 5 years	13,878.7	14,332.8
Over 5 years through 10 years	15,119.0	15,995.0
Over 10 years	19,808.3	20,954.1
Loan-backed securities	2,444.3	2,504.3
Structured securities	2,744.4	2,821.3
Total bonds	<u>\$ 56,567.4</u>	<u>\$ 59,199.1</u>

Proceeds from sales of bonds were \$2.20 billion and \$3.86 billion in 2019 and 2018, respectively. Gross gains of \$40.7 million and \$33.9 million in 2019 and 2018, respectively, and gross losses of \$3.9 million and \$5.3 million in 2019 and 2018, respectively, were realized on those sales.

Included in bonds are investments in non-investment grade bonds totaling \$1.33 billion and \$1.39 billion at December 31, 2019 and 2018, respectively.

Securities owned by the Combined Pool with an NAIC designation of 5GI for the years ended:

	Number of 5GI Securities	(in millions) Carrying Value	(in millions) Fair Value
<u>December 31, 2019</u>			
Bonds	20	\$ 24.1	\$ 26.7
<u>December 31, 2018</u>			
Bonds	24	\$ 54.3	\$ 56.4

At December 31, 2019 and 2018, the Combined Pool had \$4.23 billion and \$4.31 billion, respectively, of securities on deposit at financial institutions in certain states pursuant to requirements of the respective states' insurance regulatory authorities as well as other special purpose deposits.

Investment income related to prepayment penalties and/or acceleration fees recognized by the Combined Pool on bonds called by various issuers during 2019 and 2018 was as follows:

	<u>2019</u>	<u>2018</u>
Number of unique CUSIPs	87	96
Aggregate amount of investment income (in millions)	\$ 9.7	\$ 13.6

B. Preferred Stock:

The carrying value and fair value of perpetual and redeemable preferred stock at December 31 were as follows (in millions):

	<u>2019</u>		<u>2018</u>	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Perpetual	\$ 29.8	\$ 30.5	\$ 31.3	\$ 31.6
Redeemable	25.5	25.5	26.5	26.5
Total	<u>\$ 55.3</u>	<u>\$ 56.0</u>	<u>\$ 57.8</u>	<u>\$ 58.1</u>

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

C. Real Estate:

- (1) On September 6, 2018, Fire and Marine sold property located at 11500 and 11300 Dr. Martin Luther King Jr. St., St. Petersburg, FL. The real estate was sold to Mid-Atlantic at Gateway, LLC. A gain of \$2.8 million was recognized on this sale.
- (2) On November 21, 2018, Fire and Marine sold land located at 1520 Broadmoor Blvd., Buford, GA. The land was sold to the City of Buford, Georgia. A gain of \$0.2 million was recognized on this sale.

D. Loan-Backed and Structured Securities:

The Combined Pool applies the retrospective method of revaluing loan-backed securities. The Combined Pool's loan-backed securities are revalued quarterly using the constant effective yield method which includes an adjustment for estimated principal prepayments, if any. The effective yield used to determine amortization for these securities is recalculated and adjusted periodically based upon actual historical and/or projected future cash flows. The Combined Pool changes from the retrospective to prospective method for valuing the securities when an other-than-temporary impairment has been recorded.

For collateralized mortgage obligations, asset-backed securities and pass-through certificates prepayment assumptions are adjusted periodically.

Fair value amounts disclosed are generally provided by the SVO or, if not available from the SVO, by third party pricing services.

The following table provides aggregated information on structured securities, classified on the basis for the recognized 2019 other-than-temporary impairments (in millions):

	Amortized Cost Basis Before Other-Than- Temporary Impairment	Other-Than-Temporary Impairment Recognized in Loss	Fair Value
OTTI recognized in the quarter ending March 31, 2019			
Present value of cash flows is less than amortized cost	\$ -	\$ -	\$ -
OTTI recognized in the quarter ending June 30, 2019			
Present value of cash flows is less than amortized cost	\$ -	\$ -	\$ -
OTTI recognized in the quarter ending September 30, 2019			
Present value of cash flows is less than amortized cost	\$ 0.1	\$ -	\$ 0.1
OTTI recognized in the quarter ending December 31, 2019			
Present value of cash flows is less than amortized cost	\$ 0.7	0.1	0.6
Annual Aggregate Total:		<u>\$ 0.1</u>	

Loan-backed and structured securities with other-than-temporary impairments are as follows (in millions):

CUSIP	Amortized Cost Basis Before Other-Than- Temporary Impairment	Present Value of Projected Cash Flows	Other-Than- Temporary Impairment Recognized in Loss	Amortized Cost Basis After Other-Than- Temporary Impairment	Fair Value	Impairment Quarter
225458G36	\$ 0.1	\$ 0.1	\$ -	\$ 0.1	\$ 0.1	Q3 - 2019
225458G36	0.1	0.1	-	0.1	0.1	Q4 - 2019
12669EEJ1	0.3	0.2	0.1	0.2	0.2	Q4 - 2019
362290AP3	0.3	0.3	-	0.3	0.3	Q4 - 2019
Total:			<u>\$ 0.1</u>			

The Combined Pool determines an other-than-temporary impairment by utilizing discounted cash flow modeling to determine the present value of the security and comparing the present value with the amortized cost of the security. If the amortized cost is greater than the present value of the expected cash flows, the difference is considered a credit loss and recognized in net realized capital gains (losses). The Combined Pool estimates the present value of the security by projecting future cash flows of the assets underlying the securitization, allocating the flows to the various tranches based on the structure of the securitization, and determining the present value of the cash flows using the effective yield of the security at the date of acquisition (or the most recent implied rate used to accrete the security if the implied rate has changed as a result

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

of changes in expected cash flows). The Combined Pool incorporates levels of delinquencies, defaults and severities as well as credit attributes of the remaining assets in the securitization, along with other economic data, to arrive at its best estimate of the parameters applied to the assets underlying the securitization.

E. Concentrations:

At December 31, 2019 and 2018, other than U.S. Treasury securities and obligations of U.S. government and government agencies and authorities, the Combined Pool was not exposed to any concentration of credit risk of a single issuer greater than 5% of policyholders' surplus of the Combined Pool.

The Combined Pool participates in a short-term investment pool maintained by TRV. See Note 8 for discussion.

The Combined Pool seeks to mitigate credit risk by actively monitoring the creditworthiness of counterparties, obtaining collateral as deemed appropriate and applying controls that include credit approvals, limits of credit exposure and other monitoring procedures.

F. Other-Than-Temporary Impairment of Certain Securities:

The Combined Pool recognizes an impairment loss when an invested asset's value declines below cost, adjusted for accretion, amortization and previous other-than-temporary impairments (new cost basis), and the change is deemed to be other-than-temporary, or if it is determined that the Combined Pool will not be able to recover all amounts due pursuant to the issuers' contractual obligations prior to sale or maturity. When the Combined Pool determines that an invested asset is other-than-temporarily impaired, the invested asset is written down to fair value for securities other than loan-backed and structured securities, and the amount of the impairment is included in earnings as a realized capital loss. The fair value then becomes the new cost basis of the investment and any subsequent recoveries in fair value are recognized at disposition.

The Combined Pool recognizes a realized loss when impairment is deemed to be other-than-temporary even if a decision to sell an invested asset has not been made. When the Combined Pool intends to sell a temporarily impaired invested asset and the Combined Pool does not expect the fair value of the invested asset to fully recover prior to the expected time of sale, the invested asset is deemed to be other-than-temporarily impaired in the period in which the decision to sell is made.

Factors considered in determining whether a decline is other-than-temporary include the Combined Pool's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery, the length of time and the extent to which fair value has been below cost and the financial condition and near-term prospects of the issuer.

The Combined Pool's process for reviewing invested assets for impairments during any quarter includes the following:

- Identification and evaluation of investments that have possible indications of other-than-temporary impairment, which includes an analysis of investments with gross unrealized investment losses that have fair values less than 80% of cost for six consecutive months or more;
- Review of portfolio manager(s) recommendations for other-than-temporary impairments based on the investee's current financial condition, liquidity, near-term recovery prospects and other factors;
- Consideration of evidential matter, including an evaluation of factors or triggers that would or could cause individual investments to qualify as having other-than-temporary impairments; and
- Determination of the status of each analyzed investment as other-than-temporary or not, with documentation of the rationale for the decision.

The following tables summarize, for all bonds and stocks in an unrealized loss position at December 31, 2019 and 2018, the aggregate fair value and gross unrealized loss by length of time those securities that have been continuously in an unrealized loss position. The gross unrealized loss is the amount by which cost or amortized cost exceeds fair value for securities rated in all NAIC designations.

(in millions)	<u>Less Than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>
<u>At December 31, 2019</u>						
U.S. government and government agencies and authorities	\$ -	\$ -	\$ 254.3	\$ 1.1	\$ 254.3	\$ 1.1
All other governments	59.8	0.3	8.5	-	68.3	0.3
States, territories and possessions	-	-	12.1	-	12.1	-
U.S. political subdivisions of states, territories, and possessions	386.9	3.4	17.0	-	403.9	3.4
U.S. special revenue and special assessment obligations	151.9	1.6	5.5	-	157.4	1.6

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

(in millions)	<u>Less Than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>
<u>At December 31, 2019</u>						
Industrial and miscellaneous	557.8	4.7	310.4	6.1	868.2	10.8
Bank loans	-	-	5.3	0.1	5.3	0.1
Loan-backed securities	367.8	1.6	37.9	0.4	405.7	2.0
Structured securities	<u>229.3</u>	<u>1.6</u>	<u>162.6</u>	<u>0.8</u>	<u>391.9</u>	<u>2.4</u>
Total bonds	<u>\$ 1,753.5</u>	<u>\$ 13.2</u>	<u>\$ 813.6</u>	<u>\$ 8.5</u>	<u>\$ 2,567.1</u>	<u>\$ 21.7</u>
Perpetual preferred stock	<u>\$ -</u>	<u>\$ 6.0</u>	<u>\$ -</u>	<u>\$ 3.0</u>	<u>\$ -</u>	<u>\$ 9.0</u>
Unaffiliated common stock	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1.9</u>	<u>\$ -</u>	<u>\$ 1.9</u>

(in millions)	<u>Less Than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>
<u>At December 31, 2018</u>						
U.S. government and government agencies and authorities	\$ 610.0	\$ 4.6	\$ 730.3	\$ 11.0	\$ 1,340.3	\$ 15.6
All other governments	40.1	0.4	78.6	1.2	118.7	1.6
States, territories and possessions	276.8	4.1	193.2	7.5	470.0	11.6
U.S. political subdivisions of states, territories, and possessions	2,980.4	44.5	1,451.7	57.2	4,432.1	101.7
U.S. special revenue and special assessment obligations	1,702.4	25.5	1,323.4	37.1	3,025.8	62.6
Industrial and miscellaneous	10,628.8	281.1	4,204.9	192.3	14,833.7	473.4
Bank loans	-	-	10.0	0.4	10.0	0.4
Loan-backed securities	365.3	7.5	769.4	25.9	1,134.7	33.4
Structured securities	<u>883.8</u>	<u>11.9</u>	<u>931.1</u>	<u>23.5</u>	<u>1,814.9</u>	<u>35.4</u>
Total bonds	<u>\$17,487.6</u>	<u>\$ 379.6</u>	<u>\$ 9,692.6</u>	<u>\$ 356.1</u>	<u>\$27,180.2</u>	<u>\$ 735.7</u>
Perpetual preferred stock	<u>\$ 2.2</u>	<u>\$ 3.1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2.2</u>	<u>\$ 3.1</u>
Unaffiliated common stock	<u>\$ 0.1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1.9</u>	<u>\$ 0.1</u>	<u>\$ 1.9</u>

Impairments related to bonds were \$3.9 million and \$1.4 million in 2019 and 2018, respectively.

Impairments related to unaffiliated common stock were \$3.7 million and \$13.0 million in 2019 and 2018, respectively.

G. Investments in Low-Income Housing Tax Credits (LIHTC):

The Combined Pool has investments in certain federal and state sponsored LIHTC properties. The federally sponsored LIHTC property investments primarily generate federal tax credits which allow the Combined Pool to offset federal taxes and are projected to be available through 2031. The state sponsored LIHTC property investments primarily generate premium tax credits which allow the Combined Pool to offset premium taxes in Georgia and are projected to be available through 2031.

At December 31, 2019, the Combined Pool had unfunded commitments of \$22.0 million related to LIHTC investments.

In 2019 and 2018, \$16.9 million and \$15.2 million, respectively, of tax benefits related to LIHTC were recognized. The balance of the investments in LIHTC at December 31, 2019 and 2018 was \$77.6 million and \$77.0 million, respectively.

Management of the Combined Pool is not aware of any of the LIHTC investments and related properties being the subject of any federal or state regulatory reviews.

Current LIHTC investments do not exceed 10% of the Combined Pool's total net admitted assets.

(continued)

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

H. State Transferable Tax Credits:

State transferable tax credits held by the Combined Pool at December 31 were as follows (in millions):

State	2019		2018	
	Carrying Value	Unused Amount	Carrying Value	Unused Amount
CT	\$ 7.4	\$ 7.4	\$ 7.4	7.4
PA	6.7	6.5	9.7	9.5
NE	1.7	1.7	2.1	2.1
AR	0.9	0.9	2.6	2.6
TN	0.5	0.5	2.4	2.4
WY	0.4	0.4	0.6	0.5
OR	0.2	0.2	0.3	0.3
Total	<u>\$ 17.8</u>	<u>\$ 17.6</u>	<u>\$ 25.1</u>	<u>\$ 24.8</u>

These tax credits are reported in "Aggregate write-ins for other than invested assets" and have been admitted in accordance with the guidance as presented in SSAP No. 94R, *Transferable and Non-Transferable State Tax Credits* and SSAP No. 4, *Assets and Nonadmitted Assets* and are utilized per a set schedule as outlined in the respective purchase agreement.

I. Joint Ventures, Partnerships and Limited Liability Companies:

Joint ventures, partnerships, and limited liability companies are recorded on a lag basis with changes in the Combined Pool's proportional share of equity recorded as an unrealized gain (loss), subject to testing for possible impairment. As part of the impairment testing process, the Combined Pool evaluates those assets for other-than-temporary impairments using financial information that is received from the respective joint venture, partnership, or limited liability company. The Combined Pool concluded that some of the aforementioned assets, as a result of deteriorating economic conditions, had other-than-temporary impairments and recorded realized losses of \$61.7 million and \$8.8 million in 2019 and 2018, respectively, with an offsetting entry to change in net unrealized capital gains or (losses). There was no impact to policyholders' surplus as the change in net unrealized capital gains or (losses) was offset by the realized losses of the same amounts.

4. FAIR VALUE MEASUREMENTS

The Combined Pool's estimates of fair value for financial assets and financial liabilities are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Combined Pool's significant market assumptions. The level in the fair value hierarchy within which the fair value measurement is reported is based on the lowest level input that is significant to the measurement in its entirety. The three levels of the hierarchy are as follows:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets that the Combined Pool has the ability to access.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Combined Pool's own assumptions about the inputs that market participants would use.

A. Securities measured and reported at fair value for the years ended:

December 31, 2019 (in millions)

Description	Level 1	Level 2	Level 3	Total
Bonds				
All other governments	\$ -	\$ 8.0	\$ -	\$ 8.0
Industrial and miscellaneous	-	111.1	-	111.1
Bank loans	-	11.7	-	11.7
Total bonds	-	130.8	-	130.8
Preferred stock				
Perpetual	8.1	20.5	-	28.6
Redeemable	-	25.5	-	25.5
Total preferred stock	8.1	46.0	-	54.1
Common stock				
Industrial and miscellaneous	112.5	-	2.1	114.6
Total securities at fair value	\$ 120.6	\$ 176.8	\$ 2.1	\$ 299.5

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

At December 31, 2019, the Combined Pool also holds Level 2 U.S. special revenue and special assessment obligations bonds, Level 3 industrial and miscellaneous bonds, and Level 3 perpetual preferred stock, all measured and reported at their fair value of zero.

December 31, 2018 (in millions)

Description	Level 1	Level 2	Level 3	Total
Bonds				
U.S. special revenue	\$ -	\$ 0.4	\$ 9.8	\$ 10.2
Industrial and miscellaneous	-	1,207.7	-	1,207.7
Bank loans	-	21.2	45.8	67.0
Total bonds	-	1,229.3	55.6	1,284.9
Preferred stock				
Perpetual	7.4	21.7	-	29.1
Redeemable	-	26.5	-	26.5
Total preferred stock	7.4	48.2	-	55.6
Common stock				
Industrial and miscellaneous	99.9	-	2.2	102.1
Total securities at fair value	\$ 107.3	\$ 1,277.5	\$ 57.8	\$ 1,442.6

At December 31, 2018, the Combined Pool also holds Level 3 perpetual preferred stock and Level 3 industrial and miscellaneous bonds, both measured and reported at their fair value of zero.

Reconciliation of Level 3 securities during 2019 and 2018 (in millions):

Description	Beginning Balance at 1/1/2019	Transfers into Level 3	Transfers out of Level 3	Total Gains & (Losses) Included in Net Income	Total Gains & (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2019
Bonds	\$ 55.6	\$ 2.5	\$ (59.3)	\$ 0.3	\$ 1.8	\$ -	\$ -	\$ (0.4)	\$ (0.5)	\$ -
Common stock	2.2	-	-	-	(0.1)	-	-	-	-	2.1
Total	\$ 57.8	\$ 2.5	\$ (59.3)	\$ 0.3	\$ 1.7	\$ -	\$ -	\$ (0.4)	\$ (0.5)	\$ 2.1

During 2019, the Combined Pool disposed of a portion of its Level 3 common stock measured and reported in the previous year at its fair value of zero.

Description	Beginning Balance at 1/1/2018	Transfers into Level 3	Transfers out of Level 3	Total Gains & (Losses) Included in Net Income	Total Gains & (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2018
Bonds	\$ 43.4	\$ 69.1	\$ (80.8)	\$ (0.6)	\$ 0.9	\$ 36.9	\$ 12.4	\$ (3.8)	\$ (21.9)	\$ 55.6
Common stock	2.1	-	-	-	0.1	-	-	-	-	2.2
Total	\$ 45.5	\$ 69.1	\$ (80.8)	\$ (0.6)	\$ 1.0	\$ 36.9	\$ 12.4	\$ (3.8)	\$ (21.9)	\$ 57.8

Market fluctuations and changes in NAIC designation cause securities to change from being held at cost to fair value or vice versa. These changes result in a transfer in or out of Level 3.

Level 2 and Level 3 valuation techniques:

The fair values of bonds and preferred stock are generally provided by the SVO or, if not available from the SVO, by third party pricing services.

The Combined Pool also holds unaffiliated common stock where the fair value estimate is determined by an internal portfolio manager based on recent filings, operating results, balance sheet stability, growth and other business and market sector fundamentals. Due to the significant unobservable inputs in these valuations, the Combined Pool includes the total fair value estimate for all of these investments in Level 3.

B. The Combined Pool uses various financial instruments in the normal course of its business. Certain insurance contracts are excluded by SSAP No. 100R, *Fair Value*, and, therefore, are not included in the amounts discussed.

The carrying values of cash, short-term investments, receivable for securities, payable for securities, interest, dividends and real estate income accrued approximate their fair values.

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

C. The following tables provide the aggregate fair value and reported aggregate admitted asset value by type of financial instrument; and the hierarchy level in which the fair values fall (in millions):

(At December 31, 2019)	Aggregate	Admitted			
Description	Fair Value	Assets	Level 1	Level 2	Level 3
Short-term bonds	\$ 3,260.7	3,260.7	369.0	2,891.7	-
Long-term bonds	59,199.1	56,567.4	1,903.7	57,215.4	80.0
Preferred stock	56.0	55.3	10.0	46.0	-
Common stock	114.6	114.6	112.5	-	2.1

(At December 31, 2018)	Aggregate	Admitted			
Description	Fair Value	Assets	Level 1	Level 2	Level 3
Short-term bonds	\$ 2,549.1	\$ 2,549.1	\$ 369.3	\$ 2,179.8	\$ -
Long-term bonds	55,151.3	55,149.4	1,883.0	53,111.5	156.8
Preferred stock	58.1	57.8	9.9	48.2	-
Common stock	102.1	102.1	99.9	-	2.2

5. INVESTMENT INCOME

- A. Policyholders' surplus excludes due and accrued investment income if amounts are over 90 days past due.
- B. The Combined Pool had no material past due accrued investment income at December 31, 2019 and 2018.

6. DERIVATIVE INSTRUMENTS

From time to time, the Combined Pool enters into U.S. Treasury note futures contracts to modify the effective duration of specific assets within the investment portfolio. U.S. Treasury futures contracts require a daily mark-to-market and settlement with the broker. The Combined Pool does not hold or issue derivative instruments for trading purposes.

At December 31, 2019 and 2018, the Combined Pool did not hold long or short futures positions. The Combined Pool enters into short positions in financial futures contracts which offset asset price changes resulting from changes in market interest rates. These transactions are economic hedges of such exposure and, because these derivative instruments have not been designated as accounting hedges, the contracts are reported at fair value. For these instruments the fair value is zero as the contracts are settled daily. The open derivative contracts are settled daily at fair value with the changes in fair value reported as an unrealized capital gain or (loss). Upon closing the contracts, the unrealized capital gain or (loss) is reported as a realized capital gain (loss).

The Combined Pool does not enter into any derivative contracts with financing premiums.

7. INCOME TAXES

A. The components of the net deferred tax asset/(liability) are as follows (in millions):

	December 31, 2019		
	Ordinary	Capital	Total
1. a. Gross deferred tax assets	\$ 1,414.8	\$ 185.1	\$ 1,599.9
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred tax assets	1,414.8	185.1	1,599.9
d. Deferred tax assets nonadmitted	85.1	127.1	212.2
e. Subtotal (net deferred tax assets)	1,329.7	58.0	1,387.7
f. Deferred tax liabilities	443.3	51.6	494.9
g. Net admitted deferred tax asset (liability)	\$ 886.4	\$ 6.4	\$ 892.8

	December 31, 2018		
	Ordinary	Capital	Total
a. Gross deferred tax assets	\$ 1,405.5	\$ 219.9	\$ 1,625.4
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred tax assets	1,405.5	219.9	1,625.4
d. Deferred tax assets nonadmitted	83.9	116.2	200.1
e. Subtotal (net deferred tax assets)	1,321.6	103.7	1,425.3
f. Deferred tax liabilities	454.8	91.1	545.9
g. Net admitted deferred tax asset (liability)	\$ 866.8	\$ 12.6	\$ 879.4

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

	<u>Change</u>		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a. Gross deferred tax assets	\$ 9.3	\$ (34.8)	\$ (25.5)
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred tax assets	<u>9.3</u>	<u>(34.8)</u>	<u>(25.5)</u>
d. Deferred tax assets nonadmitted	<u>1.2</u>	<u>10.9</u>	<u>12.1</u>
e. Subtotal (net deferred tax assets)	8.1	(45.7)	(37.6)
f. Deferred tax liabilities	<u>(11.5)</u>	<u>(39.5)</u>	<u>(51.0)</u>
g. Net admitted deferred tax asset (liability)	<u>\$ 19.6</u>	<u>\$ (6.2)</u>	<u>\$ 13.4</u>

2. Admission Calculation Components SSAP No. 101:

December 31, 2019

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	\$ 781.4	\$ 8.2	\$ 789.6
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (the lesser of 2(b)1 and 2(b)2 below)	171.9	-	171.9
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	171.9	-	171.9
2. Adjusted gross deferred tax assets per limitation threshold.	xxxx	xxxx	4,071.8
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities.	<u>376.4</u>	<u>49.8</u>	<u>426.2</u>
d. Deferred tax assets admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	1,329.7	58.0	1,387.7
Deferred tax liabilities netted against deferred tax assets	443.3	51.6	494.9
Total	<u>\$ 886.4</u>	<u>\$ 6.4</u>	<u>\$ 892.8</u>

December 31, 2018

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	\$ 500.8	\$ 16.3	\$ 517.1
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (the lesser of 2(b)1 and 2(b)2 below)	422.0	0.1	422.1
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	422.0	0.1	422.1
2. Adjusted gross deferred tax assets per limitation threshold.	xxxx	xxxx	3,997.7
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities.	<u>398.8</u>	<u>87.3</u>	<u>486.1</u>
d. Deferred tax assets admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	1,321.6	103.7	1,425.3
Deferred tax liabilities netted against deferred tax assets	454.8	91.1	545.9
Total	<u>\$ 866.8</u>	<u>\$ 12.6</u>	<u>\$ 879.4</u>

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

	<u>Change</u>		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	\$ 280.6	\$ (8.1)	\$ 272.5
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (the lesser of 2(b)1 and 2(b)2 below)	(250.1)	(0.1)	(250.2)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	(250.1)	(0.1)	(250.2)
2. Adjusted gross deferred tax assets per limitation threshold.	xxxx	xxxx	74.1
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities.	<u>(22.4)</u>	<u>(37.5)</u>	<u>(59.9)</u>
d. Deferred tax assets admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	8.1	(45.7)	(37.6)
Deferred tax liabilities netted against deferred tax assets	<u>(11.5)</u>	<u>(39.5)</u>	<u>(51.0)</u>
Total	<u>\$ 19.6</u>	<u>\$ (6.2)</u>	<u>\$ 13.4</u>

3. a. All Combined Pool participants have a ratio of total adjusted capital exDTA to authorized control level Risk-Based Capital in excess of 300% at both December 31, 2019 and 2018.

b. The aggregate amount of adjusted capital and surplus for all Combined Pool participants used to determine the recovery period and threshold limitation in 2(b)2 above was \$27,145.3 million and \$26,651.3 million in 2019 and 2018, respectively.

4. Impact of Tax Planning Strategies:

	<u>December 31, 2019</u>	
	<u>Ordinary</u>	<u>Capital</u>
a. Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage.		
1. Adjusted gross deferred tax assets amounts from Note 7A1(c).	\$ 1,414.8	\$ 185.1
2. Percentage of adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies.	0%	5%
3. Net admitted adjusted gross deferred tax assets amounts from Note 7A1(e).	\$ 1,329.7	\$ 58.0
4. Percentage of net admitted adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies.	0%	0%

	<u>December 31, 2018</u>	
	<u>Ordinary</u>	<u>Capital</u>
a. Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage.		
1. Adjusted gross deferred tax assets amounts from Note 7A1(c).	\$ 1,405.5	\$ 219.9
2. Percentage of adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies.	0%	2%
3. Net admitted adjusted gross deferred tax assets amounts from Note 7A1(e).	\$ 1,321.6	\$ 103.7
4. Percentage of net admitted adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies.	0%	0%

(continued)

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

	<u>Change</u>	
	<u>Ordinary</u>	<u>Capital</u>
a. Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage.		
1. Adjusted gross deferred tax assets amounts from Note 7A1(c).	\$ 9.3	\$ (34.8)
2. Percentage of adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies.	0%	3%
3. Net admitted adjusted gross deferred tax assets amounts from Note 7A1(e).	\$ 8.1	\$ (45.7)
4. Percentage of net admitted adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies.	0%	0%
b. Does the Company's tax-planning strategies include the use of reinsurance?	Yes <u> </u>	No <u> X </u>

B. The provisions for incurred tax on earnings are as follows (in millions):

	<u>December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>
1. Current Income Tax:			
Federal	\$ 503.5	\$ 412.2	\$ 91.3
Foreign	0.3	42.1	(41.8)
Subtotal	<u>503.8</u>	<u>454.3</u>	49.5
Federal income taxes on net capital gains	11.1	23.7	(12.6)
Federal and foreign income taxes incurred	<u>\$ 514.9</u>	<u>\$ 478.0</u>	<u>\$ 36.9</u>

2. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets are as follows:

	<u>December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>
<u>Ordinary:</u>			
Discounting of unpaid losses	\$ 538.3	\$ 544.6	\$ (6.3)
Unearned premium reserve	495.4	463.4	32.0
Investments	19.7	18.5	1.2
Compensation and benefits accrual	179.0	175.6	3.4
Nonadmitted assets	90.4	95.7	(5.3)
Other	92.0	107.7	(15.7)
Total ordinary deferred tax assets	<u>\$ 1,414.8</u>	<u>\$ 1,405.5</u>	<u>\$ 9.3</u>
Statutory valuation allowance adjustment	-	-	-
Nonadmitted deferred tax assets	85.1	83.9	1.2
Admitted ordinary deferred tax assets	<u>\$ 1,329.7</u>	<u>\$ 1,321.6</u>	<u>\$ 8.1</u>
<u>Capital:</u>			
Investments	\$ 185.1	\$ 219.9	\$ (34.8)
Total capital deferred tax assets	<u>\$ 185.1</u>	<u>\$ 219.9</u>	<u>\$ (34.8)</u>
Statutory valuation allowance adjustment	-	-	-
Nonadmitted deferred tax assets	127.1	116.2	10.9
Admitted capital deferred tax assets	<u>\$ 58.0</u>	<u>\$ 103.7</u>	<u>\$ (45.7)</u>
Total admitted deferred tax assets:	<u>\$ 1,387.7</u>	<u>\$ 1,425.3</u>	<u>\$ (37.6)</u>

3. The tax effects of temporary differences that give rise to significant portions of the deferred tax liabilities are as follows:

	<u>December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>
<u>Ordinary:</u>			
Investments	\$ 244.3	\$ 219.3	\$ 25.0
Loss and LAE reserve discounting (transition rule)	110.2	152.9	(42.7)
Fixed assets	1.6	2.3	(0.7)
Compensation and benefits accrual	72.5	67.2	5.3

(continued)

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

	<u>December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>
Guaranty fund assessments	0.8	1.0	(0.2)
Foreign tax credit redetermination	3.2	3.4	(0.2)
Other	10.7	8.7	2.0
Total ordinary deferred tax liabilities	<u>\$ 443.3</u>	<u>\$ 454.8</u>	<u>\$ (11.5)</u>
<u>Capital:</u>			
Investments	\$ 51.6	\$ 91.1	\$ (39.5)
Total capital deferred tax liabilities	<u>\$ 51.6</u>	<u>\$ 91.1</u>	<u>\$ (39.5)</u>
Total deferred tax liabilities:	<u>\$ 494.9</u>	<u>\$ 545.9</u>	<u>\$ (51.0)</u>
4. Net admitted deferred tax asset/(liability)	<u>\$ 892.8</u>	<u>\$ 879.4</u>	<u>\$ 13.4</u>
5. Deferred income taxes do not include any benefit from investment tax credits.			
6. Deferred income taxes do not include a benefit from net operating losses.			
7. There are no adjustments to a deferred tax asset or deferred tax liability for enacted changes in tax laws or rates or a change in the tax status of the Combined Pool.			
8. There are no adjustments to gross deferred tax assets because of change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset.			
9. The change in net deferred income taxes is comprised of the following:			

	<u>December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>
Total deferred tax assets	\$ 1,599.9	\$ 1,625.4	\$ (25.5)
Total deferred tax liabilities	494.9	545.9	(51.0)
Net deferred tax asset/(liability)	<u>\$ 1,105.0</u>	<u>\$ 1,079.5</u>	25.5
Tax effect of unrealized gains (losses)			22.7
Change in net deferred income tax			<u>\$ 48.2</u>

- C. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate before income tax. The significant items causing this difference are as follows (in millions):

Rate Reconciliation:	
	<u>December 31, 2019</u>
Pretax net income	\$ 3,319.7
Taxes at statutory rate	697.1
Increase (decrease) attributable to:	
Nontaxable investment income	(243.2)
Nonadmitted assets	2.6
Other	10.2
	<u>\$ 466.7</u>
Federal and foreign taxes incurred	\$ 514.9
Change in net deferred taxes	(48.2)
Total statutory income tax	<u>\$ 466.7</u>
Effective tax rate	14.1%

- D. 1. The Combined Pool has no net operating loss carryforward available for tax purposes.
2. Current and prior year federal income taxes available for recoupment in the event of future net losses are as follows (in millions):

2019 Total	\$ 539.1
2018 Total	472.3
2017 Capital Gains	166.2

3. The Combined Pool has no protective tax deposits with the Internal Revenue Service under Section 6603 of the Internal Revenue Code.

(continued)

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

- E. 1. Members of the Combined Pool are included in the consolidated federal income tax return of TRV. See Exhibit 5 for a listing of the entities included with members of the Combined Pool in a consolidated federal income tax return filing.
2. These members are party to a tax allocation agreement that sets forth the manner in which total consolidated federal income tax is allocated among companies included in the consolidated return. Member companies included in the TRV consolidated return are allocated taxes annually based upon their separate taxable income. Companies with a current federal income tax receivable from TRV will receive settlement to the extent that such receivables are for tax benefits that have been utilized in the consolidated federal income tax return. Member companies are reimbursed by TRV in the event the Internal Revenue Service levies upon a member's assets for unpaid taxes in excess of the amount specifically allocated to a member.
- F. The Combined Pool does not believe it is reasonably possible that the liability related to any federal or foreign tax loss contingencies may significantly increase within the next 12 months.
- G. Repatriation Transition Tax (RTT):

The estimated RTT owed under the Tax Cuts and Jobs Act of 2017 is \$8.8 million. The estimated RTT has been fully remitted to the IRS.

8. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

- A. (1) The principal banking functions for the U.S. domestic property-casualty operations of TRV and its U.S. domiciled affiliated property-casualty insurance companies are handled by Indemnity. Settlements between the companies are made at least monthly.
- (2) TRV maintains a private short-term investment pool, known as the Travelers Money Market Liquidity Pool (TRVMMLP), in which affiliated companies may participate. The TRVMMLP is managed by Indemnity. Each company may convert its position in the TRVMMLP into cash at any time and may also use its position in the TRVMMLP to settle transactions with other affiliated participants in the TRVMMLP. The position of each company in the TRVMMLP is calculated and adjusted daily. Each participating insurance company carries its share of the TRVMMLP as a short-term investment. At December 31, 2019 and 2018, the Combined Pool's share of the TRVMMLP totaled \$3.25 billion and \$2.53 billion, respectively.
- In 2019 and 2018, the Combined Pool sold \$423.8 million and \$720.7 million of securities to the TRVMMLP, respectively.
- (3) The companies in the Combined Pool participate in various intercompany reinsurance agreements with affiliates. See Note 15 for additional detail.
- B. At December 31, 2019 and 2018, the Combined Pool had \$12.7 million receivable from and \$19.9 million payable to affiliates, respectively. Substantially all of the accounts between and among the Combined Pool and its affiliates are settled at least monthly. Accounts between and among the Combined Pool and certain international affiliates are settled within the timeframe specified in the related service and reimbursement agreements. All settlements are through the TRVMMLP or in cash.
- C. Material management or service contracts and cost sharing arrangements, involving the Combined Pool or any affiliate, other than cost allocation arrangements, are as follows:

<u>Type of Contract and Description</u>	<u>Servicing Company</u>	<u>Other Party</u>
Amended and Restated Service Expense Reimbursement	The Travelers Companies, Inc.	The Travelers Indemnity Company
Amended and Restated Expense Allocation	The Travelers Indemnity Company	Travelers P&C ⁽¹⁾
Reinsurance Allocation	The Travelers Indemnity Company	Travelers P&C ⁽¹⁾
Corporate Services	The Travelers Indemnity Company	First Floridian Auto and Home Insurance Company
Amended and Restated Service and Reimbursement Agreement	The Travelers Indemnity Company	The Dominion of Canada General Insurance Company
Service Agreement	The Travelers Indemnity Company	Travelers Management Limited
Investment Management Services Agreement	The Travelers Indemnity Company	Travelers Syndicate Management Limited
Investment Management Services Agreement	The Travelers Indemnity Company	Travelers Insurance Company Limited
Amended and Restated Service and Reimbursement Agreement	The Travelers Indemnity Company	Travelers Insurance Company of Canada
Claims Handling Agreement	The Travelers Indemnity Company	Travelers Syndicate Management Limited

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

<u>Type of Contract and Description</u>	<u>Servicing Company</u>	<u>Other Party</u>
Payment Agreement	The Travelers Indemnity Company	Travelers Management Limited
Research and Development Service Agreement	The Travelers Indemnity Company	Travelers Management Limited
Investment Management Services Agreement	The Travelers Indemnity Company	Travelers Insurance DAC
Personal Data Processing Agreement	The Travelers Indemnity Company	Travelers Management Limited
Agreement for the Provision of Staff	The Travelers Indemnity Company	Travelers Management Limited
Amended and Restated Shared Services and Reimbursement Agreement	Travelers Insurance Company of Canada and The Dominion of Canada General Insurance Company	St. Paul Fire and Marine Insurance Company (Canadian Branch)

(1) "Travelers P&C" includes The Travelers Indemnity Company and some or all of its insurance subsidiaries and affiliates.

