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**President & Chief Operating Officer**

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*Bank of America Merrill Lynch*  
*Insurance Conference*  
*February 15, 2011*

# Explanatory Note

This presentation contains, and management may make, certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as “may”, “will”, “should”, “likely”, “anticipates”, “expects”, “intends”, “plans”, “projects”, “believes”, “estimates” and similar expressions are used to identify these forward-looking statements. Specifically, statements about the Company’s share repurchase plans and statements about the potential impact of investment markets and other economic conditions on the Company’s investment portfolio and underwriting results, among others, are forward looking, and the Company may also make forward-looking statements about, among other things, its results of operations and financial condition (including, among other things, premium volume, premium rates, net and operating income, investment income and performance, return on equity, and expected current returns and combined ratios); the sufficiency of the Company’s asbestos and other reserves (including, among other things, asbestos claim payment patterns); the impact of emerging claims issues; the cost and availability of reinsurance coverage; catastrophe losses; the impact of investment, economic and underwriting market conditions; strategic initiatives and the Company’s proposed joint venture with J. Malucelli Participações em Seguros e Resseguros S.A . The Company cautions investors that such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond the Company’s control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

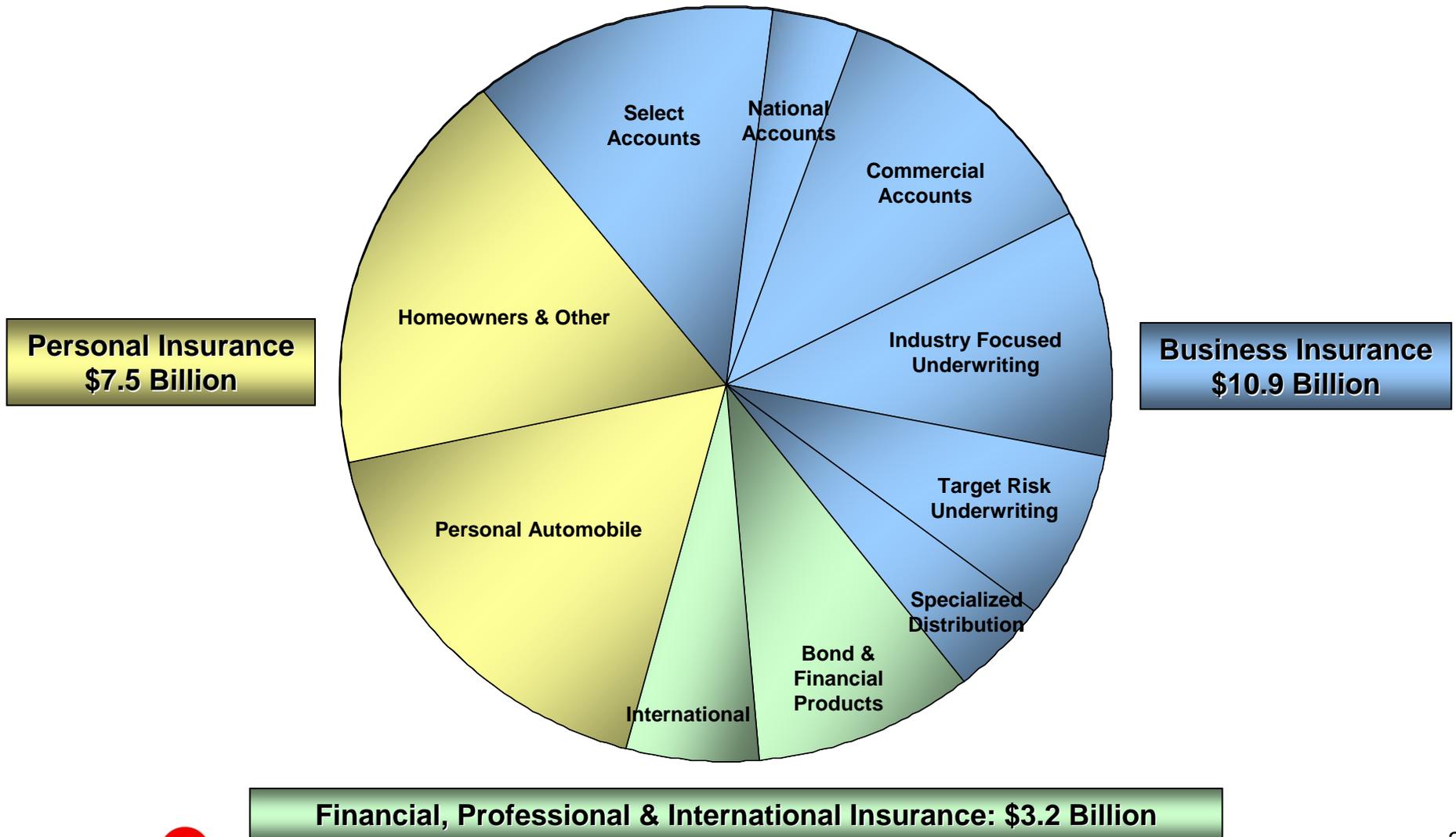
Some of the factors that could cause actual results to differ include, but are not limited to, the following: catastrophe losses could materially and adversely affect the Company’s results of operations, its financial position and/or liquidity, and could adversely impact the Company’s ratings, the Company’s ability to raise capital and the availability and cost of reinsurance; during or following a period of financial market disruption or prolonged economic downturn, the Company’s business could be materially and adversely affected; the Company’s investment portfolio may suffer reduced returns or material losses, including as a result of a challenging economic environment that impacts the credit of municipal or other issuers in the company’s portfolio; if actual claims exceed the Company’s loss reserves, or if changes in the estimated level of loss reserves are necessary, the Company’s financial results could be materially and adversely affected; the Company’s business could be harmed because of its potential exposure to asbestos and environmental claims and related litigation; the Company is exposed to, and may face adverse developments involving, mass tort claims such as those relating to exposure to potentially harmful products or substances; the effects of emerging claim and coverage issues on the Company’s business are uncertain; the