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TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA



TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

Annual Audited Statutory Financial Statements

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

Annual Audited Statutory Financial Statements

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Independent Auditors' Report

Audit Committee of the Board of Directors
The Travelers Companies, Inc. and subsidiaries

Opinions

We have audited the financial statements of Travelers Casualty and Surety Company of America (the Company), which comprise the statutory balance sheet as of December 31, 2021 and 2020, and the related statutory statements of income, changes in capital and surplus, and cash flow for the years then ended, and the related notes to the financial statements.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities, and surplus of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flow for the years then ended in accordance with accounting practices prescribed or permitted by the Connecticut Insurance Department described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of the Company as of December 31, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Company using accounting practices prescribed or permitted by the Connecticut Insurance Department, 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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed or permitted by the Connecticut Insurance Department. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation

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and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the Summary Investment Schedule, Supplemental Investment Risks Interrogatories, and Property and Casualty Interrogatories Relating to Reinsurance is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Connecticut Insurance Department. 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 GAAS. 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 19, 2022

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
Statutory Balance Sheet

(At December 31, in thousands)	2021	2020
Assets		
Bonds	$ 4,427,069	$ 3,831,157
Common stocks	90,892	109,074
Cash, cash equivalents and short-term investments	3,976	239,403
Other invested assets	4,609	4,971
Securities lending reinvested collateral assets	7,433	-
Total cash and invested assets	4,533,979	4,184,605
Investment income due and accrued	37,877	36,857
Uncollected premiums and agents' balances in course of collection	113,198	106,939
Deferred premiums, agents' balances and installments booked but deferred and not yet due	180,884	170,715
Reinsurance - Amounts recoverable from reinsurers	70,678	32,553
Reinsurance - Funds held by or deposited with reinsured companies	414	193
Net deferred tax asset	60,157	55,189
Guaranty funds receivable or on deposit	45	46
Receivables from parent, subsidiaries and affiliates	-	34,876
Aggregate write-ins for other-than-invested assets	2,828	3,917
Total assets	$ 5,000,060	$ 4,625,890
Liabilities		
Losses	$ 1,224,258	$ 1,003,201
Reinsurance payable on paid losses and loss adjustment expenses	244	100
Loss adjustment expenses	157,267	163,347
Commissions payable, contingent commissions and other similar charges	49,978	48,806
Other expenses	46,608	42,507
Taxes, licenses and fees	16,655	13,561
Current federal and foreign income taxes	1,972	4,866
Unearned premiums	1,212,348	1,121,070
Advance premium	1,824	1,868
Dividends declared and unpaid - Policyholders	14,256	12,353
Ceded reinsurance premiums payable	47,474	63,103
Amounts withheld or retained by company for account of others	42,097	42,228
Remittances and items not allocated	10,579	8,646
Provision for reinsurance	6,873	7,930
Payable to parent, subsidiaries and affiliates	40,373	-
Payable for securities lending	7,433	-
Aggregate write-ins for liabilities	1,359	1,269
Total liabilities	2,881,598	2,534,855
Surplus as regards policyholders		
Aggregate write-ins for special surplus funds	7,557	7,549
Common capital stock	6,480	6,480
Gross paid in and contributed surplus	433,804	433,804
Unassigned funds (surplus)	1,670,621	1,643,202
Total surplus as regards policyholders	2,118,462	2,091,035
Total liabilities and surplus as regards policyholders	$ 5,000,060	$ 4,625,890

See Notes to Statutory Financial Statements

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
Statutory Statement of Income

(For the year ended December 31, in thousands)	2021	2020
Underwriting Income		
Premiums earned	$ 1,855,156	$ 1,746,175
Losses incurred	615,533	672,177
Loss adjustment expenses incurred	55,686	51,232
Other underwriting expenses incurred	738,114	678,813
Net underwriting gain	445,823	343,953
Investment Income		
Net investment income earned	121,658	167,685
Net realized capital gains or (losses) [net of tax of $686 in 2021 and $797 in 2020]	(1,005)	85
Net investment gain	120,653	167,770
Other Income		
Net loss from agents' or premium balances charged off	(1,865)	(160)
Finance and service charges not included in premiums	626	589
Aggregate write-ins for miscellaneous expense	(1,852)	(1,951)
Total other expense	(3,091)	(1,522)
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	563,385	510,201
Dividends to policyholders	6,591	6,387
Federal and foreign income taxes incurred	115,215	91,319
Net income	$ 441,579	$ 412,495

Statutory Statement of Changes in Capital and Surplus

(For the year ended December 31, in thousands)	2021	2020
Surplus as regards policyholders - December 31, prior year	$ 2,091,035	$ 2,123,685
Net income	441,579	412,495
Change in net unrealized capital gains or (losses)	(2,906)	(152,383)
Change in net unrealized foreign exchange capital gain (loss)	(4)	-
Change in net deferred income tax	8,291	6,221
Change in nonadmitted assets	(8,590)	(890)
Change in provision for reinsurance	1,057	1,907
Dividends to stockholder (cash)	(412,000)	(300,000)
Change in surplus as regards policyholders for the year	27,427	(32,650)
Surplus as regards policyholders - December 31, current year	$ 2,118,462	$ 2,091,035

See Notes to Statutory Financial Statements

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
Statutory Statement of Cash Flow

(For the year ended December 31, in thousands)	2021	2020
Cash from Operations		
Premiums collected net of reinsurance	$ 1,909,048	$ 1,791,349
Net investment income	136,554	185,134
Miscellaneous expense	(3,091)	(1,522)
Total	2,042,511	1,974,961
Benefit and loss related payments	432,677	442,551
Commissions, expenses paid and aggregate write-ins for deductions	790,645	740,523
Dividends paid to policyholders	4,688	5,517
Federal and foreign income taxes paid	118,795	99,924
Total	1,346,805	1,288,515
Net cash provided by operations	695,706	686,446
Cash from Investments		
Proceeds from investments sold, matured or repaid:		
Bonds	421,325	451,774
Stocks	15,000	37,000
Miscellaneous proceeds	-	3,733
Total investment proceeds	436,325	492,507
Cost of investments acquired:		
Bonds	1,031,760	707,072
Other invested assets	1,055	1,682
Miscellaneous applications	7,433	-
Total investments acquired	1,040,248	708,754
Net cash used in investments	(603,923)	(216,247)
Cash from Financing and Miscellaneous Sources		
Cash provided (applied):		
Dividends to stockholder	(412,000)	(300,000)
Other cash provided (applied)	84,790	(21,034)
Net cash used in financing and miscellaneous sources	(327,210)	(321,034)
Net change in cash, cash equivalents and short-term investments	(235,427)	149,165
Cash, cash equivalents and short-term investments - beginning of year	239,403	90,238
Cash, cash equivalents and short-term investments - end of year	$ 3,976	$ 239,403

See Notes to Statutory Financial Statements

1. ORGANIZATION

Travelers Casualty and Surety Company of America (the Company) is a wholly-owned subsidiary of the Travelers Casualty and Surety Company (TCS), which in turn is an indirect wholly-owned subsidiary of The Travelers Companies, Inc. (TRV).

