Copies of this presentation and the accompanying audio webcast are publicly available on the Travelers website (www.travelers.com). This presentation and the accompanying audio webcast (or transcript) should be reviewed together.

In this presentation, we may refer to some non-GAAP financial measures. For a reconciliation of these measures to the most comparable GAAP measures and a glossary of financial measures, we refer you to our most recent earnings press release and financial supplement and our most recent annual report on Form 10-K filed with the Securities and Exchange Commission (SEC) as updated by our subsequent periodic filings with the SEC. See the “For Investors” section at Travelers.com.

For further information, please see Travelers reports filed with the SEC pursuant to the Securities Exchange Act of 1934 which are available at the SEC’s website (www.sec.gov).

Travelers may use its website and/or social media outlets, such as Facebook and Twitter, as distribution channels of material company information. Financial and other important information regarding the company is routinely accessible through and posted on our website at http://investor.travelers.com, our Facebook page at https://www.facebook.com/travelers and our Twitter account (@Travelers) at https://twitter.com/Travelers. In addition, you may automatically receive email alerts and other information about Travelers when you enroll your email address by visiting the Email Notification section at http://investor.travelers.com.
This presentation contains, and management may make, certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as “may,” “will,” “should,” “likely,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “estimates” and similar expressions are used to identify these forward-looking statements. These statements are likely to relate to, among other things, our outlook, our future financial condition and operating results (including anticipated premium volume, premium rates, margins, net and core income, investment income and performance, loss costs, return on equity, core return on equity and expected current returns and combined ratios), our share repurchase plans, future pension plan contributions, the sufficiency of our reserves, the impact of emerging claim issues and litigation, the cost and availability of reinsurance coverage, catastrophe losses (including recent California wildfires), the impact of investment, economic and underwriting conditions, our strategic and operational initiatives and competitive advantages, new product offerings and the impact of our acquisition of Simply Business.

We caution investors that such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond the Company’s control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Some of the factors that could cause actual results to differ include, but are not limited to, the following:

- Catastrophe losses (including those discussed above);
- Changes to our claims and claim adjustment expense reserves, including as a result of, among other things, changes in the legal, regulatory and economic environments in which the Company operates;
- Financial market disruption or an economic downturn;
- The performance of our investment portfolio is subject to credit and interest rate risk, and may suffer reduced returns or material realized or unrealized losses;
- Asbestos and environmental claims and related litigation;
- Competition and the impact of innovation, technological change and changing customer preferences on the insurance industry and the markets in which we operate;
- Disruptions to our relationships with our independent agents and brokers or the Company’s inability to manage effectively a changing distribution landscape;
- Mass tort claims;
- Emerging claim and coverage issues;
- The collectability and availability of reinsurance coverage and exposure to credit risk related to our structured settlements;
- Credit risk we face in insurance operations and with respect to certain guarantees or indemnification arrangements we have with third parties;
- A downgrade in our claims-paying or financial strength ratings;
- The inability of our insurance subsidiaries to pay dividends to our holding company in sufficient amounts;
- Risks associated with developing new products or expanding in targeted markets;
- Risks associated with our use of pricing and capital models;
- Limits to the effectiveness of our information technology systems;
- Difficulties with our technology, data and network security, including as a result of cyber attacks, outsourcing relationships, or cloud-based technology;
- Changes in tax laws that adversely impact our investment portfolio or operating results;
- Risks associated with our business outside of the United States, including foreign currency exchange fluctuations and restrictive regulations, as well as the withdrawal by the United Kingdom from the European Union;
- Loss of or restrictions placed on the use of underwriting criteria, such as credit scoring, or other data or methodologies, in the pricing and underwriting of insurance products;
- Risks associated with acquisitions and integration of acquired businesses;
- Limits to the effectiveness of our compliance controls;
- Our ability to hire and retain qualified employees;
- We may be unable to protect and enforce our own intellectual property or may be subject to claims for infringing the intellectual property of others;
- The federal, state and international regulatory environment;
- Changes to existing US accounting standards; and
- Factors impacting the operation of our share repurchase plans.

For a more detailed discussion of these factors, see the information under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent Form 10-K, as updated by our periodic filings with the Securities and Exchange Commission ("SEC"), which are accessible on the SEC’s website (www.sec.gov). Our forward-looking statements speak only as of the date of this presentation or as of the date they are made, and we undertake no obligation to update those statements.
Agenda

9:30 a.m.

Opening
Alan Schnitzer, Chairman and Chief Executive Officer

Business Insurance
Greg Toczydlowski, President of Business Insurance

BREAK

Bond & Specialty Insurance
Tom Kunkel, President of Bond & Specialty Insurance

Personal Insurance
Michael Klein, President of Personal Insurance

Q&A
Alan, Greg, Tom and Michael, joined by Jay Benet, Chief Financial Officer, and Brian MacLean, Chief Operating Officer

12:30 p.m.