intense competition that the Company faces could harm its ability to maintain or increase its business volumes and profitability; the Company may not be able to collect all amounts due to it from reinsurers, and reinsurance coverage may not be available to the Company in the future at commercially reasonable rates or at all; the Company is exposed to credit risk in certain of its business operations; the Company’s businesses are heavily regulated and changes in regulation (including as a result of the adoption of financial services reform legislation) may reduce the Company’s profitability and limit its growth; a downgrade in the Company’s claims-paying and financial strength ratings could adversely impact the Company’s business volumes, adversely impact the Company’s ability to access the capital markets and increase the Company’s borrowing costs; the inability of the Company’s insurance subsidiaries to pay dividends to the Company’s holding company in sufficient amounts would harm the Company’s ability to meet its obligations and to pay future shareholder dividends; disruptions to the Company’s relationships with its independent agents and brokers could adversely affect the Company; the Company’s efforts to develop new products (including its direct to consumer initiative in Personal Insurance) or expand in targeted markets may not be successful, may create enhanced risks and may adversely impact results; the Company’s business success and profitability depend, in part, on effective information technology systems and on continuing to develop and implement improvements in technology; if the Company experiences difficulties with technology, data security and/or outsourcing relationships the Company’s ability to conduct its business could be negatively impacted; acquisitions and integration of acquired businesses may result in operating difficulties and other unintended consequences; the Company is subject to a number of risks associated with conducting business outside the United States, particularly in emerging markets; the Company could be adversely affected if its controls to ensure compliance with guidelines, policies and legal and regulatory standards are not effective; the Company’s businesses may be adversely affected if it is unable to hire and retain qualified employees; loss of or significant restriction on the use of credit scoring in the pricing and underwriting of Personal Insurance products could reduce the Company’s future profitability; the operation of the Company’s repurchase plans depend on a variety of factors, including the Company’s financial position, earnings, capital requirements of the Company’s operating subsidiaries, legal requirements, regulatory constraints, catastrophe losses, other investment opportunities (including mergers and acquisitions), market conditions and other factors; and the Company’s proposed joint venture with J. Malucelli Participações em Seguros e Resseguros S.A . is subject to the risk that conditions to closing, including regulatory approvals, are not satisfied and the risk that the Company may not obtain the expected benefits from the transaction.