The following depicts via indentations, the relationship of the Company at December 31, 2021 to TRV, a publicly traded insurance holding company:

The Travelers Companies, Inc.
Travelers Property Casualty Corp.
Travelers Insurance Group Holdings Inc.
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America

The Company is a stock property-casualty insurer licensed to write business in 50 states, the District of Columbia, Guam, Puerto Rico, American Samoa and the U.S. Virgin Islands. The Company offers surety, fidelity, management liability, professional liability, and other property and casualty coverages and related risk management services to a wide range of primarily domestic customers, utilizing various degrees of financially-based underwriting approaches. The range of coverages includes performance, payment and commercial surety bonds for construction and general commercial enterprises; management liability coverages including directors' and officers' liability, employment practices liability, fidelity liability, fiduciary liability and cyber risk for private companies and not-for-profit organizations (collectively referred to as Bond).

The Company primarily writes Bond business; however, similar non-Bond management and professional liability business for other customer segments including financial institutions, public companies and certain professionals including, among others, lawyers and design professionals is also written in the Company on a direct basis. Bond business is isolated on a net basis through the Company's participation in a cross-business reinsurance agreement with certain other property-casualty insurance subsidiaries of TRV. Under the terms of this agreement, all non-Bond business written by the Company is reinsured through The Travelers Indemnity Company (Indemnity) and its Pooled Affiliates (together referred to as the "TRV Reinsurance Pool"), and substantially all Bond business written by certain TRV Reinsurance Pool participants is reinsured through the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Company prepares its statutory financial statements in conformity with the accounting practices prescribed or permitted by the State of Connecticut Insurance Department. Insurance companies domiciled in Connecticut are required to prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Connecticut Insurance Commissioner. The Company 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 uncollected agents' balances over 90 days past due and some or all of deferred tax assets. 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.

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.

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 Company evaluates and monitors the financial condition of its reinsurers under voluntary reinsurance arrangements to minimize its exposure to significant losses from reinsurer insolvencies.

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 Company 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 Company also takes into account estimated recoveries, reinsurance, salvage and subrogation. The loss and LAE reserves are reviewed regularly by qualified actuaries employed by the Company. The Company 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 Company 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 Company's net income in such period.

The Company does not have any discounted loss or LAE liabilities.

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

Cash equivalents consist of the Company's share of the Travelers Money Market Liquidity Pool (TRVMMLP). See Note 3H.

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, excluding those investments classified as cash equivalents.

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.

The Company's subsidiary investment in common stock is based on the net worth of the entity, determined in accordance with statutory accounting valuation methods. Dividends received from the subsidiary are recorded as net investment income and undistributed net income is recorded as net unrealized capital gains or (losses). At December 31, 2021 and 2020, the carrying value of the Company's subsidiary investment was $90.9 million and $109.1 million, respectively.

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

The Company has investments in "Other invested assets" 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.

E. Accounting changes:

In May 2020, the NAIC issued updated guidance to SSAP No. 2R, *Cash, Cash Equivalents, Drafts, and Short-Term Investments*, that requires cash liquidity pools to be reported as cash equivalents. For reporting entities that have to reclassify cash liquidity pools to a cash equivalent, the updated guidance requires the reporting entity to complete the reclassification effective January 1, 2021. The updated guidance is intended to provide more consistency in reporting of cash liquidity pools that were previously reported based on the nature of the majority of the underlying investments.

The Company reclassified its share of the TRVMMLP from short-term investments to cash equivalents in the quarter ending March 31, 2021. The reclassification of the TRVMMLP had no impact on total assets, surplus or net income.

3. INVESTMENTS

A. Bonds:

Bonds by investment type (in millions):

At December 31, 2021	Carrying Value	Excess of Fair Value Over Carrying Value	Excess of Carrying Value Over Fair Value	Fair Value
U.S. government and government agencies and authorities	$ 122.2	$ 1.1	$ (0.8)	$ 122.5
All other governments	10.0	0.9	-	10.9
States, territories and possessions	61.2	4.4	-	65.6
U.S. political subdivisions of states, territories and possessions	1,394.4	75.7	(2.2)	1,467.9
U.S. special revenue and special assessment obligations	891.8	42.3	(1.4)	932.7
Industrial and miscellaneous	1,847.8	74.9	(10.1)	1,912.6
Loan-backed securities	57.2	3.3	-	60.5
Structured securities	42.5	1.0	-	43.5
Total bonds	$ 4,427.1	$ 203.6	$ (14.5)	$ 4,616.2

At December 31, 2020	Carrying Value	Excess of Fair Value Over Carrying Value	Excess of Carrying Value Over Fair Value	Fair Value
U.S. government and government agencies and authorities	$ 78.9	$ 1.1	$ -	$ 80.0
All other governments	10.0	1.5	-	11.5
States, territories and possessions	61.7	5.7	-	67.4
U.S. political subdivisions of states, territories and possessions	1,295.2	100.2	(0.1)	1,395.3
U.S. special revenue and special assessment obligations	717.0	56.2	-	773.2
Industrial and miscellaneous	1,532.0	139.8	(0.3)	1,671.5
Loan-backed securities	79.9	6.2	-	86.1
Structured securities	56.5	1.9	(0.4)	58.0
Total bonds	$ 3,831.2	$ 312.6	$ (0.8)	$ 4,143.0

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, 2021, by maturity are shown below, separating out loan-backed securities 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	$ 249.3	$ 252.4
Over 1 year through 5 years	953.8	1,001.6
Over 5 years through 10 years	1,603.8	1,654.2
Over 10 years	1,520.5	1,604.0
Loan-backed securities	57.2	60.5
Structured securities	42.5	43.5
Total bonds	$ 4,427.1	$ 4,616.2

Proceeds from sales of bonds were $43.1 million and $88.1 million in 2021 and 2020, respectively. Gross gains of zero and $0.8 million in 2021 and 2020, respectively, were realized on those sales. Gross losses realized on those sales were $32 thousand in 2021 and zero in 2020.