D. The tables below provide information on subsidiary, controlled and affiliated (SCA) investments, excluding investments in U.S. insurance SCA entities.

1. Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities) (in millions):

<u>SCA Entity</u>	<u>Percentage of SCA Ownership</u>	<u>12/31/2019 Gross Amount</u>	<u>12/31/2019 Admitted Amount</u>	<u>12/31/2019 Nonadmitted Amount</u>
SSAP No. 97 8b(ii) Entities				
Travelers Texas MGA, Inc.	100.00%	\$ 1.5	\$ -	\$ 1.5
Travelers MGA, Inc.	100.00%	1.0	-	1.0
Travelers Distribution Alliance, Inc.	100.00%	0.5	-	0.5
Total SSAP No. 97 8b(ii) Entities	XXX	<u>\$ 3.0</u>	<u>\$ -</u>	<u>\$ 3.0</u>
SSAP No. 97 8b(iii) Entities				
8527512 Canada Inc.	100.00%	\$ 722.3	\$ 722.3	\$ -
Northbrook Holdings, Inc.	100.00%	284.0	284.0	-
TINDY Foreign, Inc.	100.00%	92.2	88.9	3.3
MMI Capital Trust I	100.00%	3.9	-	3.9
USF&G Capital I	100.00%	3.1	-	3.1
USF&G Capital III	100.00%	3.1	-	3.1
English Turn Realty Management, Inc.	100.00%	-	-	-
Yonkers Financing Corp.	100.00%	-	-	-
English Turn Fidelity Realty, Inc.	100.00%	-	-	-
Travelers Special Services Limited	100.00%	-	-	-
Total SSAP No. 97 8b(iii) Entities	XXX	<u>\$ 1,108.6</u>	<u>\$ 1,095.2</u>	<u>\$ 13.4</u>
SSAP No. 97 8b(iv) Entities				
Travelers Insurance Company of Canada	100.00%	\$ 305.7	\$ 305.7	\$ -
Total SSAP No. 97 8b(iv) Entities	XXX	<u>\$ 305.7</u>	<u>\$ 305.7</u>	<u>\$ -</u>
Aggregate Total	XXX	<u>\$ 1,417.3</u>	<u>\$ 1,400.9</u>	<u>\$ 16.4</u>

2. NAIC Filing Response Information:

<u>SCA Entity</u>	<u>Type of NAIC Filing</u>	<u>Date of Filing to the NAIC</u>	<u>12/31/2018 NAIC Valuation Amount (in millions)</u>	<u>NAIC Response Received Y/N</u>	<u>NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N</u>	<u>Code</u>
SSAP No. 97 8b(iii) Entities						
8527512 Canada Inc.	Sub 2	5/30/2019	\$ 657.5	Y	N	
Jupiter Holdings, Inc.	Sub 2	11/1/2019	629.9	N		
Northbrook Holdings, Inc.	Sub 2	4/24/2019	281.2	Y	N	
TINDY Foreign, Inc.	Sub 2	4/28/2019	90.6	Y	N	
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	<u>\$ 1,659.2</u>	XXX	XXX	XXX

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

SCA Entity	Type of NAIC Filing	Date of Filing to the NAIC	12/31/2018 NAIC Valuation Amount (in millions)	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code
SSAP No. 97 8b(iv) Entities						
Travelers Insurance Company of Canada	Sub 2	4/24/2019	\$ 263.1	Y	N	
Travelers Casualty and Surety Company of Europe Limited	Sub 2	11/1/2019	20.0	Y	N	
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	<u>\$ 283.1</u>	XXX	XXX	XXX
Aggregate Total	XXX	XXX	<u>\$ 1,942.3</u>	XXX	XXX	XXX

Nonadmitted assets are not required to complete a Sub 2 filing with the SVO as long as they were nonadmitted, or had a zero value, for the full reporting period. As such, SCAs meeting such criteria have been excluded from the preceding table as there is no data to report.

E. SCA Loss Tracking:

Combined Pool participants with SCAs where the share of losses exceeded the investment in the SCA are as follows (in millions):

(December 31, 2019)	Combined Pool Participant	SCA Entity	Share of SCA Net Income (Loss)	Accumulated Share of SCA Net Income (Losses)	Share of SCA's Equity, Including Negative Equity	Guaranteed Obligation for Financial Support (Yes/No)	SCA Reported Value
	United States Fidelity and Guaranty Company	Laurel Village	\$ 2.2	\$ (32.5)	\$ (31.8)	Yes	\$ -
(December 31, 2018)	Combined Pool Participant	SCA Entity	Share of SCA Net Income (Loss)	Accumulated Share of SCA Net Income (Losses)	Share of SCA's Equity, Including Negative Equity	Guaranteed Obligation for Financial Support (Yes/No)	SCA Reported Value
	United States Fidelity and Guaranty Company	Laurel Village	\$ 2.6	\$ (34.7)	\$ (32.0)	Yes	\$ -

Combined Pool participants had no other SCA investments with material cumulative losses in excess of the investment in the SCA at December 31, 2019 and 2018.

9. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

The Combined Pool accounts for pension and postretirement benefit expenses as consolidated/holding company plans under SSAP No. 102, *Pensions* and SSAP No. 92, *Postretirement Benefits Other Than Pensions*.

A. Consolidated/Holding Company Plans:

1. Employee Retirement Plans:

The Combined Pool participates in a qualified noncontributory defined benefit pension plan sponsored by TRV that provides benefits, primarily under a cash balance formula, for substantially all employees of the Combined Pool and its property-casualty affiliates. In addition the Combined Pool participates in nonqualified defined benefit pension plans sponsored by TRV which cover certain highly-compensated employees of the Combined Pool and its property-casualty affiliates. The Combined Pool has no legal obligation for benefits under these plans. The Combined Pool is charged for its allocable share of pension expense for these plans based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Combined Pool's allocated share of the pension expense was \$35.8 million and \$78.6 million for 2019 and 2018, respectively.

2. Postretirement Benefit Plan:

The Combined Pool participates in a postretirement health and life insurance benefit plan sponsored by TRV for employees of the Combined Pool and its property-casualty affiliates that satisfy certain age and service requirements and for certain retirees. The Combined Pool has no legal obligation for benefits under this plan. The Combined Pool is charged for its allocable share of postretirement benefit expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Combined Pool's allocated share of the postretirement benefit expense was \$2.8 million and \$2.2 million for 2019 and 2018, respectively.

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

3. 401(k) Savings Plan:

The Combined Pool participates in a 401(k) savings plan sponsored by TRV for substantially all employees of the Combined Pool and its property-casualty affiliates. The Combined Pool has no legal obligation for benefits under this plan. The Combined Pool is charged for its allocable share of expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Combined Pool's allocated share of the 401(k) savings plan expense was \$106.1 million and \$102.1 million for 2019 and 2018, respectively.

B. Incentive Plans:

The Combined Pool participates in a share-based incentive compensation plan, The Travelers Companies, Inc. Amended and Restated 2014 Stock Incentive Plan (the 2014 Incentive Plan), the purposes of which are to align the interests of TRV's non-employee directors, executive officers and other employees with those of TRV's shareholders and to attract and retain personnel by providing incentives in the form of share-based awards. The 2014 Incentive Plan permits grants of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock, deferred stock units, performance awards and other share-based or share-denominated awards with respect to TRV's common stock. TRV has a policy of issuing new shares to settle the exercise of stock option awards and the vesting of other equity awards.

The number of shares of TRV's common stock initially authorized for grant under the 2014 Incentive Plan was 10 million shares. In May 2019, 2017 and 2016, TRV's shareholders authorized an additional 3.1 million, 2.5 million and 4.4 million shares of TRV's common stock, respectively, for grant under the 2014 Incentive Plan. The following are not counted towards the combined 20.0 million shares available and will be available for future grants under the 2014 Incentive Plan: (i) shares of common stock subject to awards that expire unexercised, that are forfeited, terminated or canceled, that are settled in cash or other forms of property, or otherwise do not result in the issuance of shares of common stock, in whole or in part; (ii) shares that are used to pay the exercise price of stock options and shares used to pay withholding taxes on awards generally; and (iii) shares purchased by TRV on the open market using cash option exercise proceeds; provided, however, that the increase in the number of shares of common stock available for grant pursuant to such market purchases shall not be greater than the number that could be repurchased at fair market value on the date of exercise of the stock option giving rise to such option proceeds. In addition, the 20.0 million shares authorized by shareholders for issuance under the 2014 Incentive Plan will be increased by any shares subject to awards under The Travelers Companies, Inc. Amended and Restated 2004 Stock Incentive Plan (2004 Incentive Plan) that were outstanding as of May 27, 2014 and subsequently expire, are forfeited, canceled, settled in cash or otherwise terminate without the issuance of shares.

Stock Option Awards

Stock option awards granted to eligible officers and key employees have a ten-year term. All stock options are granted with an exercise price equal to the closing price of TRV's common stock on the date of grant. The stock options granted generally vest upon meeting certain years of service criteria. Except as the Compensation Committee of the TRV Board of Directors may allow in the future, stock options cannot be sold or transferred by the participant. Stock options outstanding under the 2014 Incentive Plan and the 2004 Incentive Plan generally vest three years after grant date (cliff vest).

A summary of stock option activity under the 2014 Incentive Plan and the legacy plans as of and for the year ended December 31, 2019 is as follows:

Stock Options	Number	Weighted Average Exercise Price	Weighted Average Contractual Life Remaining	Aggregate Intrinsic Value (\$ in millions)
Outstanding, beginning of year	8,994,356	\$ 106.93		
Original grants	2,057,494	126.19		
Exercised	(1,874,412)	92.98		
Forfeited or expired	(114,164)	127.55		
Outstanding, end of year	<u>9,063,274</u>	\$ 113.93	6.3 years	\$ 215
Vested at end of year ⁽¹⁾	<u>6,025,208</u>	\$ 106.91	5.3 years	\$ 184
Exercisable at end of year	<u>4,001,010</u>	\$ 96.37	3.9 years	\$ 163

⁽¹⁾ Represents awards for which the requisite service has been rendered, including those that are retirement eligible.

On February 4, 2020, TRV, under the 2014 Incentive Plan, granted 2,474,036 stock option awards with an exercise price of \$132.58 per share. The fair value attributable to the stock option awards on the date of grant was \$14.41 per share.

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

Restricted Stock Units, Deferred Stock Units and Performance Share Award Programs

TRV issues restricted stock unit awards to eligible officers and key employees under the Equity Awards program established pursuant to the 2014 Incentive Plan. A restricted stock unit represents the right to receive a share of common stock. These restricted stock unit awards are granted at market price, generally vest three years from the date of grant, do not have voting rights and the underlying shares of common stock are not issued until the vesting criteria is satisfied. In addition, TRV's Board of Directors can be issued deferred stock units from (i) an annual award; (ii) deferred compensation (in lieu of cash retainer, committee chair fees and lead director fees); and (iii) dividend equivalents earned on outstanding deferred compensation.

TRV also has a Performance Share Awards Program established pursuant to the 2004 Incentive Plan and which continues pursuant to the 2014 Incentive Plan. Under the program, TRV may issue performance share awards to certain employees of TRV who hold positions of Vice President (or its equivalent) or above. The performance share awards provide the recipient the right to earn shares of TRV's common stock based upon TRV's attainment of certain performance goals and the recipient meeting certain years of service criteria. The performance goals for performance share awards are based on TRV's adjusted return on equity over a three-year performance period. Vesting of performance shares is contingent upon TRV attaining the relevant performance period minimum threshold return on equity and the recipient meeting certain years of service criteria, generally three years for full vesting, subject to proration for certain termination conditions. If the performance period return on equity is below the minimum threshold, none of the performance shares will vest. If performance meets or exceeds the minimum performance threshold, a range of performance shares will vest (50% to 150% for awards granted in 2018, 2019 and 2020), depending on the actual return on equity attained.

The fair value of restricted stock units, deferred stock units and performance shares is measured at the market price of TRV stock at date of grant. Under terms of the 2014 Incentive Plan, holders of deferred stock units and performance shares may receive dividend equivalents.

The total fair value of shares that vested during the years ended December 31, 2019 and 2018 was \$130 million and \$135 million, respectively.

A summary of restricted stock units, deferred stock units and performance share activity under the 2014 Incentive Plan and the legacy plans as of and for the year ended December 31, 2019 is as follows:

Other Equity Instruments	Restricted and Deferred Stock Units		Performance Shares	
	Number	Weighted Average Grant-Date Fair Value	Number	Weighted Average Grant-Date Fair Value
Nonvested, beginning of year	1,216,676	\$ 122.34	684,889	\$ 128.83
Granted	591,365	126.88	371,754	126.18
Vested	(592,754) ⁽¹⁾	114.17	(365,743) ⁽²⁾	118.78
Forfeited	(77,626)	127.75	(27,625)	129.78
Performance-based adjustment	—	—	5,472 ⁽³⁾	123.17
Nonvested, end of year	<u>1,137,661</u>	\$ 128.59	<u>668,747</u>	\$ 132.76

⁽¹⁾ Represents awards for which the requisite service has been rendered.

⁽²⁾ Reflects the number of performance shares attributable to the performance goals attained over the completed performance period (three years) and for which service conditions have been met.

⁽³⁾ Represents the current year change in estimated performance shares to reflect the attainment of performance goals for the awards that were granted in each of the years 2017 through 2019.

In addition to the nonvested shares presented in the above table, there are related nonvested dividend equivalent shares. The number of nonvested dividend equivalent shares related to deferred stock units was 329 at the beginning of the year and 285 at the end of the year and the number of nonvested dividend equivalent shares related to performance shares was 24,876 at the beginning of the year and 22,359 at the end of the year. The dividend equivalent shares are subject to the same vesting terms as the deferred stock units and performance shares.

On February 4, 2020, TRV, under the 2014 Incentive Plan, granted 911,291 common stock awards in the form of restricted stock units, deferred stock units and performance share awards to participating officers, non-employee directors and other key employees. The restricted stock units and deferred stock units totaled 540,881 shares while the performance share awards totaled 370,410 shares. The fair value per share attributable to the common stock awards on the date of grant was \$132.58.

(continued)

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

10. CAPITAL AND SURPLUS AND DIVIDEND RESTRICTIONS

The Combined Pool paid the following dividends:

For the year ended December 31, 2019 (in millions)

	<u>Ordinary</u>	<u>Extraordinary</u>	<u>Total</u>
March 20	\$ 600.0	\$ -	\$ 600.0
June 20	650.0	-	650.0
September 20	650.0	-	650.0
December 23	<u>600.0</u>	-	<u>600.0</u>
Total	<u>\$ 2,500.0</u>	<u>\$ -</u>	<u>\$ 2,500.0</u>

For the year ended December 31, 2018 (in millions)

	<u>Ordinary</u>	<u>Extraordinary</u>	<u>Total</u>
March 21	\$ 650.0	\$ -	\$ 650.0
June 20	650.0	-	650.0
September 20	470.0	180.0	650.0
December 21	<u>239.0</u>	<u>111.0</u>	<u>350.0</u>
Total	<u>\$ 2,009.0</u>	<u>\$ 291.0</u>	<u>\$ 2,300.0</u>

For all ordinary dividends noted above, timely notice was provided to the State of Connecticut Insurance Department.

In 2018, prior approval was obtained from the State of Connecticut Insurance Department for all extraordinary dividends paid.

The Combined Pool also received dividends of \$425.0 million and \$395.4 million from its non-Combined Pool property-casualty insurance subsidiaries in 2019 and 2018, respectively.

The Combined Pool is subject to regulatory restrictions that limit the maximum amount of dividends available to Travelers Insurance Group Holdings Inc. (TIGHI) and TRV without prior approval of the Insurance Commissioner of the State of Connecticut. A maximum of \$2.79 billion of unassigned funds is available in 2020 for dividends to TIGHI and TRV without prior approval. However, TRV and/or TIGHI may decide to accelerate the timing within 2020 and/or increase the amount of dividends from its direct subsidiaries in 2020 which could result in certain of the Combined Pool's dividends being subject to approval by the Insurance Commissioner of the State of Connecticut.

There are no restrictions on the use of the Combined Pool's unassigned funds and such funds are held for the benefit of the shareholders, except for the dividend restrictions indicated above.

The change in the balance of special surplus funds is a result of ongoing retroactive reinsurance activity occurring in 2019 and the amortization of a sale-leaseback gain and a sale-leaseback loss to unassigned funds. See Note 15G for additional detail on retroactive reinsurance and Note 12A for additional detail on sale-leaseback transactions.

As of December 31, 2019, unassigned funds have been increased by cumulative net unrealized gains of \$1.58 billion.

11. LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Contingent Commitments:

At December 31, 2019 and 2018, the Combined Pool had commitments to fund investments of \$1.56 billion and \$1.47 billion, respectively. See Note 13.

B. Assessments:

- At December 31, 2019 and 2018, the Combined Pool had accrued liabilities of \$183.6 million and \$217.2 million, respectively, for guaranty fund and other insurance-related assessments and related recoverables of \$13.1 million and \$15.7 million at December 31, 2019 and 2018, respectively. The assessments are expected to be paid over a period ranging from one year to the life expectancy of certain workers' compensation claimants and the recoverables are expected to occur over the same period of time.

(continued)

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

	(in millions)
2. Assets recognized from paid and accrued premium tax offsets December 31, 2018	\$ 12.5
Decreases current year:	
Premium tax offset applied	3.5
Premium tax offset refund	0.4
Increases current year:	
Premium tax offset accrued	<u>1.7</u>
Assets recognized from paid and accrued premium tax offsets December 31, 2019	<u>\$ 10.3</u>

C. Claims Related Extra-Contractual Obligation and Bad Faith Losses Stemming from Lawsuits:

The Combined Pool paid \$47.6 million in 2019 on 44 claims to settle claims related extra-contractual obligations or bad faith claims stemming from lawsuits. This claim count information is disclosed on a per claim direct basis.

D. All Other Contingencies:

- a. In the ordinary course of selling businesses to third parties, certain Combined Pool companies have agreed to indemnify purchasers for losses arising out of breaches of representations and warranties, obligations arising from any liabilities indemnified as part of a sale agreement, and any breach or failure to perform certain covenants associated with a sale. Such indemnification provisions generally are applicable from the closing date to the expiration of the relevant statutes of limitations, although, in some cases, there may be agreed upon term limitations or no term limitations. Certain of these contingent obligations are subject to deductibles which have to be incurred by the obligee before the Combined Pool is obligated to make payments.
- b. Fire and Marine has a contingent obligation for a guarantee related to certain insurance policy obligations of a former insurance subsidiary. The maximum amount of Fire and Marine's obligation related to the guarantee was \$480 million at December 31, 2019, all of which is indemnified by a third party.
- c. In a guaranty agreement dated August 31, 2000, Fire and Marine guarantees the timely payment of all obligations of St. Paul (Bermuda) Ltd., with respect to policies of insurance issued to clients of Marsh USA Inc. up to a maximum of \$50 million. On July 1, 2010, St. Paul (Bermuda) Ltd., St. Paul Re (Bermuda) Ltd. and Travelers (Bermuda) Limited were amalgamated into one Bermuda company under the name Travelers (Bermuda) Limited. The guarantee was amended on June 30, 2010 to limit Fire and Marine's guarantee to only those obligations of St. Paul (Bermuda) Ltd. that existed prior to the amalgamation. Fire and Marine also waived certain rights in the amended guarantee until all creditors of St. Paul Re (Bermuda) Ltd. and Travelers (Bermuda) Limited at the time of the amalgamation have been paid in full.
- d. In March 1999, Fire and Marine guaranteed certain insurance obligations of United States Fidelity and Guaranty Company (USF&G), and in a guaranty agreement dated July 1, 2000, Fire and Marine guaranteed the payment of USF&G's obligations under insurance and reinsurance contracts issued by USF&G on or after the date of the agreement.
- e. Effective September 30, 1997, Fire and Marine entered into an unconditional guaranty that Travelers Constitution State Insurance Company, a wholly-owned subsidiary, would maintain required capital and surplus, each in the amount of \$2.5 million, for a total of \$5.0 million, as a condition of becoming licensed in the State of Maine.
- f. Effective May 15, 1996, Fire and Marine provided a guaranty of the performance by its wholly-owned subsidiary, Seaboard Surety Company (Seaboard), of all Seaboard's financial obligations arising out of its insurance or reinsurance contracts. The guaranty may be amended at any time upon three months' prior notice. On January 2, 2009, Seaboard was merged into Travelers Casualty and Surety Company of America (TCSA). The terms of the guarantee remain in effect.
- g. Effective December 10, 1993, Fire and Marine has guaranteed the performance by Travelers Insurance Company Limited (Travelers Limited), an affiliate incorporated in England, of all Travelers Limited's obligations arising out of its insurance or reinsurance contracts. Effective March 1, 2006, these guarantees were amended whereby Fire and Marine may terminate them at any time upon twelve months prior notice. Effective December 31, 2007, pursuant to the order of English Court, made on December 31, 2007, under Part VII of the Financial Services & Markets Act, obligations relating to certain business as of December 31, 2007, were transferred to Unionamerica Insurance Company Limited (Unionamerica), an affiliate of Travelers Limited. This resulted in those obligations no longer being covered by the guarantees. The guarantees will remain in force, however, for the obligations arising out of insurance or reinsurance contracts not transferred to Unionamerica and for business subsequently written by Travelers Limited. In December 2008, Unionamerica was sold to an unaffiliated entity.
- h. Fire and Marine guaranteed the timely payment of Discover Reinsurance Company's (Discover Re) obligations with respect to all insurance policies and reinsurance policies issued by Discover Re. On October 1, 2007, Discover Re was merged into Indemnity. The merger resulted in the automatic termination of the guarantee with respect to any future claims. However, Fire and Marine continues to guarantee to Indemnity all obligations of Discover Re incurred before the termination date.

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

- i. In a guarantee agreement dated February 9, 2009, Fire and Marine has guaranteed certain pension obligations of Travelers Special Services Limited, a wholly-owned subsidiary. The guarantee is not limited in amount and expires once all obligations have been met.
- j. Fire and Marine is the owner of all the beneficial interests represented by common securities of three business trusts. The trusts exist for the sole purpose of issuing capital securities and common securities. The proceeds were used to purchase deferrable interest junior subordinated debentures. These debentures are obligations of TRV. Fire and Marine fully, irrevocably and unconditionally guaranteed all of the trusts' obligations under the capital securities including principal of \$254 million and interest. Fire and Marine and TRV are both jointly and severally responsible for the payment obligation of the subordinated debentures.
- k. USF&G is a partner in a real estate joint venture. TRV is the guarantor of certain debt of the real estate joint venture. USF&G entered into an agreement to reimburse TRV in the event that TRV is required to make payments under the guarantee. USF&G has recorded a liability of \$12.9 million on its balance sheet as of December 31, 2019 under this reimbursement agreement.

Nature and circumstances of guarantee and key attributes, including date and duration of agreement	Liability recognition of guarantee. (include amount recognized at inception. If no initial recognition, document exception allowed under SSAP No. 5R)	Ultimate financial statement impact if action under the guarantee is required (in millions)	Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be noted specifically	Current status of payment or performance risk of guarantee. Also provide additional discussion as warranted
a. Sale of businesses	The fair value of guarantee liabilities as described are minimal and immaterial to the financial statements taken as a whole	Statement of Income – Aggregate write-ins for miscellaneous income (expense)	\$ 341.3	Certain Combined Pool companies have assessed the performance risk as remote under these guarantees
b. Former subsidiary	Fair value initial recognition was \$19.1	Statement of Income – Aggregate write-ins for miscellaneous income (expense)	\$ 480.0	Fire and Marine has assessed the performance risk as low under this guarantee. The AM Best current claims-paying rating of the former subsidiary is "A-"
c. Travelers (Bermuda)	The fair value of guarantee liabilities as described are minimal and immaterial to the financial statements taken as a whole	Surplus – Dividends to Stockholders	\$ 50.0	Fire and Marine has assessed the performance risk as remote under this guarantee
d. USF&G's obligations	No initial recognition as guarantee is made on behalf of a wholly-owned subsidiary and is considered unlimited in amount	Assets – Common stocks	Guarantee has no stated amount or limitation to the maximum potential future payments and accordingly, Fire and Marine is unable to develop an estimate of the maximum potential payments for such arrangements	Fire and Marine has assessed the performance risk as remote under this guarantee
e. Travelers Constitution State Insurance Company minimum capital and surplus	No initial recognition as guarantee is made on behalf of a wholly owned subsidiary	Assets – Common stocks	\$ 5.0	Fire and Marine has assessed the performance risk as remote under this guarantee
f. Seaboard Surety Company	No initial recognition as guarantee is made on behalf of a related party and is considered unlimited in amount	Surplus – Dividends to Stockholders	Guarantee has no stated amount or limitation to the maximum potential future payments and accordingly, Fire and Marine is unable to develop an estimate of the maximum potential payments for such arrangements	Fire and Marine has assessed the performance risk as remote under this guarantee

(continued)

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

Nature and circumstances of guarantee and key attributes, including date and duration of agreement	Liability recognition of guarantee. (include amount recognized at inception. If no initial recognition, document exception allowed under SSAP No. 5R)	Ultimate financial statement impact if action under the guarantee is required (in millions)	Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be noted specifically	Current status of payment or performance risk of guarantee. Also provide additional discussion as warranted
g. Travelers Insurance Company Limited	No initial recognition as guarantee is made on behalf of a related party and is considered unlimited in amount	Surplus – Dividends to Stockholders	Guarantee has no stated amount or limitation to the maximum potential future payments and accordingly, Fire and Marine is unable to develop an estimate of the maximum potential payments for such arrangements	Fire and Marine has assessed the performance risk as remote under this guarantee
h. Discover Reinsurance Company	No initial recognition as guarantee is made on behalf of a related party and is considered unlimited in amount	Surplus – Dividends to Stockholders	Guarantee has no stated amount or limitation to the maximum potential future payments and accordingly, Fire and Marine is unable to develop an estimate of the maximum potential payments for such arrangements	Fire and Marine has assessed the performance risk as remote under this guarantee
i. Certain pension obligations of Travelers Special Services Limited, a wholly-owned subsidiary	No initial recognition as guarantee is made on behalf of a wholly-owned subsidiary and is considered unlimited in amount	Assets – Common stocks	Guarantee has no stated amount or limitation to the maximum potential future payments and accordingly, Fire and Marine is unable to develop an estimate of the maximum potential payments for such arrangements	Fire and Marine has assessed the performance risk as remote under this guarantee
j. Trust obligations of three wholly-owned subsidiaries	No initial recognition as guarantee is made on behalf of a wholly-owned subsidiary	Assets – Common stocks	See below – subject to the same maximum	Fire and Marine has assessed the performance risk as low under these guarantees
Subordinated debentures by its parent to the respective trusts	Fair value initial recognition for debenture guarantees was \$24.0	Surplus – Dividends to Stockholders	\$ 254.0	TRV is current in all debenture obligations. The debentures AM Best current financial strength rating is “a-”
k. Real estate joint venture	\$ 12.9	Surplus – Dividends to Stockholders	\$ 53.1	USF&G’s performance risk is probable based on operating results of this joint venture
Aggregate maximum potential of future payments (in millions): of all guarantees (undiscounted) the guarantor could be required to make under guarantees			\$ 1,183.4	
Current liability recognized in financial statements: Noncontingent liabilities			56.0	
Ultimate financial statement impact if action under the guarantee is required:				
Investment in subsidiary			5.0	
Dividends to stockholders			357.1	
Expense			821.3	
Total			<u>\$ 1,183.4</u>	

The Combined Pool has purchased annuities from life insurance companies to fund structured settlements. For a discussion of the Combined Pool’s contingent liabilities for structured settlements, see Note 18.

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

Asbestos and Environmental Claims and Litigation:

In the ordinary course of its insurance business, the Combined Pool has received and continues to receive claims for insurance arising under policies issued by the Combined Pool asserting alleged injuries and damages from asbestos- and environmental-related exposures that are the subject of related coverage litigation. The Combined Pool is defending asbestos- and environmental-related litigation vigorously and believes that it has meritorious defenses; however, the outcomes of these disputes are uncertain. In this regard, the Combined Pool employs dedicated specialists and comprehensive resolution strategies to manage asbestos and environmental loss exposure, including settling litigation under appropriate circumstances. Currently, it is not possible to predict legal outcomes and their impact on future loss development for claims and litigation relating to asbestos and environmental claims. Any such development could be affected by future court decisions and interpretations, as well as future changes, if any, in applicable legislation. Because of these uncertainties, additional liabilities may arise for amounts in excess of the Combined Pool's current insurance reserves. In addition, the Combined Pool's estimate of ultimate claims and claim adjustment expenses may change. These additional liabilities or changes in estimates, or a range of either, cannot now be reasonably estimated and could result in income statement charges that could be material to the Combined Pool's results of operations in future periods.

Other Proceedings Not Arising Under Insurance Contracts or Reinsurance Agreements:

The Combined Pool is involved in other lawsuits, including lawsuits alleging extra-contractual damages relating to insurance contracts or reinsurance agreements, that do not arise under insurance contracts or reinsurance agreements. The legal costs associated with such lawsuits are expensed in the period in which the costs are incurred. Based upon currently available information, the Combined Pool does not believe it is reasonably possible that any such lawsuit or related lawsuits would be material to the Combined Pool's results of operations or would have a material adverse effect on the Combined Pool's financial position or liquidity.

12. LEASES

A. Lessee Leasing Arrangements:

- At December 31, 2019 and 2018, the Combined Pool had entered into various lease agreements for office space, office equipment, data processing equipment, automobiles and other equipment. The office space and data processing equipment leases are for various periods of time. The other leases generally do not exceed five years. Total rental expense under operating leases for the Combined Pool for 2019 and 2018 was \$160.0 million and \$166.8 million, respectively. Rental expenses incurred by the Combined Pool are subject to an intercompany expense allocation agreement. The Combined Pool did not have rental income from subleases during 2019 and 2018.

There are numerous leases with renewal terms, none of which are material to the Combined Pool.

- Aggregate future minimum rental payments for leases having initial or remaining non-cancelable lease terms in excess of one year for the Combined Pool totaled \$373.0 million and \$420.1 million at December 31, 2019 and 2018, respectively. Future minimum rental payments for each of the five succeeding years are as follows (in millions):

<u>Year</u>	<u>Operating Leases</u>
2020	\$ 105.2
2021	88.8
2022	63.9
2023	45.4
2024	28.9

At December 31, 2019, the Combined Pool has no future minimum rental payments to be received under non-cancelable subleases.

- On March 24, 2017, Fire and Marine sold its property located at 401 Lennon Lane in Walnut Creek, California to a third party. The property was fully leased by Indemnity. Based upon the terms of the sale, Indemnity will remain as the tenant and continue to fully lease the property. As both Fire and Marine and Indemnity are members of the Combined Pool, the sale was accounted for as a sale-leaseback and the \$0.7 million loss on the sale of the property was restricted and is being amortized to unassigned funds over the lease period. Aggregate future minimum rental payments totaled \$8.3 million at December 31, 2019. Future minimum rental payments for the five succeeding years are as follows (in millions):

<u>Year</u>	<u>Operating Lease</u>
2020	\$ 1.1
2021	1.1
2022	1.1
2023	1.1
2024	1.1

- On June 29, 2012, Fire and Marine sold its property located at 6060 South Willow Drive in Greenwood Village, Colorado to a third party. The property was fully leased by Indemnity. Based upon the terms of the sale, Indemnity will remain as the tenant and continue to fully lease the property. As both Fire and Marine and Indemnity are members of the Combined Pool, the sale was accounted for as a sale-leaseback and the \$7.6 million gain on the sale of the property was restricted and amortized to unassigned funds over the lease period. Indemnity exited the lease on June 30, 2019, with the remaining gain amortized to unassigned funds at that time.

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TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

B. Lessor's Business Activities:

Fire and Marine maintains investments in commercial real estate. The land is carried at cost and the buildings at cost less accumulated depreciation and related encumbrances. The buildings are depreciated on a straight-line basis over a period of up to 39 years. The accumulated depreciation on real estate held for the production of income was \$514.9 million and \$478.2 million as of December 31, 2019 and 2018, respectively. At December 31, 2019, the minimum annual lease payments receivable under non-cancelable leasing arrangements for each of the five succeeding years are as follows (in millions):

<u>Year</u>	<u>Operating Leases</u>
2020	\$ 110.3
2021	101.3
2022	85.2
2023	61.2
2024	45.2

13. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Combined Pool has unfunded commitments to private equity limited partnerships and real estate partnerships in which it invests. At December 31, 2019 and 2018, the amount of off-balance-sheet risk of these financial instruments aggregated to \$1.56 billion and \$1.47 billion, respectively.

In prior years, the Combined Pool underwrote insurance guaranteeing the structured settlements of certain life insurers. Also in past years, the Combined Pool underwrote financial guarantee insurance representing the Combined Pool's participation in the Municipal Bond Insurance Association's (MBIA) guarantee of municipal bond obligations. See Note 22 for additional discussion.

14. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

The Combined Pool engages in securities lending activities from which it generates net investment income from the lending of certain of its investments to other institutions for short periods of time. Borrowers of these securities provide collateral equal to at least 102% of the market value of the loaned securities plus accrued interest. This collateral is held by a third party custodian, and the Combined Pool has the right to access the collateral only in the event that the institution borrowing the Combined Pool's securities is in default under the lending agreement. The loaned securities remain a recorded asset of the Combined Pool. The Combined Pool accepts only cash as collateral for securities on loan and restricts the manner in which that cash is invested to U.S. Treasury securities and U.S. Treasury repurchase agreements. These securities typically have a duration of 1 day. At December 31, 2019 and 2018, the Combined Pool had investments with fixed maturities on loan with fair values totaling \$400.8 million and \$351.5 million, respectively.