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

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

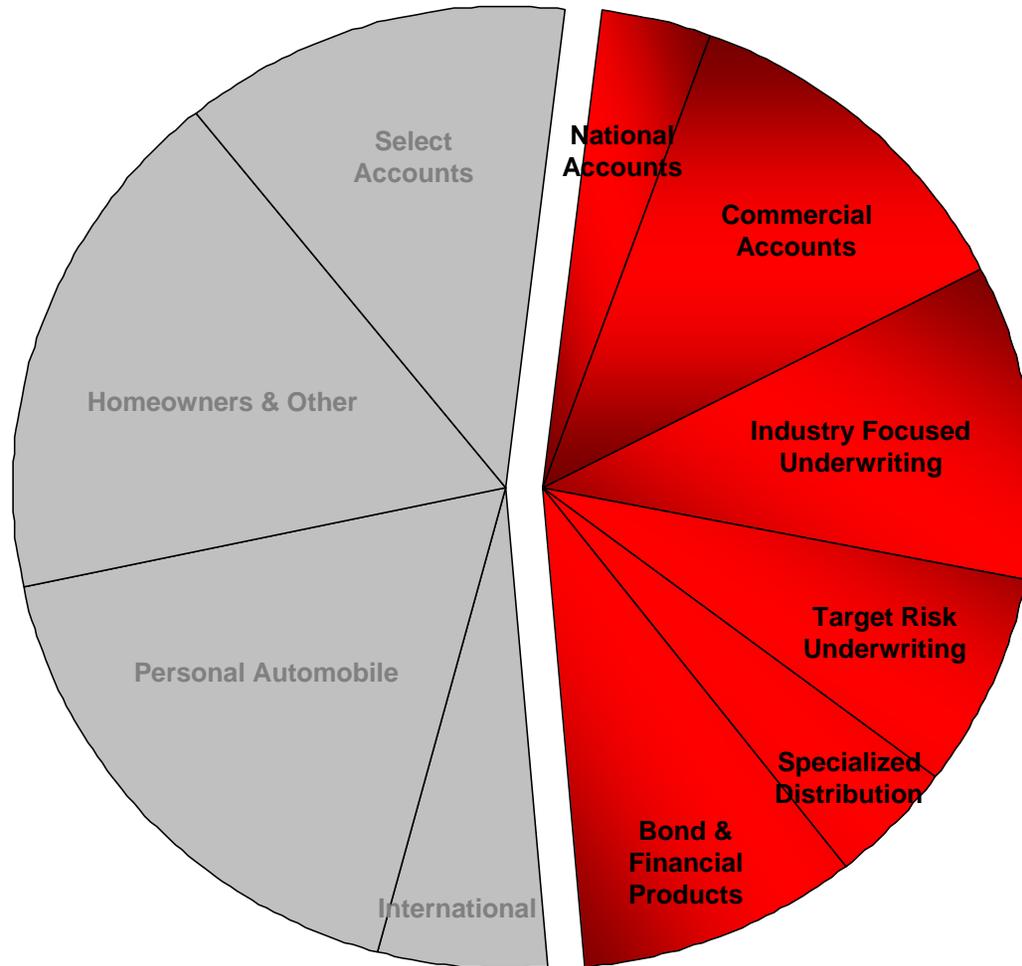
# Overview: Travelers Segments

Travelers Full Year 2010 Net Written Premiums: **\$21.6 Billion**

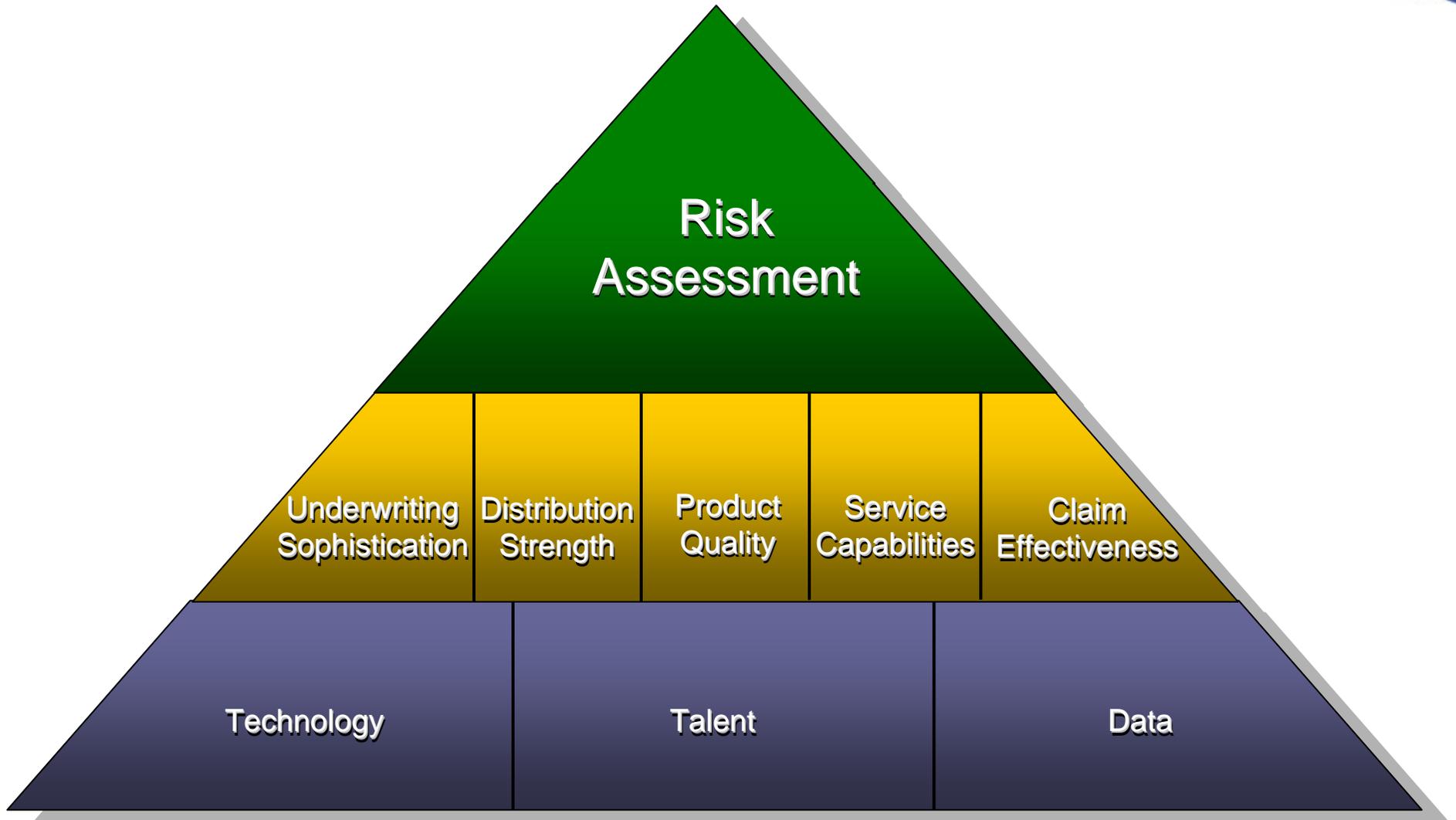


# Focus of Today's Presentation

## Individually Underwritten U.S. Commercial Businesses



# Superior Risk Assessment Enables Outperformance Versus Industry



# Foundations for Success in the P&C Industry

**TRAVELERS Middle Market AE Dashboard**

Home Renewals Submissions Prospects Results APE Production

Welcome, Laura Edwards (DL AE)