Conclusion
Welcome to Claim University
https://youtu.be/V8a4OXDvGko
Long-Term Financial Strategy

Meaningful and sustainable competitive advantages

Generation of top tier earnings and capital substantially in excess of growth needs

Balanced approach to rightsizing capital and growing book value per share over time

CREATE SHAREHOLDER VALUE
Objective: Mid-Tens Core ROE \textit{Over Time}
Leading Property & Casualty Insurer

2016 Net Written Premiums of $25 billion

Over 6 million customers insured

Leading carrier in the independent agency and broker channel

30,000+ employees

Deep expertise in understanding risk and the products and services our customers need to manage it
Our Competitive Advantages are Meaningful and Hard to Replicate

Competitive advantages enabled by:

- Talent & Expertise
- Data & Analytics
- Financial Strength
Our Competitive Advantages are Meaningful and Hard to Replicate

- **4,600+** underwriters supported by **3,000+** operations specialists across **100+** locations

- Average underwriter tenure at TRV of **12** years

- **1,200** working in analytics, including **250+** actuaries and **150+** data scientists and statisticians
Our Competitive Advantages are Meaningful and Hard to Replicate

- Only commercial insurer with a top 5 position in seven major product lines\(^1\), including a #1 position in three
- Broad appetite with a deep underwriting specialization in over 40 industries
- Top 3 writer in personal insurance through independent agents\(^2\), including #1 in homeowners


\(^2\) U.S. AM Best Data Statutory DWP
Our Competitive Advantages are Meaningful and Hard to Replicate

- Consistently #1 in the Goldman Sachs survey “Top 5 Companies My Agency Does Business With”
- Relationships with 100,000+ producers in more than 13,500 independent agencies and brokers

Source: Goldman Sachs Bi-Annual P&C Pricing Survey 2010-2016
Our Competitive Advantages are Meaningful and Hard to Replicate

- **700+** risk control professionals, including **550+** engineers and industry specialists

- Unique and highly sophisticated **Forensic Lab**

- **60,000+** risk surveys annually

- Proprietary risk assessment database with **200M+** data points compiled over more than a decade
Our Competitive Advantages are Meaningful and Hard to Replicate

- **10,000+** claim professionals
  - **870** high severity claim professionals, with an average tenure at TRV of **18 years**
  - **600** nurses; **680** staff counsel

- Unique and flexible catastrophe response capability: **~100,000** claim event capacity

- **375+** drones, expanding to **650+** in 2018

- **30** predictive claim models leveraging data and analytics to improve claim outcomes for our customers and efficiency for us

- Subrogation recoveries significantly **outperform** industry benchmarks

Our Competitive Advantages are Meaningful and Hard to Replicate

Competitive advantages enabled by:

- **Talent & Expertise**
- **Data & Analytics**
- **Financial Strength**

Diagram:
- Risk Selection, Underwriting & Pricing
- Segmentation
- Claim Services
- Product Breadth & Specialization
- Risk Mitigation & Improvement
- Distribution Relationships
Our Competitive Advantages Matter:
Providing Solutions to a Complex Industry – Construction P&C

2016 Net Written Premium of $1.6B with a 5 Year CAGR of 9%

Deep industry expertise

700+ dedicated underwriting, claim and risk control professionals, forensic engineers and staff lawyers, addressing small, mid-size and large national contractors

Results in better outcomes for contractors and attractive returns for Travelers

Relevant, innovative and industry leading products & services

Helps contractors manage exposures related to a rapidly changing workforce

Industry-leading crane training

Proprietary online tool to identify and mitigate vibration related damage
Our Competitive Advantages Matter: Innovative Risk Mitigation – Workers’ Compensation

2016 Net Written Premiums of $4.0B with a 10 Year CAGR of 6%

Early Severity Predictor®

- Proprietary predictive model speeds up chronic pain identification from 6-9 months to 30-60 days
- Travelers nurses work directly with injured employees and healthcare providers to identify effective treatment alternatives
- Since deployment in 2015:
  - 30,000+ injured workers ID’d for intervention; reduced opioid use by 30%; reduced surgeries by 25%; improved return-to-work by 10%
  - Reduced loss costs by $100M+
Our Competitive Advantages Matter: Innovative Risk Mitigation – Workers’ Compensation

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  - Reduced loss costs by $100M+

First Integrated Digital Platform for Injured Employees

- Helps employees manage their own return-to-work efforts
- Proprietary predictive model identifies cases where digital self-service can effectively substitute for human claim management
Our Competitive Advantages Matter: Innovative Risk Mitigation – Workers’ Compensation

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First Integrated Digital Platform for Injured Employees

• Helps employees manage their own return-to-work efforts
• Proprietary predictive model identifies cases where digital self-service can effectively substitute for human claim management

Travelers workers’ compensation combined ratio
10 points better than the industry over the last 10 years
CREATE SHAREHOLDER VALUE
Objective: Mid-Tens Core ROE Over Time

Long-Term Financial Strategy

Meaningful and sustainable competitive advantages

Generation of top tier earnings and capital substantially in excess of growth needs

Balanced approach to rightsizing capital and growing book value per share over time
Competitive Advantages Drive Superior ROE Performance Over Time

Return on Equity

- Travelers
- US P&C Insurers

Source: Average GAAP return on equity from Insurance Information Institute for 2008-2016
Superior ROE Performance Drives Leading Shareholder Returns Over Time

Total Return to Shareholders

- Travelers
- Dow 30
- S&P 500
- S&P 500 Property & Casualty Insurance Index

Source: SNL Financial and Bloomberg
Leading Through the Forces of Change

Changing Consumer Expectations
Customer expectations are being shaped by their experiences in other industries.

Emerging Technology Trends
Emergence of new technology enables us to reimagine every aspect of our business.

Data & Analytics
Data and analytics is transforming every aspect of our business.