15. REINSURANCE

A. The Combined Pool participates in reinsurance in order to limit losses, minimize exposure to large risks, provide additional capacity for future growth and to effect affiliate business-sharing arrangements. The Combined Pool also participates as a servicing carrier for and member of several assigned risk pools and associations. As a servicing carrier, the Combined Pool is the direct writer of certain risks, primarily workers' compensation and automobile liability, and cedes 100% of these risks to the pools and associations. The Combined Pool then assumes its pro rata share based on formulas mandated by various regulatory authorities. In addition to the property-casualty pooling agreements, the Combined Pool cedes 100% of certain accident and health policies, predominately long-term disability, to Brighthouse Life Insurance Company (formerly MetLife Insurance Company USA, a former affiliate). The Combined Pool remains primarily liable as the direct insurer on all risks reinsured.

The Combined Pool also is a party to reinsurance agreements with subsidiary property-casualty insurers as follows:

Certain companies included in the Combined Pool are parties to a cross-business reinsurance agreement with TCSA. Under the terms of this agreement, surety, fidelity, fiduciary and directors' & officers' (collectively referred to as Bond) business is reinsured with TCSA and non-Bond business written by TCSA is reinsured with the Combined Pool. This agreement has been in effect since January 1, 1997.

B. Unsecured Reinsurance Recoverables:

The unsecured aggregate recoverables for ceded losses, LAE and unearned premiums recoverable from any unaffiliated reinsurer at December 31, 2019 that exceeded 3% of the Combined Pool's policyholders' surplus, were as follows (in millions):

	<u>Group Code</u>	<u>F.E.I.N.</u>	<u>Amount</u>
National Workers' Compensation Reinsurance Pool	0000	AA-9992118	\$ 1,485

C. Reinsurance Recoverables in Dispute:

There are no reinsurance recoverables with individual reinsurers, on paid and unpaid (including incurred but not reported (IBNR)) losses, in dispute which exceed 5% of the Combined Pool's policyholders' surplus. In addition, the aggregate of all disputed items does not exceed 10% of the Combined Pool's policyholders' surplus.

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

D. Reinsurance Assumed and Ceded at December 31, 2019 (in millions):

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Non-Combined Pool Affiliates	\$ 493.3	\$ -	\$ 212.1	\$ -	\$ 281.2	\$ -
All Other	383.4	38.4	532.7	53.3	(149.3)	(14.9)
Total	<u>\$ 876.7</u>	<u>\$ 38.4</u>	<u>\$ 744.8</u>	<u>\$ 53.3</u>	<u>\$ 131.9</u>	<u>\$ (14.9)</u>

Direct Unearned Premium Reserve \$ 11,582.6

2. Accruals for contingent commissions, net of reinsurance assumed and ceded, amounted to \$217.1 million at December 31, 2019.

E. Uncollectible Reinsurance (in millions):

In 2019, on a net basis, the Combined Pool has recovered \$2.4 million of reinsurance balances previously written off and which is reported in losses incurred.

Company	Uncollectible (Recovered)
Home Insurance Company	\$ (2.7)
OIC Run-Off Limited	(0.8)
The London and Overseas Insurance Company Limited	(0.4)
Mission Reinsurance Corporation	0.5
Public Service Insurance Company	0.4
International Casualty Company SPC, Inc.	0.2
Excalibur Reinsurance Corporation	0.1
All Others	0.3
Total	<u>\$ (2.4)</u>

F. Commutations of Ceded Reinsurance:

The Combined Pool has reported in 2019 a gain of \$0.1 million, as a result of commutations with the reinsurers listed below, and reported as follows (in millions):

Losses incurred	\$ (0.1)
Loss adjustment expenses incurred	-
Premiums earned	-
Other Gain/(Loss)	-

Company	Amount
Safe Trucking Insurance Ltd.	\$ 0.1
Atlantic Gateway International Ltd.	-
Kyoei Fire & Marine Insurance Company Ltd.	-
Total Gain	<u>\$ 0.1</u>

G. Retroactive Reinsurance (in millions):

	Assumed	Ceded
a. Reserves Transferred:		
(1) Initial Reserves	\$ 9.4	\$ 189.8
(2) Adjustments - Prior Year(s)	(4.0)	140.1
(3) Adjustments - Current Year	-	(0.9)
(4) Current Total	<u>\$ 5.4</u>	<u>\$ 329.0</u>
b. Consideration Paid or Received:		
(1) Initial Consideration	\$ 10.5	\$ 193.5
(2) Adjustments - Prior Year(s)	-	14.0
(3) Adjustments - Current Year	-	-
(4) Current Total	<u>\$ 10.5</u>	<u>\$ 207.5</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 4.2	\$ 279.2
(2) Current Year	-	6.1
(3) Current Total	<u>\$ 4.2</u>	<u>\$ 285.3</u>

(continued)

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

	<u>Assumed</u>	<u>Ceded</u>
d. Special Surplus From Retroactive Reinsurance		
(1) Initial Surplus Gain or Loss	\$ 1.1	\$ (3.7)
(2) Adjustments - Prior Year(s)	4.0	126.1
(3) Adjustments - Current Year	-	(0.9)
(4) Current Year Restricted Surplus	<u>5.1</u>	<u>43.6</u>
(5) Cumulative Total Transferred to Unassigned Funds	<u>\$ -</u>	<u>\$ 77.9</u>

e. Other insurers included in the above transactions:

<u>Company</u>	<u>Assumed</u>	<u>Ceded</u>
Munich Reinsurance America, Inc. (10227)	\$ 5.4	\$ -
Renaissance Reinsurance U.S. Inc. (10357)	-	95.2
TIG Insurance Company (25534)	-	72.5
XL Reinsurance America Inc. (20583)	-	71.1
Swiss Reinsurance America Corporation (25364)	-	17.9
Westport Insurance Corporation (39845)	-	15.5
Commercial Risk Reinsurance Co. Ltd. (AA-3190433)	-	13.4
Various	-	43.4
Total	<u>\$ 5.4</u>	<u>\$ 329.0</u>

f. Paid Loss/LAE Recoverable:

<u>Company</u>	<u>Paid Loss/LAE Recoverables</u>	<u>Amount Over 90 Days Past Due</u>	<u>Collateral Held</u>
XL Reinsurance America Inc. (20583)	\$ 0.3	\$ -	\$ -
TIG Insurance Company (25534)	-	-	7.7
Westport Insurance Corporation (39845)	-	-	-
Various	0.1	-	-
Total	<u>\$ 0.4</u>	<u>\$ -</u>	<u>\$ 7.7</u>

Fire and Marine is a party to a ceded retroactive reinsurance contract with Renaissance Reinsurance U.S. Inc. for certain reserves in its Canadian Branch. These Canadian Branch reserves are not subject to the pooling agreement and at December 31, 2019, the remaining ceded reserves were immaterial and are included above.

H. Reinsurance Accounted for as a Deposit:

As of December 31, 2019, Fire and Marine had one assumed reinsurance contract accounted for as a deposit with a non-zero balance. This contract has been in runoff since 2001 and has a deposit balance of \$122 thousand at year-end. Due to the immaterial nature of the deposit balance Fire and Marine accounts for it at the estimated ultimate remaining payments on an undiscounted basis.

As of December 31, 2019, Fire and Marine had one ceded reinsurance contract accounted for as a deposit with a non-zero balance. This contract has been in runoff since 2002 and has a balance of \$221 thousand at year-end. Due to the immaterial nature of this balance Fire and Marine accounts for its estimated ultimate remaining recoverable on an undiscounted basis.

As of December 31, 2019, Discover Property & Casualty Insurance Company (DPCIC) had one assumed reinsurance contract accounted for as a deposit with a non-zero balance. This contract has a deposit balance of \$725 thousand at year-end. Due to the immaterial nature of the deposit balance DPCIC accounts for it at the estimated ultimate remaining payments on an undiscounted basis.

I. Insurance-Linked Securities Contracts:

The Combined Pool has catastrophe protection through an indemnity reinsurance agreement with Long Point Re III Ltd. (Long Point Re III), an independent Cayman Islands company licensed as a Class C insurer in the Cayman Islands. The reinsurance agreement meets the requirements to be accounted for as reinsurance in accordance with the guidance for reinsurance contracts. In connection with the reinsurance agreement, Long Point Re III issued notes (generally referred to as "catastrophe bonds") to investors in amounts equal to the full coverage provided under the reinsurance agreement as described below. The proceeds were deposited in a reinsurance trust account. The businesses covered by this reinsurance agreement are subsets of the Combined Pool's overall insurance portfolio, comprising specified property coverages spread across the following geographic locations: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Virginia and Vermont.

The reinsurance agreement provides coverage of up to \$500 million to the Combined Pool through May 24, 2022 for certain losses from tropical cyclones, earthquakes, severe thunderstorms or winter storms in the locations listed above. The attachment point and maximum limit under this agreement are reset annually to adjust the expected loss of the layer within a predetermined range. Until and including May 24, 2020, the Combined Pool is entitled to begin recovering amounts under this reinsurance agreement if the covered losses in the covered area for a single occurrence reach an initial attachment amount of \$1.79 billion. The full \$500 million coverage amount is available until such covered losses reach a maximum \$2.29 billion.

(continued)

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

The Combined Pool has not incurred any losses that have resulted or are expected to result in a recovery under the Long Point Re III agreement since its inception.

16. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

- A. Accrued retrospective premiums have been determined based upon loss experience on business subject to such experience rating adjustment. Accrued retrospectively rated premiums, including all of those relating to bulk IBNR, have been determined by or allocated to individual policyholder accounts. Ten percent of the amount not offset by retrospective return premiums, other liabilities to the same party (other than loss and LAE reserves), or collateral as permitted by SSAP No. 66, *Retrospectively Rated Contracts*, has been nonadmitted.
- B. The Combined Pool records accrued retrospective premium as an adjustment to earned premium.
- C. In 2019, approximately \$209.7 million, or 0.83%, of the Combined Pool's net written premiums were subject to retrospective rating features.
- D. Calculation of nonadmitted retrospective premium (in millions):

1. Total accrued retrospective premium	\$ 90.6
2. Unsecured amount	55.0
3. Less: Nonadmitted amount (10%)	5.5
4. Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	<u>3.0</u>
5. Admitted amount (1) - (3) - (4)	<u>\$ 82.1</u>

17. LOSSES AND LOSS ADJUSTMENT EXPENSES

- A. The table below is a reconciliation of beginning and ending reserve balances for losses and LAE for the years ended December 31, 2019 and 2018.

(in millions)	<u>2019</u>	<u>2018</u>
Losses and LAE at beginning of year	\$ 38,868.1	\$ 37,721.9
Provision for losses and LAE for claims arising in:		
Current year	16,914.7	16,779.2
Prior years ⁽¹⁾	<u>47.1</u>	<u>(388.1)</u>
Total incurred	<u>16,961.8</u>	<u>16,391.1</u>
Losses and LAE payments for claims arising in:		
Current year	7,069.8	7,016.8
Prior years	<u>8,812.9</u>	<u>8,228.1</u>
Total payments	<u>15,882.7</u>	<u>15,244.9</u>
Losses and LAE at end of year	<u>\$ 39,947.2</u>	<u>\$ 38,868.1</u>

⁽¹⁾ Includes change in discount of \$(51.3) million and \$(6.0) million in 2019 and 2018, respectively.

The Combined Pool's unpaid losses are reported net of anticipated salvage and subrogation of \$911.6 million and \$899.1 million at December 31, 2019 and 2018, respectively.

- B. Changes in Incurred Losses and LAE:

In 2019, the prior year-end total loss and LAE reserves developed unfavorably by \$47.1 million, driven by a \$51.3 million discount change, partially offset by favorable development of \$4.2 million, resulting from better than expected loss experience in workers' compensation and other liability - claims-made lines of business. The improvement in workers' compensation was driven primarily by better than expected loss experience across all accident years. Lower estimates for adjusting and other expenses also contributed to the workers' compensation improvement. The improvement in other liability - claims-made was driven primarily by better than expected loss experience in "Prior" accident years. Additional favorable loss and defense and cost containment (DCC) development was spread across multiple lines and accident years and not concentrated in any particular line or accident year.

Unfavorable development was driven by higher than expected loss and DCC experience across multiple Schedule P lines, primarily other liability - occurrence, commercial auto liability, products liability - occurrence and commercial multi-peril lines of business. This unfavorable development included recognizing increases for asbestos, extensions of the statute of limitations for childhood sexual molestation claims and environmental reserves, primarily in the other liability - occurrence and products liability - occurrence lines. Higher than expected loss experience in other liability - occurrence was for all accident years as well as higher than expected adjusting and other costs. Higher than expected loss experience in commercial auto liability was primarily for recent accident years. For products liability - occurrence, higher than expected loss experience was primarily for "Prior" accident years. Higher than expected loss experience in commercial multi-peril was primarily for recent accident years. Additional unfavorable loss and DCC development was spread across multiple lines and accident years and not concentrated in any particular line or accident year.

The remaining changes are generally the result of ongoing analyses of recent loss data and trends. A portion of the change from prior year effects relates to retrospectively rated policies which are subject to premium adjustments.

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

C. Discounting of Liabilities for Unpaid Losses or Unpaid LAE:

The Combined Pool establishes and reports tabular workers' compensation case reserves consistent with statistical reporting requirements, as described below. The total reserve (case plus IBNR/Bulk) for these claims is consistent with the Combined Pool's own evaluation of the ultimate payout and a 5% discount rate for accident years 2018 and prior and a 3.5% discount rate for accident year 2019.

Except for certain third party administered claims, tabular workers' compensation case reserves have been discounted in accordance with state approved workers' compensation statistical plans. The tabular case reserves reflect a discount rate of 3.5% or as specified by state requirements, generally using the following United States Life Tables:

Non-Fatal Cases:	United States Life Tables Total Population 2007 – FL United States Life Tables Total Male or Total Female 2009 – MN United States Life Tables Total Male or Total Female 2011 – MA United States Life Tables Total Male or Total Female Population 1999 – MA(USL) United States Life Tables Total Male or Total Female 2007 – all other states
Fatal Cases:	New York Mandated Mortality & Remarriage Table – NY United States Life Tables Total Female 2009 – MN ** United States Life Tables Total Female 2011 – MA ** United States Life Tables Total Female 1999 – MA(USL) * United States Life Tables Total Female 2007 – all other states **

* and the 1980 Railroad Retirement Board Remarriage Table

** and the 1997 Railroad Retirement Board Remarriage Table

Other liability reserves related to annuity obligations from structured settlements are discounted using a discount rate of 5% and reflect the 1983 Individual Annuity Mortality table adjusted for impairment and future mortality improvement.

The Combined Pool develops loss reserve estimates for workers' compensation tabular claims that are expectations of what the ultimate settlement costs for these claims will be upon final resolution in the future. These estimates are based on the Combined Pool's assessment of facts and circumstances currently known and, using Combined Pool experience, multiple actuarial estimation methods. This includes estimates of payment patterns reflecting actual mortality, morbidity and settlement history that relate both to claims currently identified as tabular as well as claims not yet identified as tabular ("IBNR" tabular).

The total reserves and the corresponding discount that the Combined Pool has established for these claims reflect these multiple estimation methods, payment patterns and a discount rate of 5% for accident years 2018 and prior and a 3.5% discount rate for accident year 2019. The liabilities and discount amounts shown below reflect estimates of the ultimate liability for tabular claims. Furthermore, the case vs. IBNR discount amounts shown below each reflects estimates of the ultimate resolution costs for these claims: case amounts for claims already identified as tabular; IBNR amounts for claims yet to be identified as tabular.

The December 31, 2019 liabilities of the Combined Pool included \$2.16 billion and \$145.1 million of such discounted liabilities related to workers' compensation and other liability-occurrence reserves, respectively.

The amount of tabular discount for workers' compensation reserves at December 31, 2019 was \$273.8 million and \$642.0 million related to case and IBNR reserves, respectively. Tabular discount for other liability-occurrence reserves at December 31, 2019 was \$11.5 million and \$161.0 million related to case and IBNR reserves, respectively.

In 2019 and 2018, the accretion of discount reported as part of losses incurred in the Statement of Income totaled \$48.9 million and \$49.4 million, respectively.

Non-tabular reserves have not been discounted.

No changes in the rates or other key assumptions used to discount prior accident year reserves have been made.

18. STRUCTURED SETTLEMENTS

The Combined Pool has purchased annuities from life insurance companies, under which the claimant is the payee and the Combined Pool is contingently liable as the owner of the annuity contract, to fund structured settlements. These annuity contracts are now the direct responsibility of the life insurance companies from whom they have been purchased and claims settled by the purchase of such annuity contracts are treated as closed claims. In the event that the life insurance company fails to make the required annuity payments, the Combined Pool would be required to make such payments if and to the extent the purchased annuities are not covered by state guaranty associations.

The following life insurance companies held reserves at December 31, 2019 for structured settlement annuities purchased by members of the Combined Pool (in millions):

<u>Life Insurance Company and Location</u>	<u>Licensed in Company's State of Domicile</u>	<u>Statement Value of Annuities</u>
Fidelity & Guaranty Life Insurance Company, Baltimore, MD	Yes	\$ 738.4
Bighthouse Life Insurance Company, Charlotte, NC	Yes	247.7
All other companies		1,659.9

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TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

19. HIGH DEDUCTIBLES

Reserve Credit Recorded on Unpaid Claims and Amount Billed and Recoverable on Paid Claims for High Deductibles (in millions):

1. Counterparty exposure recorded on unpaid claims and billed recoverables on paid claims:

Annual Statement Line of Business		Gross (of High Deductible) Loss Reserves	Reserve Credit for High Deductibles	Billed Recoverables on Paid Claims	Total High Deductibles and Billed Recoverables
16	Workers' compensation	\$ 9,625.2	\$ 4,570.3	\$ 47.4	\$ 4,617.7
19.3, 19.4	Commercial auto liability	1,135.2	673.2	6.3	679.5
21	Auto physical damage	10.7	5.8	0.1	5.9
17.1, 17.2	Other liability	1,090.2	262.5	6.1	268.6
18.1, 18.2	Products liability	604.0	178.8	3.4	182.2
5	Commercial multiple peril	8.3	0.2	0.1	0.3
	Total	\$ 12,473.6	\$ 5,690.9	\$ 63.4	\$ 5,754.2

2. Unsecured amounts of high deductibles:

a. Total high deductibles and billed recoverables on paid claims	\$ 5,754.2
b. Collateral on balance sheet	\$ 779.2
c. Collateral off balance sheet	\$ 4,635.3
d. Total unsecured deductibles and billed recoverables on paid claims	\$ 339.7
e. Percentage unsecured	5.90%

3. Overdue recoverable amounts on paid claims:

a. Amount of overdue nonadmitted (either due to aging or collateral)	\$ 7.2
b. Amount over 90 days overdue admitted	\$ 1.7
c. Total overdue (a+b)	\$ 8.9

4. The deductible amounts for the highest ten unsecured high deductible policies:

Counterparty Ranking	Top Ten Unsecured High Deductibles Amounts
Counterparty 1	\$ 73.1
Counterparty 2	51.1
Counterparty 3	43.0
Counterparty 4	38.1
Counterparty 5	32.0
Counterparty 6	28.8
Counterparty 7	25.9
Counterparty 8	17.5
Counterparty 9	15.1
Counterparty 10	14.6

20. ASBESTOS/ENVIRONMENTAL RESERVES

Asbestos and environmental claims are segregated from other claims and are handled separately by the Combined Pool's Strategic Resolution Group, a separate unit staffed by dedicated legal, claim, finance and engineering professionals.

A. Exposure for asbestos losses arises from liability coverage written many years ago.

Because each policyholder presents different liability and coverage issues, the Combined Pool generally reviews the exposure presented by each policyholder at least annually. Among the factors which the Combined Pool may consider in the course of this review are: available insurance coverage, including the role of any umbrella or excess insurance the Combined Pool has issued to the policyholder; limits and deductibles; an analysis of the policyholder's potential liability; the jurisdictions involved; past and anticipated future claim activity and loss development on pending claims; past settlement values of similar claims; allocated claim adjustment expense; the potential role of other insurance; the role, if any, of non-asbestos claims or potential non-asbestos claims in any resolution process; and applicable coverage defenses or determinations, if any, including the determination as to whether or not an asbestos claim is a products/completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim.

The Combined Pool continues to be involved in disputes, including litigation, with a number of policyholders, some of whom are in bankruptcy over coverage for asbestos-related claims. Many coverage disputes with policyholders are only resolved through settlement agreements. Because many policyholders make exaggerated demands, it is difficult to predict the outcome of settlement negotiations. Settlements involving bankrupt policyholders may include extensive releases which are favorable to the Combined Pool, but which could result in settlements for

(continued)

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

larger amounts than originally anticipated. Although the Combined Pool has seen a reduction in the overall risk associated with these disputes, it remains difficult to predict the ultimate cost of these claims. As in the past, the Combined Pool will continue to pursue settlement opportunities.

The Combined Pool's quarterly asbestos reserve reviews include an analysis of exposure and claim payment patterns by policyholder category, as well as recent settlements, policyholder bankruptcies, judicial rulings and legislative actions. The Combined Pool also analyzes developing payment patterns among policyholders as well as projected reinsurance billings and recoveries. In addition, the Combined Pool reviews its historical gross and net loss and expense paid experience, year-by-year, to assess any emerging trends, fluctuations, or characteristics suggested by the aggregate paid activity. Conventional actuarial methods are not utilized to establish asbestos reserves and the Combined Pool's evaluations have not resulted in a reliable method to determine a meaningful average asbestos defense or indemnity payment.

	(in millions)	
	2019	2018
1. <u>Direct Basis - Asbestos:</u>		
a. Beginning reserves:	\$ 1,421.3	\$ 1,351.9
b. Incurred losses and LAE:	253.0	321.0
c. Calendar year payments for losses and LAE:	<u>256.7</u>	<u>251.6</u>
d. Ending reserves:	<u>\$ 1,417.6</u>	<u>\$ 1,421.3</u>
2. <u>Assumed Reinsurance Basis - Asbestos:</u>		
a. Beginning reserves:	\$ 174.9	\$ 174.9
b. Incurred losses and LAE:	-	20.4
c. Calendar year payments for losses and LAE:	<u>20.2</u>	<u>20.4</u>
d. Ending reserves:	<u>\$ 154.7</u>	<u>\$ 174.9</u>
3. <u>Net of Ceded Reinsurance Basis - Asbestos:</u>		
a. Beginning reserves:	\$ 1,269.5	\$ 1,269.8
b. Incurred losses and LAE:	205.0	223.4
c. Calendar year payments for losses and LAE:	<u>223.9</u>	<u>223.7</u>
d. Ending reserves:	<u>\$ 1,250.6</u>	<u>\$ 1,269.5</u>
B. Bulk and IBNR loss and LAE reserves at December 31, 2019 included in Part A above (in millions):		
1. Direct Basis:	\$ 1,001.6	
2. Assumed Reinsurance Basis:	51.0	
3. Net of Ceded Reinsurance Basis:	811.1	
C. Case, bulk and IBNR LAE reserves at December 31, 2019 included in Part A above (in millions):		
1. Direct Basis:	\$ 751.4	
2. Assumed Reinsurance Basis:	9.7	
3. Net of Ceded Reinsurance Basis:	637.3	
D. Exposure for environmental losses arises from liability coverage written many years ago. The exposures include bodily injury and property damage losses.		

In establishing environmental reserves, the Combined Pool evaluates the exposure presented by each policyholder and the anticipated cost of resolution, if any. In the course of this analysis, the Combined Pool generally considers the probable liability, available coverage and relevant judicial interpretations. In addition, the Combined Pool considers the many variables presented, such as: the nature of the alleged activities of the policyholder at each site; the number of sites; the total number of potentially responsible parties at each site; the nature of the alleged environmental harm and the corresponding remedy at each site; the nature of government enforcement activities at each site; the ownership and general use of each site; the overall nature of the insurance relationship between the Combined Pool and the policyholder, including the role of any umbrella or excess insurance the Combined Pool has issued to the policyholder; the involvement of other insurers; the potential for other available coverage, including the number of years of coverage; the role, if any, of non-environmental claims or potential non-environmental claims in any resolution process; and the applicable law in each jurisdiction. Conventional actuarial methods are not used to estimate these reserves.

	(in millions)	
	2019	2018
1. <u>Direct Basis - Environmental:</u>		
a. Beginning reserves:	\$ 308.2	\$ 322.7
b. Incurred losses and LAE:	82.6	66.4
c. Calendar year payments for losses and LAE:	<u>86.6</u>	<u>80.9</u>
d. Ending reserves:	<u>\$ 304.2</u>	<u>\$ 308.2</u>
2. <u>Assumed Reinsurance Basis - Environmental:</u>		
a. Beginning reserves:	\$ 41.2	\$ 41.5
b. Incurred losses and LAE:	1.0	4.6
c. Calendar year payments for losses and LAE:	<u>4.4</u>	<u>4.9</u>
d. Ending reserves:	<u>\$ 37.8</u>	<u>\$ 41.2</u>

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

3. Net of Ceded Reinsurance Basis - Environmental:

a. Beginning reserves:	\$ 327.7	\$ 352.7
b. Incurred losses and LAE:	76.0	55.0
c. Calendar year payments for losses and LAE:	<u>89.2</u>	<u>80.0</u>
d. Ending reserves:	<u>\$ 314.5</u>	<u>\$ 327.7</u>

E. Bulk and IBNR loss and LAE reserves at December 31, 2019 included in Part D above (in millions):

1. Direct Basis:	\$ 301.2
2. Assumed Reinsurance Basis:	20.5
3. Net of Ceded Reinsurance Basis:	296.1

F. Case, bulk and IBNR LAE reserves at December 31, 2019 included in Part D above (in millions):

1. Direct Basis:	\$ 130.6
2. Assumed Reinsurance Basis:	0.2
3. Net of Ceded Reinsurance Basis:	123.8

G. As a result of the processes and procedures discussed above, management believes that the reserves carried for asbestos and environmental claims are appropriately established based upon known facts, current law and management's judgment. However, the uncertainties surrounding the final resolution of these claims continue, and it is difficult to determine the ultimate exposure for asbestos and environmental claims and related litigation. As a result, these reserves are subject to revision as new information becomes available and as claims develop. Changes in the legal, regulatory and legislative environment may impact the future resolution of asbestos and environmental claims and result in adverse loss reserve development. The emergence of a greater number of asbestos or environmental claims beyond that which is anticipated may result in adverse loss reserve development. Changes in applicable legislation and future court and regulatory decisions and interpretations, including the outcome of legal challenges to legislative and/or judicial reforms establishing medical criteria for the pursuit of asbestos claims could affect the settlement of asbestos and environmental claims. It is also difficult to predict the ultimate outcome of complex coverage disputes until settlement negotiations near completion and significant legal questions are resolved or, failing settlement, until the dispute is adjudicated. This is particularly the case with policyholders in bankruptcy where negotiations often involve a large number of claimants and other parties and require court approval to be effective. As part of its continuing analysis of asbestos and environmental reserves, the Combined Pool continues to study the implications of these and other developments.

Because of the uncertainties set forth above, additional liabilities may arise for amounts in excess of the Combined Pool's current reserves. In addition, the Combined Pool's estimate of claims and claim adjustment expenses may change. These additional liabilities or increases in estimates, or a range of either, cannot now be reasonably estimated and could result in income statement charges that could be material to the Combined Pool's operating results in future periods.

21. FIXED ASSETS

A. Electronic Data Processing (EDP) Equipment and Software:

The Combined Pool capitalizes software and EDP equipment in certain insurance subsidiaries. Operating system software and EDP equipment are admitted provided they are not in excess of limits prescribed by statutory accounting practices. Capitalized nonoperating system software is recorded as a nonadmitted asset. Depreciation of equipment and amortization of operating system software are calculated using the straight-line method over the shorter of its estimated useful life or 3 years. Nonoperating system software is amortized using the straight-line method over the shorter of its estimated useful life or 5 years. Depreciation and amortization are allocated among companies in accordance with normal expense and cost allocation methods. Depreciation and amortization expense related to EDP equipment and software for the Combined Pool totaled \$204.9 million and \$205.2 million in 2019 and 2018, respectively.

The following table shows account balances for admitted EDP equipment and operating system software for the Combined Pool at December 31, 2019:

(in millions)	<u>Cost</u>	<u>Accumulated Depreciation/Amortization</u>	<u>Book Value</u>
EDP Equipment	\$ 397.9	\$ 326.4	\$ 71.5
Operating Software	<u>29.9</u>	<u>29.9</u>	<u>-</u>
Total	<u>\$ 427.8</u>	<u>\$ 356.3</u>	<u>\$ 71.5</u>

B. Furniture, Fixtures, Equipment and Leasehold Improvements:

Furniture, fixtures, equipment and leasehold improvements are acquired and capitalized in certain Combined Pool companies. These nonadmitted assets are depreciated on a straight-line basis over their estimated useful lives. Furniture and fixtures are generally depreciated over 15 years while leasehold improvements are amortized over the shorter of their estimated useful life or the remaining life of the original lease.

Depreciation and amortization are allocated among companies in accordance with normal expense and cost allocation methods. Depreciation of furniture, fixtures and equipment and amortization of leasehold improvements for the Combined Pool totaled \$33.6 million and \$32.2 million in 2019 and 2018, respectively.

TRAVELERS COMBINED POOL

NOTES TO COMBINED FINANCIAL STATEMENTS (statutory basis)

22. FINANCIAL GUARANTY INSURANCE

In prior years, the Combined Pool underwrote insurance guaranteeing the structured settlements of certain life insurers. The Combined Pool no longer writes such guarantees. At December 31, 2019 and 2018, the Combined Pool's aggregate net amount of guarantees of principal and interest for such structured settlements was approximately \$6.7 million and \$7.4 million, respectively.

Also in past years, the Combined Pool underwrote financial guarantee insurance representing the Combined Pool's participation in MBIA's guarantee of municipal bond obligations. The Combined Pool has no net exposure for the guarantee of principal and interest for such securities as the Combined Pool's participation in MBIA has been reinsured. The gross amount of such financial guarantees was not material at December 31, 2019 and 2018.

It is not practicable to estimate the fair value for the Combined Pool's financial guarantees because there is no quoted market price for such contracts, and it is not possible to reliably estimate the timing and amount of all future cash flows due to the unique nature of each of these contracts. The Combined Pool no longer writes such guarantees.

23. SUBSEQUENT EVENTS

- (1) Effective January 1, 2020, after receiving all required regulatory approvals, the TRV Reinsurance Pool was amended. As a result of this amendment, St. Paul Surplus Lines Insurance Company, Northfield Insurance Company, Travelers Excess and Surplus Lines Company, Discover Specialty Insurance Company, and American Equity Specialty Insurance Company will continue to cede 100% of their direct and assumed business to Indemnity but their retrocession from Indemnity, as well as their quota share of the Pool's business, will be reduced to zero. As a result of this amendment, Indemnity's intercompany pool participation percentage increased from 23.29% to 25.20% as Indemnity will assume each entity's previous participation in the TRV Reinsurance Pool. There is no impact to the Combined Pool's surplus as a result of this amendment.
- (2) Subsequent to year end, a global pandemic was declared due to the spread of the novel coronavirus COVID-19 (COVID-19). COVID-19 has already caused significant investment market uncertainty and volatility as well as supply chain interruptions and disruption to the global economy. The Combined Pool expects that the decreased levels of economic activity related to COVID-19 will negatively impact premium volumes. The Combined Pool began to experience this impact in March 2020 and expects it to persist and be more significant in the second quarter of 2020. The Combined Pool also expects this impact will further persist for the remainder of 2020 and beyond, but the degree of the impact will depend on the extent and duration of the economic contraction and could be material. The Combined Pool may have increased nonadmitted assets for amounts overdue and incur net losses from agents' or premium balances charged off due to impairments on premiums receivable. The Combined Pool's management believes the disruption in the financial markets related to COVID-19 could result in net unrealized capital losses in future periods primarily due to the impact of changes in fair value on the Combined Pool's other invested assets and, to a lesser extent, realized capital losses from impairments on its bond investment portfolio. In addition, to the extent that bond yields decline, net investment income from future investment activity, including re-investments, would decrease. The Combined Pool has also incurred, and expects to incur in future periods, higher loss and LAE in certain lines of business as a result of COVID-19. Additionally, beginning in late March, in response to COVID-19, a number of states have enacted changes designed to effectively expand workers' compensation coverage by creating a presumption of compensability for certain types of workers. In addition, other states are considering similar changes. Depending on the number of states that institute such changes and the terms of the changes, as well as the outcome of any related legal challenges, the Combined Pool could experience elevated claims frequency and severity for its workers' compensation line, which could have a material adverse effect on its net income and capital and surplus. Recent legislative efforts to retroactively mandate coverage by requiring insurers to cover business interruption claims irrespective of terms, exclusions or other conditions included in insurance policies that would otherwise preclude coverage are also a concern and the Combined Pool will be monitoring developments closely. The focus of the Combined Pool's management is the well-being of its staff and the ability to continue to provide service to its insureds. The Combined Pool's management believes appropriate actions are being taken in consideration of these objectives.
- (3) The Combined Pool had no additional material subsequent events through April 21, 2020, the date the Combined Pool's statutory financial statements were available to be issued.