Refresh List

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Top	Text	Account Name	SAC	Effctv. Date	Sub Agent	Avail. Base 1	Program	SEC	Risk	Other	System Status	Custom Alert	Actions
N		H.S.L. Dentists CA Ltd	211780000	24051710	FCBAL-FCBAL-01-ANCL-01-01-011	46,939	0-0-0-Share	1311					
N		H.S.S. Dental Contractors	200272100	24051710	4605-EMMS-COMPANY-00124	12,288	0-0-0-Share	1300					
N		Maxson Dr. Teeth Intest	450264122	24051710	07-08-FRONT-INSURANCE-AGENCY	64,167	0-0-0-Share	8004					
N		Hs. Nihilis Contractors	200304104	24051710	TRAVELERS-USA-CO-001-0002	12,288	0-0-0-Share	1300					

**New Business Submissions (46)**

Top	Text	Account Name	SAC	Effctv. Date	Sub Agent	Quoted Premium	Program	SEC	Risk	Other
N		CAPITAL EVOLUTION INC	201505106	24051710	TRAVELERS-USA-CO-001-0002	0	0-0-0-Share	1300		
N		ISSUES OPERATING INC	500951145	24051710	TRAVELERS-USA-CO-001-0002	19,800	0-0-0-Share	1311		
N		STARK CONSULTING LLC	240951130	24051710	TRAVELERS-USA-CO-001-0002	12,288	0-0-0-Share	1300		
N		TITAN PARTNERS CORP	102140228	24051710	TRAVELERS-USA-CO-001-0002	0	0-0-0-Share	1311		

**Prospects (137)**

Top	Text	Account Name	SAC	Effctv. Date	Sub Agent	Est. Premium	Program	SEC	Risk	Other
N		Lulu Puma Inc	131394120	20100904	TRAVELERS-USA-CO-001-0002	3,000	0-0-0-Share	8004		
N		Maxwell Development	011700000	20100904	TRAVELERS-USA-CO-001-0002	74,200	0-0-0-Share	1311		
N		Tank C Remor	015304008	20100904	TRAVELERS-USA-CO-001-0002	27,400	0-0-0-Share	1300		

Technology



Talent

Countrywide – CAG Field Controllable Income Statement

Jane Smith – (xxx) xxx-xxxx Southwest Region CAG Field – Controllable Income Statement

John Smith – (xxx) xxx-xxxx Los Angeles – Controllable Income Statement

Jane Smith – (xxx) xxx-xxxx Southwest – CAG Field - Production by Account Executive

Jane Smith – (xxx) xxx-xxxx Southwest – CAG Field - My Most Profitable Agents – By Dollars

John Smith – (xxx) xxx-xxxx Los Angeles – CAG Field - Reported Loss/LAE Triangle

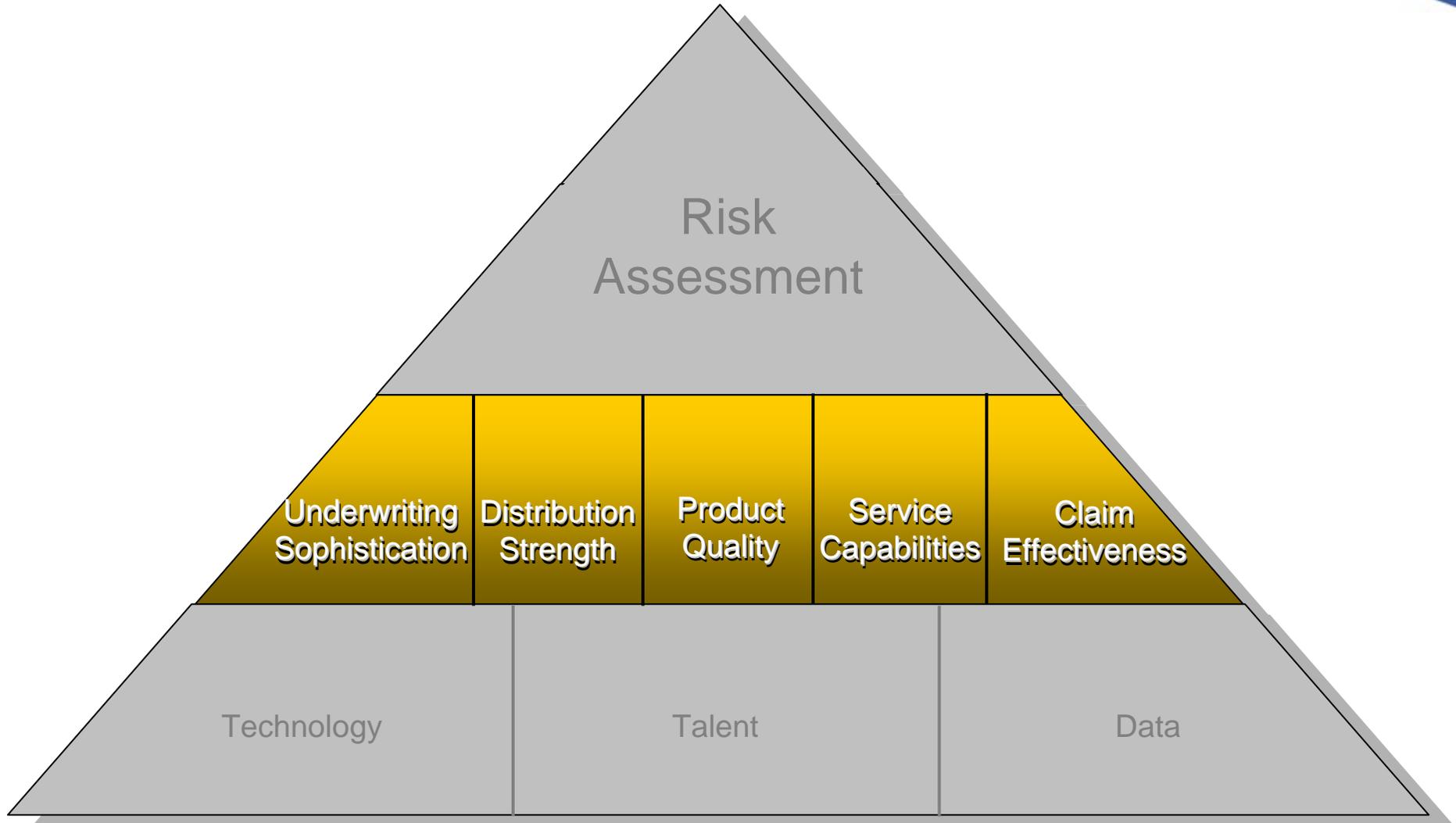
Account	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assessed	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Monthly Exclusion Points	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Current	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Projected	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Data