Included in bonds are investments in non-investment grade bonds totaling $16.2 million and $47.5 million at December 31, 2021 and 2020, respectively.

Investment income related to prepayment penalties and/or acceleration fees recognized by the Company on bonds called by various issuers during 2021 and 2020 was as follows:

	2021	2020
Number of unique CUSIPs	45	46
Aggregate amount of investment income (in millions)	$ 3.9	$ 2.9

B. Loan-Backed and Structured Securities:

The Company applies the retrospective method of revaluing loan-backed securities. The Company'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 Company 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 Company 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 Company 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 of changes in expected cash flows). The Company 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.

The Company had no loan-backed or structured securities with other-than-temporary impairments recognized in 2021.

C. Concentrations:

At December 31, 2021 and 2020, the Company was not exposed to any concentration of credit risk of a single issuer greater than 5% of policyholders' surplus of the Company.

The Company participates in a private liquidity pool maintained by TRV. See Note 7 for discussion.

The Company 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.

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

The Company 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 Company will not be able to recover all amounts due pursuant to the issuers' contractual obligations prior to sale or maturity. When the Company 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 Company 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 Company intends to sell a temporarily impaired invested asset and the Company 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 Company'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 Company's process for identifying and 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 may or may not 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 in an unrealized loss position at December 31, 2021 and 2020, 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.

	Less Than 12 Months		12 Months or Longer		Total	
(in millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
At December 31, 2021						
U.S. government and government agencies and authorities	$ 73.5	$ 0.8	$ -	$ -	$ 73.5	$ 0.8
U.S. political subdivisions of states, territories and possessions	107.6	2.0	6.2	0.2	113.8	2.2
U.S. special revenue and special assessment obligations	84.6	1.4	-	-	84.6	1.4
Industrial and miscellaneous	403.6	8.6	23.3	1.6	426.9	10.2
Structured securities	6.5	-	-	-	6.5	-
Total bonds	$ 675.8	$ 12.8	$ 29.5	$ 1.8	$ 705.3	$ 14.6

	Less Than 12 Months		12 Months or Longer		Total	
(in millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
At December 31, 2020						
U.S. political subdivisions of states, territories and possessions	$ 6.3	$ 0.1	$ -	$ -	$ 6.3	$ 0.1
Industrial and miscellaneous	25.2	0.3	3.0	0.1	28.2	0.4
Loan-backed securities	-	-	-	-	-	-
Structured securities	20.0	0.3	-	-	20.0	0.3
Total bonds	$ 51.5	$ 0.7	$ 3.0	$ 0.1	$ 54.5	$ 0.8

There were no impairments related to bonds in 2021 or 2020.

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

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

At December 31, 2021, the Company had unfunded commitments of $56 thousand related to LIHTC investments.

During the years ended December 31, 2021 and 2020, $1.1 million and $1.0 million, respectively, of tax benefits related to LIHTC were recognized. The balance of the investments in LIHTC at December 31, 2021 and 2020 was $4.6 million and $4.7 million, respectively.

Management of the Company is not aware of any of the LIHTC investments and related properties being the subject of any state regulatory reviews.

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

F. Restricted Assets:

Admitted restricted assets by category (in millions):

	December 31, 2021	December 31, 2020	As a percent of admitted assets at 2021	As a percent of admitted assets at 2020
Collateral held under security lending agreements	$ 7.4	$ -	0.1%	0.0%
Assets on deposit with states	7.7	8.0	0.2%	0.2%
Total	$ 15.1	$ 8.0	0.3%	0.2%

The Company did not hold any nonadmitted restricted assets at December 31, 2021 or 2020.

G. 5GI Securities:

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

	Number of 5GI Securities	(in millions) Carrying Value	(in millions) Fair Value
December 31, 2021			
Bonds	1	$ 0.8	$ 0.8
December 31, 2020			
Bonds	2	$ 27.7	$ 28.9

H. The TRVMMLP was comprised of the following underlying asset types at December 31:

Asset Type	2021 Percent Share	2020 Percent Share
Cash	2.3%	0.9%
Cash equivalents	55.7%	0.4%
Short-term investments	42.0%	98.7%

I. State Transferable Tax Credits:

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

	2021		2020	
State	Carrying Value	Unused Amount	Carrying Value	Unused Amount
CT	$ 0.7	$ 0.7	$ 0.7	$ 0.7
OR	0.3	0.3	0.8	0.8
NE	0.2	0.2	0.3	0.3
PA	-	-	0.4	0.4
Total	$ 1.2	$ 1.2	$ 2.2	$ 2.2

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.

4. FAIR VALUE MEASUREMENTS

The Company’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 Company’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 Company 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 Company’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, 2021 (in millions)

Description	Level 1	Level 2	Level 3	Total
Bonds				
Industrial and miscellaneous	$ -	$ 0.9	$ -	$ 0.9
Total securities at fair value	$ -	$ 0.9	$ -	$ 0.9

December 31, 2020 (in millions)

Description	Level 1	Level 2	Level 3	Total
Bonds				
Industrial and miscellaneous	$ -	$ 3.5	$ -	$ 3.5
Total securities at fair value	$ -	$ 3.5	$ -	$ 3.5

At both December 31, 2021 and 2020, the Company held Level 3 industrial and miscellaneous bonds measured and reported at their fair value of zero.

Level 2 and Level 3 valuation techniques:

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

B. The Company 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 and investment income due and accrued approximate their fair values.

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, 2021) Description	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3
Cash equivalents	$ 25.4	$ 25.4	$ 7.5	$ 17.9	$ -
Long-term bonds	4,616.2	4,427.1	122.5	4,492.6	1.1

In the quarter ending March 31, 2021, the Company reclassified its investment in the TRVMMLP from short-term bonds to cash equivalents. See Note 2E for a discussion of the accounting change.