(continued)

TRAVELERS COMBINED POOL

Legend for Combining Worksheets (Sections 2-8)

<u>Company Code</u>	<u>Pool Participant</u>
FM	St. Paul Fire and Marine Insurance Company
IND	The Travelers Indemnity Company
TCS	Travelers Casualty and Surety Company
PHX	The Phoenix Insurance Company
STD	The Standard Fire Insurance Company
USFG	United States Fidelity and Guaranty Company
TLL	Travelers Casualty Insurance Company of America
FAR	Farmington Casualty Company
AUT	The Automobile Insurance Company of Hartford, Connecticut
ICT	The Travelers Indemnity Company of Connecticut
COK	The Charter Oak Fire Insurance Company
NLI	Northland Insurance Company
SL	St. Paul Surplus Lines Insurance Company
AMR	The Travelers Indemnity Company of America
PROT	St. Paul Protective Insurance Company
NFI	Northfield Insurance Company
TCT	Travelers Casualty Company of Connecticut
TCC	Travelers Commercial Casualty Company
TCI	Travelers Commercial Insurance Company
MERC	St. Paul Mercury Insurance Company
ILL	Travelers Property Casualty Company of America
TIN	Travelers Property Casualty Insurance Company
ATNA	The Travelers Casualty Company
MED	Travelers Constitution State Insurance Company
TVC	TravCo Insurance Company
TES	Travelers Excess and Surplus Lines Company
THM	The Travelers Home and Marine Insurance Company
PLL	Travelers Personal Insurance Company
TPS	Travelers Personal Security Insurance Company
DIPR	Discover Property & Casualty Insurance Company
DISP	Discover Specialty Insurance Company
NCC	Northland Casualty Company
AES	American Equity Specialty Insurance Company
FGIU	Fidelity and Guaranty Insurance Underwriters, Inc.
GARD	St. Paul Guardian Insurance Company
AEQ	American Equity Insurance Company
FGIC	Fidelity and Guaranty Insurance Company
GUI	Gulf Underwriters Insurance Company
SIC	Select Insurance Company
LYD	The Travelers Lloyds Insurance Company
LTX	Travelers Lloyds of Texas Insurance Company

Section 1

See accompanying Independent Auditors' Report

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2019, in thousands)

	FM	IND	TCS	PHX	STD
Assets					
Bonds	\$ 13,221,004	\$ 13,503,701	\$ 9,839,717	\$ 2,756,934	\$ 2,521,459
Preferred stocks	1,195	23,208	27,276	-	-
Common stocks	2,027,327	3,159,265	4,084,738	968,254	515,476
Real estate - Properties occupied by the company	27,530	336,361	-	-	-
Real estate - Properties held for the production of income	838,302	-	-	-	-
Cash, cash equivalents and short-term investments	567,876	725,178	758,730	32,008	135,905
Other invested assets	620,804	786,399	1,327,484	83,692	183,076
Receivables for securities	1,400	5	-	-	54
Securities lending reinvested collateral assets	159,328	71,204	55,102	7,483	23,588
Aggregate write-ins for invested assets	(87)	(384)	-	-	-
Total cash and invested assets	17,464,679	18,604,937	16,093,047	3,848,371	3,379,558
Investment income due and accrued	119,809	122,392	88,303	27,232	23,043
Uncollected premiums and agents' balances in course of collection	751,209	474,302	605,866	92,118	72,473
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,305,027	1,225,810	1,069,963	262,761	254,353
Accrued retrospective premiums and contracts subject to redetermination	20,365	19,132	16,725	4,107	3,976
Reinsurance - Amounts recoverable from reinsurers	39,378	1,329,706	38,291	65,599	165,986
Reinsurance - Funds held by or deposited with reinsured companies	4,194	1,147	995	-	-
Current federal and foreign income tax recoverable and interest thereon	-	-	-	-	-
Net deferred tax asset	214,896	302,773	132,419	42,331	40,655
Guaranty funds receivable or on deposit	19	447	731	1,351	1,009
Electronic data processing equipment and software	13	62,309	-	-	8,334
Receivables from parent, subsidiaries and affiliates	63,025	-	72,004	2,315	36,991
Aggregate write-ins for other-than-invested assets	107,508	360,827	86,263	14,966	21,380
Total assets	\$ 20,090,122	\$ 22,503,782	\$ 18,204,607	\$ 4,361,151	\$ 4,007,758
Liabilities					
Losses	\$ 8,190,308	\$ 7,537,157	\$ 6,584,022	\$ 1,616,901	\$ 1,565,160
Reinsurance payable on paid losses and loss adjustment expenses	356,445	1,354,906	293,619	71,931	69,552
Loss adjustment expenses	1,891,172	1,716,594	1,498,793	368,073	356,295
Commissions payable, contingent commissions and other similar charges	197,804	184,539	160,958	39,528	38,263
Other expenses	156,505	140,638	126,620	30,806	30,062
Taxes, licenses and fees	76,203	68,197	61,063	14,996	14,516
Current federal and foreign income taxes	4,070	14,874	12,777	2,147	3,916
Net deferred tax liability	-	-	-	-	-
Borrowed money and interest thereon	-	-	9	-	-
Unearned premiums	2,928,407	2,720,768	2,378,477	584,105	565,414
Advance premium	-	81,205	1	-	-
Dividends declared and unpaid - Policyholders	14,740	13,848	12,106	2,973	2,878
Ceded reinsurance premiums payable	67,604	61,631	52,751	12,955	123,480
Funds held by company under reinsurance treaties	741	66,424	-	-	-
Amounts withheld or retained by company for account of others	21,636	955,465	8,051	1,987	1,923
Remittances and items not allocated	18,547	361,207	917	34	865
Provision for reinsurance	5,192	35,119	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	66,900	-	-	-	-
Payable to parent, subsidiaries and affiliates	-	305,913	-	-	-
Payable for securities	6,342	2,405	77,553	-	1,498
Payable for securities lending	159,328	71,204	55,102	7,483	23,588
Aggregate write-ins for liabilities	59,453	102,877	(8,579)	(2,125)	(2,057)
Total liabilities	14,221,397	15,794,971	11,314,240	2,751,794	2,795,353
Surplus as regards policyholders					
Aggregate write-ins for special surplus funds	12,053	11,323	9,899	2,431	2,353
Common capital stock	20,000	10,791	25,000	10,000	5,000
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	-
Gross paid in and contributed surplus	3,238,382	4,234,155	2,629,825	126,370	623,472
Unassigned funds (surplus)	2,598,290	2,452,542	4,225,643	1,470,556	581,580
Total surplus as regards policyholders	5,868,725	6,708,811	6,890,367	1,609,357	1,212,405
Total liabilities and surplus as regards policyholders	\$ 20,090,122	\$ 22,503,782	\$ 18,204,607	\$ 4,361,151	\$ 4,007,758

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2019, in thousands)

	USFG	TLL	FAR	AUT	ICT	COK
Assets						
Bonds	\$ 2,827,022	\$ 1,715,099	\$ 918,596	\$ 902,284	\$ 907,029	\$ 762,589
Preferred stocks	-	-	2,597	-	-	-
Common stocks	-	-	-	-	-	-
Real estate - Properties occupied by the company	-	-	-	-	-	-
Real estate - Properties held for the production of income	-	-	-	-	-	-
Cash, cash equivalents and short-term investments	55,897	17,004	7,295	16,209	9,627	25,944
Other invested assets	-	51,788	15,900	240	12,970	4,753
Receivables for securities	-	2,739	-	111	-	-
Securities lending reinvested collateral assets	17,915	9,540	25,665	5,950	9,360	-
Aggregate write-ins for invested assets	-	-	-	-	-	-
Total cash and invested assets	2,900,834	1,796,170	970,053	924,794	938,986	793,286
Investment income due and accrued	26,425	17,619	8,837	9,508	9,340	8,572
Uncollected premiums and agents' balances in course of collection	136,039	40,879	35,050	20,514	20,514	19,017
Deferred premiums, agents' balances and installments booked but deferred and not yet due	231,755	143,467	77,777	71,997	71,997	66,741
Accrued retrospective premiums and contracts subject to redetermination	3,623	2,243	1,216	1,125	1,125	1,043
Reinsurance - Amounts recoverable from reinsurers	6,637	63,146	11,028	23,893	65,589	71,549
Reinsurance - Funds held by or deposited with reinsured companies	26	-	-	-	-	-
Current federal and foreign income tax recoverable and interest thereon	-	-	-	-	-	-
Net deferred tax asset	25,432	14,397	12,364	11,440	11,340	10,605
Guaranty funds receivable or on deposit	136	569	726	27	509	715
Electronic data processing equipment and software	-	-	-	-	842	-
Receivables from parent, subsidiaries and affiliates	-	8,093	704	9,812	21,950	8,012
Aggregate write-ins for other-than-invested assets	12,540	8,855	4,206	3,175	5,315	5,745
Total assets	\$ 3,343,447	\$ 2,095,438	\$ 1,121,961	\$ 1,076,285	\$ 1,147,507	\$ 985,285
Liabilities						
Losses	\$ 1,426,107	\$ 882,828	\$ 478,603	\$ 443,031	\$ 443,031	\$ 410,693
Reinsurance payable on paid losses and loss adjustment expenses	63,387	42,519	21,268	19,687	19,687	18,250
Loss adjustment expenses	324,640	200,968	108,949	100,852	100,852	93,491
Commissions payable, contingent commissions and other similar charges	34,864	21,582	11,700	10,831	10,831	10,040
Other expenses	27,236	16,936	9,162	8,466	8,482	7,843
Taxes, licenses and fees	13,226	8,187	4,439	4,109	4,109	3,809
Current federal and foreign income taxes	3,542	2,182	1,323	1,608	699	520
Net deferred tax liability	-	-	-	-	-	-
Borrowed money and interest thereon	-	-	-	-	-	-
Unearned premiums	515,181	318,922	172,895	160,045	160,045	148,363
Advance premium	-	-	-	-	-	-
Dividends declared and unpaid - Policyholders	2,622	1,623	880	815	815	755
Ceded reinsurance premiums payable	11,426	27,079	3,835	13,638	62,826	57,158
Funds held by company under reinsurance treaties	-	-	-	-	-	-
Amounts withheld or retained by company for account of others	2,102	1,085	588	544	544	505
Remittances and items not allocated	39	36	-	-	74	48
Provision for reinsurance	-	-	-	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	-	-	-	-	-	-
Payable to parent, subsidiaries and affiliates	7,521	-	-	-	-	-
Payable for securities	-	-	-	-	-	-
Payable for securities lending	17,915	9,540	25,665	5,950	9,360	-
Aggregate write-ins for liabilities	11,050	(1,160)	(629)	(582)	(582)	(540)
Total liabilities	2,460,858	1,532,327	838,678	768,994	820,773	750,935
Surplus as regards policyholders						
Aggregate write-ins for special surplus funds	2,144	1,327	720	666	666	617
Common capital stock	35,214	6,000	6,000	6,000	5,000	4,200
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	-	-
Gross paid in and contributed surplus	236,805	125,632	126,175	98,351	4,862	80,200
Unassigned funds (surplus)	608,426	430,152	150,388	202,274	316,206	149,333
Total surplus as regards policyholders	882,589	563,111	283,283	307,291	326,734	234,350
Total liabilities and surplus as regards policyholders	\$ 3,343,447	\$ 2,095,438	\$ 1,121,961	\$ 1,076,285	\$ 1,147,507	\$ 985,285

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2019, in thousands)

	NLI	SL	AMR	PROT	NFI	TCT
Assets						
Bonds	\$ 904,158	\$ 575,462	\$ 461,723	\$ 467,604	\$ 335,046	\$ 290,516
Preferred stocks	1,041	-	-	-	-	-
Common stocks	159,287	-	-	-	-	-
Real estate - Properties occupied by the company	-	-	-	-	-	-
Real estate - Properties held for the production of income	-	-	-	-	-	-
Cash, cash equivalents and short-term investments	46,560	3,584	64,042	11,705	19,219	6,803
Other invested assets	12,347	-	1,294	-	3,528	233
Receivables for securities	239	217	-	-	-	-
Securities lending reinvested collateral assets	1,015	1,573	-	550	3,245	514
Aggregate write-ins for invested assets	-	-	-	-	-	-
Total cash and invested assets	1,124,647	580,836	527,059	479,859	361,038	298,066
Investment income due and accrued	9,458	5,503	6,895	4,633	3,178	2,685
Uncollected premiums and agents' balances in course of collection	18,268	26,392	11,530	8,685	7,786	12,924
Deferred premiums, agents' balances and installments booked but deferred and not yet due	64,114	46,246	40,465	30,480	27,327	24,700
Accrued retrospective premiums and contracts subject to redetermination	1,002	723	633	476	427	386
Reinsurance - Amounts recoverable from reinsurers	31,945	5,460	68,326	62,369	8,862	1,194
Reinsurance - Funds held by or deposited with reinsured companies	-	-	-	-	-	-
Current federal and foreign income tax recoverable and interest thereon	-	-	-	-	-	-
Net deferred tax asset	10,762	7,354	3,784	4,845	4,506	3,924
Guaranty funds receivable or on deposit	24	-	1,349	18	-	120
Electronic data processing equipment and software	-	-	-	-	-	-
Receivables from parent, subsidiaries and affiliates	34,520	-	-	-	2,664	202
Aggregate write-ins for other-than-invested assets	5,513	2,021	4,661	1,501	1,195	1,695
Total assets	\$ 1,300,253	\$ 674,535	\$ 664,702	\$ 592,866	\$ 416,983	\$ 345,896
Liabilities						
Losses	\$ 394,524	\$ 284,574	\$ 249,003	\$ 187,561	\$ 168,158	\$ 151,989
Reinsurance payable on paid losses and loss adjustment expenses	17,532	12,646	19,007	8,335	7,472	6,754
Loss adjustment expenses	89,809	64,781	56,683	42,697	38,280	34,599
Commissions payable, contingent commissions and other similar charges	9,645	6,957	6,087	4,585	4,111	3,715
Other expenses	7,571	5,435	4,769	3,598	3,218	2,902
Taxes, licenses and fees	3,659	2,639	2,309	1,740	1,560	1,410
Current federal and foreign income taxes	1,101	608	2,401	407	525	224
Net deferred tax liability	-	-	-	-	-	-
Borrowed money and interest thereon	-	-	-	-	-	-
Unearned premiums	142,522	102,803	89,952	67,756	60,747	54,906
Advance premium	-	-	-	-	-	-
Dividends declared and unpaid - Policyholders	725	523	458	345	309	279
Ceded reinsurance premiums payable	12,702	2,280	40,930	11,440	4,381	1,218
Funds held by company under reinsurance treaties	-	-	-	-	-	-
Amounts withheld or retained by company for account of others	32,340	350	306	230	3,734	187
Remittances and items not allocated	47,276	-	39	-	-	-
Provision for reinsurance	-	-	-	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	-	-	-	-	-	-
Payable to parent, subsidiaries and affiliates	-	4,865	5,473	42,839	-	-
Payable for securities	-	-	-	-	-	-
Payable for securities lending	1,015	1,573	-	550	3,245	514
Aggregate write-ins for liabilities	1,045	(374)	(327)	(247)	(221)	(200)
Total liabilities	761,466	489,660	477,090	371,836	295,519	258,497
Surplus as regards policyholders						
Aggregate write-ins for special surplus funds	593	428	374	282	253	229
Common capital stock	3,500	4,100	5,250	4,200	3,500	6,000
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	-	-
Gross paid in and contributed surplus	167,836	56,031	47,400	201,201	18,350	36,136
Unassigned funds (surplus)	366,858	124,316	134,588	15,347	99,361	45,034
Total surplus as regards policyholders	538,787	184,875	187,612	221,030	121,464	87,399
Total liabilities and surplus as regards policyholders	\$ 1,300,253	\$ 674,535	\$ 664,702	\$ 592,866	\$ 416,983	\$ 345,896

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2019, in thousands)

	TCC	TCI	MERC	ILL	TIN	ATNA
Assets						
Bonds	\$ 291,819	\$ 275,934	\$ 286,937	\$ 554,582	\$ 177,086	\$ 186,089
Preferred stocks	-	-	-	-	-	-
Common stocks	-	-	-	-	-	-
Real estate - Properties occupied by the company	-	-	-	-	-	-
Real estate - Properties held for the production of income	-	-	-	-	-	-
Cash, cash equivalents and short-term investments	8,853	26,504	6,659	9,351	18,314	3,342
Other invested assets	-	-	-	10,748	12,860	-
Receivables for securities	-	-	-	-	-	-
Securities lending reinvested collateral assets	522	10,750	-	-	-	-
Aggregate write-ins for invested assets	-	-	-	-	-	-
Total cash and invested assets	301,194	313,188	293,596	574,681	208,260	189,431
Investment income due and accrued	2,932	3,554	2,795	8,679	3,541	1,906
Uncollected premiums and agents' balances in course of collection	13,452	7,038	9,116	5,390	4,492	8,921
Deferred premiums, agents' balances and installments booked but deferred and not yet due	24,700	24,700	21,021	18,919	15,766	15,240
Accrued retrospective premiums and contracts subject to redetermination	386	386	329	296	246	238
Reinsurance - Amounts recoverable from reinsurers	1,027	52,672	1,677	219,344	54,260	4
Reinsurance - Funds held by or deposited with reinsured companies	2	-	-	-	-	-
Current federal and foreign income tax recoverable and interest thereon	-	-	-	-	-	-
Net deferred tax asset	3,924	4,056	3,340	3,033	2,506	2,421
Guaranty funds receivable or on deposit	5	12	7	1,539	8	7
Electronic data processing equipment and software	-	-	-	-	-	-
Receivables from parent, subsidiaries and affiliates	1,077	1,017	1,621	42,932	7,739	-
Aggregate write-ins for other-than-invested assets	1,208	1,112	1,087	7,303	727	666
Total assets	\$ 349,907	\$ 407,735	\$ 334,589	\$ 882,116	\$ 297,545	\$ 218,834
Liabilities						
Losses	\$ 151,989	\$ 151,989	\$ 129,352	\$ 116,417	\$ 97,014	\$ 93,780
Reinsurance payable on paid losses and loss adjustment expenses	6,756	6,754	5,748	6,207	4,311	4,167
Loss adjustment expenses	34,599	34,599	29,446	26,501	22,084	21,348
Commissions payable, contingent commissions and other similar charges	3,715	3,715	3,162	2,846	2,372	2,293
Other expenses	2,902	2,900	2,476	2,292	1,864	1,791
Taxes, licenses and fees	1,410	1,410	1,200	1,079	900	870
Current federal and foreign income taxes	325	298	294	1,270	320	192
Net deferred tax liability	-	-	-	-	-	-
Borrowed money and interest thereon	-	-	-	-	-	-
Unearned premiums	54,906	54,906	46,728	42,056	35,046	33,878
Advance premium	-	-	-	-	-	-
Dividends declared and unpaid - Policyholders	279	279	238	214	178	173
Ceded reinsurance premiums payable	1,218	43,591	1,036	225,764	54,396	751
Funds held by company under reinsurance treaties	-	-	-	-	-	-
Amounts withheld or retained by company for account of others	187	187	159	3,424	119	115
Remittances and items not allocated	129	-	-	298	-	-
Provision for reinsurance	-	-	-	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	-	-	-	-	-	-
Payable to parent, subsidiaries and affiliates	-	-	-	-	-	10
Payable for securities	-	-	-	-	-	-
Payable for securities lending	522	10,750	-	-	-	-
Aggregate write-ins for liabilities	(200)	(200)	(170)	(153)	(128)	(123)
Total liabilities	258,737	311,178	219,669	428,215	218,476	159,245
Surplus as regards policyholders						
Aggregate write-ins for special surplus funds	229	229	194	175	146	141
Common capital stock	4,500	6,000	4,230	5,040	3,000	3,500
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	-	-
Gross paid in and contributed surplus	45,262	36,158	99,230	378,053	35,606	19,812
Unassigned funds (surplus)	41,179	54,170	11,266	70,633	40,317	36,136
Total surplus as regards policyholders	91,170	96,557	114,920	453,901	79,069	59,589
Total liabilities and surplus as regards policyholders	\$ 349,907	\$ 407,735	\$ 334,589	\$ 882,116	\$ 297,545	\$ 218,834

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2019, in thousands)

	MED	TVC	TES	THM	PLL	TPS
Assets						
Bonds	\$ 181,529	\$ 181,005	\$ 180,769	\$ 176,084	\$ 174,776	\$ 174,712
Preferred stocks	-	-	-	-	-	-
Common stocks	-	-	-	-	-	-
Real estate - Properties occupied by the company	-	-	-	-	-	-
Real estate - Properties held for the production of income	-	-	-	-	-	-
Cash, cash equivalents and short-term investments	8,036	4,674	2,171	36,117	5,914	8,488
Other invested assets	-	-	-	3,129	-	-
Receivables for securities	-	-	-	-	-	-
Securities lending reinvested collateral assets	-	2,843	647	-	665	2,534
Aggregate write-ins for invested assets	-	-	-	-	-	-
Total cash and invested assets	189,565	188,522	183,587	215,330	181,355	185,734
Investment income due and accrued	1,845	1,788	1,914	3,544	1,551	1,638
Uncollected premiums and agents' balances in course of collection	8,917	4,043	4,043	4,043	4,043	4,043
Deferred premiums, agents' balances and installments booked but deferred and not yet due	15,240	14,189	14,189	14,189	14,189	14,189
Accrued retrospective premiums and contracts subject to redetermination	238	222	222	222	222	222
Reinsurance - Amounts recoverable from reinsurers	-	15,514	10,008	122,339	48,310	13,988
Reinsurance - Funds held by or deposited with reinsured companies	-	-	-	-	-	-
Current federal and foreign income tax recoverable and interest thereon	-	-	-	-	-	-
Net deferred tax asset	2,421	2,254	2,254	2,256	2,254	2,256
Guaranty funds receivable or on deposit	7	32	-	464	-	17
Electronic data processing equipment and software	-	-	-	-	-	-
Receivables from parent, subsidiaries and affiliates	-	8,882	6,655	13,707	32,995	1,528
Aggregate write-ins for other-than-invested assets	666	620	620	10,392	1,890	1,650
Total assets	\$ 218,899	\$ 236,066	\$ 223,492	\$ 386,486	\$ 286,809	\$ 225,265
Liabilities						
Losses	\$ 93,780	\$ 87,313	\$ 87,313	\$ 87,313	\$ 87,313	\$ 87,313
Reinsurance payable on paid losses and loss adjustment expenses	4,167	3,880	3,880	3,880	3,880	3,880
Loss adjustment expenses	21,348	19,876	19,876	19,876	19,876	19,876
Commissions payable, contingent commissions and other similar charges	2,293	2,135	2,135	2,135	2,135	2,135
Other expenses	1,791	1,667	1,669	1,678	1,667	1,667
Taxes, licenses and fees	870	810	810	810	810	810
Current federal and foreign income taxes	178	190	175	184	196	184
Net deferred tax liability	-	-	-	-	-	-
Borrowed money and interest thereon	-	-	-	-	-	-
Unearned premiums	33,878	31,542	31,542	31,542	31,542	31,542
Advance premium	-	-	-	-	-	-
Dividends declared and unpaid - Policyholders	173	161	161	161	161	161
Ceded reinsurance premiums payable	751	18,530	13,093	127,184	73,653	10,975
Funds held by company under reinsurance treaties	-	-	-	-	-	-
Amounts withheld or retained by company for account of others	115	107	107	107	107	107
Remittances and items not allocated	-	-	-	-	-	-
Provision for reinsurance	-	-	-	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	-	-	-	-	-	-
Payable to parent, subsidiaries and affiliates	10	-	-	-	-	-
Payable for securities	-	-	-	-	-	-
Payable for securities lending	-	2,843	647	-	665	2,534
Aggregate write-ins for liabilities	(123)	(115)	(115)	(115)	(115)	(115)
Total liabilities	159,231	168,939	161,293	274,755	221,890	161,069
Surplus as regards policyholders						
Aggregate write-ins for special surplus funds	141	131	131	131	131	131
Common capital stock	3,500	6,000	3,500	5,000	3,500	3,500
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	-	-
Gross paid in and contributed surplus	16,812	39,000	38,000	77,500	36,860	38,367
Unassigned funds (surplus)	39,215	21,996	20,568	29,100	24,428	22,198
Total surplus as regards policyholders	59,668	67,127	62,199	111,731	64,919	64,196
Total liabilities and surplus as regards policyholders	\$ 218,899	\$ 236,066	\$ 223,492	\$ 386,486	\$ 286,809	\$ 225,265

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2019, in thousands)

	DIPR	DISP	NCC	AES	FGIU	GARD
Assets						
Bonds	\$ 124,359	\$ 96,827	\$ 94,506	\$ 69,531	\$ 129,709	\$ 65,716
Preferred stocks	-	-	-	-	-	-
Common stocks	-	-	-	-	-	-
Real estate - Properties occupied by the company	-	-	-	-	-	-
Real estate - Properties held for the production of income	-	-	-	-	-	-
Cash, cash equivalents and short-term investments	1,355	2,284	5,923	2,183	3,820	1,621
Other invested assets	-	-	160	-	-	-
Receivables for securities	-	-	-	-	-	-
Securities lending reinvested collateral assets	-	-	103	-	-	-
Aggregate write-ins for invested assets	-	-	-	-	-	-
Total cash and invested assets	125,714	99,111	100,692	71,714	133,529	67,337
Investment income due and accrued	1,421	1,020	868	712	1,231	566
Uncollected premiums and agents' balances in course of collection	4,376	4,295	3,929	3,068	1,497	3,001
Deferred premiums, agents' balances and installments booked but deferred and not yet due	7,357	7,357	7,357	5,255	5,255	5,255
Accrued retrospective premiums and contracts subject to redetermination	115	115	115	82	82	82
Reinsurance - Amounts recoverable from reinsurers	1,552	-	92	-	11,179	1,147
Reinsurance - Funds held by or deposited with reinsured companies	-	-	-	-	-	-
Current federal and foreign income tax recoverable and interest thereon	-	-	-	-	-	-
Net deferred tax asset	1,180	1,183	1,177	835	876	835
Guaranty funds receivable or on deposit	21	-	1	1	17	154
Electronic data processing equipment and software	-	-	-	-	-	-
Receivables from parent, subsidiaries and affiliates	-	300	493	-	993	-
Aggregate write-ins for other-than-invested assets	420	322	324	230	291	301
Total assets	\$ 142,156	\$ 113,703	\$ 115,048	\$ 81,897	\$ 154,950	\$ 78,678
Liabilities						
Losses	\$ 45,273	\$ 45,273	\$ 45,273	\$ 32,338	\$ 32,338	\$ 32,338
Reinsurance payable on paid losses and loss adjustment expenses	2,012	2,012	2,012	1,437	1,437	1,437
Loss adjustment expenses	10,306	10,306	10,306	7,361	7,361	7,361
Commissions payable, contingent commissions and other similar charges	1,107	1,107	1,107	791	791	791
Other expenses	870	866	867	618	629	618
Taxes, licenses and fees	420	420	420	300	300	300
Current federal and foreign income taxes	94	96	180	79	61	67
Net deferred tax liability	-	-	-	-	-	-
Borrowed money and interest thereon	-	-	-	-	-	-
Unearned premiums	16,355	16,355	16,355	11,682	11,682	11,682
Advance premium	-	-	-	-	-	-
Dividends declared and unpaid - Policyholders	83	83	83	59	59	59
Ceded reinsurance premiums payable	363	363	363	259	10,710	259
Funds held by company under reinsurance treaties	-	-	-	-	-	-
Amounts withheld or retained by company for account of others	56	56	216	40	40	40
Remittances and items not allocated	-	-	-	-	-	-
Provision for reinsurance	-	-	-	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	-	-	-	-	-	-
Payable to parent, subsidiaries and affiliates	1,607	-	-	3	-	1,049
Payable for securities	-	-	-	-	-	-
Payable for securities lending	-	-	103	-	-	-
Aggregate write-ins for liabilities	666	(60)	(60)	(43)	(43)	(43)
Total liabilities	79,212	76,877	77,225	54,924	65,365	55,958
Surplus as regards policyholders						
Aggregate write-ins for special surplus funds	68	68	68	49	49	49
Common capital stock	6,300	5,000	3,000	3,500	13,435	4,200
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	-	-
Gross paid in and contributed surplus	52,332	21,506	10,003	21,000	72,016	11,000
Unassigned funds (surplus)	4,244	10,252	24,752	2,424	4,085	7,471
Total surplus as regards policyholders	62,944	36,826	37,823	26,973	89,585	22,720
Total liabilities and surplus as regards policyholders	\$ 142,156	\$ 113,703	\$ 115,048	\$ 81,897	\$ 154,950	\$ 78,678

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2019, in thousands)

	AEQ	FGIC	GUI	SIC	LYD	LTX
Assets						
Bonds	\$ 68,998	\$ 15,956	\$ 52,945	\$ 75,249	\$ 10,672	\$ 11,717
Preferred stocks	-	-	-	-	-	-
Common stocks	26,973	-	-	-	-	-
Real estate - Properties occupied by the company	-	-	-	-	-	-
Real estate - Properties held for the production of income	-	-	-	-	-	-
Cash, cash equivalents and short-term investments	708	1,918	2,990	5,279	1,540	1,077
Other invested assets	-	-	-	-	-	-
Receivables for securities	-	-	-	-	-	-
Securities lending reinvested collateral assets	-	-	-	-	-	-
Aggregate write-ins for invested assets	-	-	-	-	-	-
Total cash and invested assets	96,679	17,874	55,935	80,528	12,212	12,794
Investment income due and accrued	735	162	609	818	118	114
Uncollected premiums and agents' balances in course of collection	17	-	31	49	-	-
Deferred premiums, agents' balances and installments booked but deferred and not yet due	-	-	-	-	-	-
Accrued retrospective premiums and contracts subject to redetermination	-	-	-	-	-	-
Reinsurance - Amounts recoverable from reinsurers	-	3,117	390	4	7,938	3,288
Reinsurance - Funds held by or deposited with reinsured companies	-	-	-	-	-	-
Current federal and foreign income tax recoverable and interest thereon	-	-	-	-	8	5
Net deferred tax asset	-	-	-	-	-	-
Guaranty funds receivable or on deposit	-	128	-	5	46	48
Electronic data processing equipment and software	-	-	-	-	-	-
Receivables from parent, subsidiaries and affiliates	-	-	-	-	1,323	3,299
Aggregate write-ins for other-than-invested assets	-	369	-	-	-	-
Total assets	\$ 97,431	\$ 21,650	\$ 56,965	\$ 81,404	\$ 21,645	\$ 19,548
Liabilities						
Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reinsurance payable on paid losses and loss adjustment expenses	-	-	-	-	-	-
Loss adjustment expenses	-	-	-	-	-	-
Commissions payable, contingent commissions and other similar charges	-	-	-	-	-	-
Other expenses	1	3	1	1	2	2
Taxes, licenses and fees	-	-	-	-	-	-
Current federal and foreign income taxes	2	4	1	4	-	-
Net deferred tax liability	13	14	5	3	29	9
Borrowed money and interest thereon	-	-	-	-	-	-
Unearned premiums	-	-	-	-	-	-
Advance premium	-	-	-	-	-	-
Dividends declared and unpaid - Policyholders	-	-	-	-	-	-
Ceded reinsurance premiums payable	-	410	-	-	9,045	6,450
Funds held by company under reinsurance treaties	-	-	-	-	-	-
Amounts withheld or retained by company for account of others	-	-	-	-	-	-
Remittances and items not allocated	-	-	-	-	-	-
Provision for reinsurance	-	-	-	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	-	-	-	-	-	-
Payable to parent, subsidiaries and affiliates	2	2,657	156	55	-	-
Payable for securities	-	-	-	-	-	-
Payable for securities lending	-	-	-	-	-	-
Aggregate write-ins for liabilities	-	-	-	-	-	-
Total liabilities	18	3,088	163	63	9,076	6,461
Surplus as regards policyholders						
Aggregate write-ins for special surplus funds	-	-	-	-	-	-
Common capital stock	4,121	5,000	4,000	3,000	-	-
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	300	2,000
Gross paid in and contributed surplus	74,969	8,600	39,455	26,305	200	-
Unassigned funds (surplus)	18,323	4,962	13,347	52,036	12,069	11,087
Total surplus as regards policyholders	97,413	18,562	56,802	81,341	12,569	13,087
Total liabilities and surplus as regards policyholders	\$ 97,431	\$ 21,650	\$ 56,965	\$ 81,404	\$ 21,645	\$ 19,548

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2019, in thousands)

	Subtotal	Eliminations	Total
Assets			
Bonds	\$ 56,567,450	\$ -	\$ 56,567,450
Preferred stocks	55,317	-	55,317
Common stocks	10,941,320	7,403,917 (a)	3,537,403
Real estate - Properties occupied by the company	363,891	-	363,891
Real estate - Properties held for the production of income	838,302	-	838,302
Cash, cash equivalents and short-term investments	2,672,707	-	2,672,707
Other invested assets	3,131,405	25,656 (a)	3,105,749
Receivables for securities	4,765	-	4,765
Securities lending reinvested collateral assets	410,096	-	410,096
Aggregate write-ins for invested assets	(471)	10,320 (n)	(10,791)
Total cash and invested assets	74,984,782	7,439,893	67,544,889
Investment income due and accrued	537,493	-	537,493
Uncollected premiums and agents' balances in course of collection	2,451,370	903,139 (c)	1,548,231
Deferred premiums, agents' balances and installments booked but deferred and not yet due	5,259,347	-	5,259,347
Accrued retrospective premiums and contracts subject to redetermination	82,147	-	82,147
Reinsurance - Amounts recoverable from reinsurers	2,626,808	2,443,610 (d)	183,198
Reinsurance - Funds held by or deposited with reinsured companies	6,364	-	6,364
Current federal and foreign income tax recoverable and interest thereon	13	13 (b)	-
Net deferred tax asset	892,888	73 (b)	892,815
Guaranty funds receivable or on deposit	10,269	-	10,269
Electronic data processing equipment and software	71,498	-	71,498
Receivables from parent, subsidiaries and affiliates	384,853	372,160 (e)	12,693
Aggregate write-ins for other-than-invested assets	677,564	(2) (n)	677,566
Total assets	\$ 87,985,396	\$ 11,158,886	\$ 76,826,510
Liabilities			
Losses	\$ 32,517,369	\$ -	\$ 32,517,369
Reinsurance payable on paid losses and loss adjustment expenses	2,470,854	2,443,610 (d)	27,244
Loss adjustment expenses	7,429,834	-	7,429,834
Commissions payable, contingent commissions and other similar charges	792,805	-	792,805
Other expenses	619,091	-	619,091
Taxes, licenses and fees	300,120	-	300,120
Current federal and foreign income taxes	57,318	13 (b)	57,305
Net deferred tax liability	73	73 (b)	-
Borrowed money and interest thereon	9	-	9
Unearned premiums	11,714,527	-	11,714,527
Advance premium	81,206	-	81,206
Dividends declared and unpaid - Policyholders	59,459	-	59,459
Ceded reinsurance premiums payable	1,166,498	903,139 (c)	263,359
Funds held by company under reinsurance treaties	67,165	-	67,165
Amounts withheld or retained by company for account of others	1,036,866	-	1,036,866
Remittances and items not allocated	429,509	-	429,509
Provision for reinsurance	40,311	-	40,311
Net adjustments in assets and liabilities due to foreign exchange rates	66,900	-	66,900
Payable to parent, subsidiaries and affiliates	372,160	372,160 (e)	-
Payable for securities	87,798	-	87,798
Payable for securities lending	410,096	-	410,096
Aggregate write-ins for liabilities	155,547	-	155,547
Total liabilities	59,875,515	3,718,995	56,156,520
Surplus as regards policyholders			
Aggregate write-ins for special surplus funds	48,619	511 (o)	48,108
Common capital stock	262,581	201,790 (g)	60,791
Aggregate write-ins for other-than-special surplus funds	2,300	2,300 (f)	-
Gross paid in and contributed surplus	13,249,229	2,523,395 (h)	10,725,834
Unassigned funds (surplus)	14,547,152	4,711,895 (i,l,n,o)	9,835,257
Total surplus as regards policyholders	28,109,881	7,439,891	20,669,990
Total liabilities and surplus as regards policyholders	\$ 87,985,396	\$ 11,158,886	\$ 76,826,510

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2018, in thousands)