Ability to make significant investments in infrastructure is vital for success in the markets Travelers operates

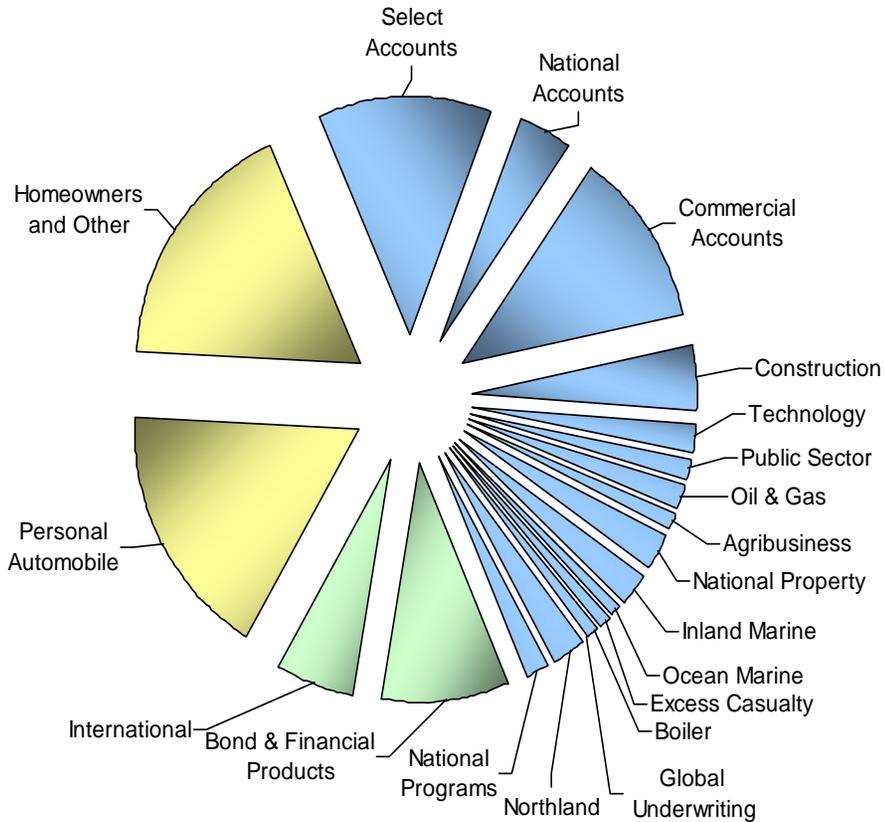


## Key Capabilities for Success in the P&C Industry



# Product Quality: Specialization

Travelers Full Year 2010  
Net Written Premiums: **\$21.6 Billion**



- ▶ Business Insurance
- ▶ Financial, Professional & International Insurance
- ▶ Personal Insurance