(At December 31, 2020) Description	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3
Short-term bonds	$ 263.3	$ 263.3	$ 26.6	$ 236.7	$ -
Long-term bonds	4,143.0	3,831.2	79.7	4,063.2	0.1

5. INVESTMENT INCOME

A. Policyholders' surplus excludes due and accrued investment income if amounts are over 90 days past due.

B. The Company had no past due accrued investment income at December 31, 2021 and 2020.

6. INCOME TAXES

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

	December 31, 2021		
	Ordinary	Capital	Total
1. a. Gross deferred tax assets	$ 81.1	$ 0.4	$ 81.5
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred tax assets	81.1	0.4	81.5
d. Deferred tax assets nonadmitted	10.3	-	10.3
e. Subtotal net deferred tax assets	70.8	0.4	71.2
f. Deferred tax liabilities	3.6	7.4	11.0
g. Net admitted deferred tax asset/(liability)	$ 67.2	$ (7.0)	$ 60.2

	December 31, 2020		
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ 73.6	$ 0.2	$ 73.8
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred tax assets	73.6	0.2	73.8
d. Deferred tax assets nonadmitted	7.1	-	7.1
e. Subtotal net deferred tax assets	66.5	0.2	66.7
f. Deferred tax liabilities	4.3	7.2	11.5
g. Net admitted deferred tax asset/(liability)	$ 62.2	$ (7.0)	$ 55.2

	Change		
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ 7.5	$ 0.2	$ 7.7
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred tax assets	7.5	0.2	7.7
d. Deferred tax assets nonadmitted	3.2	-	3.2
e. Subtotal net deferred tax assets	4.3	0.2	4.5
f. Deferred tax liabilities	(0.7)	0.2	(0.5)
g. Net admitted deferred tax asset/(liability)	$ 5.0	$ -	$ 5.0

2. Admission Calculation Components SSAP No. 101:

	December 31, 2021		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	$ 49.2	$ 0.2	$ 49.4
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)	10.8	-	10.8
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	10.8	-	10.8
2. Adjusted gross deferred tax assets allowed per limitation threshold.	xxxx	xxxx	308.7
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.	10.8	0.2	11.0
d. Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	70.8	0.4	71.2
Deferred tax liabilities netted against deferred tax assets	3.6	7.4	11.0
Total	$ 67.2	$ (7.0)	$ 60.2

	December 31, 2020		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	$ 44.7	$ 0.1	$ 44.8
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)	10.4	-	10.4
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	10.4	-	10.4
2. Adjusted gross deferred tax assets allowed per limitation threshold.	xxxx	xxxx	305.4

(continued)

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.	11.4	0.1	11.5
d. Deferred tax assets admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	66.5	0.2	66.7
Deferred tax liabilities netted against deferred tax assets	4.3	7.2	11.5
Total	$ 62.2	$ (7.0)	$ 55.2

	Change		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	$ 4.5	$ 0.1	$ 4.6
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)	0.4	-	0.4
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	0.4	-	0.4
2. Adjusted gross deferred tax assets allowed per limitation threshold.	xxxx	xxxx	3.3
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.	(0.6)	0.1	(0.5)
d. Deferred tax assets admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	4.3	0.2	4.5
Deferred tax liabilities netted against deferred tax assets	(0.7)	0.2	(0.5)
Total	$ 5.0	$ -	$ 5.0

	2021	2020
3. a. Ratio percentage used to determine recovery period and threshold limitation amount.	1,075%	1,277%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above.	$ 2,058.3	$ 2,035.8

4. Impact of Tax-Planning Strategies:

	December 31, 2021	
	Ordinary	Capital
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 6A1(c).	$ 81.1	$ 0.4
2. Percentage of adjusted gross deferred tax assets by tax character attributable to the impact of tax-planning strategies.	0%	0%
3. Net admitted adjusted gross deferred tax assets amounts from Note 6A1(e).	$ 70.8	$ 0.4
4. Percentage of net admitted adjusted gross deferred tax assets by tax character attributable to the impact of tax-planning strategies.	8%	48%

	December 31, 2020	
	Ordinary	Capital
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 6A1(c).	$ 73.6	$ 0.2
2. Percentage of adjusted gross deferred tax assets by tax character attributable to the impact of tax-planning strategies.	0%	0%
3. Net admitted adjusted gross deferred tax assets amounts from Note 6A1(e).	$ 66.5	$ 0.2
4. Percentage of net admitted adjusted gross deferred tax assets by tax character attributable to the impact of tax-planning strategies.	9%	47%

	Change	
	Ordinary	Capital
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 6A1(c).	$ 7.5	$ 0.2
2. Percentage of adjusted gross deferred tax assets by tax character attributable to the impact of tax-planning strategies.	0%	0%
3. Net admitted adjusted gross deferred tax assets amounts from Note 6A1(e).	$ 4.3	$ 0.2
4. Percentage of net admitted adjusted gross deferred tax assets by tax character attributable to the impact of tax-planning strategies.	-1%	1%

b. Does the Company's tax-planning strategies include the use of reinsurance? Yes ____ No X

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

	December 31,		
	2021	2020	Change
1. Current Income Tax:			
Federal	$ 115.1	$ 91.2	$ 23.9
Foreign	0.1	0.1	-
Subtotal	115.2	91.3	23.9
Federal income taxes on net capital gains	0.7	0.8	(0.1)
Federal and foreign income taxes incurred	$ 115.9	$ 92.1	$ 23.8

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

	December 31,		
	2021	2020	Change
Ordinary:			
Discounting of unpaid losses	$ 19.1	$ 16.6	$ 2.5
Unearned premium reserve	51.0	47.2	3.8
Nonadmitted assets	10.0	8.8	1.2
Other	1.0	1.0	-
Total ordinary deferred tax assets	$ 81.1	$ 73.6	$ 7.5
Statutory valuation allowance adjustment	-	-	-
Nonadmitted deferred tax assets	10.3	7.1	3.2
Admitted ordinary deferred tax assets	$ 70.8	$ 66.5	$ 4.3
Capital:			
Investments	$ 0.4	$ 0.2	$ 0.2
Total capital deferred tax assets	$ 0.4	$ 0.2	$ 0.2

Statutory valuation allowance adjustment	-	-	-
Nonadmitted deferred tax assets	-	-	-
Admitted capital deferred tax assets	$ 0.4	$ 0.2	$ 0.2
Total admitted deferred tax assets	$ 71.2	$ 66.7	$ 4.5

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

	December 31, 2021	2020	Change
Ordinary:			
Investments	$ 0.3	$ 0.2	$ 0.1
Loss and LAE reserve discounting (transition rule)	3.2	4.0	(0.8)
Other	0.1	0.1	-
Total ordinary deferred tax liabilities	$ 3.6	$ 4.3	$ (0.7)
Capital:			
Investments	$ 7.4	$ 7.2	$ 0.2
Total capital deferred tax liabilities	$ 7.4	$ 7.2	$ 0.2
Total deferred tax liabilities	$ 11.0	$ 11.5	$ (0.5)
4. Net admitted deferred tax asset/(liability)	$ 60.2	$ 55.2	$ 5.0

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 Company.