	FM	IND	TCS	PHX	STD
Assets					
Bonds	\$ 12,891,814	\$ 13,363,627	\$ 9,698,695	\$ 2,671,328	\$ 2,461,829
Preferred stocks	1,195	24,931	28,006	-	-
Common stocks	1,977,268	3,126,632	3,969,195	952,752	500,408
Real estate - Properties occupied by the company	28,800	339,492	-	-	-
Real estate - Properties held for the production of income	776,897	-	-	-	-
Cash, cash equivalents and short-term investments	505,614	(40,324)	504,381	53,429	134,288
Other invested assets	690,577	841,795	1,196,237	79,126	219,952
Receivables for securities	311	102,150	114	236	58
Securities lending reinvested collateral assets	145,140	32,388	54,812	17,078	40,898
Aggregate write-ins for invested assets	(152)	(384)	-	-	-
Total cash and invested assets	17,017,464	17,790,307	15,451,440	3,773,949	3,357,433
Investment income due and accrued	120,223	126,031	92,556	27,200	22,967
Uncollected premiums and agents' balances in course of collection	689,465	415,032	551,862	86,397	67,525
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,248,413	1,174,521	1,025,126	251,750	243,694
Accrued retrospective premiums and contracts subject to redetermination	20,660	19,410	16,968	4,167	4,034
Reinsurance - Amounts recoverable from reinsurers	43,355	1,308,650	40,061	62,444	150,336
Reinsurance - Funds held by or deposited with reinsured companies	4,648	1,365	1,031	-	-
Current federal and foreign income tax recoverable and interest thereon	21,877	-	8,335	2,999	-
Net deferred tax asset	213,555	293,926	142,510	40,578	39,670
Guaranty funds receivable or on deposit	15	839	913	1,629	1,029
Electronic data processing equipment and software	21	74,448	-	-	11,842
Receivables from parent, subsidiaries and affiliates	-	41,504	54,189	-	16,238
Aggregate write-ins for other-than-invested assets	96,607	371,272	88,921	14,011	20,415
Total assets	\$ 19,476,303	\$ 21,617,305	\$ 17,473,912	\$ 4,265,124	\$ 3,935,183
Liabilities					
Losses	\$ 7,984,646	\$ 7,314,349	\$ 6,389,582	\$ 1,569,151	\$ 1,518,938
Reinsurance payable on paid losses and loss adjustment expenses	353,373	1,368,019	290,874	71,238	68,954
Loss adjustment expenses	1,857,084	1,678,729	1,466,296	360,092	348,569
Commissions payable, contingent commissions and other similar charges	189,132	176,321	153,773	37,763	36,555
Other expenses	154,968	138,777	124,804	30,437	29,683
Taxes, licenses and fees	82,034	73,737	65,906	16,185	15,667
Current federal and foreign income taxes	-	936	-	-	1,840
Net deferred tax liability	-	-	-	-	-
Borrowed money and interest thereon	-	-	7	-	-
Unearned premiums	2,745,185	2,544,373	2,224,273	546,236	528,757
Advance premium	2	71,279	-	-	-
Dividends declared and unpaid - Policyholders	15,215	14,294	12,496	3,069	2,971
Ceded reinsurance premiums payable	52,784	48,596	41,356	10,156	116,019
Funds held by company under reinsurance treaties	2,069	102,835	-	-	-
Amounts withheld or retained by company for account of others	22,225	1,042,216	8,437	2,101	2,033
Remittances and items not allocated	15,180	245,040	2,968	846	235
Provision for reinsurance	11,949	36,248	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	61,397	-	-	-	-
Payable to parent, subsidiaries and affiliates	19,748	-	-	5,608	-
Payable for securities	1,125	1,314	-	-	4,975
Payable for securities lending	145,140	32,388	54,812	17,078	40,898
Aggregate write-ins for liabilities	58,479	94,554	(9,519)	(2,475)	(2,396)
Total liabilities	13,771,735	14,984,005	10,826,065	2,667,485	2,713,698
Surplus as regards policyholders					
Aggregate write-ins for special surplus funds	12,790	12,015	10,504	2,580	2,497
Common capital stock	20,000	10,791	25,000	10,000	5,000
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	-
Gross paid in and contributed surplus	3,238,382	4,234,155	2,629,825	126,370	623,472
Unassigned funds (surplus)	2,433,396	2,376,339	3,982,518	1,458,689	590,516
Total surplus as regards policyholders	5,704,568	6,633,300	6,647,847	1,597,639	1,221,485
Total liabilities and surplus as regards policyholders	\$ 19,476,303	\$ 21,617,305	\$ 17,473,912	\$ 4,265,124	\$ 3,935,183

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2018, in thousands)

	USFG	TLL	FAR	AUT	ICT	COK
Assets						
Bonds	\$ 2,727,635	\$ 1,603,153	\$ 868,952	\$ 860,980	\$ 858,306	\$ 721,662
Preferred stocks	-	-	2,627	-	-	-
Common stocks	107,066	-	-	-	-	-
Real estate - Properties occupied by the company	-	-	-	-	-	-
Real estate - Properties held for the production of income	-	-	-	-	-	-
Cash, cash equivalents and short-term investments	83,925	53,769	28,873	33,317	43,311	44,497
Other invested assets	-	72,818	26,138	772	15,745	6,161
Receivables for securities	-	107	-	-	-	112
Securities lending reinvested collateral assets	16,685	9,460	7,959	8,223	6,659	-
Aggregate write-ins for invested assets	-	-	-	-	-	-
Total cash and invested assets	2,935,311	1,739,307	934,549	903,292	924,021	772,432
Investment income due and accrued	27,390	17,498	8,836	9,427	8,766	8,313
Uncollected premiums and agents' balances in course of collection	123,727	38,087	29,705	19,113	19,113	17,718
Deferred premiums, agents' balances and installments booked but deferred and not yet due	222,044	137,456	74,518	68,979	68,979	63,945
Accrued retrospective premiums and contracts subject to redetermination	3,675	2,275	1,233	1,142	1,142	1,058
Reinsurance - Amounts recoverable from reinsurers	9,933	64,495	11,392	25,480	73,217	61,888
Reinsurance - Funds held by or deposited with reinsured companies	56	-	-	-	-	-
Current federal and foreign income tax recoverable and interest thereon	1,659	950	351	-	967	1,168
Net deferred tax asset	21,938	11,620	10,430	11,059	10,310	10,297
Guaranty funds receivable or on deposit	161	632	918	23	606	899
Electronic data processing equipment and software	-	-	-	-	1,156	-
Receivables from parent, subsidiaries and affiliates	-	8,298	1,168	6,408	7,976	-
Aggregate write-ins for other-than-invested assets	12,576	6,931	3,788	2,706	5,362	5,057
Total assets	\$ 3,358,470	\$ 2,027,549	\$ 1,076,888	\$ 1,047,629	\$ 1,121,615	\$ 942,775
Liabilities						
Losses	\$ 1,383,991	\$ 856,756	\$ 464,469	\$ 429,947	\$ 429,947	\$ 398,564
Reinsurance payable on paid losses and loss adjustment expenses	68,771	43,287	21,085	19,518	19,518	18,093
Loss adjustment expenses	317,601	196,610	106,587	98,665	98,665	91,464
Commissions payable, contingent commissions and other similar charges	33,308	20,619	11,178	10,347	10,347	9,592
Other expenses	26,901	16,721	9,038	8,362	8,384	7,751
Taxes, licenses and fees	14,275	8,837	4,791	4,434	4,434	4,111
Current federal and foreign income taxes	-	-	-	74	-	-
Net deferred tax liability	-	-	-	-	-	-
Borrowed money and interest thereon	-	-	-	-	-	-
Unearned premiums	481,780	298,245	161,686	149,669	149,669	138,744
Advance premium	-	-	-	-	-	-
Dividends declared and unpaid - Policyholders	2,707	1,676	908	841	841	779
Ceded reinsurance premiums payable	8,958	22,811	3,006	12,145	60,181	36,421
Funds held by company under reinsurance treaties	-	-	-	-	-	-
Amounts withheld or retained by company for account of others	2,203	1,147	622	575	575	534
Remittances and items not allocated	36	77	58	-	286	976
Provision for reinsurance	-	-	-	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	-	-	-	-	-	-
Payable to parent, subsidiaries and affiliates	5,129	-	-	-	-	7,642
Payable for securities	-	-	-	1,128	-	-
Payable for securities lending	16,685	9,460	7,959	8,223	6,659	-
Aggregate write-ins for liabilities	11,919	(1,351)	(733)	(678)	(678)	(629)
Total liabilities	2,374,264	1,474,895	790,654	743,250	788,828	714,042
Surplus as regards policyholders						
Aggregate write-ins for special surplus funds	2,275	1,409	764	707	707	655
Common capital stock	35,214	6,000	6,000	6,000	5,000	4,200
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	-	-
Gross paid in and contributed surplus	236,805	125,632	126,175	98,351	4,862	80,200
Unassigned funds (surplus)	709,912	419,613	153,295	199,321	322,218	143,678
Total surplus as regards policyholders	984,206	552,654	286,234	304,379	332,787	228,733
Total liabilities and surplus as regards policyholders	\$ 3,358,470	\$ 2,027,549	\$ 1,076,888	\$ 1,047,629	\$ 1,121,615	\$ 942,775

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2018, in thousands)

	NLI	SL	AMR	PROT	NFI	TCT
Assets						
Bonds	\$ 874,681	\$ 532,063	\$ 461,931	\$ 444,164	\$ 329,526	\$ 271,889
Preferred stocks	1,021	-	-	-	-	-
Common stocks	156,270	-	-	-	-	-
Real estate - Properties occupied by the company	-	-	-	-	-	-
Real estate - Properties held for the production of income	-	-	-	-	-	-
Cash, cash equivalents and short-term investments	34,519	33,093	35,144	23,589	19,682	20,913
Other invested assets	10,494	-	10,006	-	4,198	955
Receivables for securities	-	-	-	-	-	-
Securities lending reinvested collateral assets	2,857	-	12,280	-	-	1,394
Aggregate write-ins for invested assets	-	-	-	-	-	-
Total cash and invested assets	1,079,842	565,156	519,361	467,753	353,406	295,151
Investment income due and accrued	9,711	5,239	6,777	4,372	2,986	2,510
Uncollected premiums and agents' balances in course of collection	17,021	22,997	10,742	8,092	15,944	11,511
Deferred premiums, agents' balances and installments booked but deferred and not yet due	61,427	44,308	38,769	29,203	26,182	23,664
Accrued retrospective premiums and contracts subject to redetermination	1,017	733	642	483	433	392
Reinsurance - Amounts recoverable from reinsurers	24,765	413	76,272	14,700	8,997	1,163
Reinsurance - Funds held by or deposited with reinsured companies	34	-	-	-	-	-
Current federal and foreign income tax recoverable and interest thereon	700	380	1,103	242	228	389
Net deferred tax asset	10,556	7,151	5,254	4,732	4,584	3,843
Guaranty funds receivable or on deposit	18	-	1,824	17	2	121
Electronic data processing equipment and software	-	-	-	-	-	-
Receivables from parent, subsidiaries and affiliates	3,531	1,537	-	512	-	365
Aggregate write-ins for other-than-invested assets	(1,203)	1,724	4,564	1,369	1,019	1,405
Total assets	\$ 1,207,419	\$ 649,638	\$ 665,308	\$ 531,475	\$ 413,781	\$ 340,514
Liabilities						
Losses	\$ 382,873	\$ 276,171	\$ 241,649	\$ 182,021	\$ 163,192	\$ 147,500
Reinsurance payable on paid losses and loss adjustment expenses	17,381	12,537	17,525	8,263	7,408	6,696
Loss adjustment expenses	87,863	63,376	55,454	41,771	37,449	33,849
Commissions payable, contingent commissions and other similar charges	9,214	6,646	5,816	4,381	3,927	3,550
Other expenses	7,476	5,368	4,709	3,552	3,178	2,866
Taxes, licenses and fees	3,949	2,849	2,492	1,878	1,683	1,522
Current federal and foreign income taxes	-	-	-	-	-	-
Net deferred tax liability	-	-	-	-	-	-
Borrowed money and interest thereon	-	-	-	-	-	-
Unearned premiums	133,282	96,138	84,120	63,363	56,809	51,346
Advance premium	-	-	-	-	-	-
Dividends declared and unpaid - Policyholders	749	540	473	356	319	288
Ceded reinsurance premiums payable	26,316	1,787	39,223	7,198	1,056	955
Funds held by company under reinsurance treaties	-	-	-	-	-	-
Amounts withheld or retained by company for account of others	29,699	370	323	244	4,416	197
Remittances and items not allocated	99	-	497	21	-	-
Provision for reinsurance	-	-	-	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	-	-	-	-	-	-
Payable to parent, subsidiaries and affiliates	-	-	18,617	-	9,948	-
Payable for securities	-	873	-	-	5,693	4,708
Payable for securities lending	2,857	-	12,280	-	-	1,394
Aggregate write-ins for liabilities	1,372	(436)	(381)	(287)	(257)	(233)
Total liabilities	703,130	466,219	482,797	312,761	294,821	254,638
Surplus as regards policyholders						
Aggregate write-ins for special surplus funds	629	454	397	299	268	242
Common capital stock	3,500	4,100	5,250	4,200	3,500	6,000
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	-	-
Gross paid in and contributed surplus	167,836	56,031	47,400	201,201	18,350	36,136
Unassigned funds (surplus)	332,324	122,834	129,464	13,014	96,842	43,498
Total surplus as regards policyholders	504,289	183,419	182,511	218,714	118,960	85,876
Total liabilities and surplus as regards policyholders	\$ 1,207,419	\$ 649,638	\$ 665,308	\$ 531,475	\$ 413,781	\$ 340,514

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2018, in thousands)

	TCC	TCI	MERC	ILL	TIN	ATNA
Assets						
Bonds	\$ 272,512	\$ 262,003	\$ 264,083	\$ 556,348	\$ 180,794	\$ 172,770
Preferred stocks	-	-	-	-	-	-
Common stocks	-	-	-	-	-	-
Real estate - Properties occupied by the company	-	-	-	-	-	-
Real estate - Properties held for the production of income	-	-	-	-	-	-
Cash, cash equivalents and short-term investments	20,779	25,419	23,903	14,715	9,276	14,055
Other invested assets	-	-	-	10,196	10,115	-
Receivables for securities	-	-	-	-	-	-
Securities lending reinvested collateral assets	575	503	-	-	-	-
Aggregate write-ins for invested assets	-	-	-	-	-	-
Total cash and invested assets	293,866	287,925	287,986	581,259	200,185	186,825
Investment income due and accrued	2,834	3,422	2,604	8,815	3,124	1,741
Uncollected premiums and agents' balances in course of collection	12,454	6,557	8,830	5,023	4,185	8,066
Deferred premiums, agents' balances and installments booked but deferred and not yet due	23,664	23,664	20,140	18,126	15,105	14,601
Accrued retrospective premiums and contracts subject to redetermination	392	392	333	300	250	242
Reinsurance - Amounts recoverable from reinsurers	719	157,853	5,598	229,906	55,789	2
Reinsurance - Funds held by or deposited with reinsured companies	2	-	-	-	-	-
Current federal and foreign income tax recoverable and interest thereon	217	216	182	-	23	104
Net deferred tax asset	3,792	3,968	3,093	2,507	2,423	2,390
Guaranty funds receivable or on deposit	4	13	2	1,853	8	6
Electronic data processing equipment and software	-	-	-	-	-	-
Receivables from parent, subsidiaries and affiliates	42	-	-	-	-	-
Aggregate write-ins for other-than-invested assets	1,055	1,144	988	8,961	632	571
Total assets	\$ 339,041	\$ 485,154	\$ 329,756	\$ 856,750	\$ 281,724	\$ 214,548
Liabilities						
Losses	\$ 147,500	\$ 147,500	\$ 125,532	\$ 112,979	\$ 94,149	\$ 91,011
Reinsurance payable on paid losses and loss adjustment expenses	6,804	6,696	5,699	5,129	4,274	4,132
Loss adjustment expenses	33,849	33,849	28,807	25,927	21,605	20,885
Commissions payable, contingent commissions and other similar charges	3,550	3,550	3,021	2,719	2,266	2,190
Other expenses	2,866	2,865	2,445	2,256	1,836	1,768
Taxes, licenses and fees	1,522	1,522	1,295	1,165	971	939
Current federal and foreign income taxes	-	-	-	945	-	-
Net deferred tax liability	-	-	-	-	-	-
Borrowed money and interest thereon	-	-	-	-	-	-
Unearned premiums	51,346	51,346	43,699	39,329	32,774	31,682
Advance premium	-	-	-	-	-	-
Dividends declared and unpaid - Policyholders	288	288	245	221	184	178
Ceded reinsurance premiums payable	955	35,274	813	203,668	47,309	589
Funds held by company under reinsurance treaties	-	-	-	-	-	-
Amounts withheld or retained by company for account of others	197	197	168	2,960	126	122
Remittances and items not allocated	(89)	-	43	304	-	-
Provision for reinsurance	-	-	-	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	-	-	-	-	-	-
Payable to parent, subsidiaries and affiliates	-	113,838	3,100	21,878	3,648	8
Payable for securities	-	-	-	-	-	1,987
Payable for securities lending	575	503	-	-	-	-
Aggregate write-ins for liabilities	(233)	(233)	(198)	(178)	(148)	(144)
Total liabilities	249,130	397,195	214,669	419,302	208,994	155,347
Surplus as regards policyholders						
Aggregate write-ins for special surplus funds	242	242	207	185	155	150
Common capital stock	4,500	6,000	4,230	5,040	3,000	3,500
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	-	-
Gross paid in and contributed surplus	45,262	36,158	99,230	378,053	35,606	19,812
Unassigned funds (surplus)	39,907	45,559	11,420	54,170	33,969	35,739
Total surplus as regards policyholders	89,911	87,959	115,087	437,448	72,730	59,201
Total liabilities and surplus as regards policyholders	\$ 339,041	\$ 485,154	\$ 329,756	\$ 856,750	\$ 281,724	\$ 214,548

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2018, in thousands)

	MED	TVC	TES	THM	PLL	TPS
Assets						
Bonds	\$ 170,973	\$ 166,761	\$ 160,781	\$ 190,774	\$ 165,294	\$ 170,927
Preferred stocks	-	-	-	-	-	-
Common stocks	-	-	-	-	-	-
Real estate - Properties occupied by the company	-	-	-	-	-	-
Real estate - Properties held for the production of income	-	-	-	-	-	-
Cash, cash equivalents and short-term investments	13,958	9,475	17,951	8,175	8,029	4,839
Other invested assets	-	-	-	3,963	-	-
Receivables for securities	-	219	-	-	-	-
Securities lending reinvested collateral assets	-	1,414	258	-	174	1,757
Aggregate write-ins for invested assets	-	-	-	-	-	-
Total cash and invested assets	184,931	177,869	178,990	202,912	173,497	177,523
Investment income due and accrued	1,647	1,576	1,633	3,873	1,498	1,684
Uncollected premiums and agents' balances in course of collection	8,070	3,767	3,767	3,767	3,767	3,767
Deferred premiums, agents' balances and installments booked but deferred and not yet due	14,601	13,595	13,595	13,595	13,595	13,595
Accrued retrospective premiums and contracts subject to redetermination	242	225	225	225	225	225
Reinsurance - Amounts recoverable from reinsurers	1	14,997	13,550	115,763	20,083	12,686
Reinsurance - Funds held by or deposited with reinsured companies	-	-	-	-	-	-
Current federal and foreign income tax recoverable and interest thereon	139	116	112	154	72	108
Net deferred tax asset	2,386	2,179	2,223	2,233	2,179	2,227
Guaranty funds receivable or on deposit	6	33	5	445	-	3
Electronic data processing equipment and software	-	-	-	-	-	-
Receivables from parent, subsidiaries and affiliates	-	10,585	-	19,142	17,130	879
Aggregate write-ins for other-than-invested assets	569	530	529	10,771	530	1,971
Total assets	\$ 212,592	\$ 225,472	\$ 214,629	\$ 372,880	\$ 232,576	\$ 214,668
Liabilities						
Losses	\$ 91,011	\$ 84,734	\$ 84,734	\$ 84,734	\$ 84,734	\$ 84,734
Reinsurance payable on paid losses and loss adjustment expenses	4,132	3,847	3,847	3,847	3,847	3,847
Loss adjustment expenses	20,885	19,445	19,445	19,445	19,445	19,445
Commissions payable, contingent commissions and other similar charges	2,190	2,039	2,039	2,039	2,039	2,039
Other expenses	1,768	1,648	1,648	1,657	1,647	1,648
Taxes, licenses and fees	939	874	874	874	874	874
Current federal and foreign income taxes	-	-	-	-	-	-
Net deferred tax liability	-	-	-	-	-	-
Borrowed money and interest thereon	-	-	-	-	-	-
Unearned premiums	31,682	29,497	29,497	29,497	29,497	29,497
Advance premium	-	-	-	-	-	-
Dividends declared and unpaid - Policyholders	178	166	166	166	166	166
Ceded reinsurance premiums payable	589	15,278	7,824	125,540	30,659	6,897
Funds held by company under reinsurance treaties	-	-	-	-	-	-
Amounts withheld or retained by company for account of others	122	113	113	113	113	113
Remittances and items not allocated	-	-	-	-	-	-
Provision for reinsurance	-	-	-	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	-	-	-	-	-	-
Payable to parent, subsidiaries and affiliates	12	-	2,679	-	-	-
Payable for securities	-	-	-	-	-	-
Payable for securities lending	-	1,414	258	-	174	1,757
Aggregate write-ins for liabilities	(144)	(134)	(134)	(134)	(134)	(134)
Total liabilities	153,364	158,921	152,990	267,778	173,061	150,883
Surplus as regards policyholders						
Aggregate write-ins for special surplus funds	150	139	139	139	139	139
Common capital stock	3,500	6,000	3,500	5,000	3,500	3,500
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	-	-
Gross paid in and contributed surplus	16,812	39,000	38,000	77,500	36,860	38,367
Unassigned funds (surplus)	38,766	21,412	20,000	22,463	19,016	21,779
Total surplus as regards policyholders	59,228	66,551	61,639	105,102	59,515	63,785
Total liabilities and surplus as regards policyholders	\$ 212,592	\$ 225,472	\$ 214,629	\$ 372,880	\$ 232,576	\$ 214,668

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2018, in thousands)

	DIPR	DISP	NCC	AES	FGIU	GARD
Assets						
Bonds	\$ 114,371	\$ 89,544	\$ 91,760	\$ 69,061	\$ 123,526	\$ 60,233
Preferred stocks	-	-	-	-	-	-
Common stocks	-	-	-	-	-	-
Real estate - Properties occupied by the company	-	-	-	-	-	-
Real estate - Properties held for the production of income	-	-	-	-	-	-
Cash, cash equivalents and short-term investments	8,305	8,717	6,071	1,939	12,226	5,689
Other invested assets	-	-	1,145	-	-	-
Receivables for securities	-	-	-	-	-	-
Securities lending reinvested collateral assets	-	-	-	-	-	-
Aggregate write-ins for invested assets	-	-	-	-	-	-
Total cash and invested assets	122,676	98,261	98,976	71,000	135,752	65,922
Investment income due and accrued	1,349	898	910	710	1,163	509
Uncollected premiums and agents' balances in course of collection	3,996	3,893	3,907	2,781	1,395	2,704
Deferred premiums, agents' balances and installments booked but deferred and not yet due	7,049	7,049	7,049	5,035	5,035	5,035
Accrued retrospective premiums and contracts subject to redetermination	117	117	117	83	83	83
Reinsurance - Amounts recoverable from reinsurers	1,324	-	85	-	11,101	1,086
Reinsurance - Funds held by or deposited with reinsured companies	-	-	-	-	-	-
Current federal and foreign income tax recoverable and interest thereon	72	60	40	11	42	46
Net deferred tax asset	1,139	1,141	1,207	807	830	806
Guaranty funds receivable or on deposit	29	(2)	1	1	22	163
Electronic data processing equipment and software	-	-	-	-	-	-
Receivables from parent, subsidiaries and affiliates	-	3	-	-	1,227	-
Aggregate write-ins for other-than-invested assets	477	274	277	196	237	300
Total assets	\$ 138,228	\$ 111,694	\$ 112,569	\$ 80,624	\$ 156,887	\$ 76,654
Liabilities						
Losses	\$ 43,936	\$ 43,936	\$ 43,936	\$ 31,383	\$ 31,383	\$ 31,383
Reinsurance payable on paid losses and loss adjustment expenses	1,995	1,995	1,995	1,425	1,425	1,425
Loss adjustment expenses	10,083	10,083	10,083	7,202	7,202	7,202
Commissions payable, contingent commissions and other similar charges	1,057	1,057	1,057	755	755	755
Other expenses	859	855	856	610	620	610
Taxes, licenses and fees	453	453	453	324	324	324
Current federal and foreign income taxes	-	-	-	-	-	-
Net deferred tax liability	-	-	-	-	-	-
Borrowed money and interest thereon	-	-	-	-	-	-
Unearned premiums	15,295	15,295	15,295	10,925	10,925	10,925
Advance premium	-	-	-	-	-	-
Dividends declared and unpaid - Policyholders	86	86	86	61	61	61
Ceded reinsurance premiums payable	284	284	284	203	10,928	203
Funds held by company under reinsurance treaties	-	-	-	-	-	-
Amounts withheld or retained by company for account of others	59	59	1,204	42	42	42
Remittances and items not allocated	-	-	-	-	-	-
Provision for reinsurance	-	-	-	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	-	-	-	-	-	-
Payable to parent, subsidiaries and affiliates	955	-	80	2	-	944
Payable for securities	-	1,241	-	993	4,350	-
Payable for securities lending	-	-	-	-	-	-
Aggregate write-ins for liabilities	719	(70)	(70)	(49)	(49)	(49)
Total liabilities	75,781	75,274	75,259	53,876	67,966	53,825
Surplus as regards policyholders						
Aggregate write-ins for special surplus funds	72	72	72	52	52	52
Common capital stock	6,300	5,000	3,000	3,500	13,435	4,200
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	-	-
Gross paid in and contributed surplus	52,332	21,506	10,003	21,000	72,016	11,000
Unassigned funds (surplus)	3,743	9,842	24,235	2,196	3,418	7,577
Total surplus as regards policyholders	62,447	36,420	37,310	26,748	88,921	22,829
Total liabilities and surplus as regards policyholders	\$ 138,228	\$ 111,694	\$ 112,569	\$ 80,624	\$ 156,887	\$ 76,654

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2018, in thousands)

	AEQ	FGIC	GUI	SIC	LYD	LTX
Assets						
Bonds	\$ 62,112	\$ 15,577	\$ 51,780	\$ 73,312	\$ 10,417	\$ 11,459
Preferred stocks	-	-	-	-	-	-
Common stocks	26,748	-	-	-	-	-
Real estate - Properties occupied by the company	-	-	-	-	-	-
Real estate - Properties held for the production of income	-	-	-	-	-	-
Cash, cash equivalents and short-term investments	8,419	849	2,815	6,697	1,599	1,597
Other invested assets	-	-	-	-	-	-
Receivables for securities	-	-	-	-	-	-
Securities lending reinvested collateral assets	-	-	-	-	-	-
Aggregate write-ins for invested assets	-	-	-	-	-	-
Total cash and invested assets	97,279	16,426	54,595	80,009	12,016	13,056
Investment income due and accrued	686	135	577	823	128	116
Uncollected premiums and agents' balances in course of collection	-	406	42	28	-	-
Deferred premiums, agents' balances and installments booked but deferred and not yet due	-	-	-	-	-	-
Accrued retrospective premiums and contracts subject to redetermination	-	-	-	-	-	-
Reinsurance - Amounts recoverable from reinsurers	-	2,153	151	102	6,555	4,394
Reinsurance - Funds held by or deposited with reinsured companies	-	-	-	-	-	-
Current federal and foreign income tax recoverable and interest thereon	-	-	-	-	-	4
Net deferred tax asset	-	-	-	-	-	-
Guaranty funds receivable or on deposit	-	142	-	5	53	55
Electronic data processing equipment and software	-	-	-	-	-	-
Receivables from parent, subsidiaries and affiliates	-	-	-	-	3,174	1,717
Aggregate write-ins for other-than-invested assets	-	376	-	-	-	-
Total assets	\$ 97,965	\$ 19,638	\$ 55,365	\$ 80,967	\$ 21,926	\$ 19,342
Liabilities						
Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reinsurance payable on paid losses and loss adjustment expenses	-	-	-	-	-	-
Loss adjustment expenses	-	-	-	-	-	-
Commissions payable, contingent commissions and other similar charges	-	-	-	-	-	-
Other expenses	-	3	-	-	1	1
Taxes, licenses and fees	-	-	-	-	-	-
Current federal and foreign income taxes	36	4	47	11	4	-
Net deferred tax liability	1	47	-	1	40	11
Borrowed money and interest thereon	-	-	-	-	-	-
Unearned premiums	-	-	-	-	-	-
Advance premium	-	-	-	-	-	-
Dividends declared and unpaid - Policyholders	-	-	-	-	-	-
Ceded reinsurance premiums payable	-	-	-	-	9,603	6,039
Funds held by company under reinsurance treaties	-	-	-	-	-	-
Amounts withheld or retained by company for account of others	-	-	-	-	-	-
Remittances and items not allocated	-	-	-	-	8	-
Provision for reinsurance	-	-	-	-	-	-
Net adjustments in assets and liabilities due to foreign exchange rates	-	-	-	-	-	-
Payable to parent, subsidiaries and affiliates	2	1,439	158	133	-	-
Payable for securities	-	-	-	-	-	-
Payable for securities lending	-	-	-	-	-	-
Aggregate write-ins for liabilities	-	-	-	-	-	-
Total liabilities	39	1,493	205	145	9,656	6,051
Surplus as regards policyholders						
Aggregate write-ins for special surplus funds	-	-	-	-	-	-
Common capital stock	4,121	5,000	4,000	3,000	-	-
Aggregate write-ins for other-than-special surplus funds	-	-	-	-	300	2,000
Gross paid in and contributed surplus	74,969	8,600	39,455	26,305	200	-
Unassigned funds (surplus)	18,836	4,545	11,705	51,517	11,770	11,291
Total surplus as regards policyholders	97,926	18,145	55,160	80,822	12,270	13,291
Total liabilities and surplus as regards policyholders	\$ 97,965	\$ 19,638	\$ 55,365	\$ 80,967	\$ 21,926	\$ 19,342

Travelers Combined Pool - Combining Worksheet
Balance Sheet (statutory basis)

Exhibit 1

(At December 31, 2018, in thousands)

	Subtotal	Eliminations	Total
Assets			
Bonds	\$ 55,149,407	\$ -	\$ 55,149,407
Preferred stocks	57,780	-	57,780
Common stocks	10,816,339	7,385,285 (a)	3,431,054
Real estate - Properties occupied by the company	368,292	-	368,292
Real estate - Properties held for the production of income	776,897	-	776,897
Cash, cash equivalents and short-term investments	1,847,517	-	1,847,517
Other invested assets	3,200,393	25,561 (a)	3,174,832
Receivables for securities	103,307	-	103,307
Securities lending reinvested collateral assets	360,514	-	360,514
Aggregate write-ins for invested assets	(536)	21,978 (n)	(22,514)
Total cash and invested assets	72,679,910	7,432,824	65,247,086
Investment income due and accrued	543,257	-	543,257
Uncollected premiums and agents' balances in course of collection	2,235,223	785,459 (c)	1,449,764
Deferred premiums, agents' balances and installments booked but deferred and not yet due	5,037,106	-	5,037,106
Accrued retrospective premiums and contracts subject to redetermination	83,340	-	83,340
Reinsurance - Amounts recoverable from reinsurers	2,631,459	2,445,915 (d)	185,544
Reinsurance - Funds held by or deposited with reinsured companies	7,136	-	7,136
Current federal and foreign income tax recoverable and interest thereon	43,066	3,897 (b)	39,169
Net deferred tax asset	879,543	100 (b)	879,443
Guaranty funds receivable or on deposit	12,493	-	12,493
Electronic data processing equipment and software	87,467	-	87,467
Receivables from parent, subsidiaries and affiliates	195,625	195,625 (e)	-
Aggregate write-ins for other-than-invested assets	666,912	(8) (n)	666,920
Total assets	\$ 85,102,537	\$ 10,863,812	\$ 74,238,725
Liabilities			
Losses	\$ 31,593,055	\$ -	\$ 31,593,055
Reinsurance payable on paid losses and loss adjustment expenses	2,478,901	2,445,915 (d)	32,986
Loss adjustment expenses	7,275,011	-	7,275,011
Commissions payable, contingent commissions and other similar charges	757,586	-	757,586
Other expenses	611,442	-	611,442
Taxes, licenses and fees	323,838	-	323,838
Current federal and foreign income taxes	3,897	3,897 (b)	-
Net deferred tax liability	100	100 (b)	-
Borrowed money and interest thereon	7	-	7
Unearned premiums	10,961,678	-	10,961,678
Advance premium	71,281	-	71,281
Dividends declared and unpaid - Policyholders	61,375	-	61,375
Ceded reinsurance premiums payable	992,191	785,459 (c)	206,732
Funds held by company under reinsurance treaties	104,904	-	104,904
Amounts withheld or retained by company for account of others	1,123,822	-	1,123,822
Remittances and items not allocated	266,585	-	266,585
Provision for reinsurance	48,197	-	48,197
Net adjustments in assets and liabilities due to foreign exchange rates	61,397	-	61,397
Payable to parent, subsidiaries and affiliates	215,568	195,625 (e)	19,943
Payable for securities	28,387	-	28,387
Payable for securities lending	360,514	-	360,514
Aggregate write-ins for liabilities	144,755	-	144,755
Total liabilities	57,484,491	3,430,996	54,053,495
Surplus as regards policyholders			
Aggregate write-ins for special surplus funds	51,590	(1,198) (o)	52,788
Common capital stock	262,581	201,790 (g)	60,791
Aggregate write-ins for other-than-special surplus funds	2,300	2,300 (f)	-
Gross paid in and contributed surplus	13,249,229	2,523,395 (h)	10,725,834
Unassigned funds (surplus)	14,052,346	4,706,529 (i,l,n,o)	9,345,817
Total surplus as regards policyholders	27,618,046	7,432,816	20,185,230
Total liabilities and surplus as regards policyholders	\$ 85,102,537	\$ 10,863,812	\$ 74,238,725