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

**INDUSTRY**Edge®

TravelersExpress<sup>SM</sup>



**Quantum**home

**Quantum**auto

SelectOne+<sup>SM</sup>

Executive Choice+<sup>SM</sup>

MedFirst<sup>SM</sup>

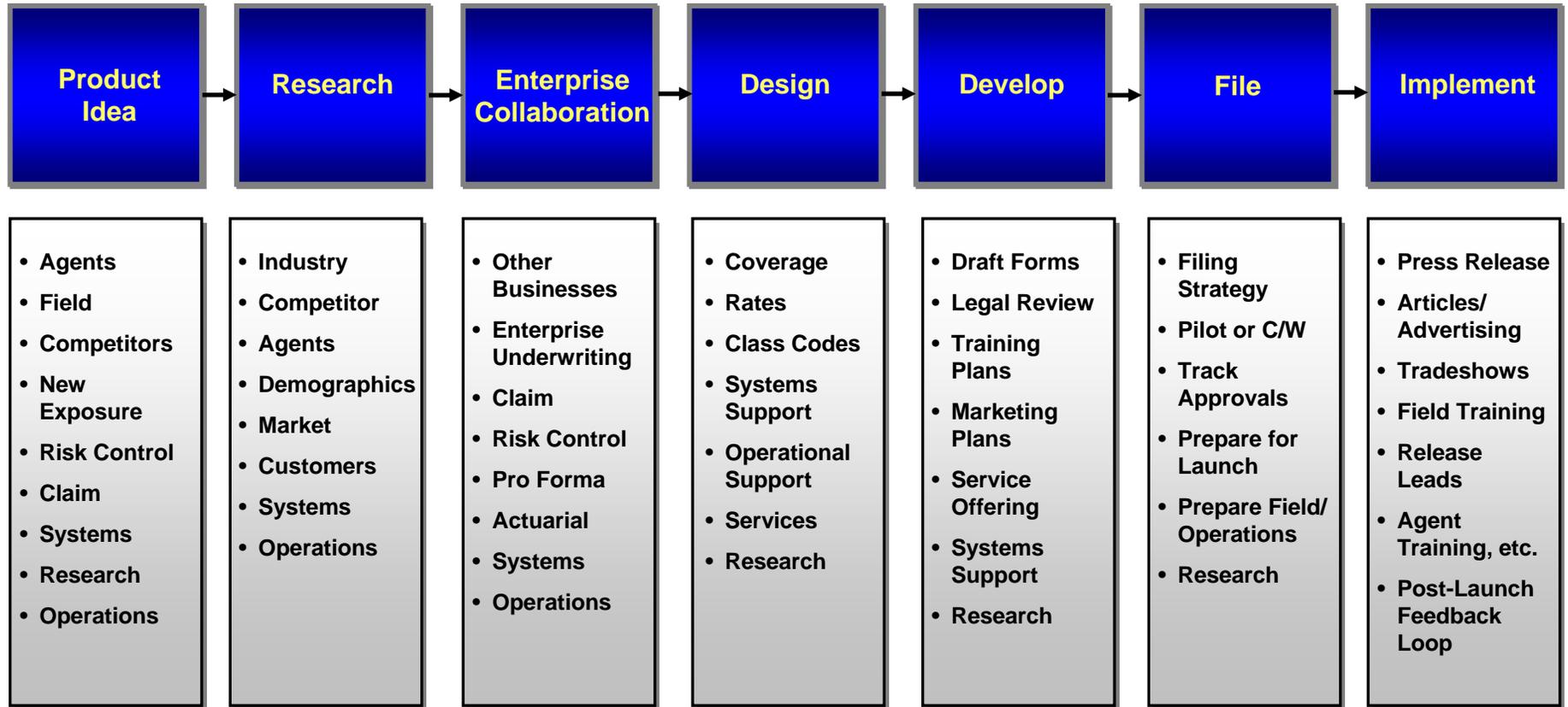


1st Choice+<sup>SM</sup>

TravelersExpressPlus.

**Specialization and expertise are key differentiators**

# Product Quality: Manufacturing Process



## Product Quality: Specialization

### INDUSTRYEdge®

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

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

##### 2008 & Prior

- Auto Dealers
- Architects
- Educational Institutions
- Electrical Equipment
- Engineers
- Food Manufacturers
- Hotels & Restaurants
- Imported Products
- Printers/Publishers
- Wood Products

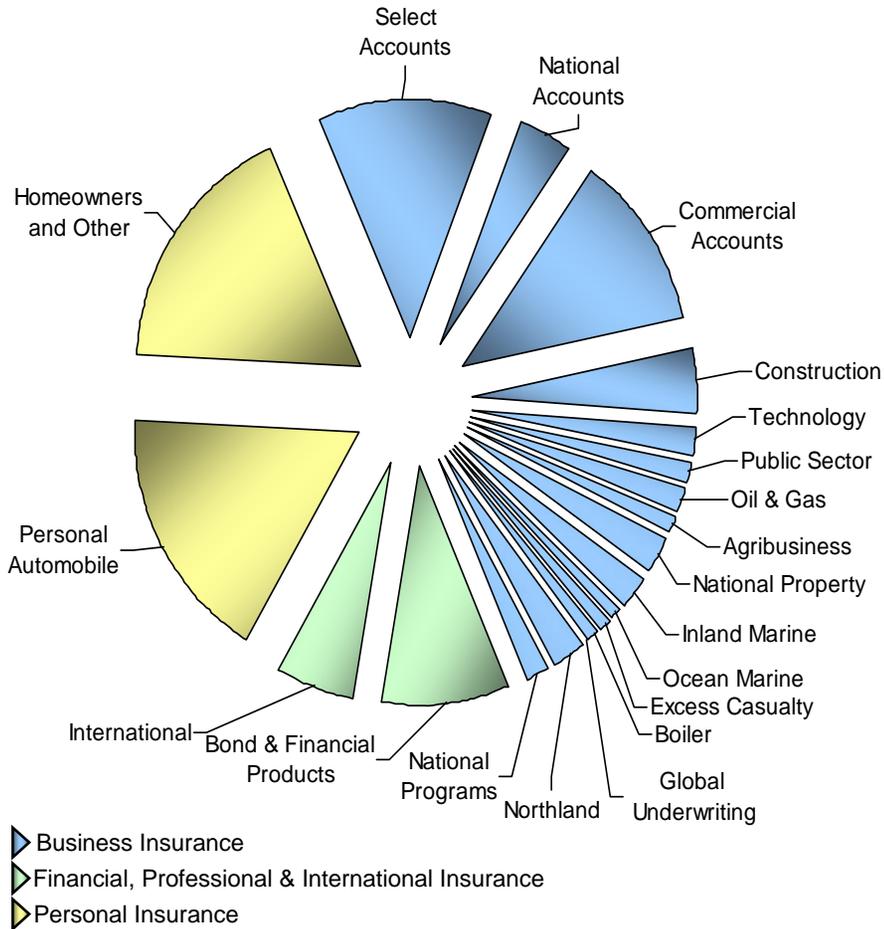
##### 2010 & 2009

- Building Service Contractors
- Equipment Dealers
- Plastic & Rubber Goods Manufacturing
- Retail Businesses
- Wholesalers & Distributors
- Healthcare