Changing Distribution
Distribution is consolidating and alternative models are evolving.
Relentless Focus on Our Competitive Advantages
Leading Through the Forces of Change

Changing Consumer Expectations
Emerging Technology Trends
Data & Analytics
Changing Distribution

CREATE SHAREHOLDER VALUE
Objective: Mid-Tens Core ROE Over Time

Meaningful and sustainable competitive advantages
Generation of top tier earnings and capital substantially in excess of growth needs
Balanced approach to rightsizing capital and growing book value per share over time
Relentless Focus on Our Competitive Advantages

Our Vision

To be…

The undeniable choice for the customer

and

An indispensable partner for our agents and brokers
Relentless Focus on Our Competitive Advantages
Our Vision + Our Priorities

Changing Consumer Expectations
Emerging Technology Trends
Data & Analytics
Changing Distribution

Meaningful and sustainable competitive advantages

To be…

The undeniable choice for the customer

and

An indispensable partner for our agents and brokers

Extend Our Advantage in Risk Expertise
Provide Great Experiences
Improve Productivity & Efficiency
Relentless Focus on Our Competitive Advantages

We’ve been investing in these priorities for several years while delivering industry-leading return on equity and an improving expense ratio.

Changing Consumer Expectations
Emerging Technology Trends
Data & Analytics
Changing Distribution

Return on Equity
Expense Ratio

- Travelers
- US P&C Insurers

Source: Average GAAP return on equity from Insurance Information Institute for 2014-2016

Extend Our Advantage in Risk Expertise
Provide Great Experiences
Improve Productivity & Efficiency

Source: Average GAAP return on equity from Insurance Information Institute for 2014-2016
Business Insurance
Greg Toczydlowski, President
Leading Business Insurance Franchise

2016 Consolidated Net Written Premiums: $25 Billion
Extensive Product Breadth and Deep Expertise

- Significant market share and diversified portfolio
- Only carrier with a top 5 position in all major product lines
- Breadth of product offerings and underwriting expertise position us to provide full account solutions for our customers and distributors

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<thead>
<tr>
<th>Workers’ Compensation</th>
<th>Commercial Multi Peril ¹</th>
<th>Commercial Auto ²</th>
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<tbody>
<tr>
<td><strong>Company</strong></td>
<td><strong>Mkt Share (%)</strong></td>
<td><strong>Company</strong></td>
</tr>
<tr>
<td>TRAVELERS</td>
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<td>TRAVELERS</td>
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<tr>
<td>Hartford</td>
<td>5.8</td>
<td>Nationwide</td>
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<tr>
<td>AmTrust</td>
<td>5.6</td>
<td>Liberty Mutual</td>
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<td>Zurich</td>
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<td>Chubb</td>
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<td>Berkshire</td>
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<td>State Farm</td>
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<tr>
<th>General Liability ³</th>
<th>Commercial Property ⁴</th>
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<tr>
<td><strong>Company</strong></td>
<td><strong>Mkt Share (%)</strong></td>
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<tr>
<td>Chubb</td>
<td>7.7</td>
</tr>
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<td>Liberty Mutual</td>
<td>5.4</td>
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<tr>
<td>TRAVELERS</td>
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<tr>
<td>Assurant</td>
<td>4.4</td>
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</table>

Source: SNL Financials, Insurance Expense Exhibit – Part III. 2016 U.S. Direct Written Premium

¹Includes Commercial Multi-Peril and Farmowners’ Multi-Peril
²Includes Commercial Auto Physical Damage and Commercial Auto Liability
³Includes Product Liability and Other Liability – Occurrence
⁴Includes Allied, Boiler, Burglary, Earthquake, Fire, Inland Marine, and Ocean Marine
Broad Capability Across the Customer Continuum

- **Personal Insurance**: $8.8B
- **Bond & Specialty Insurance**: $2.3B
- **Middle Market**: $7.4B
- **National Prop & Other**: $1.8B
- **Select**: $2.7B
- **National**: $0.9B

**Account Size**
- **Small & Less Complex**: $250 premium
- **Large & Highly Complex**: $2M+ premium

**Risk Complexity**
- **Small & Less Complex**: Standard CMP policy w/ 2 workers + delivery van
- **Large & Highly Complex**: Large payroll + complicated exposures

**Engagement Preference**
- **Small & Less Complex**: Digitally transacted flow business
- **Large & Highly Complex**: Team underwritten, on-site risk controlled accounts

**Engagement Preference**
- **Risk Complexity**
- **Account Size**

**Large & Highly Complex**
## Long Track Record of Successful Execution

### DOMESTIC BI - ILLUSTRATIVE BUSINESS STATISTICS (ex. National Accounts)

<table>
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<tr>
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<tr>
<td>Retention</td>
<td>83%</td>
<td>82%</td>
<td>80%</td>
<td>80%</td>
<td>82%</td>
<td>84%</td>
<td>85%</td>
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<tr>
<td>Renewal Rate Change</td>
<td>(0.6%)</td>
<td>2.5%</td>
<td>7.2%</td>
<td>6.8%</td>
<td>3.4%</td>
<td>0.8%</td>
<td>0.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Exposure / Other</td>
<td>0.5%</td>
<td>1.9%</td>
<td>2.2%</td>
<td>2.2%</td>
<td>2.7%</td>
<td>2.2%</td>
<td>2.0%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Renewal Premium Change</td>
<td>(0.1%)</td>
<td>4.4%</td>
<td>9.4%</td>
<td>9.0%</td>
<td>6.1%</td>
<td>3.0%</td>
<td>2.1%</td>
<td>2.1%</td>
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<tr>
<td>New Business</td>
<td>$2,142</td>
<td>$1,943</td>
<td>$1,697</td>
<td>$1,754</td>
<td>$1,792</td>
<td>$1,844</td>
<td>$1,887</td>
<td>$1,472</td>
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### Through varying market conditions:

- Successful execution of our marketplace strategies
- Consistent underwriting profitability over time: combined ratio of **94.8%**

Note: Combined ratio is Total Domestic Business Insurance 2010 through 3Q 2017
Our success comes from strong execution across industry-leading capabilities...