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	FM	IND	TCS	PHX	STD
Underwriting Income					
Premiums earned	\$ 6,189,076	\$ 5,737,050	\$ 5,015,285	\$ 1,232,052	\$ 1,192,239
Losses incurred	3,598,197	3,338,399	2,918,012	716,604	693,673
Loss adjustment expenses incurred	642,915	601,725	525,229	128,986	124,858
Other underwriting expenses incurred	1,805,087	1,672,663	1,462,145	359,073	347,583
Net underwriting gain (loss)	142,877	124,263	109,899	27,389	26,125
Investment Income					
Net investment income earned	813,769	801,552	1,023,373	139,322	135,885
Net realized capital gains (losses) less capital gains tax	(2,890)	(15,525)	(5,326)	2,589	(14,810)
Net investment gain (loss)	810,879	786,027	1,018,047	141,911	121,075
Other Income					
Net gain (loss) from agents' or premium balances charged off	(13,690)	(12,861)	(11,243)	(2,761)	(2,673)
Finance and service charges not included in premiums	22,603	21,235	18,564	4,559	4,413
Aggregate write-ins for miscellaneous income (expense)	3,080	40,544	1,355	1,360	575
Total other income (expense)	11,993	48,918	8,676	3,158	2,315
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	965,749	959,208	1,136,622	172,458	149,515
Dividends to policyholders	10,267	9,646	8,433	2,071	2,005
Federal and foreign income taxes incurred	133,175	124,456	99,900	23,013	25,491
Net income (loss)	\$ 822,307	\$ 825,106	\$ 1,028,289	\$ 147,374	\$ 122,019
Statement of Changes in Capital and Surplus (statutory basis)					
Surplus as regards policyholders - December 31, prior year	\$ 5,704,568	\$ 6,633,300	\$ 6,647,847	\$ 1,597,639	\$ 1,221,485
Net income (loss)	822,307	825,106	1,028,289	147,374	122,019
Change in net unrealized capital gains or (losses)	(52,941)	60,648	130,403	21,640	6,040
Change in net unrealized foreign exchange capital gain (loss)	2,351	(660)	504	3	3
Change in net deferred income tax	15,161	13,683	(6,603)	5,081	4,698
Change in nonadmitted assets	2,522	(45,397)	18,927	(2,680)	18,160
Change in provision for reinsurance	6,757	1,129	-	-	-
Dividends to stockholders (cash)	(632,000)	(779,000)	(929,000)	(159,700)	(160,000)
Aggregate write-ins for gains and losses in surplus	-	2	-	-	-
Change in surplus as regards policyholders for the year	164,157	75,511	242,520	11,718	(9,080)
Surplus as regards policyholders - December 31, current year	\$ 5,868,725	\$ 6,708,811	\$ 6,890,367	\$ 1,609,357	\$ 1,212,405

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	USFG	TLL	FAR	AUT	ICT	COK
Underwriting Income						
Premiums earned	\$ 1,086,316	\$ 672,481	\$ 364,570	\$ 337,472	\$ 337,472	\$ 312,839
Losses incurred	632,045	391,266	212,115	196,349	196,349	182,017
Loss adjustment expenses incurred	113,765	70,426	38,180	35,342	35,342	32,762
Other underwriting expenses incurred	316,702	196,053	106,286	98,386	98,386	91,205
Net underwriting gain (loss)	23,804	14,736	7,989	7,395	7,395	6,855
Investment Income						
Net investment income earned	96,685	73,694	29,176	29,830	28,777	24,586
Net realized capital gains (losses) less capital gains tax	6,079	1,291	846	1,951	(7,913)	756
Net investment gain (loss)	102,764	74,985	30,022	31,781	20,864	25,342
Other Income						
Net gain (loss) from agents' or premium balances charged off	(2,436)	(1,508)	(817)	(757)	(757)	(701)
Finance and service charges not included in premiums	4,021	2,489	1,350	1,249	1,249	1,158
Aggregate write-ins for miscellaneous income (expense)	(264)	1,456	2,133	(461)	(644)	4,318
Total other income (expense)	1,321	2,437	2,666	31	(152)	4,775
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	127,889	92,158	40,677	39,207	28,107	36,972
Dividends to policyholders	1,827	1,131	613	567	567	526
Federal and foreign income taxes incurred	20,691	17,096	7,141	6,327	5,763	5,441
Net income (loss)	\$ 105,371	\$ 73,931	\$ 32,923	\$ 32,313	\$ 21,777	\$ 31,005
Statement of Changes in Capital and Surplus (statutory basis)						
Surplus as regards policyholders - December 31, prior year	\$ 984,206	\$ 552,654	\$ 286,234	\$ 304,379	\$ 332,787	\$ 228,733
Net income (loss)	105,371	73,931	32,923	32,313	21,777	31,005
Change in net unrealized capital gains or (losses)	(4,610)	(6,937)	(6,934)	(57)	4,709	(241)
Change in net unrealized foreign exchange capital gain (loss)	3	2	1	1	1	1
Change in net deferred income tax	3,548	2,772	818	701	2,771	(279)
Change in nonadmitted assets	(463)	(2,011)	(859)	(46)	(2,311)	431
Change in provision for reinsurance	-	-	-	-	-	-
Dividends to stockholders (cash)	(205,466)	(57,300)	(28,900)	(30,000)	(33,000)	(25,300)
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-	-
Change in surplus as regards policyholders for the year	(101,617)	10,457	(2,951)	2,912	(6,053)	5,617
Surplus as regards policyholders - December 31, current year	\$ 882,589	\$ 563,111	\$ 283,283	\$ 307,291	\$ 326,734	\$ 234,350

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	NLI	SL	AMR	PROT	NFI	TCT
Underwriting Income						
Premiums earned	\$ 300,523	\$ 216,770	\$ 189,674	\$ 142,971	\$ 128,092	\$ 115,775
Losses incurred	174,851	126,122	110,357	83,126	74,527	67,361
Loss adjustment expenses incurred	31,473	22,701	19,864	14,962	13,414	12,124
Other underwriting expenses incurred	87,614	63,197	55,297	41,652	37,344	33,753
Net underwriting gain (loss)	6,585	4,750	4,156	3,231	2,807	2,537
Investment Income						
Net investment income earned	41,425	17,706	25,285	14,431	10,532	9,255
Net realized capital gains (losses) less capital gains tax	459	837	(3,692)	483	420	203
Net investment gain (loss)	41,884	18,543	21,593	14,914	10,952	9,458
Other Income						
Net gain (loss) from agents' or premium balances charged off	(673)	(486)	(425)	(320)	(287)	(260)
Finance and service charges not included in premiums	1,112	802	702	529	474	429
Aggregate write-ins for miscellaneous income (expense)	(63)	(67)	1,848	(197)	(31)	750
Total other income (expense)	376	249	2,125	12	156	919
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	48,845	23,542	27,874	18,157	13,915	12,914
Dividends to policyholders	505	364	319	240	216	195
Federal and foreign income taxes incurred	5,351	3,495	2,947	2,704	1,931	2,037
Net income (loss)	\$ 42,989	\$ 19,683	\$ 24,608	\$ 15,213	\$ 11,768	\$ 10,682
Statement of Changes in Capital and Surplus (statutory basis)						
Surplus as regards policyholders - December 31, prior year	\$ 504,289	\$ 183,419	\$ 182,511	\$ 218,714	\$ 118,960	\$ 85,876
Net income (loss)	42,989	19,683	24,608	15,213	11,768	10,682
Change in net unrealized capital gains or (losses)	3,034	(45)	(664)	31	45	(80)
Change in net unrealized foreign exchange capital gain (loss)	1	1	-	-	-	-
Change in net deferred income tax	1,122	414	1,202	250	(46)	181
Change in nonadmitted assets	(748)	(297)	(2,845)	(178)	(63)	(160)
Change in provision for reinsurance	-	-	-	-	-	-
Dividends to stockholders (cash)	(11,900)	(18,300)	(17,200)	(13,000)	(9,200)	(9,100)
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-	-
Change in surplus as regards policyholders for the year	34,498	1,456	5,101	2,316	2,504	1,523
Surplus as regards policyholders - December 31, current year	\$ 538,787	\$ 184,875	\$ 187,612	\$ 221,030	\$ 121,464	\$ 87,399

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	TCC	TCI	MERC	ILL	TIN	ATNA
Underwriting Income						
Premiums earned	\$ 115,775	\$ 115,775	\$ 98,532	\$ 88,679	\$ 73,899	\$ 71,435
Losses incurred	67,361	67,361	57,328	51,596	42,996	41,563
Loss adjustment expenses incurred	12,124	12,124	10,319	9,287	7,739	7,481
Other underwriting expenses incurred	33,753	33,753	28,726	25,853	21,545	20,826
Net underwriting gain (loss)	2,537	2,537	2,159	1,943	1,619	1,565
Investment Income						
Net investment income earned	9,205	7,899	9,034	16,179	4,998	5,514
Net realized capital gains (losses) less capital gains tax	137	113	104	581	58	202
Net investment gain (loss)	9,342	8,012	9,138	16,760	5,056	5,716
Other Income						
Net gain (loss) from agents' or premium balances charged off	(260)	(260)	(221)	(199)	(166)	(160)
Finance and service charges not included in premiums	429	429	365	328	274	264
Aggregate write-ins for miscellaneous income (expense)	190	(563)	(48)	(2,315)	(645)	(17)
Total other income (expense)	359	(394)	96	(2,186)	(537)	87
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	12,238	10,155	11,393	16,517	6,138	7,368
Dividends to policyholders	195	195	166	149	124	120
Federal and foreign income taxes incurred	1,976	1,431	1,608	808	(267)	1,090
Net income (loss)	\$ 10,067	\$ 8,529	\$ 9,619	\$ 15,560	\$ 6,281	\$ 6,158
Statement of Changes in Capital and Surplus (statutory basis)						
Surplus as regards policyholders - December 31, prior year	\$ 89,911	\$ 87,959	\$ 115,087	\$ 437,448	\$ 72,730	\$ 59,201
Net income (loss)	10,067	8,529	9,619	15,560	6,281	6,158
Change in net unrealized capital gains or (losses)	-	15	-	(83)	-	18
Change in net unrealized foreign exchange capital gain (loss)	-	-	-	-	-	-
Change in net deferred income tax	289	241	441	525	337	71
Change in nonadmitted assets	(197)	(187)	(227)	451	(279)	(59)
Change in provision for reinsurance	-	-	-	-	-	-
Dividends to stockholders (cash)	(8,900)	-	(10,000)	-	-	(5,800)
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-	-
Change in surplus as regards policyholders for the year	1,259	8,598	(167)	16,453	6,339	388
Surplus as regards policyholders - December 31, current year	\$ 91,170	\$ 96,557	\$ 114,920	\$ 453,901	\$ 79,069	\$ 59,589

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	MED	TVC	TES	THM	PLL	TPS
Underwriting Income						
Premiums earned	\$ 71,435	\$ 66,509	\$ 66,509	\$ 66,509	\$ 66,509	\$ 66,509
Losses incurred	41,563	38,697	38,697	38,697	38,697	38,697
Loss adjustment expenses incurred	7,481	6,965	6,965	6,965	6,965	6,965
Other underwriting expenses incurred	20,826	19,390	19,390	19,390	19,390	19,390
Net underwriting gain (loss)	1,565	1,457	1,457	1,457	1,457	1,457
Investment Income						
Net investment income earned	5,512	5,435	5,662	6,865	5,292	5,283
Net realized capital gains (losses) less capital gains tax	180	164	179	328	61	189
Net investment gain (loss)	5,692	5,599	5,841	7,193	5,353	5,472
Other Income						
Net gain (loss) from agents' or premium balances charged off	(160)	(149)	(149)	(149)	(149)	(149)
Finance and service charges not included in premiums	264	246	246	246	246	246
Aggregate write-ins for miscellaneous income (expense)	(17)	(256)	(193)	(1,315)	(342)	(93)
Total other income (expense)	87	(159)	(96)	(1,218)	(245)	4
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	7,344	6,897	7,202	7,432	6,565	6,933
Dividends to policyholders	120	112	112	112	112	112
Federal and foreign income taxes incurred	1,098	1,062	1,047	700	1,102	1,125
Net income (loss)	\$ 6,126	\$ 5,723	\$ 6,043	\$ 6,620	\$ 5,351	\$ 5,696
Statement of Changes in Capital and Surplus (statutory basis)						
Surplus as regards policyholders - December 31, prior year	\$ 59,228	\$ 66,551	\$ 61,639	\$ 105,102	\$ 59,515	\$ 63,785
Net income (loss)	6,126	5,723	6,043	6,620	5,351	5,696
Change in net unrealized capital gains or (losses)	2	-	7	7	-	6
Change in net unrealized foreign exchange capital gain (loss)	-	-	-	-	-	-
Change in net deferred income tax	75	159	49	98	145	41
Change in nonadmitted assets	(63)	(106)	(39)	(96)	(92)	(32)
Change in provision for reinsurance	-	-	-	-	-	-
Dividends to stockholders (cash)	(5,700)	(5,200)	(5,500)	-	-	(5,300)
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-	-
Change in surplus as regards policyholders for the year	440	576	560	6,629	5,404	411
Surplus as regards policyholders - December 31, current year	\$ 59,668	\$ 67,127	\$ 62,199	\$ 111,731	\$ 64,919	\$ 64,196

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	DIPR	DISP	NCC	AES	FGIU	GARD
Underwriting Income						
Premiums earned	\$ 34,486	\$ 34,486	\$ 34,486	\$ 24,633	\$ 24,633	\$ 24,633
Losses incurred	20,065	20,065	20,065	14,332	14,332	14,332
Loss adjustment expenses incurred	3,611	3,611	3,611	2,580	2,580	2,580
Other underwriting expenses incurred	10,054	10,054	10,054	7,181	7,181	7,181
Net underwriting gain (loss)	756	756	756	540	540	540
Investment Income						
Net investment income earned	3,726	2,973	2,856	2,136	3,697	1,954
Net realized capital gains (losses) less capital gains tax	38	54	40	9	30	5
Net investment gain (loss)	3,764	3,027	2,896	2,145	3,727	1,959
Other Income						
Net gain (loss) from agents' or premium balances charged off	(77)	(77)	(77)	(55)	(55)	(55)
Finance and service charges not included in premiums	127	127	127	91	91	91
Aggregate write-ins for miscellaneous income (expense)	-	(8)	(8)	(6)	(176)	(11)
Total other income (expense)	50	42	42	30	(140)	25
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	4,570	3,825	3,694	2,715	4,127	2,524
Dividends to policyholders	58	58	58	41	41	41
Federal and foreign income taxes incurred	610	533	381	368	600	413
Net income (loss)	\$ 3,902	\$ 3,234	\$ 3,255	\$ 2,306	\$ 3,486	\$ 2,070
Statement of Changes in Capital and Surplus (statutory basis)						
Surplus as regards policyholders - December 31, prior year	\$ 62,447	\$ 36,420	\$ 37,310	\$ 26,748	\$ 88,921	\$ 22,829
Net income (loss)	3,902	3,234	3,255	2,306	3,486	2,070
Change in net unrealized capital gains or (losses)	52	34	-	-	190	-
Change in net unrealized foreign exchange capital gain (loss)	-	-	-	-	-	-
Change in net deferred income tax	97	91	(133)	54	91	76
Change in nonadmitted assets	(54)	(53)	91	(35)	(3)	(55)
Change in provision for reinsurance	-	-	-	-	-	-
Dividends to stockholders (cash)	(3,500)	(2,900)	(2,700)	(2,100)	(3,100)	(2,200)
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-	-
Change in surplus as regards policyholders for the year	497	406	513	225	664	(109)
Surplus as regards policyholders - December 31, current year	\$ 62,944	\$ 36,826	\$ 37,823	\$ 26,973	\$ 89,585	\$ 22,720

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	AEQ	FGIC	GUI	SIC	LYD	LTX
Underwriting Income						
Premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Losses incurred	-	-	-	-	-	-
Loss adjustment expenses incurred	-	-	-	-	-	-
Other underwriting expenses incurred	-	-	-	-	(1,666)	(1,018)
Net underwriting gain (loss)	-	-	-	-	1,666	1,018
Investment Income						
Net investment income earned	4,241	509	1,683	2,384	375	379
Net realized capital gains (losses) less capital gains tax	113	(22)	94	219	17	4
Net investment gain (loss)	4,354	487	1,777	2,603	392	383
Other Income						
Net gain (loss) from agents' or premium balances charged off	-	-	-	-	-	-
Finance and service charges not included in premiums	-	-	-	-	-	-
Aggregate write-ins for miscellaneous income (expense)	-	(31)	-	-	(106)	(77)
Total other income (expense)	-	(31)	-	-	(106)	(77)
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	4,354	456	1,777	2,603	1,952	1,324
Dividends to policyholders	-	-	-	-	-	-
Federal and foreign income taxes incurred	181	72	129	182	363	229
Net income (loss)	\$ 4,173	\$ 384	\$ 1,648	\$ 2,421	\$ 1,589	\$ 1,095
Statement of Changes in Capital and Surplus (statutory basis)						
Surplus as regards policyholders - December 31, prior year	\$ 97,926	\$ 18,145	\$ 55,160	\$ 80,822	\$ 12,270	\$ 13,291
Net income (loss)	4,173	384	1,648	2,421	1,589	1,095
Change in net unrealized capital gains or (losses)	225	-	-	-	-	-
Change in net unrealized foreign exchange capital gain (loss)	-	-	-	-	-	-
Change in net deferred income tax	(11)	33	(7)	(2)	10	1
Change in nonadmitted assets	-	-	1	-	-	-
Change in provision for reinsurance	-	-	-	-	-	-
Dividends to stockholders (cash)	(4,900)	-	-	(1,900)	(1,300)	(1,300)
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-	-
Change in surplus as regards policyholders for the year	(513)	417	1,642	519	299	(204)
Surplus as regards policyholders - December 31, current year	\$ 97,413	\$ 18,562	\$ 56,802	\$ 81,341	\$ 12,569	\$ 13,087

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	Subtotal	Eliminations	Total
Underwriting Income			
Premiums earned	\$ 24,716,089	\$ -	\$ 24,716,089
Losses incurred	14,377,814	-	14,377,814
Loss adjustment expenses incurred	2,584,021	-	2,584,021
Other underwriting expenses incurred	7,203,679	-	7,203,679
Net underwriting gain (loss)	550,575	-	550,575
Investment Income			
Net investment income earned	3,429,074	690,666 (j)	2,738,408
Net realized capital gains (losses) less capital gains tax	(31,345)	(6,807) (m,n)	(24,538)
Net investment gain (loss)	3,397,729	683,859	2,713,870
Other Income			
Net gain (loss) from agents' or premium balances charged off	(55,222)	-	(55,222)
Finance and service charges not included in premiums	91,175	-	91,175
Aggregate write-ins for miscellaneous income (expense)	49,655	3 (n)	49,652
Total other income (expense)	85,608	3	85,605
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	4,033,912	683,862	3,350,050
Dividends to policyholders	41,418	-	41,418
Federal and foreign income taxes incurred	503,800	-	503,800
Net income (loss)	\$ 3,488,694	\$ 683,862	\$ 2,804,832
Statement of Changes in Capital and Surplus (statutory basis)			
Surplus as regards policyholders - December 31, prior year	\$ 27,618,046	\$ 7,432,816 (k)	\$ 20,185,230
Net income (loss)	3,488,694	683,862 (j,m,n)	2,804,832
Change in net unrealized capital gains or (losses)	154,514	13,877 (a,m,n)	140,637
Change in net unrealized foreign exchange capital gain (loss)	2,212	-	2,212
Change in net deferred income tax	48,245	-	48,245
Change in nonadmitted assets	(19,052)	-	(19,052)
Change in provision for reinsurance	7,886	-	7,886
Dividends to stockholders (cash)	(3,190,666)	(690,666) (j)	(2,500,000)
Aggregate write-ins for gains and losses in surplus	2	2 (n)	-
Change in surplus as regards policyholders for the year	491,835	7,075	484,760
Surplus as regards policyholders - December 31, current year	\$ 28,109,881	\$ 7,439,891	\$ 20,669,990

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	FM	IND	TCS	PHX	STD
Underwriting Income					
Premiums earned	\$ 5,924,795	\$ 5,483,138	\$ 4,793,314	\$ 1,177,840	\$ 1,139,472
Losses incurred	3,490,140	3,223,063	2,818,235	692,101	669,954
Loss adjustment expenses incurred	621,636	578,880	506,085	124,284	120,307
Other underwriting expenses incurred	1,742,550	1,609,597	1,407,334	345,612	334,553
Net underwriting gain (loss)	70,469	71,598	61,660	15,843	14,658
Investment Income					
Net investment income earned	711,936	814,698	916,856	148,924	176,409
Net realized capital gains (losses) less capital gains tax	(4,243)	57,613	23,804	(322)	(5,229)
Net investment gain (loss)	707,693	872,311	940,660	148,602	171,180
Other Income					
Net gain (loss) from agents' or premium balances charged off	(12,665)	(11,899)	(10,402)	(2,555)	(2,473)
Finance and service charges not included in premiums	20,058	18,845	16,474	4,046	3,916
Aggregate write-ins for miscellaneous income (expense)	(1,454)	4,426	(426)	1,329	(64)
Total other income (expense)	5,939	11,372	5,646	2,820	1,379
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	784,101	955,281	1,007,966	167,265	187,217
Dividends to policyholders	11,505	10,809	9,449	2,320	2,246
Federal and foreign income taxes incurred	128,089	141,394	69,171	18,416	17,767
Net income (loss)	\$ 644,507	\$ 803,078	\$ 929,346	\$ 146,529	\$ 167,204
Statement of Changes in Capital and Surplus (statutory basis)					
Surplus as regards policyholders - December 31, prior year	\$ 5,367,282	\$ 6,820,222	\$ 6,526,084	\$ 1,625,366	\$ 1,189,480
Net income (loss)	644,507	803,078	929,346	146,529	167,204
Change in net unrealized capital gains or (losses)	(38,525)	(34,724)	125,297	(1,531)	(23,530)
Change in net unrealized foreign exchange capital gain (loss)	(8,036)	(1,863)	(3,152)	(2)	(2)
Change in net deferred income tax	15,415	46,046	(16,307)	3,881	908
Change in nonadmitted assets	(21,201)	(962)	26,579	(14,104)	(7,575)
Change in provision for reinsurance	126	1,501	-	-	-
Dividends to stockholders (cash)	(255,000)	(1,000,000)	(940,000)	(162,500)	(105,000)
Aggregate write-ins for gains and losses in surplus	-	2	-	-	-
Change in surplus as regards policyholders for the year	337,286	(186,922)	121,763	(27,727)	32,005
Surplus as regards policyholders - December 31, current year	\$ 5,704,568	\$ 6,633,300	\$ 6,647,847	\$ 1,597,639	\$ 1,221,485

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	USFG	TLL	FAR	AUT	ICT	COK
Underwriting Income						
Premiums earned	\$ 1,038,236	\$ 642,718	\$ 348,434	\$ 322,536	\$ 322,536	\$ 298,993
Losses incurred	610,433	377,887	204,862	189,636	189,636	175,794
Loss adjustment expenses incurred	109,619	67,859	36,788	34,054	34,054	31,568
Other underwriting expenses incurred	304,830	188,704	102,301	94,698	94,698	87,786
Net underwriting gain (loss)	13,354	8,268	4,483	4,148	4,148	3,845
Investment Income						
Net investment income earned	97,969	57,807	28,856	28,223	29,313	25,165
Net realized capital gains (losses) less capital gains tax	(232)	137	(23)	787	257	574
Net investment gain (loss)	97,737	57,944	28,833	29,010	29,570	25,739
Other Income						
Net gain (loss) from agents' or premium balances charged off	(2,253)	(1,395)	(756)	(700)	(700)	(649)
Finance and service charges not included in premiums	3,568	2,209	1,198	1,109	1,109	1,028
Aggregate write-ins for miscellaneous income (expense)	(879)	636	1,559	(531)	1,909	1,628
Total other income (expense)	436	1,450	2,001	(122)	2,318	2,007
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	111,527	67,662	35,317	33,036	36,036	31,591
Dividends to policyholders	2,047	1,267	687	636	636	589
Federal and foreign income taxes incurred	17,254	9,068	5,725	5,952	6,479	5,632
Net income (loss)	\$ 92,226	\$ 57,327	\$ 28,905	\$ 26,448	\$ 28,921	\$ 25,370
Statement of Changes in Capital and Surplus (statutory basis)						
Surplus as regards policyholders - December 31, prior year	\$ 985,821	\$ 532,089	\$ 274,473	\$ 305,893	\$ 332,505	\$ 227,354
Net income (loss)	92,226	57,327	28,905	26,448	28,921	25,370
Change in net unrealized capital gains or (losses)	199	7,111	7,301	33	(2,626)	(944)
Change in net unrealized foreign exchange capital gain (loss)	(2)	(1)	(1)	(1)	(1)	(1)
Change in net deferred income tax	4,588	260	697	848	1,121	1,306
Change in nonadmitted assets	(126)	1,868	359	(842)	(633)	(1,652)
Change in provision for reinsurance	-	-	-	-	-	-
Dividends to stockholders (cash)	(98,500)	(46,000)	(25,500)	(28,000)	(26,500)	(22,700)
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-	-
Change in surplus as regards policyholders for the year	(1,615)	20,565	11,761	(1,514)	282	1,379
Surplus as regards policyholders - December 31, current year	\$ 984,206	\$ 552,654	\$ 286,234	\$ 304,379	\$ 332,787	\$ 228,733

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	NLI	SL	AMR	PROT	NFI	TCT
Underwriting Income						
Premiums earned	\$ 287,222	\$ 207,176	\$ 181,279	\$ 136,648	\$ 122,423	\$ 110,651
Losses incurred	168,873	121,810	106,583	80,284	71,978	65,057
Loss adjustment expenses incurred	30,325	21,874	19,140	14,417	12,926	11,683
Other underwriting expenses incurred	84,329	60,828	53,224	40,091	35,944	32,488
Net underwriting gain (loss)	3,695	2,664	2,332	1,856	1,575	1,423
Investment Income						
Net investment income earned	41,355	16,708	15,613	13,824	9,763	8,711
Net realized capital gains (losses) less capital gains tax	2,065	217	153	70	285	(278)
Net investment gain (loss)	43,420	16,925	15,766	13,894	10,048	8,433
Other Income						
Net gain (loss) from agents' or premium balances charged off	(623)	(450)	(394)	(296)	(266)	(240)
Finance and service charges not included in premiums	987	712	623	469	421	380
Aggregate write-ins for miscellaneous income (expense)	(84)	(75)	1,675	(198)	(37)	916
Total other income (expense)	280	187	1,904	(25)	118	1,056
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	47,395	19,776	20,002	15,725	11,741	10,912
Dividends to policyholders	566	408	357	269	241	218
Federal and foreign income taxes incurred	3,978	2,881	1,867	2,330	1,619	1,504
Net income (loss)	\$ 42,851	\$ 16,487	\$ 17,778	\$ 13,126	\$ 9,881	\$ 9,190
Statement of Changes in Capital and Surplus (statutory basis)						
Surplus as regards policyholders - December 31, prior year	\$ 516,111	\$ 183,447	\$ 178,063	\$ 216,238	\$ 120,216	\$ 85,302
Net income (loss)	42,851	16,487	17,778	13,126	9,881	9,190
Change in net unrealized capital gains or (losses)	(1,651)	4	(271)	-	(199)	236
Change in net unrealized foreign exchange capital gain (loss)	(1)	-	-	-	-	-
Change in net deferred income tax	170	522	19	348	127	171
Change in nonadmitted assets	(1,591)	(941)	22	(598)	(1,165)	(523)
Change in provision for reinsurance	-	-	-	-	-	-
Dividends to stockholders (cash)	(51,600)	(16,100)	(13,100)	(10,400)	(9,900)	(8,500)
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-	-
Change in surplus as regards policyholders for the year	(11,822)	(28)	4,448	2,476	(1,256)	574
Surplus as regards policyholders - December 31, current year	\$ 504,289	\$ 183,419	\$ 182,511	\$ 218,714	\$ 118,960	\$ 85,876

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	TCC	TCI	MERC	ILL	TIN	ATNA
Underwriting Income						
Premiums earned	\$ 110,651	\$ 110,651	\$ 94,171	\$ 84,754	\$ 70,628	\$ 68,274
Losses incurred	65,057	65,057	55,368	49,832	41,526	40,142
Loss adjustment expenses incurred	11,683	11,683	9,943	8,948	7,457	7,208
Other underwriting expenses incurred	32,488	32,488	27,649	24,884	20,737	20,046
Net underwriting gain (loss)	1,423	1,423	1,211	1,090	908	878
Investment Income						
Net investment income earned	8,851	7,384	8,710	15,881	5,121	5,206
Net realized capital gains (losses) less capital gains tax	50	125	(113)	(592)	185	250
Net investment gain (loss)	8,901	7,509	8,597	15,289	5,306	5,456
Other Income						
Net gain (loss) from agents' or premium balances charged off	(240)	(240)	(204)	(184)	(153)	(148)
Finance and service charges not included in premiums	380	380	324	291	243	234
Aggregate write-ins for miscellaneous income (expense)	258	(555)	(145)	577	(591)	(20)
Total other income (expense)	398	(415)	(25)	684	(501)	66
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	10,722	8,517	9,783	17,063	5,713	6,400
Dividends to policyholders	218	218	185	167	139	135
Federal and foreign income taxes incurred	1,685	1,195	1,354	1,027	(67)	919
Net income (loss)	\$ 8,819	\$ 7,104	\$ 8,244	\$ 15,869	\$ 5,641	\$ 5,346
Statement of Changes in Capital and Surplus (statutory basis)						
Surplus as regards policyholders - December 31, prior year	\$ 89,930	\$ 88,876	\$ 116,011	\$ 435,018	\$ 74,566	\$ 59,198
Net income (loss)	8,819	7,104	8,244	15,869	5,641	5,346
Change in net unrealized capital gains or (losses)	-	(11)	-	(186)	-	(145)
Change in net unrealized foreign exchange capital gain (loss)	-	-	-	-	-	-
Change in net deferred income tax	276	313	444	539	(13)	157
Change in nonadmitted assets	(514)	(323)	(12)	8	(64)	(355)
Change in provision for reinsurance	-	-	-	-	-	-
Dividends to stockholders (cash)	(8,600)	(8,000)	(9,600)	(13,800)	(7,400)	(5,000)
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-	-
Change in surplus as regards policyholders for the year	(19)	(917)	(924)	2,430	(1,836)	3
Surplus as regards policyholders - December 31, current year	\$ 89,911	\$ 87,959	\$ 115,087	\$ 437,448	\$ 72,730	\$ 59,201

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	MED	TVC	TES	THM	PLL	TPS
Underwriting Income						
Premiums earned	\$ 68,274	\$ 63,565	\$ 63,565	\$ 63,565	\$ 63,565	\$ 63,565
Losses incurred	40,142	37,373	37,373	37,373	37,373	37,373
Loss adjustment expenses incurred	7,208	6,711	6,711	6,711	6,711	6,711
Other underwriting expenses incurred	20,046	18,663	18,663	18,663	18,663	18,663
Net underwriting gain (loss)	878	818	818	818	818	818
Investment Income						
Net investment income earned	5,165	5,082	5,379	6,730	4,980	5,037
Net realized capital gains (losses) less capital gains tax	213	48	31	55	476	152
Net investment gain (loss)	5,378	5,130	5,410	6,785	5,456	5,189
Other Income						
Net gain (loss) from agents' or premium balances charged off	(148)	(138)	(138)	(138)	(138)	(138)
Finance and service charges not included in premiums	234	219	219	219	219	219
Aggregate write-ins for miscellaneous income (expense)	(20)	(260)	(211)	(1,260)	(230)	(67)
Total other income (expense)	66	(179)	(130)	(1,179)	(149)	14
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	6,322	5,769	6,098	6,424	6,125	6,021
Dividends to policyholders	135	125	125	125	125	125
Federal and foreign income taxes incurred	947	877	893	513	958	931
Net income (loss)	\$ 5,240	\$ 4,767	\$ 5,080	\$ 5,786	\$ 5,042	\$ 4,965
Statement of Changes in Capital and Surplus (statutory basis)						
Surplus as regards policyholders - December 31, prior year	\$ 59,141	\$ 65,921	\$ 61,693	\$ 105,593	\$ 61,032	\$ 63,646
Net income (loss)	5,240	4,767	5,080	5,786	5,042	4,965
Change in net unrealized capital gains or (losses)	(134)	-	-	-	(265)	(131)
Change in net unrealized foreign exchange capital gain (loss)	-	-	-	-	-	-
Change in net deferred income tax	145	156	154	242	88	125
Change in nonadmitted assets	(364)	(293)	(288)	(519)	(282)	(320)
Change in provision for reinsurance	-	-	-	-	-	-
Dividends to stockholders (cash)	(4,800)	(4,000)	(5,000)	(6,000)	(6,100)	(4,500)
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-	-
Change in surplus as regards policyholders for the year	87	630	(54)	(491)	(1,517)	139
Surplus as regards policyholders - December 31, current year	\$ 59,228	\$ 66,551	\$ 61,639	\$ 105,102	\$ 59,515	\$ 63,785

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	DIPR	DISP	NCC	AES	FGIU	GARD
Underwriting Income						
Premiums earned	\$ 32,960	\$ 32,960	\$ 32,960	\$ 23,543	\$ 23,543	\$ 23,543
Losses incurred	19,379	19,379	19,379	13,842	13,842	13,842
Loss adjustment expenses incurred	3,480	3,480	3,480	2,486	2,486	2,486
Other underwriting expenses incurred	9,677	9,677	9,677	6,912	6,912	6,912
Net underwriting gain (loss)	424	424	424	303	303	303
Investment Income						
Net investment income earned	3,517	2,812	2,706	2,018	3,554	1,885
Net realized capital gains (losses) less capital gains tax	1	20	587	373	(9)	(70)
Net investment gain (loss)	3,518	2,832	3,293	2,391	3,545	1,815
Other Income						
Net gain (loss) from agents' or premium balances charged off	(71)	(71)	(71)	(51)	(51)	(51)
Finance and service charges not included in premiums	113	113	113	81	81	81
Aggregate write-ins for miscellaneous income (expense)	302	(10)	(10)	(7)	(188)	(12)
Total other income (expense)	344	32	32	23	(158)	18
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	4,286	3,288	3,749	2,717	3,690	2,136
Dividends to policyholders	65	65	65	46	46	46
Federal and foreign income taxes incurred	602	454	498	327	543	348
Net income (loss)	\$ 3,619	\$ 2,769	\$ 3,186	\$ 2,344	\$ 3,101	\$ 1,742
Statement of Changes in Capital and Surplus (statutory basis)						
Surplus as regards policyholders - December 31, prior year	\$ 61,766	\$ 36,634	\$ 37,576	\$ 27,328	\$ 88,994	\$ 23,136
Net income (loss)	3,619	2,769	3,186	2,344	3,101	1,742
Change in net unrealized capital gains or (losses)	7	47	(385)	(218)	200	-
Change in net unrealized foreign exchange capital gain (loss)	-	-	-	-	-	-
Change in net deferred income tax	104	108	(53)	9	112	154
Change in nonadmitted assets	(149)	(138)	(314)	(115)	(86)	(3)
Change in provision for reinsurance	-	-	-	-	-	-
Dividends to stockholders (cash)	(2,900)	(3,000)	(2,700)	(2,600)	(3,400)	(2,200)
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-	-
Change in surplus as regards policyholders for the year	681	(214)	(266)	(580)	(73)	(307)
Surplus as regards policyholders - December 31, current year	\$ 62,447	\$ 36,420	\$ 37,310	\$ 26,748	\$ 88,921	\$ 22,829