8. There are no adjustments to gross deferred tax assets because of a 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:

	December 31, 2021	2020	Change
Total deferred tax assets	$ 81.5	$ 73.8	$ 7.7
Total deferred tax liabilities	11.0	11.5	(0.5)
Net deferred tax asset/(liability)	$ 70.5	$ 62.3	8.2
Tax effect of unrealized gains (losses)			0.1
Change in net deferred income tax			$ 8.3

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:

	December 31, 2021
Pretax net income	$ 557.5
Taxes at statutory rate	117.1
Increase (decrease) attributable to:	
Nontaxable investment income	(9.6)
Other	0.1
	$ 107.6
Federal and foreign taxes incurred	$ 115.9
Change in net deferred income tax	(8.3)
Total statutory income tax	$ 107.6
Effective tax rate	19.3%

D. 1. The Company 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):

2021 Total	$	114.4
2020 Total		92.8
2019 Capital Gains		0.6

3. The Company has no protective tax deposits with the Internal Revenue Service (IRS) under Section 6603 of the Internal Revenue Code.

E. 1. The Company is included in a consolidated federal income tax return with its ultimate parent company, TRV. See Exhibit 4 for a listing of the entities included with the Company in a consolidated federal income tax return filing.

2. The Company is a 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 IRS levies upon a member's assets for unpaid taxes in excess of the amount specifically allocated to a member.

F. The Company 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.

7. 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 liquidity pool, known as the 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 cash equivalent investment. At December 31, 2021 and 2020, the Company's share of the TRVMMLP was $25.4 million and $262.9 million, respectively.

(3) The Company participates in a cross-business reinsurance agreement and two excess of loss reinsurance agreements with certain affiliates who participate in the TRV Reinsurance Pool. See Note 13 for additional detail.

B. Material transactions with related parties:

In 2020, the Company received a return of capital in the amount of $37.0 million from its wholly-owned subsidiary, Travelers Global, Inc.

C. At December 31, 2021 and 2020, the Company had $40.4 million payable to and $34.9 million receivable from affiliates, respectively. Substantially all of the accounts between and among the Company and its affiliates are settled at least monthly. Accounts between and among the Company 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.

D. Material management or service contracts and cost sharing arrangements involving the Company or any affiliate are as follows:

Type of Contract and Description	Servicing Company	Other Party
Amended and Restated Expense Allocation	The Travelers Indemnity Company	Travelers P&C [1]
Reinsurance Allocation	The Travelers Indemnity Company	Travelers P&C [1]

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

E. The table below provides information on subsidiary, controlled and affiliated (SCA) investments:

1. Balance Sheet Value All SCAs (in millions):

SCA Entity	Percentage of SCA Ownership	12/31/2021 Gross Amount	12/31/2021 Admitted Amount	12/31/2021 Nonadmitted Amount
SSAP No. 97 8b(iii) Entities				
Travelers Global, Inc.	100.00%	$ 94.3	$ 90.9	$ 3.4

2. NAIC Filing Response Information:

SCA Entity	Type of NAIC Filing	Date of Filing to the NAIC	12/31/2020 NAIC Valuation Amount (in millions)	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N
SSAP No. 97 8b(iii) Entities					
Travelers Global, Inc.	Sub 2	12/15/2021	$ 109.1	Y	N

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

The Company 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 Company 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 Company and its property-casualty affiliates. In addition, the Company participates in nonqualified defined benefit pension plans sponsored by TRV which cover certain highly-compensated employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under these plans. The Company 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 Company's allocated share of the pension expense was $4.2 million and $4.4 million for 2021 and 2020, respectively.

2. Postretirement Benefit Plan:

The Company participates in a postretirement health and life insurance benefit plan sponsored by TRV for employees of the Company and its property-casualty affiliates that satisfy certain age and service requirements and for certain retirees. The Company has no legal obligation for benefits under this plan. The Company 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 Company's allocated share of the postretirement benefit expense (benefit) was $(264) thousand and $(171) thousand for 2021 and 2020, respectively.

3. 401(k) Savings Plan:

The Company participates in a 401(k) savings plan sponsored by TRV for substantially all employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under this plan. The Company 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 Company's allocated share of the 401(k) savings plan expense was $9.0 million and $8.6 million for 2021 and 2020, respectively.

B. Incentive Plans:

The Company 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 2021, 2019, 2017 and 2016, TRV's shareholders authorized an additional 2.4 million, 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 22.4 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 22.4 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, 2021 is as follows:

Stock Options	Number	Weighted Average Exercise Price	Weighted Average Contractual Life Remaining	Aggregate Intrinsic Value ($ in millions)
Outstanding, beginning of year	10,075,758	$ 121.03		
Original grants	1,599,841	139.88		
Exercised	(2,181,586)	110.39		
Forfeited or expired	(74,128)	131.29		
Outstanding, end of year	9,419,885	$ 126.62	6.5 years	$ 281
Vested at end of year[(1)]	7,225,469	$ 124.73	6.0 years	$ 229
Exercisable at end of year	4,081,500	$ 118.75	4.4 years	$ 154

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

On February 8, 2022, TRV, under the 2014 Incentive Plan, granted 1,104,483 stock option awards with an exercise price of $172.50 per share. The fair value attributable to the stock option awards on the date of grant was $35.70 per share.

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, members of 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. 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 2020, 50% to 200% for awards granted in 2021 and 2022), 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, 2021 and 2020 was $124 million and $127 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, 2021 is as follows:

	Restricted and Deferred Stock Units		Performance Shares	
Other Equity Instruments	Number	Weighted Average Grant-Date Fair Value	Number	Weighted Average Grant-Date Fair Value
Nonvested, beginning of year	1,086,784	$ 132.12	723,991	$ 129.45
Granted	605,188	141.22	367,299	139.83
Vested	(513,226)[1]	138.57	(359,925)[2]	126.18
Forfeited	(69,921)	132.93	(24,828)	131.20
Performance-based adjustment	—	—	224,020[3]	138.56
Nonvested, end of year	1,108,825	$ 134.05	930,557	$ 136.96

[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 2019 through 2021.

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 394 at the beginning of the year and 280 at the end of the year and the number of nonvested dividend equivalent shares related to performance shares was 29,751 at the beginning of the year and 32,670 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 8, 2022, TRV, under the 2014 Incentive Plan, granted 788,058 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 470,716 shares and the performance share awards totaled 317,342 shares. The fair value per share attributable to the common stock awards on the date of grant was $172.50.