…supported by a foundation of industry-leading key enablers
Leading Through the Forces of Change
Transforming Our Business Model

**Changing Consumer Expectations**
Customer expectations are being shaped by their experiences in other industries.

**Emerging Technology Trends**
Emergence of new technology enables us to reimagine every aspect of our business.

**Data & Analytics**
Data and analytics is transforming every aspect of our business.

**Changing Distribution**
Distribution is consolidating and alternative models are evolving.
Leading Through the Forces of Change
Transforming Our Business Model

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*The undeniable choice for the customer…*

*…an indispensable partner for our agents and brokers*
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The undeniable choice for the customer…

Customer Solutions
Convenient Processes
Lower Cost Structure

…an indispensable partner for our agents and brokers

Leveraging technology and workflow investments to deliver increasingly compelling value to customers and distributors
Transforming Our Business Model

Customer Solutions
Convenient Processes
Lower Cost Structure

KEY INVESTMENTS

New Policy Administration Systems
Intelligent Routing
Right-Sized Underwriting Models
Artificial Intelligence Decision Support
Digital Service Models

Strategic investments in technology and workflow built upon our competitive advantages will deliver customer solutions, convenient processes and a lower cost structure.
Core Capability – Our Underwriting Specialization

How we have gone to market:

- Our 18 business units are the foundation of our deep specialization in underwriting.
- This specialization provides us with a key competitive advantage in risk selection, mitigation and pricing sophistication.

Business Units:
- Select
- Commercial Accounts
- Construction
- Technology
- Excess Liability
- Public Sector
- Oil and Gas
- Environmental
- National Accounts
- Residual Markets
- National Property
- Inland Marine
- Ocean Marine
- Boiler
- National Programs
- Agribusiness
- E&S
- Trucking
Core Capability – Deep and Extensive Local Relationships

How we have gone to market:

• A local office presence to provide local underwriting and risk control services

• Engaging distribution through one-on-one relationships

• For each line: 1 agent working with 1 underwriter, supported by 1 operational account manager
How We Have Gone to Market: Specialization at a Local Level

- Local Specialized Underwriters
- Dedicated Account Managers

- Select
  - Commercial Accounts
  - Construction
  - Technology
  - Excess Liability
  - Public Sector
  - Oil and Gas
  - Environmental
  - National Accounts
  - Residual Markets
  - National Property
  - Inland Marine
  - Ocean Marine
  - Boiler
  - National Programs
  - Agribusiness
  - E&S
  - Trucking

In each local office
Our distribution partners want to engage with specialized underwriters who know the products, not generalists.

Technology and workflow investments will improve the effectiveness and efficiency of our specialized and local business model.
Investments to Drive Better Experience and Productivity

Our investments are enabling a better experience for our agents and customers and greater productivity for us, while retaining the benefits of **specialization** and **local presence**

**KEY INVESTMENTS**
- New Policy Administration Systems
- Intelligent Routing
- Right-Sized Underwriting Models
- Artificial Intelligence Decision Support
- Digital Service Models

Local Specialized Underwriters

Dedicated Account Managers

Select
- Commercial Accounts
- Construction
- Technology
- Excess Liability
- Public Sector

National Property
Inland Marine
Ocean Marine
Air Marine

Agent

81 LOCAL OFFICES
Investments to Drive Better Experience and Productivity

Technology and workflow investments will improve the effectiveness and efficiency of our specialized and local business model.
Technology Investments Enable How We Will Go to Market

Policy Rate, Quote and Issuance
- From 25+ legacy systems to 5 modernized and streamlined systems
- Substantial reduction in manual data input
- Holistic approach: integration of all product lines for an account

Unified Workspace
- Digitized underwriting system enabling improved work management, routing and virtual collaboration

Underwriting Workstation
- 360° view of customer risk, eliminating need to access multiple systems
- Promotes account rounding
- Significantly improves efficiency of underwriting

This foundational technology is in place
Technology Investments Enable How We Will Go to Market: Underwriting Workstation

PRIOR TO 2016
100+ Systems/Tools

TODAY
One Underwriting Workstation

360° view of customer risk promotes account rounding and significantly improves efficiency of underwriting
How We Will Go to Market
Standardizing, Simplifying and Streamlining

An Indispensable Partner to Our Agents…

Automated Exchange of Account Information

Automated Account Assessment and Routing
Determination of: Appetite, “Customers Like You Bought…”, Underwriting Assignment

Right-Sized Underwriting Model

Flow

Low-Touch
Business Centers with local support

Transactional & Complex
Local underwriter

Customer Solutions

...The Undeniable Choice for Our Customers
How We Will Go to Market
Seamless Distribution Engagement

Automated Exchange of Account Information

Standard Industry Model:

- Paper, Fax, Email
- Turnaround measured in days

How We Will Go to Market:

- Automated Data Intake
- Turnaround in real time

• More efficient process for exchanging data with distribution partners

• Begin scraping ACORD applications 4Q ’17; Automated agency management system connections available in 2018

Faster turnaround times and greater efficiency lead to more opportunities
How We Will Go to Market
Standardizing, Simplifying and Streamlining

An Indispensable Partner to Our Agents…

Automated Exchange of Account Information

Automated Account Assessment and Routing
Determination of: Appetite, “Customers Like You Bought…”, Underwriting Assignment

Right-Sized Underwriting Model

Flow

Low-Touch
Business Centers
with local support

Transactional &
Complex
Local underwriter

Customer Solutions

...The Undeniable Choice for Our Customers
How We Will Go to Market
Automated Account Assessment of Customer Needs