**Meeting the specialized needs of customers**

# Product Quality: Breadth

**Travelers Full Year 2010  
Net Written Premiums: \$21.6 Billion**

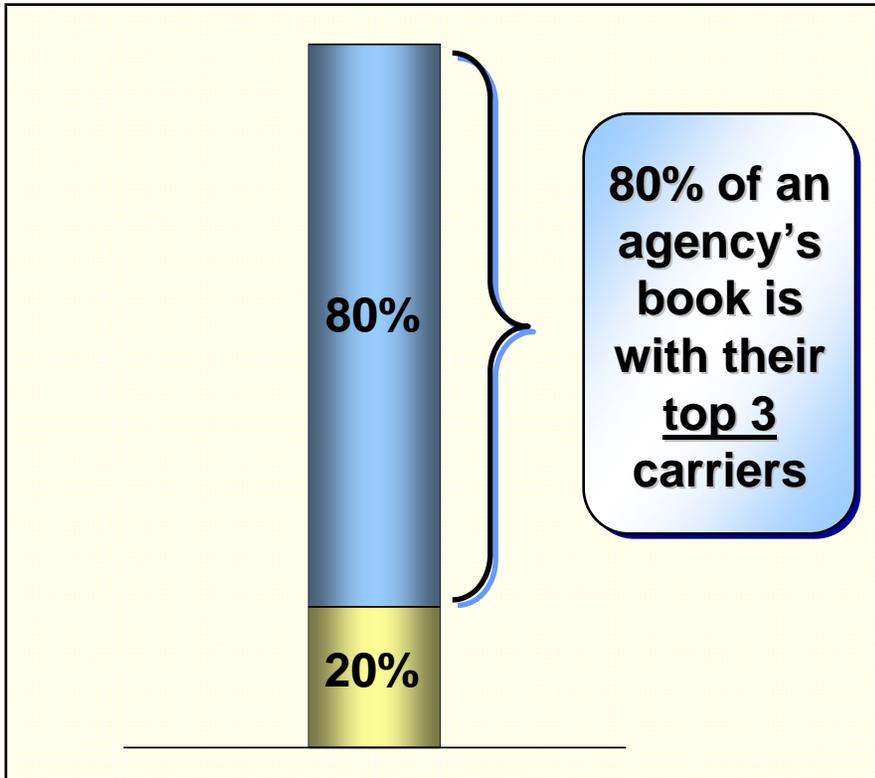


- ### Benefits of Product Breadth
- Responds to agents / customers needs with an abundance of related products across markets
  - Increases cross-sell opportunities
  - Facilitates ability to leverage knowledge across markets
  - Provides greater diversification of risk

**Supports more sustainable and consistent profits**

## Distribution Strength: Leadership Position

### An Agency's Average Share of Middle Market Written Premium With Their Top 3 Carriers<sup>1</sup>



### Agency Preference Survey<sup>2</sup>

- Percentage of agents who responded that **Travelers** was one of the top 5 companies they do business with:

#### Commercial Lines

**#1 Rank: Travelers: 59%**

**#2 Ranked Company: 42%**

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

# Underwriting Sophistication: Understanding the Risk

## Travelers Risk Selection Process and Underwriting Qualitative Controls

- **Pre-qualification**
  - Underwriting guidance
  - Target prospects
  - Geographic / jurisdiction focus
  - Financial underwriting
  - Loss prevention and risk control
- **Collaboration**
  - Authority triggers by class, size and underwriter experience
  - Coverage and pricing review
- **On-going monitoring and adjustment**
  - Monitor state / line / legal environment
  - Adjust eligibility as coverage and conditions change
- **Quality control and metrics**
  - Field / business unit quality review & underwriting audits
  - Benchmarking price monitoring
  - Monitor changing terms and conditions