9. CAPITAL AND SURPLUS AND DIVIDEND RESTRICTIONS

The Company has 10,000 shares of common capital stock authorized and 5,400 shares issued and outstanding with a par value of $1,200 per share.

On December 29, 2021 and December 28, 2020, the Company paid ordinary dividends of $412 million and $300 million, respectively, to its parent company, TCS. Timely notice of each dividend was provided to the State of Connecticut Insurance Department.

Dividends to the shareholder and the proportion of the profits of the Company that may be paid to the shareholder is not limited by charter. The maximum amount of dividends which can be paid by the Company to the shareholder without prior approval of the Insurance Commissioner of the State of Connecticut is subject to restrictions relating to statutory surplus or net income. The maximum amount of dividends to the shareholder that can be made during 2022 without prior approval is $441.5 million.

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

The change in the balance of special surplus from retroactive reinsurance is a result of ongoing activity occurring in 2021. See Note 13D for additional detail.

As of December 31, 2021, unassigned funds have been decreased by cumulative net unrealized losses of $372.8 million.

10. LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Contingent Commitments:

At December 31, 2021 and 2020, the Company had commitments to fund investments of $56 thousand and $810 thousand, respectively.

B. Assessments:

1. The Company does not have any net accrued liabilities for guaranty fund and other insurance-related assessments due to its cross-business reinsurance agreement with certain affiliates. At December 31, 2021, the Company reported $45 thousand in accrued premium tax offsets on a direct basis.

	(in thousands)
2. Assets recognized from paid and accrued premium tax offsets December 31, 2020	$ 46
Decreases current year:	
Premium tax offset applied	7
Premium tax offset refund	3
Increases current year:	
Premium tax offset accrued	9
Assets recognized from paid and accrued premium tax offsets December 31, 2021	$ 45

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

The Company paid $574 thousand in 2021 on three 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:

The Company has purchased annuities from life insurance companies to fund structured settlements. For a discussion of the Company's contingent liabilities for structured settlements, see Note 15.

In the ordinary course of business, the Company is a defendant or codefendant in various litigation matters.

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

The Company has unfunded commitments to certain investments. At December 31, 2021 and 2020, the off-balance-sheet risk of these financial instruments was $56 thousand and $810 thousand, respectively.

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

The Company 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 Company has the right to access the collateral only in the event that the institution borrowing the Company's securities is in default under the lending agreement. The loaned securities remain a recorded asset of the Company. The Company 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, 2021, the Company had fixed maturity investments on loan with fair values totaling $7.3 million. At December 31, 2020, the Company had no securities on loan.

13. REINSURANCE

A. The Company 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 Company remains primarily liable as the direct insurer on all risks reinsured.

Bond business is isolated through the Company's participation in a cross-business reinsurance agreement with certain other property-casualty insurance subsidiaries of TRV. Under the terms of this agreement, all non-Bond business written by the Company is reinsured through the TRV Reinsurance Pool, and Bond business written by certain TRV Reinsurance Pool participants is reinsured through the Company.

In addition, the Company cedes surety business under the following two affiliated excess reinsurance agreements:

The Company is a party to a Per Bond Excess Reinsurance Agreement with certain other property-casualty insurance subsidiaries of TRV. Under the terms of this agreement, the Company reinsures business classified as surety, written or assumed during the term of this agreement, for losses in excess of the Company's single risk limitation authorized by the U.S. Treasury on a per bond basis.

Also, the Company is a party to a Per Principal Excess Reinsurance Agreement with certain other property-casualty insurance subsidiaries of TRV. Under the terms of this agreement the Company reinsures business classified as surety, written or assumed during the term of this agreement, for losses in excess of the Company's single risk limitation authorized by the U.S. Treasury, under all bonds written for each principal.

B. Unsecured Reinsurance Recoverables:

Affiliated Company Recoverables:

The Company had $2 billion of unsecured aggregate recoverables for ceded losses, LAE and unearned premiums, that exceeded 3% of its policyholders' surplus, recoverable from Indemnity at December 31, 2021.

C. Reinsurance Assumed and Ceded at December 31, 2021 (in millions):

1.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
(in millions)						
Affiliates	$ 97.6	$ 9.8	$ 428.7	$ 42.4	$ (331.1)	$ (32.6)
All Other	12.4	1.2	83.9	7.6	(71.5)	(6.4)
Total	$ 110.0	$ 11.0	$ 512.6	$ 50.0	$ (402.6)	$ (39.0)

Direct Unearned Premium Reserve $ 1,614.9

2. Accruals for contingent commissions, net of reinsurance assumed and ceded, amounted to $7.3 million at December 31, 2021:

(in millions)	
Direct Business	$ 10.3
Add: Reinsurance Assumed	0.5
Less: Reinsurance Ceded	3.5
Net	$ 7.3

D. Commutations of Ceded Reinsurance:

The Company reported a loss resulting from commutations with reinsurers in 2021. The loss was not material to the Company.

E. Retroactive Reinsurance (in millions):

	Assumed
a. Reserves Transferred:	
(1) Initial Reserves	$ 71.6
(2) Adjustments - Prior Year(s)	(41.7)
(3) Adjustments - Current Year	-
(4) Current Total	$ 29.9
b. Consideration Paid or Received:	
(1) Initial Consideration	$ 71.6
(2) Adjustments - Prior Year(s)	10.9
(3) Adjustments - Current Year	-
(4) Current Total	$ 82.5
c. Paid Losses Reimbursed or Recovered:	
(1) Prior Year(s)	$ 29.1
(2) Current Year	-
(3) Current Total	$ 29.1
d. Special Surplus From Retroactive Reinsurance	
(1) Initial Surplus Gain or Loss	$ -
(2) Adjustments - Prior Year(s)	52.6
(3) Adjustments - Current Year	-
(4) Current Year Restricted Surplus	7.6
(5) Cumulative Total Transferred to Unassigned Funds	$ 45.0

e. Other insurer included in the above transactions:

Company	Assumed
Reliance Insurance Company (24457)	$ 29.9

14. 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, 2021 and 2020.

(in millions)	2021	2020
Losses and LAE at beginning of year	$ 1,166.5	$ 946.8
Provision for losses and LAE for claims arising in:		
Current year	788.5	744.9
Prior years	(117.3)	(21.5)
Total incurred	671.2	723.4
Losses and LAE payments for claims arising in:		
Current year	130.8	151.8
Prior years	325.4	351.9
Total payments	456.2	503.7
Losses and LAE at end of year	$ 1,381.5	$ 1,166.5

The Company's unpaid losses are reported net of anticipated salvage and subrogation of $141.8 million and $121.2 million at December 31, 2021 and 2020, respectively.