Automated Account Assessment and Routing
Determination of: Appetite, “Customers Like You Bought…”, Underwriting Assignment

- Leverage third-party sources for available customer information
- Automated indication of underwriting appetite
- Provide “customers like you bought…” recommendations
- Automatically route to appropriate underwriter, enabling faster response time while maintaining specialization
- Pilot 4Q ‘17

Better agent experience, more efficient and more lines per account
How We Will Go to Market
Standardizing, Simplifying and Streamlining

An Indispensable Partner to Our Agents…

Automated Exchange of Account Information

Automated Account Assessment and Routing
Determination of: Appetite, “Customers Like You Bought…”, Underwriting Assignment

Right-Sized Underwriting Model

Flow
Low-Touch
Transactional & Complex

Customer Solutions

...The Undeniable Choice for Our Customers
How We Will Go to Market
Right-Sized Business Model – Business Centers

Business Centers:

- 1 agent engaging with 1 local underwriter, supported by centralized and specialized underwriters
- Centralized processing of new and renewal business for less complex accounts frees up local capacity to seek more transactional and complex accounts
- Pilots currently underway in all four locations
- Early pilot results encouraging for quote and written ratios

Better agent experience, improved access to our specialization, more opportunities and more lines per account
How We Will Go to Market
Standardizing, Simplifying and Streamlining

An Indispensable Partner to Our Agents…

Automated Exchange of Account Information

Automated Account Assessment and Routing
Determination of: Appetite, “Customers Like You Bought…”, Underwriting Assignment

Right-Sized Underwriting Model

Flow
Low-Touch
Business Centers
with local support

Transactional & Complex
Local underwriter

Customer Solutions

...The Undeniable Choice for Our Customers
How We Will Go to Market
The Undeniable Choice for the Customer

Customer Solutions

Breadth of Products
Better positioning to provide full account solutions

Risk Control
Right-sized risk control from onsite surveys to online checklists and training

Digital Service
Personalized customer service however and wherever our customers want to access it

Investing in enhanced capabilities for the customer
Simply Business Overview

https://youtu.be/6Qn8k8Qw-zY
Strategic investments allowing us to do more with less and generate attractive returns.

Changing Consumer Expectations
Customer expectations are being shaped by their experiences in other industries.

Data & Analytics
Data and analytics is transforming every aspect of our business.

Emerging Technology Trends
Emergence of new technology enables us to reimagine every aspect of our business.

Changing Distribution
Distribution is consolidating and alternative models are evolving.

Investing in Innovation while Delivering Leading Returns

The undeniable choice for the customer...

Customer Solutions
Convenient Processes
Lower Cost Structure

...an indispensable partner for our agents and brokers.
Bond & Specialty Insurance
Tom Kunkel, President
Leading Bond & Specialty Insurance Franchise

2016 Consolidated Net Written Premiums: $25 Billion
A Leading Specialty Lines Insurer

### Surety

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<thead>
<tr>
<th>Company</th>
<th>DWP ($)</th>
<th>Mkt Share (%)</th>
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<tbody>
<tr>
<td>TRAVELERS</td>
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<tr>
<td>Liberty Mutual</td>
<td>751</td>
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</tbody>
</table>

*Balanced portfolio across contractor sizes and industry segments*

### Management & Professional Liability

<table>
<thead>
<tr>
<th>Company</th>
<th>DWP ($)</th>
<th>Mkt Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chubb</td>
<td>2,687</td>
<td>11.9</td>
</tr>
<tr>
<td>AIG</td>
<td>2,684</td>
<td>11.9</td>
</tr>
<tr>
<td>C.N.A.</td>
<td>1,665</td>
<td>7.4</td>
</tr>
<tr>
<td>XL</td>
<td>1,642</td>
<td>7.3</td>
</tr>
<tr>
<td>TRAVELERS</td>
<td>1,271</td>
<td>5.6</td>
</tr>
</tbody>
</table>

*Heavy middle market/small/private company composition*

---

1 Source: The Surety & Fidelity Association of America. Market share rankings based on 2016 direct written premium. Data has not been restated for completed 2017 mergers.

A Leading Specialty Lines Insurer

Specialized Business Units
- Construction Services
- Commercial Surety
- Private & Non-Profit
- Financial Institutions
- Professional
- Public Company

Product Distribution

2016 NWP: $2.3 Billion

Diversified business and product portfolio
Disciplined Management of Severity Businesses

$ in millions

Focus on risk-adjusted returns throughout varying economic cycles

Note: Domestic B&SI results only.
Strong Performance Over Time

Consistent profitability throughout challenging economic environments

Note: Net accident year combined ratios as of September 2017. See “Combined Ratio” in the Glossary to the Company’s Annual Report on Form 10-K for the year ended December 31, 2016. The Accident Year Combined Ratio is calculated using the current estimate of ultimate losses and loss adjustment expenses for each respective accident year. Domestic B&SI results only.
A Foundation of Competitive Advantages

**Travelers Bond & Specialty Insurance**

- Recognized leading franchises
- Long-term customer & agent relationships
- Robust modular policy suite
- National footprint with deep local penetration
- Uniquely extensive data stores
- Advanced analytics capabilities
- Specialized talent & expertise
- Consistently high-performing and thoughtfully assembled portfolio of underwriting risk
- Highly functional & specialized technology
Helping Construction Surety Clients Succeed

Contractor

- Obtains surety bond
- Leverages value-added services
- Attracts customer
- Improves retention

TRV

- Improves operations
- Improves profits
- Grow Revenue
- Grow Premium
- Helps Construction Surety Clients Succeed
- Obtains surety bond
- Leverages value-added services
- Attracts customer
- Improves retention
Helping Construction Surety Clients Succeed

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- Improves risk profile
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Attracts customer.
Improves retention.
Improves risk profile.
Deepens relationship.
Grows Premium.