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	AEQ	FGIC	GUI	SIC	LYD	LTX
Underwriting Income						
Premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Losses incurred	-	-	-	-	-	-
Loss adjustment expenses incurred	-	-	-	-	-	-
Other underwriting expenses incurred	-	-	-	-	(1,435)	(1,053)
Net underwriting gain (loss)	-	-	-	-	1,435	1,053
Investment Income						
Net investment income earned	4,641	452	1,617	2,237	377	381
Net realized capital gains (losses) less capital gains tax	475	2	635	36	(3)	-
Net investment gain (loss)	5,116	454	2,252	2,273	374	381
Other Income						
Net gain (loss) from agents' or premium balances charged off	-	-	-	-	-	-
Finance and service charges not included in premiums	-	-	-	-	-	-
Aggregate write-ins for miscellaneous income (expense)	-	4	-	-	(109)	(90)
Total other income (expense)	-	4	-	-	(109)	(90)
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	5,116	458	2,252	2,273	1,700	1,344
Dividends to policyholders	-	-	-	-	-	-
Federal and foreign income taxes incurred	216	67	138	161	311	233
Net income (loss)	\$ 4,900	\$ 391	\$ 2,114	\$ 2,112	\$ 1,389	\$ 1,111
Statement of Changes in Capital and Surplus (statutory basis)						
Surplus as regards policyholders - December 31, prior year	\$ 98,576	\$ 17,745	\$ 53,546	\$ 80,110	\$ 12,068	\$ 13,478
Net income (loss)	4,900	391	2,114	2,112	1,389	1,111
Change in net unrealized capital gains or (losses)	(879)	-	(396)	-	-	-
Change in net unrealized foreign exchange capital gain (loss)	-	-	-	-	-	-
Change in net deferred income tax	(71)	9	(103)	-	13	2
Change in nonadmitted assets	-	-	(1)	-	-	-
Change in provision for reinsurance	-	-	-	-	-	-
Dividends to stockholders (cash)	(4,600)	-	-	(1,400)	(1,200)	(1,300)
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-	-
Change in surplus as regards policyholders for the year	(650)	400	1,614	712	202	(187)
Surplus as regards policyholders - December 31, current year	\$ 97,926	\$ 18,145	\$ 55,160	\$ 80,822	\$ 12,270	\$ 13,291

Travelers Combined Pool - Combining Worksheet
Statement of Income (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	Subtotal	Eliminations	Total
Underwriting Income			
Premiums earned	\$ 23,632,148	\$ -	\$ 23,632,148
Losses incurred	13,899,978	-	13,899,978
Loss adjustment expenses incurred	2,491,082	-	2,491,082
Other underwriting expenses incurred	6,938,499	-	6,938,499
Net underwriting gain (loss)	302,589	-	302,589
Investment Income			
Net investment income earned	3,251,853	627,400 (j)	2,624,453
Net realized capital gains (losses) less capital gains tax	78,562	(16,237) (n)	94,799
Net investment gain (loss)	3,330,415	611,163	2,719,252
Other Income			
Net gain (loss) from agents' or premium balances charged off	(51,089)	-	(51,089)
Finance and service charges not included in premiums	80,915	-	80,915
Aggregate write-ins for miscellaneous income (expense)	7,686	2 (n)	7,684
Total other income (expense)	37,512	2	37,510
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	3,670,516	611,165	3,059,351
Dividends to policyholders	46,405	-	46,405
Federal and foreign income taxes incurred	454,256	-	454,256
Net income (loss)	\$ 3,169,855	\$ 611,165	\$ 2,558,690
Statement of Changes in Capital and Surplus (statutory basis)			
Surplus as regards policyholders - December 31, prior year	\$ 27,317,528	\$ 7,455,154 (k)	\$ 19,862,374
Net income (loss)	3,169,855	611,165 (j,n)	2,558,690
Change in net unrealized capital gains or (losses)	33,684	(6,105) (a,n)	39,789
Change in net unrealized foreign exchange capital gain (loss)	(13,063)	-	(13,063)
Change in net deferred income tax	63,030	-	63,030
Change in nonadmitted assets	(27,217)	-	(27,217)
Change in provision for reinsurance	1,627	-	1,627
Dividends to stockholders (cash)	(2,927,400)	(627,400) (j)	(2,300,000)
Aggregate write-ins for gains and losses in surplus	2	2 (n)	-
Change in surplus as regards policyholders for the year	300,518	(22,338)	322,856
Surplus as regards policyholders - December 31, current year	\$ 27,618,046	\$ 7,432,816	\$ 20,185,230

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	FM	IND	TCS	PHX	STD
Cash from Operations					
Premiums collected net of reinsurance	\$ 6,266,707	\$ 5,824,324	\$ 5,080,714	\$ 1,255,661	\$ 1,220,434
Net investment income	797,319	869,359	1,066,580	150,853	143,548
Miscellaneous income	11,993	48,918	8,676	3,158	2,315
Total	7,076,019	6,742,601	6,155,970	1,409,672	1,366,297
Benefit and loss related payments	3,385,032	3,149,543	2,719,021	671,315	662,503
Commissions, expenses paid and aggregate write-ins for deductions	2,409,715	2,230,560	1,950,997	478,172	463,422
Dividends paid to policyholders	10,742	10,092	8,822	2,167	2,097
Federal and foreign income taxes paid (recovered)	108,122	115,469	80,843	17,587	23,067
Total	5,913,611	5,505,664	4,759,683	1,169,241	1,151,089
Net cash provided by (used in) operations	1,162,408	1,236,937	1,396,287	240,431	215,208
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	1,896,684	1,581,978	1,804,372	244,330	229,182
Stocks	75,266	47,228	15,034	-	-
Real estate	-	-	-	-	-
Other invested assets	105,479	77,477	171,296	17	36,039
Net gains or (losses) on cash, cash equivalents and short-term investments	48	-	-	-	-
Miscellaneous proceeds	5,469	103,237	77,956	9,830	17,314
Total investment proceeds	2,082,946	1,809,920	2,068,658	254,177	282,535
Cost of investments acquired:					
Bonds	2,216,038	1,744,129	1,967,058	336,468	292,158
Stocks	74,902	6,000	-	-	-
Real estate	98,785	10,545	-	-	-
Other invested assets	69,472	54,269	297,742	59	5,603
Miscellaneous applications	15,276	38,815	290	-	3,477
Total investments acquired	2,474,473	1,853,758	2,265,090	336,527	301,238
Net increase (decrease) in contract loans and premium notes	-	(438)	-	-	-
Net cash provided by (used in) investments	(391,527)	(43,400)	(196,432)	(82,350)	(18,703)
Cash from Financing and Miscellaneous Sources					
Cash provided (applied):					
Borrowed funds	-	-	-	-	-
Dividends to stockholders	(632,000)	(779,000)	(929,000)	(159,700)	(160,000)
Other cash provided (applied)	(76,619)	350,965	(16,506)	(19,802)	(34,888)
Net cash provided by (used in) financing and miscellaneous sources	(708,619)	(428,035)	(945,506)	(179,502)	(194,888)
Net change in cash, cash equivalents and short-term investments	62,262	765,502	254,349	(21,421)	1,617
Cash, cash equivalents and short-term investments - beginning of year	505,614	(40,324)	504,381	53,429	134,288
Cash, cash equivalents and short-term investments - end of year	\$ 567,876	\$ 725,178	\$ 758,730	\$ 32,008	\$ 135,905

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	USFG	TLL	FAR	AUT	ICT	COK
Cash from Operations						
Premiums collected net of reinsurance	\$ 1,099,873	\$ 688,444	\$ 367,906	\$ 344,835	\$ 345,987	\$ 339,017
Net investment income	108,032	79,512	31,790	32,366	31,809	27,591
Miscellaneous income	1,321	2,437	2,666	31	(152)	4,775
Total	1,209,226	770,393	402,362	377,232	377,644	371,383
Benefit and loss related payments	591,987	364,613	197,433	181,509	175,469	179,393
Commissions, expenses paid and aggregate write-ins for deductions	422,609	261,479	141,645	131,295	130,880	121,027
Dividends paid to policyholders	1,911	1,183	642	594	594	550
Federal and foreign income taxes paid (recovered)	16,016	14,260	5,531	5,343	4,170	3,741
Total	1,032,523	641,535	345,251	318,741	311,113	304,711
Net cash provided by (used in) operations	176,703	128,858	57,111	58,491	66,531	66,672
Cash from Investments						
Proceeds from investments sold, matured or repaid:						
Bonds	341,559	167,786	83,256	92,596	62,539	67,724
Stocks	133	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	13,736	2,387	603	901	236
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	-	-	-
Miscellaneous proceeds	-	-	-	2,273	-	112
Total investment proceeds	341,692	181,522	85,643	95,472	63,440	68,072
Cost of investments acquired:						
Bonds	449,362	283,407	134,568	133,738	114,026	110,626
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	100	2,071	913	5	782	16
Miscellaneous applications	1,230	2,712	17,706	1,239	2,701	-
Total investments acquired	450,692	288,190	153,187	134,982	117,509	110,642
Net increase (decrease) in contract loans and premium notes	-	-	-	-	-	-
Net cash provided by (used in) investments	(109,000)	(106,668)	(67,544)	(39,510)	(54,069)	(42,570)
Cash from Financing and Miscellaneous Sources						
Cash provided (applied):						
Borrowed funds	-	-	-	-	-	-
Dividends to stockholders	(98,400)	(57,300)	(28,900)	(30,000)	(33,000)	(25,300)
Other cash provided (applied)	2,669	(1,655)	17,755	(6,089)	(13,146)	(17,355)
Net cash provided by (used in) financing and miscellaneous sources	(95,731)	(58,955)	(11,145)	(36,089)	(46,146)	(42,655)
Net change in cash, cash equivalents and short-term investments	(28,028)	(36,765)	(21,578)	(17,108)	(33,684)	(18,553)
Cash, cash equivalents and short-term investments - beginning of year	83,925	53,769	28,873	33,317	43,311	44,497
Cash, cash equivalents and short-term investments - end of year	\$ 55,897	\$ 17,004	\$ 7,295	\$ 16,209	\$ 9,627	\$ 25,944

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	NLI	SL	AMR	PROT	NFI	TCT
Cash from Operations						
Premiums collected net of reinsurance	\$ 292,135	\$ 218,537	\$ 194,679	\$ 149,698	\$ 142,334	\$ 117,118
Net investment income	45,776	19,392	29,367	16,065	11,595	9,964
Miscellaneous income	376	249	2,125	12	156	919
Total	338,287	238,178	226,171	165,775	154,085	128,001
Benefit and loss related payments	170,195	122,657	93,575	125,185	69,361	62,845
Commissions, expenses paid and aggregate write-ins for deductions	116,925	84,335	73,001	55,586	49,832	45,042
Dividends paid to policyholders	528	381	334	251	226	204
Federal and foreign income taxes paid (recovered)	3,642	2,568	1,830	2,038	1,001	1,331
Total	291,290	209,941	168,740	183,060	120,420	109,422
Net cash provided by (used in) operations	46,997	28,237	57,431	(17,285)	33,665	18,579
Cash from Investments						
Proceeds from investments sold, matured or repaid:						
Bonds	70,683	80,064	42,538	52,809	33,912	32,400
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	3,195	-	6,058	-	1,627	582
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	-	-	-
Miscellaneous proceeds	1,843	-	12,280	-	-	880
Total investment proceeds	75,721	80,064	60,876	52,809	35,539	33,862
Cost of investments acquired:						
Bonds	103,692	124,564	46,152	77,630	40,382	51,749
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	5,048	-	90	-	956	8
Miscellaneous applications	239	2,662	-	550	8,938	4,708
Total investments acquired	108,979	127,226	46,242	78,180	50,276	56,465
Net increase (decrease) in contract loans and premium notes	-	-	-	-	-	-
Net cash provided by (used in) investments	(33,258)	(47,162)	14,634	(25,371)	(14,737)	(22,603)
Cash from Financing and Miscellaneous Sources						
Cash provided (applied):						
Borrowed funds	-	-	-	-	-	-
Dividends to stockholders	(11,900)	(18,300)	(17,200)	(13,000)	(9,200)	(9,100)
Other cash provided (applied)	10,202	7,716	(25,967)	43,772	(10,191)	(986)
Net cash provided by (used in) financing and miscellaneous sources	(1,698)	(10,584)	(43,167)	30,772	(19,391)	(10,086)
Net change in cash, cash equivalents and short-term investments	12,041	(29,509)	28,898	(11,884)	(463)	(14,110)
Cash, cash equivalents and short-term investments - beginning of year	34,519	33,093	35,144	23,589	19,682	20,913
Cash, cash equivalents and short-term investments - end of year	\$ 46,560	\$ 3,584	\$ 64,042	\$ 11,705	\$ 19,219	\$ 6,803

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	TCC	TCI	MERC	ILL	TIN	ATNA
Cash from Operations						
Premiums collected net of reinsurance	\$ 117,534	\$ 126,106	\$ 100,592	\$ 112,317	\$ 82,271	\$ 72,282
Net investment income	9,924	10,095	9,892	23,686	7,643	6,149
Miscellaneous income	359	(394)	96	(2,186)	(537)	87
Total	127,817	135,807	110,580	133,817	89,377	78,518
Benefit and loss related payments	63,228	(42,366)	49,539	36,517	38,566	38,760
Commissions, expenses paid and aggregate write-ins for deductions	45,043	45,041	38,340	32,112	28,751	27,792
Dividends paid to policyholders	204	204	173	156	130	126
Federal and foreign income taxes paid (recovered)	1,462	810	1,417	583	(635)	702
Total	109,937	3,689	89,469	69,368	66,812	67,380
Net cash provided by (used in) operations	17,880	132,118	21,111	64,449	22,565	11,138
Cash from Investments						
Proceeds from investments sold, matured or repaid:						
Bonds	27,216	21,365	17,977	60,483	15,385	14,814
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	-	118	-	-
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	-	-	-
Miscellaneous proceeds	54	-	-	-	-	-
Total investment proceeds	27,270	21,365	17,977	60,601	15,385	14,814
Cost of investments acquired:						
Bonds	47,172	37,595	41,485	63,953	13,054	28,798
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	-	2,327	4,388	-
Miscellaneous applications	-	10,246	-	-	-	1,986
Total investments acquired	47,172	47,841	41,485	66,280	17,442	30,784
Net increase (decrease) in contract loans and premium notes	-	-	-	-	-	-
Net cash provided by (used in) investments	(19,902)	(26,476)	(23,508)	(5,679)	(2,057)	(15,970)
Cash from Financing and Miscellaneous Sources						
Cash provided (applied):						
Borrowed funds	-	-	-	-	-	-
Dividends to stockholders	(8,900)	-	(10,000)	-	-	(5,800)
Other cash provided (applied)	(1,004)	(104,557)	(4,847)	(64,134)	(11,470)	(81)
Net cash provided by (used in) financing and miscellaneous sources	(9,904)	(104,557)	(14,847)	(64,134)	(11,470)	(5,881)
Net change in cash, cash equivalents and short-term investments	(11,926)	1,085	(17,244)	(5,364)	9,038	(10,713)
Cash, cash equivalents and short-term investments - beginning of year	20,779	25,419	23,903	14,715	9,276	14,055
Cash, cash equivalents and short-term investments - end of year	\$ 8,853	\$ 26,504	\$ 6,659	\$ 9,351	\$ 18,314	\$ 3,342

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	MED	TVC	TES	THM	PLL	TPS
Cash from Operations						
Premiums collected net of reinsurance	\$ 72,289	\$ 70,919	\$ 72,935	\$ 69,310	\$ 110,661	\$ 71,745
Net investment income	6,071	5,934	5,961	8,997	5,463	5,964
Miscellaneous income	87	(159)	(96)	(1,218)	(245)	4
Total	78,447	76,694	78,800	77,089	115,879	77,713
Benefit and loss related payments	38,756	36,602	32,543	42,660	64,312	37,387
Commissions, expenses paid and aggregate write-ins for deductions	27,792	25,874	25,870	23,484	25,876	25,138
Dividends paid to policyholders	126	117	117	117	117	117
Federal and foreign income taxes paid (recovered)	694	795	661	310	846	738
Total	67,368	63,388	59,191	66,571	91,151	63,380
Net cash provided by (used in) operations	11,079	13,306	19,609	10,518	24,728	14,333
Cash from Investments						
Proceeds from investments sold, matured or repaid:						
Bonds	18,430	24,645	11,797	38,212	18,600	17,469
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	-	-	-	-
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	-	-	-
Miscellaneous proceeds	-	219	-	-	-	-
Total investment proceeds	18,430	24,864	11,797	38,212	18,600	17,469
Cost of investments acquired:						
Bonds	29,644	39,395	32,273	24,782	28,229	21,786
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	-	-	-	-
Miscellaneous applications	-	1,430	390	-	491	777
Total investments acquired	29,644	40,825	32,663	24,782	28,720	22,563
Net increase (decrease) in contract loans and premium notes	-	-	-	-	-	-
Net cash provided by (used in) investments	(11,214)	(15,961)	(20,866)	13,430	(10,120)	(5,094)
Cash from Financing and Miscellaneous Sources						
Cash provided (applied):						
Borrowed funds	-	-	-	-	-	-
Dividends to stockholders	(5,700)	(5,200)	(5,500)	-	-	(5,300)
Other cash provided (applied)	(87)	3,054	(9,023)	3,994	(16,723)	(290)
Net cash provided by (used in) financing and miscellaneous sources	(5,787)	(2,146)	(14,523)	3,994	(16,723)	(5,590)
Net change in cash, cash equivalents and short-term investments	(5,922)	(4,801)	(15,780)	27,942	(2,115)	3,649
Cash, cash equivalents and short-term investments - beginning of year	13,958	9,475	17,951	8,175	8,029	4,839
Cash, cash equivalents and short-term investments - end of year	\$ 8,036	\$ 4,674	\$ 2,171	\$ 36,117	\$ 5,914	\$ 8,488

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	DIPR	DISP	NCC	AES	FGIU	GARD
Cash from Operations						
Premiums collected net of reinsurance	\$ 34,927	\$ 34,906	\$ 35,285	\$ 24,933	\$ 24,843	\$ 24,923
Net investment income	4,308	3,184	3,245	2,425	4,092	2,139
Miscellaneous income	50	42	42	30	(140)	25
Total	39,285	38,132	38,572	27,388	28,795	27,087
Benefit and loss related payments	18,938	18,711	18,717	13,365	13,443	13,426
Commissions, expenses paid and aggregate write-ins for deductions	13,409	13,419	13,417	9,583	9,579	9,574
Dividends paid to policyholders	61	61	61	43	43	43
Federal and foreign income taxes paid (recovered)	449	387	170	279	502	309
Total	32,857	32,578	32,365	23,270	23,567	23,352
Net cash provided by (used in) operations	6,428	5,554	6,207	4,118	5,228	3,735
Cash from Investments						
Proceeds from investments sold, matured or repaid:						
Bonds	6,012	9,357	11,951	3,213	11,155	3,108
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	1,028	-	-	-
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	-	-	-
Miscellaneous proceeds	-	-	-	-	-	-
Total investment proceeds	6,012	9,357	12,979	3,213	11,155	3,108
Cost of investments acquired:						
Bonds	16,543	16,863	14,994	3,964	17,522	8,818
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	43	-	-	-
Miscellaneous applications	-	1,242	103	993	4,351	-
Total investments acquired	16,543	18,105	15,140	4,957	21,873	8,818
Net increase (decrease) in contract loans and premium notes	-	-	-	-	-	-
Net cash provided by (used in) investments	(10,531)	(8,748)	(2,161)	(1,744)	(10,718)	(5,710)
Cash from Financing and Miscellaneous Sources						
Cash provided (applied):						
Borrowed funds	-	-	-	-	-	-
Dividends to stockholders	(3,500)	(2,900)	(2,700)	(2,100)	(3,100)	(2,200)
Other cash provided (applied)	653	(339)	(1,494)	(30)	184	107
Net cash provided by (used in) financing and miscellaneous sources	(2,847)	(3,239)	(4,194)	(2,130)	(2,916)	(2,093)
Net change in cash, cash equivalents and short-term investments	(6,950)	(6,433)	(148)	244	(8,406)	(4,068)
Cash, cash equivalents and short-term investments - beginning of year	8,305	8,717	6,071	1,939	12,226	5,689
Cash, cash equivalents and short-term investments - end of year	\$ 1,355	\$ 2,284	\$ 5,923	\$ 2,183	\$ 3,820	\$ 1,621

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	AEQ	FGIC	GUI	SIC	LYD	LTX
Cash from Operations						
Premiums collected net of reinsurance	\$ (16)	\$ 816	\$ 12	\$ (20)	\$ (558)	\$ 411
Net investment income	4,505	569	1,964	2,921	473	465
Miscellaneous income	-	(31)	-	-	(106)	(77)
Total	4,489	1,354	1,976	2,901	(191)	799
Benefit and loss related payments	-	965	239	(98)	1,383	(1,106)
Commissions, expenses paid and aggregate write-ins for deductions	-	(14)	-	-	(1,672)	(1,024)
Dividends paid to policyholders	-	-	-	-	-	-
Federal and foreign income taxes paid (recovered)	242	95	196	244	381	231
Total	242	1,046	435	146	92	(1,899)
Net cash provided by (used in) operations	4,247	308	1,541	2,755	(283)	2,698
Cash from Investments						
Proceeds from investments sold, matured or repaid:						
Bonds	10,409	2,053	8,654	11,584	1,536	456
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	-	-	-	-
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	1	1	1
Miscellaneous proceeds	-	-	-	-	-	-
Total investment proceeds	10,409	2,053	8,654	11,585	1,537	457
Cost of investments acquired:						
Bonds	17,467	2,518	10,017	13,781	1,856	794
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	-	-	-	-
Miscellaneous applications	-	-	-	-	-	-
Total investments acquired	17,467	2,518	10,017	13,781	1,856	794
Net increase (decrease) in contract loans and premium notes	-	-	-	-	-	-
Net cash provided by (used in) investments	(7,058)	(465)	(1,363)	(2,196)	(319)	(337)
Cash from Financing and Miscellaneous Sources						
Cash provided (applied):						
Borrowed funds	-	-	-	-	-	-
Dividends to stockholders	(4,900)	-	-	(1,900)	(1,300)	(1,300)
Other cash provided (applied)	-	1,226	(3)	(77)	1,843	(1,581)
Net cash provided by (used in) financing and miscellaneous sources	(4,900)	1,226	(3)	(1,977)	543	(2,881)
Net change in cash, cash equivalents and short-term investments	(7,711)	1,069	175	(1,418)	(59)	(520)
Cash, cash equivalents and short-term investments - beginning of year	8,419	849	2,815	6,697	1,599	1,597
Cash, cash equivalents and short-term investments - end of year	\$ 708	\$ 1,918	\$ 2,990	\$ 5,279	\$ 1,540	\$ 1,077

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2019, in thousands)

	Subtotal	Eliminations	Total
Cash from Operations			
Premiums collected net of reinsurance	\$ 25,207,826	\$ -	\$ 25,207,826
Net investment income	3,606,987	583,600 (j)	3,023,387
Miscellaneous income	85,608	3 (n)	85,605
Total	<u>28,900,421</u>	<u>583,603</u>	<u>28,316,818</u>
Benefit and loss related payments	13,456,123	-	13,456,123
Commissions, expenses paid and aggregate write-ins for deductions	9,603,906	-	9,603,906
Dividends paid to policyholders	43,334	-	43,334
Federal and foreign income taxes paid (recovered)	418,427	-	418,427
Total	<u>23,521,790</u>	<u>-</u>	<u>23,521,790</u>
Net cash provided by (used in) operations	<u>5,378,631</u>	<u>583,603</u>	<u>4,795,028</u>
Cash from Investments			
Proceeds from investments sold, matured or repaid:			
Bonds	7,250,293	-	7,250,293
Stocks	137,661	-	137,661
Real estate	-	-	-
Other invested assets	420,779	-	420,779
Net gains or (losses) on cash, cash equivalents and short-term investments	51	-	51
Miscellaneous proceeds	231,467	-	231,467
Total investment proceeds	<u>8,040,251</u>	<u>-</u>	<u>8,040,251</u>
Cost of investments acquired:			
Bonds	8,759,050	-	8,759,050
Stocks	80,902	-	80,902
Real estate	109,330	-	109,330
Other invested assets	443,892	-	443,892
Miscellaneous applications	122,552	-	122,552
Total investments acquired	<u>9,515,726</u>	<u>-</u>	<u>9,515,726</u>
Net increase (decrease) in contract loans and premium notes	(438)	-	(438)
Net cash provided by (used in) investments	<u>(1,475,037)</u>	<u>-</u>	<u>(1,475,037)</u>
Cash from Financing and Miscellaneous Sources			
Cash provided (applied):			
Borrowed funds	-	-	-
Dividends to stockholders	(3,083,600)	(583,600) (j)	(2,500,000)
Other cash provided (applied)	5,196	(3) (n)	5,199
Net cash provided by (used in) financing and miscellaneous sources	<u>(3,078,404)</u>	<u>(583,603)</u>	<u>(2,494,801)</u>
Net change in cash, cash equivalents and short-term investments	825,190	-	825,190
Cash, cash equivalents and short-term investments - beginning of year	1,847,517	-	1,847,517
Cash, cash equivalents and short-term investments - end of year	<u>\$ 2,672,707</u>	<u>\$ -</u>	<u>\$ 2,672,707</u>

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	FM	IND	TCS	PHX	STD
Cash from Operations					
Premiums collected net of reinsurance	\$ 5,990,697	\$ 5,478,027	\$ 4,848,561	\$ 1,190,507	\$ 1,161,322
Net investment income	789,050	871,101	960,920	161,455	183,838
Miscellaneous income	5,692	9,714	5,646	2,820	1,379
Total	6,785,439	6,358,842	5,815,127	1,354,782	1,346,539
Benefit and loss related payments	3,213,236	2,941,694	2,590,238	650,954	625,128
Commissions, expenses paid and aggregate write-ins for deductions	2,329,270	2,150,955	1,879,234	460,612	446,412
Dividends paid to policyholders	10,414	9,784	8,553	2,100	2,033
Federal and foreign income taxes paid (recovered)	191,237	81,640	93,973	22,126	22,945
Total	5,744,157	5,184,073	4,571,998	1,135,792	1,096,518
Net cash provided by (used in) operations	1,041,282	1,174,769	1,243,129	218,990	250,021
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	1,564,531	2,363,789	2,275,591	207,579	368,206
Stocks	107,975	6,062	5,312	-	-
Real estate	8,259	-	-	-	-
Other invested assets	103,859	175,592	122,404	509	63,810
Net gains or (losses) on cash, cash equivalents and short-term investments	(4)	-	-	-	-
Miscellaneous proceeds	9,936	17,223	17,672	14,524	-
Total investment proceeds	1,794,556	2,562,666	2,420,979	222,612	432,016
Cost of investments acquired:					
Bonds	2,407,732	3,044,707	2,433,144	345,619	643,374
Stocks	98,533	3,000	-	-	-
Real estate	62,406	4,029	-	-	-
Other invested assets	80,534	52,638	331,024	16	6,547
Miscellaneous applications	21,991	81,682	27,268	164	43,981
Total investments acquired	2,671,196	3,186,056	2,791,436	345,799	693,902
Net increase (decrease) in contract loans and premium notes	-	(218)	-	-	-
Net cash provided by (used in) investments	(876,640)	(623,172)	(370,457)	(123,187)	(261,886)
Cash from Financing and Miscellaneous Sources					
Cash provided (applied):					
Borrowed funds	-	-	(36)	-	-
Dividends to stockholders	(255,000)	(1,000,000)	(940,000)	(162,500)	(105,000)
Other cash provided (applied)	9,652	(173,311)	70,954	(2,137)	54,627
Net cash provided by (used in) financing and miscellaneous sources	(245,348)	(1,173,311)	(869,082)	(164,637)	(50,373)
Net change in cash, cash equivalents and short-term investments	(80,706)	(621,714)	3,590	(68,834)	(62,238)
Cash, cash equivalents and short-term investments - beginning of year	586,320	581,390	500,791	122,263	196,526
Cash, cash equivalents and short-term investments - end of year	\$ 505,614	\$ (40,324)	\$ 504,381	\$ 53,429	\$ 134,288

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	USFG	TLL	FAR	AUT	ICT	COK
Cash from Operations						
Premiums collected net of reinsurance	\$ 1,048,990	\$ 647,969	\$ 350,335	\$ 323,269	\$ 330,312	\$ 298,086
Net investment income	111,954	64,563	32,720	31,349	32,777	29,294
Miscellaneous income	436	1,450	2,001	(122)	2,318	2,007
Total	1,161,380	713,982	385,056	354,496	365,407	329,387
Benefit and loss related payments	560,691	348,893	190,315	170,304	179,478	155,266
Commissions, expenses paid and aggregate write-ins for deductions	407,052	251,924	136,528	126,401	126,103	116,697
Dividends paid to policyholders	1,853	1,147	622	576	576	534
Federal and foreign income taxes paid (recovered)	22,606	12,078	7,225	5,674	7,521	7,163
Total	992,202	614,042	334,690	302,955	313,678	279,660
Net cash provided by (used in) operations	169,178	99,940	50,366	51,541	51,729	49,727
Cash from Investments						
Proceeds from investments sold, matured or repaid:						
Bonds	431,425	152,315	120,956	120,501	100,301	75,966
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	5,768	395	619	8,164	3,518
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	-	-	-
Miscellaneous proceeds	10,455	-	-	3,955	-	-
Total investment proceeds	441,880	158,083	121,351	125,075	108,465	79,484
Cost of investments acquired:						
Bonds	600,816	239,423	167,920	180,700	173,089	102,952
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	2,547	377	2	845	-
Miscellaneous applications	-	3,073	8,394	-	2,884	112
Total investments acquired	600,816	245,043	176,691	180,702	176,818	103,064
Net increase (decrease) in contract loans and premium notes	-	-	-	-	-	-
Net cash provided by (used in) investments	(158,936)	(86,960)	(55,340)	(55,627)	(68,353)	(23,580)
Cash from Financing and Miscellaneous Sources						
Cash provided (applied):						
Borrowed funds	-	-	-	-	-	-
Dividends to stockholders	(98,500)	(46,000)	(25,500)	(28,000)	(26,500)	(22,700)
Other cash provided (applied)	(13,155)	(3,912)	10,533	(6,938)	122	(4,700)
Net cash provided by (used in) financing and miscellaneous sources	(111,655)	(49,912)	(14,967)	(34,938)	(26,378)	(27,400)
Net change in cash, cash equivalents and short-term investments	(101,413)	(36,932)	(19,941)	(39,024)	(43,002)	(1,253)
Cash, cash equivalents and short-term investments - beginning of year	185,338	90,701	48,814	72,341	86,313	45,750
Cash, cash equivalents and short-term investments - end of year	\$ 83,925	\$ 53,769	\$ 28,873	\$ 33,317	\$ 43,311	\$ 44,497

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	NLI	SL	AMR	PROT	NFI	TCT
Cash from Operations						
Premiums collected net of reinsurance	\$ 306,232	\$ 211,145	\$ 185,167	\$ 140,064	\$ 114,857	\$ 111,882
Net investment income	45,868	19,695	18,874	16,240	11,482	9,670
Miscellaneous income	280	187	1,904	(25)	118	1,056
Total	352,380	231,027	205,945	156,279	126,457	122,608
Benefit and loss related payments	152,283	109,378	114,944	74,547	68,248	59,755
Commissions, expenses paid and aggregate write-ins for deductions	112,620	81,229	70,481	53,538	48,000	43,384
Dividends paid to policyholders	513	370	323	244	218	197
Federal and foreign income taxes paid (recovered)	5,895	3,722	3,201	2,871	2,293	2,081
Total	271,311	194,699	188,949	131,200	118,759	105,417
Net cash provided by (used in) operations	81,069	36,328	16,996	25,079	7,698	17,191
Cash from Investments						
Proceeds from investments sold, matured or repaid:						
Bonds	126,601	86,824	27,279	54,996	63,718	38,753
Stocks	350	-	-	-	510	-
Real estate	-	-	-	-	-	-
Other invested assets	3,659	-	-	-	1,464	280
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	-	-	-
Miscellaneous proceeds	-	873	25	-	5,643	4,499
Total investment proceeds	130,610	87,697	27,304	54,996	71,335	43,532
Cost of investments acquired:						
Bonds	168,093	93,921	65,022	64,822	78,550	54,254
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	1,558	-	-	-	624	4
Miscellaneous applications	1,374	-	12,280	-	-	909
Total investments acquired	171,025	93,921	77,302	64,822	79,174	55,167
Net increase (decrease) in contract loans and premium notes	-	-	-	-	-	-
Net cash provided by (used in) investments	(40,415)	(6,224)	(49,998)	(9,826)	(7,839)	(11,635)
Cash from Financing and Miscellaneous Sources						
Cash provided (applied):						
Borrowed funds	-	-	-	-	-	-
Dividends to stockholders	(51,600)	(16,100)	(13,100)	(10,400)	(9,900)	(8,500)
Other cash provided (applied)	(1,628)	(4,928)	24,236	(2,014)	9,202	357
Net cash provided by (used in) financing and miscellaneous sources	(53,228)	(21,028)	11,136	(12,414)	(698)	(8,143)
Net change in cash, cash equivalents and short-term investments	(12,574)	9,076	(21,866)	2,839	(839)	(2,587)
Cash, cash equivalents and short-term investments - beginning of year	47,093	24,017	57,010	20,750	20,521	23,500
Cash, cash equivalents and short-term investments - end of year	\$ 34,519	\$ 33,093	\$ 35,144	\$ 23,589	\$ 19,682	\$ 20,913

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	TCC	TCI	MERC	ILL	TIN	ATNA
Cash from Operations						
Premiums collected net of reinsurance	\$ 111,973	\$ 115,231	\$ 96,218	\$ 92,911	\$ 76,862	\$ 69,037
Net investment income	9,878	9,755	10,629	22,939	7,394	6,021
Miscellaneous income	398	(415)	(25)	684	(501)	66
Total	122,249	124,571	106,822	116,534	83,755	75,124
Benefit and loss related payments	60,033	173,102	34,732	24,996	51,492	36,900
Commissions, expenses paid and aggregate write-ins for deductions	43,384	43,384	36,920	30,996	27,692	26,769
Dividends paid to policyholders	197	197	168	151	126	122
Federal and foreign income taxes paid (recovered)	2,024	1,505	1,926	785	19	1,194
Total	105,638	218,188	73,746	56,928	79,329	64,985
Net cash provided by (used in) operations	16,611	(93,617)	33,076	59,606	4,426	10,139
Cash from Investments						
Proceeds from investments sold, matured or repaid:						
Bonds	32,801	34,840	88,536	47,084	29,970	27,251
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	-	393	-	-
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	-	-	-
Miscellaneous proceeds	-	131	-	38	-	1,987
Total investment proceeds	32,801	34,971	88,536	47,515	29,970	29,238
Cost of investments acquired:						
Bonds	54,711	37,410	96,625	80,763	36,152	34,072
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	-	2,585	5,060	-
Miscellaneous applications	733	-	391	-	-	-
Total investments acquired	55,444	37,410	97,016	83,348	41,212	34,072
Net increase (decrease) in contract loans and premium notes	-	-	-	-	-	-
Net cash provided by (used in) investments	(22,643)	(2,439)	(8,480)	(35,833)	(11,242)	(4,834)
Cash from Financing and Miscellaneous Sources						
Cash provided (applied):						
Borrowed funds	-	-	-	-	-	-
Dividends to stockholders	(8,600)	(8,000)	(9,600)	(13,800)	(7,400)	(5,000)
Other cash provided (applied)	424	109,192	(17,296)	(20,536)	7,008	(62)
Net cash provided by (used in) financing and miscellaneous sources	(8,176)	101,192	(26,896)	(34,336)	(392)	(5,062)
Net change in cash, cash equivalents and short-term investments	(14,208)	5,136	(2,300)	(10,563)	(7,208)	243
Cash, cash equivalents and short-term investments - beginning of year	34,987	20,283	26,203	25,278	16,484	13,812
Cash, cash equivalents and short-term investments - end of year	\$ 20,779	\$ 25,419	\$ 23,903	\$ 14,715	\$ 9,276	\$ 14,055