B. Changes in Incurred Losses and LAE:

In 2021, the prior year-end total loss and LAE reserves developed favorably by $117.3 million, resulting primarily from better than expected loss experience in fidelity/surety in multiple accident years, primarily accident year 2020. The remaining changes are generally the result of ongoing analyses of recent loss data and trends. There are no material additional premiums or return premiums as a result of these prior year effects.

15. STRUCTURED SETTLEMENTS

The Company has purchased annuities from life insurance companies, under which the claimant is the payee and the Company 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 Company would be required to make such payments if and to the extent the purchased annuities are not covered by state guaranty associations.

Loss reserves reduced by the purchase of these annuities totaled $68 thousand at December 31, 2021.

16. FIXED ASSETS

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

TRV capitalizes software and EDP equipment in certain insurance subsidiaries. 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 allocable to the Company totaled $11.2 million and $7.7 million in 2021 and 2020, respectively.

B. Furniture, Fixtures, Equipment and Leasehold Improvements:

TRV capitalizes furniture, fixtures, equipment and leasehold improvements in certain insurance subsidiaries. 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 allocable to the Company totaled $2.1 million and $2.3 million in 2021 and 2020, respectively.

17. SUBSEQUENT EVENTS

There were no material subsequent events requiring adjustment to the financial statements or disclosure through April 19, 2022, the date the Company's statutory financial statements were available to be issued.

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
	Amount	Percentage of Column 1 Line 13	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage of Column 5 Line 13
1. Long-term bonds:						
1.01 U.S. governments	151,218,218	3.3	151,218,218	7,433,086	158,651,304	3.5
1.02 All other governments	10,000,000	0.2	10,000,000	—	10,000,000	0.2
1.03 U.S. states, territories and possessions, etc. guaranteed	61,175,387	1.3	61,175,387	—	61,175,387	1.3
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	1,394,403,932	30.7	1,394,403,932	—	1,394,403,932	30.8
1.05 U.S. special revenue and special assessment obligations, etc. nonguaranteed	936,160,164	20.6	936,160,164	—	936,160,164	20.6
1.06 Industrial and miscellaneous	1,874,111,171	41.3	1,874,111,171	—	1,874,111,171	41.3
1.07 Hybrid securities	—	0.0	—	—	—	0.0
1.08 Parent, subsidiaries and affiliates	—	0.0	—	—	—	0.0
1.09 SVO identified funds	—	0.0	—	—	—	0.0
1.10 Unaffiliated bank loans	—	0.0	—	—	—	0.0
1.11 Total long-term bonds	4,427,068,872	97.6	4,427,068,872	7,433,086	4,434,501,958	97.8
2. Preferred stocks:						
2.01 Industrial and miscellaneous (Unaffiliated)	—	0.0	—	—	—	0.0
2.02 Parent, subsidiaries and affiliates	—	0.0	—	—	—	0.0
2.03 Total preferred stocks	—	0.0	—	—	—	0.0
3. Common stocks:						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	—	0.0	—	—	—	0.0
3.02 Industrial and miscellaneous Other (Unaffiliated)	—	0.0	—	—	—	0.0
3.03 Parent, subsidiaries and affiliates Publicly traded	—	0.0	—	—	—	0.0
3.04 Parent, subsidiaries and affiliates Other	94,325,790	2.1	90,892,083	—	90,892,083	2.0
3.05 Mutual funds	—	0.0	—	—	—	0.0
3.06 Unit investment trusts	—	0.0	—	—	—	0.0
3.07 Closed-end funds	—	0.0	—	—	—	0.0
3.08 Total common stocks	94,325,790	2.1	90,892,083	—	90,892,083	2.0
4. Mortgage loans:						
4.01 Farm mortgages	—	0.0	—	—	—	0.0
4.02 Residential mortgages	—	0.0	—	—	—	0.0
4.03 Commercial mortgages	—	0.0	—	—	—	0.0
4.04 Mezzanine real estate loans	—	0.0	—	—	—	0.0
4.05 Total valuation allowance		0.0			—	0.0
4.06 Total mortgage loans	—	0.0	—	—	—	0.0
5. Real estate:						
5.01 Properties occupied by company	—	0.0	—	—	—	0.0
5.02 Properties held for production of income	—	0.0	—	—	—	0.0
5.03 Properties held for sale	—	0.0	—	—	—	0.0
5.04 Total real estate	—	0.0	—	—	—	0.0
6. Cash, cash equivalents and short-term investments:						
6.01 Cash	(21,443,549)	(0.5)	(21,443,549)	—	(21,443,549)	(0.5)
6.02 Cash equivalents	25,419,929	0.6	25,419,929	—	25,419,929	0.6
6.03 Short-term investments	—	0.0	—	—	—	0.0
6.04 Total cash, cash equivalents and short-term investments	3,976,380	0.1	3,976,380	—	3,976,380	0.1

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
	Amount	Percentage of Column 1 Line 13	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage of Column 5 Line 13
7. Contract loans	—	0.0	—	—	—	0.0
8. Derivatives	—	0.0	—	—	—	0.0
9. Other invested assets	5,159,133	0.1	4,609,133	—	4,609,133	0.1
10. Receivables for securities	—	0.0	—	—	—	0.0
11. Securities lending	7,433,086	0.2	7,433,086	XXX	XXX	XXX
12. Aggregate write-ins for invested assets	—	0.0	—	—	—	0.0
13. Total invested assets	4,537,963,262	100.0	4,533,979,554	7,433,086	4,533,979,554	100.0

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For the year ended December 31, 2021
of Travelers Casualty and Surety Company of America
Hartford, CT 06183

NAIC Group Code: 3548 NAIC Company Code: 31194 Employer's ID Number: 06-0907370

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. $ 5,000,059,915

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

	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01	TRAVELERS GLOBAL INC	COMMON STK	$ 90,892,083	1.8 %
2.02	VARIOUS NUCOR CORP	BOND	$ 64,009,339	1.3 %
2.03	VARIOUS TOYOTA MOTOR CORP	BOND	$ 60,495,479	1.2 %
2.04	VARIOUS KIMBERLY-CLARK CORP	BOND	$ 40,980,773	0.8 %
2.05	UNIVERSITY OF NOTRE DAME	BOND	$ 38,750,000	0.8 %
2.06	VARIOUS FANNIE MAE	BOND	$ 33,320,668	0.7 %
2.07	VARIOUS CONOCOPHILLIPS	BOND	$ 32,235,556	0.6 %
2.08	VARIOUS MECKLENBURG CNTY N C	BOND	$ 30,695,727	0.6 %
2.09	VARIOUS DUKE ENERGY CORP	BOND	$ 29,627,024	0.6 %
2.10	VARIOUS VIRGINIA ST RES AUTH INFRASTR REV	BOND	$ 29,396,287	0.6 %