Leverages value-added services.
Improves operations.
Improves profits.
Grows Revenue.
Helping Construction Surety Clients Succeed

Contractor
- Obtains surety bond
- Improves operations
- Improves profits
- Grows Revenue
- Leverages value-added services

TRV
- Attracts customer
- Improves retention
- Improves risk profile
- Deepens relationship
- Grows Premium

Value-added services support contractors’ business strategies
- Legal review of complex contracts
- Database of key industry risk analyses
- Training on managing contractual risk
- Competitive financial benchmarking
- Management consulting

A trusted business partner for our customers
Competitive Financial Benchmarking & Analysis – Next Generation

Value-Added Analytical Insight to Improve Operations

- Database of 5,000+ contractors, largely privately held
- Ability to construct representative peer groups
  - Type of contractor
  - Revenue range
  - Geographic region
- Analytical reports across multiple operational metrics
- Ability to show relative performance vs. peers and aspirational peers
- New/additional analytics increasing value to contractors

Enhancing our industry-leading, customer-centric capabilities
Competitive Financial Benchmarking & Analysis: New and Deeper Insights

Contractor’s Question: *Is now the time to grow given current market conditions?*
Competitive Financial Benchmarking & Analysis: New and Deeper Insights

Contractor’s Question: Is now the time to grow given current market conditions?
Competitive Financial Benchmarking & Analysis: New and Deeper Insights

Contractor’s Question: *Is now the time to grow given current market conditions?*

-3% -2% -1% 0% 1% 2% 3%

Change in Operating Income Ratio

Project Pipeline % Change

Benchmarking illustration

Critical insight for our customer
Contractor’s Question: *Is now the time to grow given current market conditions?*

![Benchmarking illustration](image)

**Critical insight for our customer**

---

### Subject company

- **Company**
- **Peers**

### Competitive Financial Benchmarking & Analysis:

- **New and Deeper Insights**
- **Contractor’s Question:** Is now the time to grow given current market conditions?
Travelers Acquired Family Business Institute

Professional advisory and consulting services provided to the construction industry

- Facilitates CEO Peer to Peer Mentoring
- Strategic planning
- Expense reduction
- Leadership development
- Succession planning

11K blog subscribers

Helping our contractors succeed
Travelers Management Liability in the Future

- Existing competitive advantages
- Capabilities in development

Ease of doing business through data & analytics

Enhanced agility of already robust technology platforms

Seamless front-end interactions & cross-sell capabilities

Omnichannel engagement

Enhanced productivity and workflow improvements

- National footprint with deep local penetration
- Specialized talent & expertise
- Highly functional & specialized technology
- Long-term customer & agent relationships
- Robust modular policy suite

- Consistently high-performing and thoughtfully assembled portfolio of underwriting risk
- Uniquely extensive data stores
- Recognized leading franchises
- Advanced analytics capabilities

Enhanced agility and productivity

Digital application intake capabilities

Seamless interactions & cross-sell

Omnichannel engagement

Existing competitive advantages

Capabilities in development
Travelers Management Liability in the Future

- Existing competitive advantages
- Capabilities in development

Ease of doing business through data & analytics

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Digital application intake capabilities

Ease of doing business through data & analytics

- Enhanced productivity and workflow improvements
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  - Robust modular policy suite
  - Consistently high-performing and thoughtfully assembled portfolio of underwriting risk
  - Uniquely extensive data stores
  - Recognized leading franchises
  - Advanced analytics capabilities
Management Liability Markets Today

Lengthy applications

Manual data entry

Disaggregated & unstructured data
Optimizing Data Intake & Effectiveness

Lengthy applications

Manual data entry

Disaggregated & unstructured data

Streamlined applications

Digital application intake

Holistic structured data capture
Management Liability Markets Today

Limited system prequalification

Labor-intensive workflows

Non-scalable model

- D&O
- E&O
- EPLI
- Crime
- Fiduciary
- Cyber

Growth

People
Driving Productivity & Efficiency Improvements

Limited system prequalification
- D&O
- E&O
- EPLI
- Crime
- Fiduciary
- Cyber

Labor-intensive workflows

Non-scalable model

Differential handling of flow vs. complex business

Ease of doing business for agents & customers

Scalable growth
Well-Positioned in Cyber Insurance

- 1999: Cyber/Data Breach Product for Technology Companies
- 2006: Community Bank Cyber Product
- 2007: Breach Remediation Expense Coverage
- 2010: CyberRisk Expanded Product to All Industries
- 2013: Small Business Cyber Product & eRisk Hub Portal
- 2016: Ranked #1 carrier by Agents - PC360 Magazine
- 2016: Top 5 Cyber writer
- 2017: Symantec™ Pre Breach Services

Nearly 20 years of cyber insurance expertise

Source: SNL Financial. Market ranking based on direct written premium for admitted U.S. based insurers reporting standalone Cyber and packaged Cyber policies.
Well-Positioned in Cyber Insurance

$ in millions

Cyber Gross Written Premiums

- 2011
- 2012
- 2013
- 2014
- 2015
- 2016

40% CAGR

PIF Distribution of Current Limits Profile

- $1M and under
- >$1M - $5M
- >$5M - $10M
- >$10M-$20M: < 0.3%
- >$20M-$25M: < 0.1%

Note: Figures reflect B&SI + Technology + Public Sector Cyber data
Current limits profile based on policies in force as of 8/31/2017

Disciplined approach driving sensible growth
Pre-Breach Risk Management Services

Providing products and services our customers value

Cybersecurity assessment tools

Cybersecurity awareness training

Discounted products and services

partners with

Symantec

A global leader in cyber security

Providing products and services our customers value
Trusted Partner Delivering Value for Our Customers

**Changing Consumer Expectations**

Customer expectations are being shaped by their experiences in other industries.