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	MED	TVC	TES	THM	PLL	TPS
Cash from Operations						
Premiums collected net of reinsurance	\$ 69,039	\$ 66,288	\$ 61,024	\$ 63,531	\$ 81,636	\$ 61,802
Net investment income	5,984	5,968	5,922	8,498	5,351	5,592
Miscellaneous income	66	(179)	(130)	(1,179)	(149)	14
Total	75,089	72,077	66,816	70,850	86,838	67,408
Benefit and loss related payments	36,978	35,716	27,614	34,338	39,675	33,489
Commissions, expenses paid and aggregate write-ins for deductions	26,769	24,941	24,925	22,324	24,922	24,217
Dividends paid to policyholders	122	113	113	113	113	113
Federal and foreign income taxes paid (recovered)	1,161	1,087	1,104	794	1,149	1,040
Total	65,030	61,857	53,756	57,569	65,859	58,859
Net cash provided by (used in) operations	10,059	10,220	13,060	13,281	20,979	8,549
Cash from Investments						
Proceeds from investments sold, matured or repaid:						
Bonds	30,685	21,996	23,038	29,992	27,139	18,671
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	-	-	-	-
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	-	-	-
Miscellaneous proceeds	-	-	209	76	-	-
Total investment proceeds	30,685	21,996	23,247	30,068	27,139	18,671
Cost of investments acquired:						
Bonds	38,859	21,956	27,732	35,145	36,321	35,371
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	-	-	-	-
Miscellaneous applications	-	642	-	-	174	1,757
Total investments acquired	38,859	22,598	27,732	35,145	36,495	37,128
Net increase (decrease) in contract loans and premium notes	-	-	-	-	-	-
Net cash provided by (used in) investments	(8,174)	(602)	(4,485)	(5,077)	(9,356)	(18,457)
Cash from Financing and Miscellaneous Sources						
Cash provided (applied):						
Borrowed funds	-	-	-	-	-	-
Dividends to stockholders	(4,800)	(4,000)	(5,000)	(6,000)	(6,100)	(4,500)
Other cash provided (applied)	16	(6,185)	(6,466)	(3,577)	(13,808)	490
Net cash provided by (used in) financing and miscellaneous sources	(4,784)	(10,185)	(11,466)	(9,577)	(19,908)	(4,010)
Net change in cash, cash equivalents and short-term investments	(2,899)	(567)	(2,891)	(1,373)	(8,285)	(13,918)
Cash, cash equivalents and short-term investments - beginning of year	16,857	10,042	20,842	9,548	16,314	18,757
Cash, cash equivalents and short-term investments - end of year	\$ 13,958	\$ 9,475	\$ 17,951	\$ 8,175	\$ 8,029	\$ 4,839

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	DIPR	DISP	NCC	AES	FGIU	GARD
Cash from Operations						
Premiums collected net of reinsurance	\$ 33,378	\$ 33,330	\$ 33,033	\$ 23,805	\$ 23,352	\$ 23,955
Net investment income	4,162	3,333	3,080	2,283	4,191	2,227
Miscellaneous income	344	32	32	23	(158)	18
Total	37,884	36,695	36,145	26,111	27,385	26,200
Benefit and loss related payments	18,342	17,813	17,791	12,724	12,589	12,237
Commissions, expenses paid and aggregate write-ins for deductions	12,925	12,918	12,923	9,231	9,225	9,232
Dividends paid to policyholders	59	59	59	42	42	42
Federal and foreign income taxes paid (recovered)	782	605	688	407	638	515
Total	32,108	31,395	31,461	22,404	22,494	22,026
Net cash provided by (used in) operations	5,776	5,300	4,684	3,707	4,891	4,174
Cash from Investments						
Proceeds from investments sold, matured or repaid:						
Bonds	12,221	15,733	15,928	17,311	23,812	10,081
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	399	-	-	-
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	-	-	-
Miscellaneous proceeds	-	1,242	15	993	4,351	-
Total investment proceeds	12,221	16,975	16,342	18,304	28,163	10,081
Cost of investments acquired:						
Bonds	14,342	18,368	19,193	27,396	28,032	10,860
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	170	-	-	-
Miscellaneous applications	-	-	-	-	-	-
Total investments acquired	14,342	18,368	19,363	27,396	28,032	10,860
Net increase (decrease) in contract loans and premium notes	-	-	-	-	-	-
Net cash provided by (used in) investments	(2,121)	(1,393)	(3,021)	(9,092)	131	(779)
Cash from Financing and Miscellaneous Sources						
Cash provided (applied):						
Borrowed funds	-	-	-	-	-	-
Dividends to stockholders	(2,900)	(3,000)	(2,700)	(2,600)	(3,400)	(2,200)
Other cash provided (applied)	(374)	(36)	16	(21)	411	(593)
Net cash provided by (used in) financing and miscellaneous sources	(3,274)	(3,036)	(2,684)	(2,621)	(2,989)	(2,793)
Net change in cash, cash equivalents and short-term investments	381	871	(1,021)	(8,006)	2,033	602
Cash, cash equivalents and short-term investments - beginning of year	7,924	7,846	7,092	9,945	10,193	5,087
Cash, cash equivalents and short-term investments - end of year	\$ 8,305	\$ 8,717	\$ 6,071	\$ 1,939	\$ 12,226	\$ 5,689

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	AEQ	FGIC	GUI	SIC	LYD	LTX
Cash from Operations						
Premiums collected net of reinsurance	\$ -	\$ 765	\$ 13	\$ 6	\$ 1,126	\$ (223)
Net investment income	5,120	557	1,920	2,747	485	464
Miscellaneous income	-	4	-	-	(109)	(90)
Total	5,120	1,326	1,933	2,753	1,502	151
Benefit and loss related payments	(40)	703	(180)	(192)	(2,514)	(488)
Commissions, expenses paid and aggregate write-ins for deductions	-	(1)	-	-	(1,441)	(1,059)
Dividends paid to policyholders	-	-	-	-	-	-
Federal and foreign income taxes paid (recovered)	192	66	117	164	315	224
Total	152	768	(63)	(28)	(3,640)	(1,323)
Net cash provided by (used in) operations	4,968	558	1,996	2,781	5,142	1,474
Cash from Investments						
Proceeds from investments sold, matured or repaid:						
Bonds	16,602	2,336	9,633	6,610	710	2
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	-	-	-	-
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	(7)	-	-
Miscellaneous proceeds	-	-	-	-	-	-
Total investment proceeds	16,602	2,336	9,633	6,603	710	2
Cost of investments acquired:						
Bonds	12,447	2,491	11,829	14,598	-	233
Stocks	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Other invested assets	-	-	-	-	-	-
Miscellaneous applications	-	-	-	-	-	-
Total investments acquired	12,447	2,491	11,829	14,598	-	233
Net increase (decrease) in contract loans and premium notes	-	-	-	-	-	-
Net cash provided by (used in) investments	4,155	(155)	(2,196)	(7,995)	710	(231)
Cash from Financing and Miscellaneous Sources						
Cash provided (applied):						
Borrowed funds	-	-	-	-	-	-
Dividends to stockholders	(4,600)	-	-	(1,400)	(1,200)	(1,300)
Other cash provided (applied)	(70)	(892)	(228)	(198)	(3,755)	(343)
Net cash provided by (used in) financing and miscellaneous sources	(4,670)	(892)	(228)	(1,598)	(4,955)	(1,643)
Net change in cash, cash equivalents and short-term investments	4,453	(489)	(428)	(6,812)	897	(400)
Cash, cash equivalents and short-term investments - beginning of year	3,966	1,338	3,243	13,509	702	1,997
Cash, cash equivalents and short-term investments - end of year	\$ 8,419	\$ 849	\$ 2,815	\$ 6,697	\$ 1,599	\$ 1,597

Travelers Combined Pool - Combining Worksheet
Statement of Cash Flow (statutory basis)

Exhibit 1

(For the year ended December 31, 2018, in thousands)

	Subtotal	Eliminations	Total
Cash from Operations			
Premiums collected net of reinsurance	\$ 23,875,514	\$ -	\$ 23,875,514
Net investment income	3,525,350	627,400 (j)	2,897,950
Miscellaneous income	35,607	2 (n)	35,605
Total	<u>27,436,471</u>	<u>627,402</u>	<u>26,809,069</u>
Benefit and loss related payments	12,883,202	-	12,883,202
Commissions, expenses paid and aggregate write-ins for deductions	9,261,636	-	9,261,636
Dividends paid to policyholders	42,008	-	42,008
Federal and foreign income taxes paid (recovered)	512,752	-	512,752
Total	<u>22,699,598</u>	<u>-</u>	<u>22,699,598</u>
Net cash provided by (used in) operations	<u>4,736,873</u>	<u>627,402</u>	<u>4,109,471</u>
Cash from Investments			
Proceeds from investments sold, matured or repaid:			
Bonds	8,722,313	-	8,722,313
Stocks	120,209	-	120,209
Real estate	8,259	-	8,259
Other invested assets	490,833	-	490,833
Net gains or (losses) on cash, cash equivalents and short-term investments	(11)	-	(11)
Miscellaneous proceeds	93,847	-	93,847
Total investment proceeds	<u>9,435,450</u>	<u>-</u>	<u>9,435,450</u>
Cost of investments acquired:			
Bonds	11,559,044	-	11,559,044
Stocks	101,533	-	101,533
Real estate	66,435	-	66,435
Other invested assets	484,531	-	484,531
Miscellaneous applications	207,809	-	207,809
Total investments acquired	<u>12,419,352</u>	<u>-</u>	<u>12,419,352</u>
Net increase (decrease) in contract loans and premium notes	(218)	-	(218)
Net cash provided by (used in) investments	<u>(2,983,684)</u>	<u>-</u>	<u>(2,983,684)</u>
Cash from Financing and Miscellaneous Sources			
Cash provided (applied):			
Borrowed funds	(36)	-	(36)
Dividends to stockholders	(2,927,400)	(627,400) (j)	(2,300,000)
Other cash provided (applied)	10,077	(2) (n)	10,079
Net cash provided by (used in) financing and miscellaneous sources	<u>(2,917,359)</u>	<u>(627,402)</u>	<u>(2,289,957)</u>
Net change in cash, cash equivalents and short-term investments	(1,164,170)	-	(1,164,170)
Cash, cash equivalents and short-term investments - beginning of year	3,011,687	-	3,011,687
Cash, cash equivalents and short-term investments - end of year	<u>\$ 1,847,517</u>	<u>\$ -</u>	<u>\$ 1,847,517</u>

TRAVELERS COMBINED POOL

Combining Worksheets - Eliminating Entry Explanations

Explanation:

- (a) Elimination of statutory equity of subsidiary insurance affiliates included in the Combined Pool.
- (b) Netting of current and deferred federal and foreign income tax assets and liabilities.
- (c) Netting of intercompany premiums receivable and payable between insurance affiliates included in the Combined Pool.
- (d) Netting of intercompany paid loss and LAE receivable and payable between insurance affiliates included in the Combined Pool.
- (e) Netting of intercompany receivable and payable.
- (f) Elimination of write-ins for other than special surplus funds of subsidiary insurance affiliates included in the Combined Pool.
- (g) Elimination of capital stock of subsidiary insurance affiliates included in the Combined Pool.
- (h) Elimination of gross paid in and contributed surplus of subsidiary insurance affiliates included in the Combined Pool.
- (i) Elimination of unassigned funds (surplus) of subsidiary insurance affiliates included in the Combined Pool.
- (j) Elimination of dividends paid by subsidiary insurance affiliates included in the Combined Pool.
- (k) Elimination of beginning statutory equity of subsidiary insurance affiliates included in the Combined Pool.
- (l) Elimination of subsidiary special surplus from retroactive reinsurance.
- (m) Elimination of capital gain associated with a common stock dividend of subsidiaries within the Combined Pool.
- (n) Elimination of net gains from sales between insurance affiliates included in the Combined Pool.
- (o) Transfer of net unamortized gain from unassigned funds (surplus) to restricted surplus resulting from sale/leaseback transactions.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage of Column 1 Line 13	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. Governments.....	3,621,882,757	5.3	3,621,882,757	409,431,219	4,031,313,976	6.0
1.02 All Other Governments.....	539,245,529	0.8	539,245,529		539,245,529	0.8
1.03 U.S. States, Territories and Possessions, etc., Guaranteed.....	1,183,491,703	1.7	1,183,491,703		1,183,491,703	1.8
1.04 U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed.....	15,206,227,685	22.4	15,206,227,685		15,206,227,685	22.5
1.05 U.S. Special Revenue and Special Assessment Obligations, etc., Non-Guaranteed.....	11,544,008,638	17.0	11,544,008,638	665,221	11,544,673,859	17.1
1.06 Industrial and Miscellaneous.....	24,395,742,380	36.0	24,395,742,380		24,395,742,380	36.1
1.07 Hybrid Securities.....		0.0			0	0.0
1.08 Parent, Subsidiaries and Affiliates.....		0.0			0	0.0
1.09 SVO Identified Funds.....		0.0			0	0.0
1.10 Unaffiliated Bank Loans.....	76,851,136	0.1	76,851,136		76,851,136	0.1
1.11 Total Long-Term Bonds.....	56,567,449,827	83.5	56,567,449,827	410,096,440	56,977,546,267	84.4
2. Preferred Stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and Misc. (Unaffiliated).....	55,317,498	0.1	55,317,498		55,317,498	0.1
2.02 Parent, Subsidiaries and Affiliates.....		0.0			0	0.0
2.03 Total Preferred Stock.....	55,317,498	0.1	55,317,498	0	55,317,498	0.1
3. Common Stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and Miscellaneous Publicly Traded (Unaffiliated).....	112,471,077	0.2	112,471,077		112,471,077	0.2
3.02 Industrial and Miscellaneous Other (Unaffiliated).....	2,101,501	0.0	2,101,501		2,101,501	0.0
3.03 Parent, Subsidiaries and Affiliates Publicly Traded.....		0.0			0	0.0
3.04 Parent, Subsidiaries and Affiliates Other.....	3,439,271,839	5.1	3,422,830,574		3,422,830,574	5.1
3.05 Mutual Funds.....		0.0			0	0.0
3.06 Unit Investment Trusts.....		0.0			0	0.0
3.07 Closed-End Funds.....		0.0			0	0.0
3.08 Total Common Stocks.....	3,553,844,417	5.2	3,537,403,152	0	3,537,403,152	5.2
4. Mortgage Loans Schedule B):						
4.01 Farm Mortgages.....		0.0			0	0.0
4.02 Residential Mortgages.....		0.0			0	0.0
4.03 Commercial Mortgages.....		0.0			0	0.0
4.04 Mezzanine Real Estate Loans.....		0.0			0	0.0
4.05 Total Mortgage Loans.....	0	0.0	0	0	0	0.0
5. Real Estate (Schedule A):						
5.01 Properties Occupied by Company.....	363,891,315	0.5	363,891,315		363,891,315	0.5
5.02 Properties Held for Production of Income.....	838,301,568	1.2	838,301,568		838,301,568	1.2
5.03 Properties Held for Sale.....		0.0			0	0.0
5.04 Total Real Estate.....	1,202,192,883	1.8	1,202,192,883	0	1,202,192,883	1.8
6. Cash, Cash Equivalents, and Short-Term Investments::						
6.01 Cash (Schedule E, Part 1).....	(587,953,824)	(0.9)	(587,953,824)		(587,953,824)	(0.9)
6.02 Cash Equivalents (Schedule E, Part 2).....		0.0			0	0.0
6.03 Short-Term Investments (Schedule DA).....	3,260,661,306	4.8	3,260,661,306		3,260,661,306	4.8
6.04 Total Cash, Cash Equivalents, and Short-Term Investments.....	2,672,707,482	3.9	2,672,707,482	0	2,672,707,482	4.0
7. Contract Loans.....	2,066,366	0.0			0	0.0
8. Derivatives (Schedule DB).....		0.0			0	0.0
9. Other Invested Assets (Schedule BA).....	3,278,619,044	4.8	3,105,748,949		3,105,748,949	4.6
10. Receivables for Securities.....	4,764,627	0.0	4,764,627		4,764,627	0.0
11. Securities Lending (Schedule DL, Part 1).....	410,096,440	0.6	410,096,440	XXX	XXX	XXX
12. Other Invested Assets (Page 2, Line 11).....	(10,791,362)	(0.0)	(10,791,362)		(10,791,362)	(0.0)
13. Total Invested Assets.....	67,736,267,223	100.0	67,544,889,497	410,096,440	67,544,889,497	100.0

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For the year ended December 31, 2019
Of TRAVELERS COMBINED POOL

Address (City, State, Zip Code): HARTFORD CT 06183

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$ 76,826,510,000

2. Ten largest exposures to a single issuer/borrower/investment.

1	2	3	4
<u>Issuer</u>	<u>Description of Exposure</u>	<u>Amount</u>	<u>Percentage of Total Admitted Assets</u>
2.01 TRAVELERS M MKT LIQUIDITY POOL.....	PRIVATE SHORT-TERM INVESTMENT POOL.....	\$ 3,252,408,417	4.2 %
2.02 TRAVELERS CAS & SUR CO OF AMERICA.....	COMMON STK.....	\$ 2,123,684,563	2.8 %
2.03 FANNIE MAE (ULTIMATE COMPANY).....	Bond.....	\$ 876,183,938	1.1 %
2.04 FREDDIE MAC (ULTIMATE COMPANY).....	Bond.....	\$ 762,518,972	1.0 %
2.05 8527512 CANADA INC.....	COMMON STK.....	\$ 722,250,541	0.9 %
2.06 TRAVELERS INSURANCE COMPANY OF CANADA.....	COMMON STK.....	\$ 305,699,059	0.4 %
2.07 VIRGINIA ST PUB SCH AUTH REV.....	Bond.....	\$ 294,113,901	0.4 %
2.08 BERKSHIRE HATHAWAY INC.....	Bond.....	\$ 262,447,534	0.3 %
2.09 PRINCETON UNIVERSITY.....	Bond.....	\$ 250,718,355	0.3 %
2.10 DUKE ENERGY CORP.....	Bond.....	\$ 248,036,243	0.3 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

<u>Bonds</u>	1	2
3.01 NAIC 1.....	\$50,228,017,859	65.4 %
3.02 NAIC 2.....	\$ 8,266,095,507	10.8 %
3.03 NAIC 3.....	\$ 797,832,951	1.0 %
3.04 NAIC 4.....	\$ 443,540,770	0.6 %
3.05 NAIC 5.....	\$ 54,686,658	0.1 %
3.06 NAIC 6.....	\$ 37,937,388	0.0 %
<u>Preferred Stocks</u>	3	4
3.07 P/RP-1.....	\$ 1,041,710	0.0 %
3.08 P/RP-2.....	\$ 53,080,788	0.1 %
3.09 P/RP-3.....	\$ 1,195,000	0.0 %
3.10 P/RP-4.....	\$	0.0 %
3.11 P/RP-5.....	\$	0.0 %
3.12 P/RP-6.....	\$	0.0 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?	Yes [] No [X]
If response to 4.01 above is yes, responses are not required for interrogatories 5-10.	
4.02 Total admitted assets held in foreign investments	\$ 2,772,421,990 .....3.6 %
4.03 Foreign-currency-denominated investments	\$ 86,993,943 .....0.1 %
4.04 Insurance liabilities denominated in that same foreign currency	\$0.0 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

	1	2
5.01 Countries designated NAIC 1.....	\$ 2,639,537,204	3.4 %
5.02 Countries designated NAIC 2.....	\$ 115,896,353	0.2 %
5.03 Countries designated NAIC 3 or below.....	\$ 16,988,433	0.0 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

	1	2
Countries designated NAIC 1:		
6.01 Country 1: UNITED KINGDOM.....	\$ 688,293,777	0.9 %
6.02 Country 2: NETHERLANDS.....	\$ 489,682,215	0.6 %
Countries designated NAIC 2:		
6.03 Country 1: MEXICO.....	\$ 102,267,565	0.1 %
6.04 Country 2: CURACAO.....	\$ 13,628,788	0.0 %
Countries designated NAIC 3 or below:		
6.05 Country 1: LIBERIA.....	\$ 12,273,045	0.0 %
6.06 Country 2: BRAZIL.....	\$ 4,715,389	0.0 %

7. Aggregate unhedged foreign currency exposure..... \$ 86,993,9430.1 %

8.	Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:	1	2	
8.01	Countries designated NAIC 1.....	\$.....82,278,554	.....0.1 %	
8.02	Countries designated NAIC 2.....	\$.....	.....0.0 %	
8.03	Countries designated NAIC 3 or below.....	\$.....4,715,389	.....0.0 %	
9.	Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:			
	Countries designated NAIC 1:	1	2	
9.01	Country 1: UNITED KINGDOM.....	\$.....40,335,417	.....0.1 %	
9.02	Country 2: EUROPEAN UNION.....	\$.....37,174,935	.....0.0 %	
	Countries designated NAIC 2:			
9.03	Country 1: .....	\$.....	.....0.0 %	
9.04	Country 2: .....	\$.....	.....0.0 %	
	Countries designated NAIC 3 or below:			
9.05	Country 1: BRAZIL.....	\$.....4,715,389	.....0.0 %	
9.06	Country 2: .....	\$.....	.....0.0 %	
10.	Ten largest non-sovereign (i.e. non-governmental) foreign issues:			
	1	2		
	<u>Issuer</u>	<u>NAIC Designation</u>	3	4
10.01	ROYAL DUTCH SHELL PLC.....	1FE.....	\$.....134,347,174	.....0.2 %
10.02	TOTAL SA.....	1FE.....	\$.....93,729,538	.....0.1 %
10.03	DIAGEO PLC.....	1FE.....	\$.....89,066,468	.....0.1 %
10.04	FEDERAL REPUBLIC OF GERMANY.....	1FE.....	\$.....81,996,878	.....0.1 %
10.05	COMMONWEALTH BANK OF AUSTRALIA.....	1FE.....	\$.....72,150,536	.....0.1 %
10.06	SIEMENS AG.....	1FE.....	\$.....69,386,818	.....0.1 %
10.07	EQUINOR ASA.....	1FE.....	\$.....65,427,439	.....0.1 %
10.08	SANOFI.....	1FE.....	\$.....65,193,759	.....0.1 %
10.09	INGERSOLL-RAND PLC.....	2FE.....	\$.....61,881,084	.....0.1 %
10.10	AUSTRALIA & NEW ZEALAND BANKING GROUP LTD.....	1FE.....	\$.....51,741,950	.....0.1 %
11.	Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:			
11.01	Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?			Yes [] No [X]
	If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.			
11.02	Total admitted assets held in Canadian Investments.....	\$.....1,997,572,243	.....2.6 %	
11.03	Canadian currency-denominated investments.....	\$.....535,465,483	.....0.7 %	
11.04	Canadian-denominated insurance liabilities.....	\$.....	.....0.0 %	
11.05	Unhedged Canadian currency exposure.....	\$.....535,465,483	.....0.7 %	
12.	Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.			
12.01	Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?			Yes [X] No []
	If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.			
	1	2	3	
12.02	Aggregate statement value of investments with contractual sales restrictions.....	\$.....	.....0.0 %	
	Largest three investments with contractual sales restrictions:			
12.03	.....	\$.....	.....0.0 %	
12.04	.....	\$.....	.....0.0 %	
12.05	.....	\$.....	.....0.0 %	
13.	Amounts and percentages of admitted assets held in the ten largest equity interests:			
13.01	Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets?			Yes [] No [X]
	If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.			
	1	2	3	
	<u>Name of Issuer</u>			
13.02	TRAVELERS CAS & SUR CO OF AMERICA.....	\$.....2,123,684,563	.....2.8 %	
13.03	8527512 CANADA INC.....	\$.....722,250,541	.....0.9 %	
13.04	TRAVELERS INSURANCE CO OF CANADA.....	\$.....305,699,059	.....0.4 %	
13.05	TRAVELERS INDEMNITY UK INVESTMENTS LLC.....	\$.....189,045,397	.....0.2 %	
13.06	FIRST FLORIDIAN AUTO & HOME INS CO.....	\$.....182,317,397	.....0.2 %	
13.07	GOLDENTREE ASSET MANAGEMENT.....	\$.....112,652,121	.....0.1 %	
13.08	BLACKSTONE GROUP.....	\$.....92,656,660	.....0.1 %	
13.09	TINDY FOREIGN INC.....	\$.....88,865,597	.....0.1 %	
13.10	CONSTITUTION STATE SERVICE LLC.....	\$.....78,654,994	.....0.1 %	
13.11	K1 CAPITAL ADVISORS.....	\$.....76,735,745	.....0.1 %	
14.	Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:			
14.01	Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets?			Yes [] No [X]
	If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.			
	1	2	3	
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities.....	\$.....2,766,280,088	.....3.6 %	
	Largest three investments held in nonaffiliated, privately placed equities:			
14.03	GOLDENTREE ASSET MANAGEMENT.....	\$.....112,652,121	.....0.1 %	
14.04	BLACKSTONE GROUP.....	\$.....92,656,660	.....0.1 %	
14.05	K1 CAPITAL ADVISORS.....	\$.....76,735,745	.....0.1 %	

Ten Largest Fund Managers

	1	2	3	4
	<u>Fund Manager</u>	<u>Total Invested</u>	<u>Diversified</u>	<u>Non-Diversified</u>
14.06		\$	\$	\$
14.07		\$	\$	\$
14.08		\$	\$	\$
14.09		\$	\$	\$
14.10		\$	\$	\$
14.11		\$	\$	\$
14.12		\$	\$	\$
14.13		\$	\$	\$
14.14		\$	\$	\$
14.15		\$	\$	\$

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []
If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	\$	0.0 %
Largest three investments in general partnership interests:			
15.03		\$	0.0 %
15.04		\$	0.0 %
15.05		\$	0.0 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []
If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1	2	3
	<u>Type (Residential, Commercial, Agricultural)</u>		
16.02		\$	0.0 %
16.03		\$	0.0 %
16.04		\$	0.0 %
16.05		\$	0.0 %
16.06		\$	0.0 %
16.07		\$	0.0 %
16.08		\$	0.0 %
16.09		\$	0.0 %
16.10		\$	0.0 %
16.11		\$	0.0 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

	<u>Loans</u>		
16.12	Construction loans	\$	0.0 %
16.13	Mortgage loans over 90 days past due	\$	0.0 %
16.14	Mortgage loans in the process of foreclosure	\$	0.0 %
16.15	Mortgage loans foreclosed	\$	0.0 %
16.16	Restructured mortgage loans	\$	0.0 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

	<u>Loan-to-Value</u>	<u>Residential</u>		<u>Commercial</u>		<u>Agricultural</u>	
		1	2	3	4	5	6
17.01	above 95%	\$	0.0 %	\$	0.0 %	\$	0.0 %
17.02	91% to 95%	\$	0.0 %	\$	0.0 %	\$	0.0 %
17.03	81% to 90%	\$	0.0 %	\$	0.0 %	\$	0.0 %
17.04	71% to 80%	\$	0.0 %	\$	0.0 %	\$	0.0 %
17.05	below 70%	\$	0.0 %	\$	0.0 %	\$	0.0 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []
If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate:

	<u>Description</u>	2	3
18.02		\$	0.0 %
18.03		\$	0.0 %
18.04		\$	0.0 %
18.05		\$	0.0 %
18.06		\$	0.0 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans.							
19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's admitted assets? Yes [X] No []							
If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.							
	1		2		3		
19.02	Aggregate statement value of investments held in mezzanine real estate loans		\$.....			0.0 %	
Largest three investments held in mezzanine real estate loans:							
19.03	.....		\$.....			0.0 %
19.04	.....		\$.....			0.0 %
19.05	.....		\$.....			0.0 %
20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:							
	<u>At Year-End</u>			<u>At End of Each Quarter</u>			
			<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>		
	1	2	3	4	5		
20.01	Securities lending agreements (do not include assets held as collateral for such transactions).....		\$...389,062,8020.5 %	\$...385,900,354	\$...221,832,350	\$...339,482,672
20.02	Repurchase agreements.....		\$.....0.0 %	\$.....	\$.....	\$.....
20.03	Reverse repurchase agreements.....		\$.....0.0 %	\$.....	\$.....	\$.....
20.04	Dollar repurchase agreements.....		\$.....0.0 %	\$.....	\$.....	\$.....
20.05	Dollar reverse repurchase agreements.....		\$.....0.0 %	\$.....	\$.....	\$.....
21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps and floors:							
	<u>Owned</u>			<u>Written</u>			
	1	2		3	4		
21.01	Hedging.....		\$.....	.....0.0 %	\$.....	.....0.0 %
21.02	Income generation.....		\$.....	.....0.0 %	\$.....	.....0.0 %
21.03	Other.....		\$.....	.....0.0 %	\$.....	.....0.0 %
22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:							
	<u>At Year-End</u>			<u>At End of Each Quarter</u>			
			<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>		
	1	2	3	4	5		
22.01	Hedging.....		\$.....	.....0.0 %	\$.....	\$.....
22.02	Income generation.....		\$.....	.....0.0 %	\$.....	\$.....
22.03	Replications.....		\$.....	.....0.0 %	\$.....	\$.....
22.04	Other.....		\$.....	.....0.0 %	\$.....	\$.....
23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:							
	<u>At Year-End</u>			<u>At End of Each Quarter</u>			
			<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>		
	1	2	3	4	5		
23.01	Hedging.....		\$.....	.....0.0 %	\$.....	\$.....
23.02	Income generation.....		\$.....	.....0.0 %	\$.....	\$.....
23.03	Replications.....		\$.....	.....0.0 %	\$.....	\$.....
23.04	Other.....		\$.....	.....0.0 %	\$.....	\$.....

PROPERTY AND CASUALTY INTERROGATORIES RELATING TO REINSURANCE

1. Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?
- Yes No
2. If yes, indicate the number of reinsurance contracts containing such provisions.
- 5
3. If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?
- Yes No
4. Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 - (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 - (c) Aggregate stop loss reinsurance coverage;
 - (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 - (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 - (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?
- Yes No
5. Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders. This disclosure is limited to reinsurance contracts with written premium cessions or loss and loss expense reserve cessions described in this paragraph that meet the criteria of paragraph 95.a or paragraph 95.b of SSAP No. 62R, *Property and Casualty Reinsurance*, to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member.
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 - (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.
- Yes No
6. Except for transactions meeting the requirements of paragraph 36 of SSAP No. 62R, *Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles (SAP) and as a deposit under generally accepted accounting principles (GAAP); or
 - (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?
- Yes No

TRV CONSOLIDATED FEDERAL INCOME TAX RETURN FILING: LIST OF INCLUDED COMPANIES

Companies included with The Travelers Companies, Inc. (TRV) in the December 31, 2019 consolidated federal income tax return filing:

<u>Company Name</u>	<u>EIN</u>	<u>Company Name</u>	<u>EIN</u>
American Equity Insurance Company	86-0703220	The Travelers Casualty Company	41-1435765
American Equity Specialty Insurance Company	86-0868106	The Travelers Home and Marine Insurance Company	35-1838079
BMR Sports Properties, Inc.	52-1852190	The Travelers Indemnity Company	06-0566050
Camperdown Corporation	41-1762781	The Travelers Indemnity Company of America	58-6020487
Discover Property & Casualty Insurance Company	36-2999370	The Travelers Indemnity Company of Connecticut	06-0336212
Discover Specialty Insurance Company	52-1925132	The Travelers Lloyds Insurance Company	76-0002592
English Turn Fidelity Realty, Inc.	52-1466734	TINDY Foreign, Inc.	20-4403403
English Turn Realty Management, Inc.	52-1715225	TPC Investments, Inc.	06-1534005
Farmington Casualty Company	06-1067463	TravCo Insurance Company	35-1838077
Fidelity and Guaranty Insurance Company	42-1091525	Travelers (Bermuda) Limited	98-0190863
Fidelity and Guaranty Insurance Underwriters, Inc.	52-0616768	Travelers Casualty and Surety Company	06-6033504
First Floridian Auto and Home Insurance Company	59-3372141	Travelers Casualty and Surety Company of America	06-0907370
Gulf Underwriters Insurance Company	56-1371361	Travelers Casualty Company of Connecticut	06-1286266
Laurel Village Fidelity Realty, Inc.	52-1551225	Travelers Casualty Insurance Company of America	06-0876835
Northbrook Holdings, Inc.	51-0375653	Travelers Commercial Casualty Company	95-3634110
Northfield Insurance Company	41-0983992	Travelers Commercial Insurance Company	06-1286268
Northland Casualty Company	94-6051964	Travelers Constitution State Insurance Company	41-1435766
Northland Insurance Company	41-6009967	Travelers Distribution Alliance, Inc.	62-1657094
Select Insurance Company	75-6013697	Travelers Excess and Surplus Lines Company	06-1203698
Simply Business Holdings, Inc.	37-1839380	Travelers Global, Inc.	47-2215437
Simply Business, Inc.	30-0956205	Travelers Insurance Group Holdings Inc.	06-1445591
SPC Insurance Agency, Inc.	41-1888760	Travelers Lloyds Management Company	20-4312440
St. Paul Fire and Marine Insurance Company	41-0406690	Travelers Lloyds of Texas Insurance Company	75-1732040
St. Paul Guardian Insurance Company	41-0963301	Travelers MGA, Inc.	75-2676034
St. Paul Mercury Insurance Company	41-0881659	Travelers Personal Insurance Company	36-3703200
St. Paul Protective Insurance Company	36-2542404	Travelers Personal Security Insurance Company	06-1286264
St. Paul Surplus Lines Insurance Company	41-1230819	Travelers Property Casualty Company of America	36-2719165
TCI Global Services, Inc.	52-1965525	Travelers Property Casualty Corp.	06-1008174
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	Travelers Property Casualty Insurance Company	06-1286274
The Charter Oak Fire Insurance Company	06-0291290	Travelers Texas MGA, Inc.	27-4469564
The Phoenix Insurance Company	06-0303275	United States Fidelity and Guaranty Company	52-0515280
The Standard Fire Insurance Company	06-6033509	USF&G Retail Associates GP, Inc.	52-1704255
		Yonkers Financing Corp.	20-3033027