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

		Amount	
	Bonds		
3.01	NAIC 1	$ 3,569,862,631	71.4 %
3.02	NAIC 2	$ 840,977,807	16.8 %
3.03	NAIC 3	$ 15,451,883	0.3 %
3.04	NAIC 4	$ —	0.0 %
3.05	NAIC 5	$ 776,551	0.0 %
3.06	NAIC 6	$ —	0.0 %
	Preferred Stocks		
3.07	P/RP-1	$ —	0.0 %
3.08	P/RP-2	$ —	0.0 %
3.09	P/RP-3	$ —	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?	NO	
	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	$ 171,593,966	3.4 %
4.03	Foreign-currency-denominated investments	$ —	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$ —	0.0 %

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

5.01	Countries designated NAIC 1	$ 170,411,513	3.4 %
5.02	Countries designated NAIC 2	$ 1,182,453	0.0 %
5.03	Countries designated NAIC 3 or below	$ —	0.0 %

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

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

	Countries designated NAIC 1:			
6.01	Country 1: UNITED KINGDOM	$ 46,879,742		0.9 %
6.02	Country 2: AUSTRALIA	$ 32,530,097		0.7 %
	Countries designated NAIC 2:			
6.03	Country 1: MEXICO	$ 1,182,453		0.0 %
6.04	Country 2:	$ —		0.0 %
	Countries designated NAIC 3 or below:			
6.05	Country 1:	$ —		0.0 %
6.06	Country 2:	$ —		0.0 %

7. Aggregate unhedged foreign currency exposure $ — 0.0 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

8.01	Countries designated NAIC 1	$ —	0.0 %
8.02	Countries designated NAIC 2	$ —	0.0 %
8.03	Countries designated NAIC 3 or below	$ —	0.0 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

	Countries designated NAIC 1:		
9.01	Country 1:	$ —	0.0 %
9.02	Country 2:	$ —	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:	$ —	0.0 %
9.06	Country 2:	$ —	0.0 %

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	Issuer	NAIC Designation			
10.01	VARIOUS WESTPAC BANKING CORP	1.D FE	$	12,990,606	0.3 %
10.02	FEDERAL REPUBLIC OF GERMANY	1.A FE	$	10,000,000	0.2 %
10.03	VARIOUS HEINEKEN N.V.	2.A FE	$	9,547,326	0.2 %
10.04	VARIOUS GLAXOSMITHKLINE PLC	1.F FE	$	8,334,250	0.2 %
10.05	VICINITY CENTRES RE LTD	1.F	$	7,000,000	0.1 %
10.06	SANOFI	1.E FE	$	6,026,554	0.1 %
10.07	VARIOUS NATIONAL AUSTRALIA BANK LTD	1.D FE & 1.E FE	$	5,985,323	0.1 %
10.08	VARIOUS UBS GROUP AG	1.G FE	$	5,500,000	0.1 %
10.09	VARIOUS ASTRAZENECA PLC	1.G FE & 2.A FE	$	4,950,508	0.1 %
10.10	BAE SYSTEMS PLC	2.B FE	$	4,782,647	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		
	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	$	33,627,665	0.7 %
11.03	Canadian currency-denominated investments	$	—	0.0 %
11.04	Canadian-denominated insurance liabilities	$	—	0.0 %
11.05	Unhedged Canadian currency exposure	$	—	0.0 %

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

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		
	If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.			
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		
	If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.			
	Name of Issuer			
13.02		$	—	0.0 %
13.03		$	—	0.0 %
13.04		$	—	0.0 %
13.05		$	—	0.0 %
13.06		$	—	0.0 %
13.07		$	—	0.0 %
13.08		$	—	0.0 %
13.09		$	—	0.0 %
13.10		$	—	0.0 %
13.11		$	—	0.0 %

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		
	If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.			
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	—	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:			
14.03		$	—	0.0 %
14.04		$	—	0.0 %
14.05		$	—	0.0 %

Ten Largest Fund Managers

	Fund Manager	Total Invested	Diversified	Non-Diversified
14.06		$ —	$ —	$ —
14.07		$ —	$ —	$ —
14.08		$ —	$ —	$ —
14.09		$ —	$ —	$ —
14.10		$ —	$ —	$ —
14.11		$ —	$ —	$ —
14.12		$ —	$ —	$ —
14.13		$ —	$ —	$ —
14.15		$ —	$ —	$ —
14.16		$ —	$ —	$ —

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

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		
	If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.			
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		
	If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.			
	Type (Residential, Commercial, Agricultural)			
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:

		Loans		
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:

		Residential		Commercial		Agricultural	
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		
	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:			
	Description			
18.02		$	—	0.0 %
18.03		$	—	0.0 %
18.04		$	—	0.0 %
18.05		$	—	0.0 %
18.06		$	—	0.0 %

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

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		
	If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.			
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:

					At End of Each Quarter		
		At Year End		1st Qtr	2nd Qtr	3rd Qtr	
20.01	Securities lending agreements (do not include assets held as collateral for such transactions)	$ 7,103,448	0.1 %	$ 10,120,904	$ 4,396,006	$ 6,283,206	
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:

		Owned		Written	
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:

				At End of Each Quarter		
		At Year End		1st Qtr	2nd Qtr	3rd Qtr
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:

				At End of Each Quarter		
		At Year End		1st Qtr	2nd Qtr	3rd Qtr
23.01	Hedging	$ —	0.0 %	$ —	$ —	$ —
23.02	Income generation	$ —	0.0 %	$ —	$ —	$ —
23.03	Replications	$ —	0.0 %	$ —	$ —	$ —
23.04	Other	$ —	0.0 %	$ —	$ —	$ —

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

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 [X]	No [ ]
2.	If yes, indicate the number of reinsurance contracts containing such provisions.	3	
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 [X]	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 [X]
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 [X]
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 [X]

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

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

Companies included with The Travelers Companies, Inc. (TRV) in the December 31, 2021 consolidated federal income tax return filing:

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