**Emerging Technology Trends**

Emergence of new technology enables us to reimagine every aspect of our business.

**Data & Analytics**

Data and analytics is transforming every aspect of our business.

**Changing Distribution**

Distribution is consolidating and alternative models are evolving.

---

**The undeniable choice for the customer…**

...an indispensable partner for our agents and brokers

**Travelers Bond & Specialty Insurance**

- Recognized leading franchises
- Long-term customer & agent relationships
- Robust modular policy suite
- National footprint with deep local penetration
- Uniquely extensive data stores
- Advanced analytics capabilities
- Specialized talent & expertise
- Consistently high-performing and thoughtfully assembled portfolio of underwriting risk
- Highly functional & specialized technology

---

**Industry-leading capabilities deliver industry-leading results**
Personal Insurance
Michael Klein, President
Leading Personal Insurance Agency Franchise

2016 Consolidated Net Written Premiums: $25 Billion

- Personal Insurance: $8.8B
- Business Insurance: $13.9B
- Bond & Specialty Insurance: $2.3B
Balanced Portfolio Delivers Superior Returns

2016 U.S. Agency Net Written Premiums: $7.9 Billion

Diversification benefit and differentiator in the marketplace

Total Account Solutions

- Better for customers
- Better for agents
- Better for us

Source: PI Domestic Data, excludes DTC
### U.S. Auto Market

<table>
<thead>
<tr>
<th>Company</th>
<th>DWP ($B)</th>
<th>% Mkt</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Farm</td>
<td>$39.2</td>
<td>18.3</td>
</tr>
<tr>
<td>GEICO</td>
<td>$25.5</td>
<td>11.9</td>
</tr>
<tr>
<td>Allstate</td>
<td>$20.8</td>
<td>9.7</td>
</tr>
<tr>
<td>Progressive</td>
<td>$19.6</td>
<td>9.2</td>
</tr>
<tr>
<td>USAA</td>
<td>$11.7</td>
<td>5.5</td>
</tr>
<tr>
<td>Liberty Mutual</td>
<td>$10.8</td>
<td>5.0</td>
</tr>
<tr>
<td>Farmers</td>
<td>$10.2</td>
<td>4.8</td>
</tr>
<tr>
<td>Nationwide</td>
<td>$7.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Am. Family</td>
<td>$4.0</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>TRAVELERS</strong></td>
<td><strong>$3.9</strong></td>
<td><strong>1.8</strong></td>
</tr>
</tbody>
</table>

*#3 in the Independent Agency Channel*

### U.S. Home Market

<table>
<thead>
<tr>
<th>Company</th>
<th>DWP ($B)</th>
<th>% Mkt</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Farm</td>
<td>$17.6</td>
<td>19.4</td>
</tr>
<tr>
<td>Allstate</td>
<td>$7.9</td>
<td>8.7</td>
</tr>
<tr>
<td>Liberty Mutual</td>
<td>$6.2</td>
<td>6.9</td>
</tr>
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<td>5.9</td>
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<td><strong>$3.4</strong></td>
<td><strong>3.7</strong></td>
</tr>
<tr>
<td>Nationwide</td>
<td>$3.3</td>
<td>3.6</td>
</tr>
<tr>
<td>Am. Family</td>
<td>$2.9</td>
<td>3.1</td>
</tr>
<tr>
<td>Chubb</td>
<td>$2.7</td>
<td>3.0</td>
</tr>
<tr>
<td>Erie</td>
<td>$1.5</td>
<td>1.7</td>
</tr>
</tbody>
</table>

*#1 in the Independent Agency Channel*

Source: U.S. AM Best 2016, written premiums on a direct basis
Balanced Portfolio Consistently Outperforms

Travelers 10 year Combined Ratio has outperformed the industry by ~6 points

Source: U.S. AM Best 2016, written premiums on a direct basis
Realizing Benefits of Scale and Efficiency

• Growth in premiums
• ~Flat operating expenses
• Lower commission structure
• Lower ULAE (not reflected in expense ratio)

Net Written Premiums and Expense Ratio

$9
$8
$7
$6
$5
$4
$3
$2
$1
$0

Net Written Premiums Expense Ratio

Note: Personal Insurance Domestic Agency
Successful Execution of 2017 Objectives

**Agency Automobile**

- Improving profitability and managing growth in auto

**Agency Homeowners & Other**

- Continuing momentum in our profitable homeowners business

Source: PI Domestic Data, excludes DTC
Leading Through the Forces of Change
Investing for the Future

Changing Consumer Expectations
Customer expectations are being shaped by their experiences in other industries.

Emerging Technology Trends
Emergence of new technology enables us to reimagine every aspect of our business.

Data & Analytics
Data and analytics is transforming every aspect of our business.

Changing Distribution
Distribution is consolidating and alternative models are evolving.

**The undeniable choice for the customer...**

Compelling Offerings
Streamlined Experience
Consumer Engagement

...an indispensable partner for our agents and brokers

**Investing to deliver compelling value to customers and distributors**
Investing In a Broad Range of Capabilities

Compelling Offerings

Consumer Engagement

Digital self-service

Streamlined Experience

Home Self-Inspection
Compelling Offerings: Launch of Quantum Home 2.0

- Pilot 1 in 4Q ’17
  - Colorado
  - Oregon
  - Wisconsin
- 4 additional states in 2Q ’18
- Remaining states rolled out 2018-2019

New product introduction to drive continued momentum in our highly profitable homeowners business
Introducing Quantum Home 2.0

https://youtu.be/gt5QNVms9GQ
Compelling Offerings: Quantum Home 2.0 is **More Flexible** and **User Friendly**

**Before**

```
POLICY COVERAGE AND LIMITS OF LIABILITY

Section I - Property Coverage
A - Dwellings
   $ 250,000
B - Other Structures
   $ 265,000
C - Personal Property
   $ 125,000
D - Loss of Use
   $ 75,000

LIMITED RISKS OTHER INSURABLE RISKS NOT COVERED

Section I - Property Coverage

LIMITS LIABILITY COVERAGES

E - Personal Liability (Bodily Injury and Property Damage) Each Occurrence
   $ 1,000,000
F - Medical Payments to Others Each Person
   $ 1,000

POLICY SAVINGS AND DEDUCTIBLES

Deductible Section I - Property Coverage (All Other Particles)
   $ 1,000

In case of loss under section I, only that part of the loss over the stated deductible is covered.

OPTIONAL ENDORSEMENTS AND COVERAGES

Optional Endorsements

- Additional named insureds
- Extensive Home Package
- Identity Theft
- Water Back Up and Sewer Discharge
- AERIAL Replacement Cost Protection
- Windstorm or Hail Deductible

MANDATORY FORMS AND ENDORSEMENTS

- Homeowners 3 Special Form
- Homeowners 3 Special Form - Illinois
```

**After**

```
You're insured!

Dwelling and attached structures such as garages and decks
$ 250,000

Additional Structures
- Other structures such as attached garages and sheds
- $ 25,000

Personal property
- $ 13,000

Deductible
- $ 1,000

You're receiving three discounts for a total savings of $124
- 10% on a new home
- 5% on a bay window
- 5% on a new garage

$ 1,200.00
```

Continued on next page...
Compelling Offerings: Quantum Home 2.0 is More Flexible and User Friendly

Modular product design enables:

- Tailoring coverage to customer needs
- Better experience for customers and agents
- Enhanced position on comparative rater

Modular product designed to improve conversion
Compelling Offerings:
Quantum Home 2.0 is **More Sophisticated** and **Advanced**
Compelling Offerings: Quantum Home 2.0 is More Sophisticated and Advanced
Compelling Offerings:
Quantum Home 2.0 is **More Sophisticated** and **Advanced**

- More sophisticated multivariate model
- 20+ new rating variables
  - Geography
  - Perils
  - Customer
  - Building
- 3x more third-party data

*Profitable growth through improved segmentation*
Streamlined Experience:
New Platform Promotes Total Account Solutions

- Streamlined Process
  - 36% reduction in screens
  - 5x more prefilled data

- Easy Account Bundling
  - Auto
  - Home
  - Specialty
Streamlined Experience: New Platform Promotes Total Account Solutions

- Streamlined Process
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  - 5x more prefilled data

- Easy Account Bundling
  - Auto
  - Home
  - Specialty

Early consumer results
- Increase in auto quote complete rates
- Increase in home quote complete rates
- Increase in rounded policies issued

Early agent feedback
“Super easy to quote”
“I like how I can add the umbrella to the auto quote…”
“This has made Travelers one of my best user-friendly sites…”
“The platform really does make life as an agent that much easier”

New platform designed for ease of use and account rounding
Streamlined Experience: Property Self-Inspection

Before

- Better experience for customers and agents
- More efficient for us
- Market test underway
- Initial results encouraging

After

Just one of many examples of investments in digital capabilities
Consumer Engagement: Reaching Potential Customers in Key Life Moments

**Consumers**

- **Travelers Insurance**
  - September 7, 2017
  - Getting ready to sell your house? Here are some simple home staging tips to make your home stand out. [Link](http://travelers.com/homesale)

- **How to Stage a House to Sell Fast**
  - Your home has a story and staging allows you to tell it.
  - TRAVELERS.COM
  - 263 Likes 22 Comments 254 Shares

- **Don’t go to your home inspection without this free report**
  - TRAVELERS.COM

- **Interested in 6279 Favorite Gulch Rd?**
  - Don’t go to your home inspection without this free report
  - TRAVELERS.COM

**Agents**

- **Timely Tips**
  - FOR TRAVELERS AGENTS

**One example of connecting with customers outside the insurance buying process**
72% go online to start the insurance buying process

Home Central
https://youtu.be/6Hq6xrbVdQ
Consumer Engagement: Home Central Resonates with Customers and Agents

Strong response from consumers: 2x
Agents leveraging capability: 17x

Web traffic to the Personal Insurance website
Increase in page view traffic from agent posts

Expanding our pipeline of potential insurance customers
Investments Will Generate Industry-Leading Results

Changing Consumer Expectations
- Customer expectations are being shaped by their experiences in other industries.

Emerging Technology Trends
- Emergence of new technology enables us to reimagine every aspect of our business.

Data & Analytics
- Data and analytics is transforming every aspect of our business.

Changing Distribution
- Distribution is consolidating and alternative models are evolving.

Compelling Offerings

Streamlined Experience

Consumer Engagement

...an indispensable partner for our agents and brokers

The undeniable choice for the customer...

Strategic investments designed to deliver strong retention and new business growth, increased efficiency and sustained profit performance