**Travelers quotes on only approximately 30% of commercial business submitted**

## Underwriting Sophistication: Industry Leading Analytics

### Predictive models

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

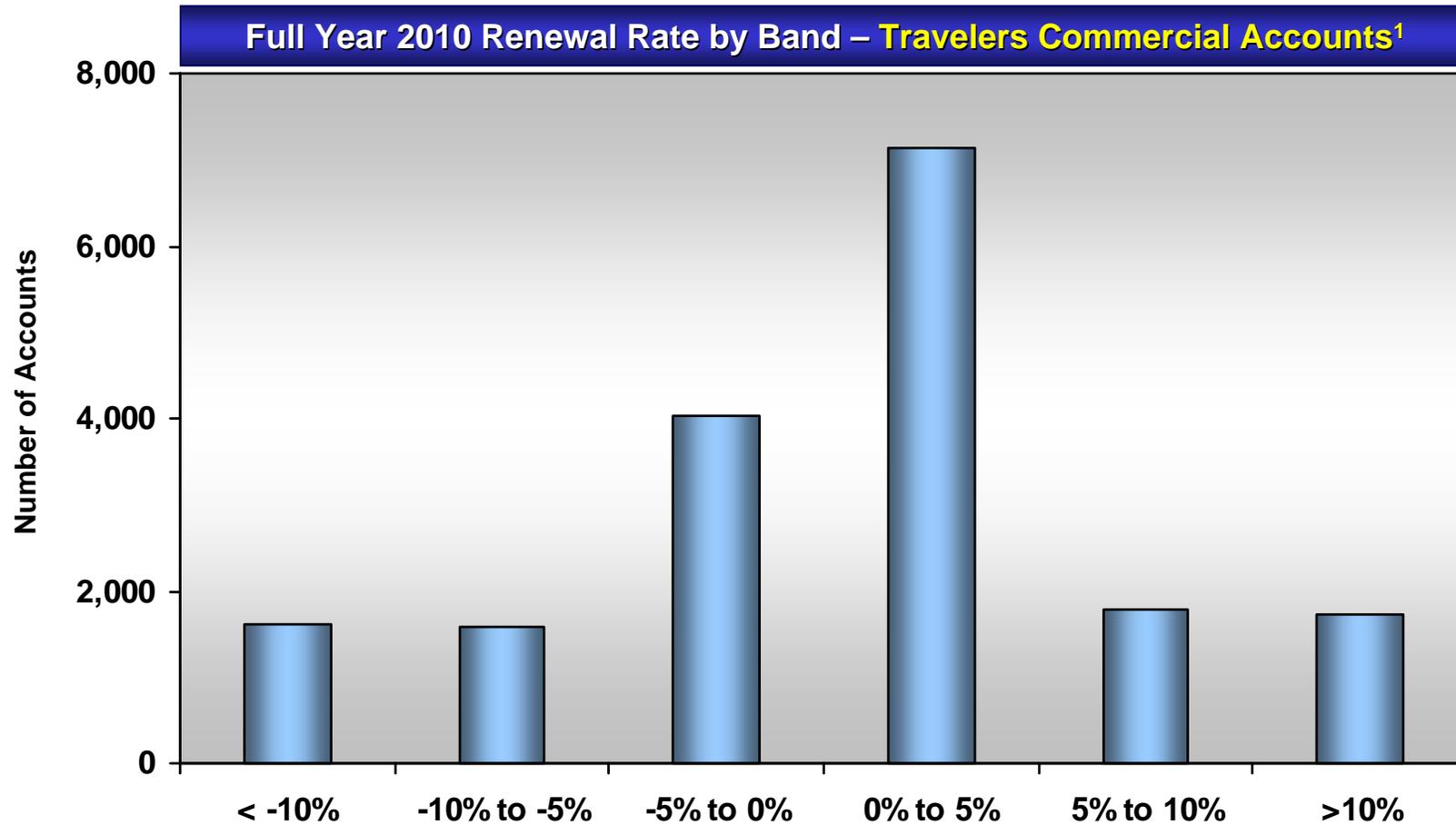


### Business metrics

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

**Specialization → Scale → Analytics → Underwriting Advantage**

## Underwriting Sophistication: Ability to Execute Risk Based Pricing Strategy



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

# Services Capabilities: Industry Leading Risk Control

**TRAVELERS**  
Insurance. In-synch.™

**Risk Control Services**

Full Service ← → Self Service

- Consulting Services**
  - General Liability
  - Product Safety
  - Property/Life Safety
  - Transportation/Fleet
  - Workers Compensation
    - Ergonomics
    - Industrial Hygiene/OH\*
    - Post-Injury Management
    - Safety Management
    - Workforce Reduction/Downsizing
- Lab Services<sup>2</sup>**
  - IH Laboratory Analytics
  - IH Pump Loan
  - IH Instrument Rental
  - IH Apprenticeship
  - 1-800 Tech Support Helpline
  - IH Training: Classroom and Webinars
- Alliances (By Topic)**
  - Alcohol Liability**
    - ServSafe Alcohol\*
  - Background Checking**
    - IntelliCorp
  - Disaster Preparedness**
    - Open for Business\*
  - Driver Safety Training<sup>3</sup>**
    - AmericaDrives.com\*
  - Hazard Communication**
    - MSDSonline\*
  - Heat Detection/Fire Prevention**
    - Uriel d Power Services, Inc.
    - United Spectrographics
  - Reflective Clothing**
    - Head Lites Corp.
  - Slips, Trips and Falls Prevention**
    - Shoes For Crews\*
  - Training Course Offerings**
    - Comprehensive Loss Management, Inc. (CLMI)
    - Summit Training Source
  - Vehicle/Equipment/Cargo Theft Prevention**
    - Celevoke, Inc.
    - The Equipment Lock Company
    - Lojack\*
- Newsletters**
  - Risk Control Topics and Challenges**
    - Quarterly to registered customers and agents
  - In the Public Interest**
    - Twice a year to registered Public Sector customers
- Assessment Tools**
  - Travelers Virtual Risk Manager™**
    - Identify safety gaps
    - Generate action plans
    - Provide resources to close gaps
  - Safety View®**
    - Employee safety perception survey
  - JCP® Job Candidate Profile™**
    - Job candidate screening for hourly workers
- Knowledgebase**
  - Risk Management Guides
  - TravSources™ Resource collections by industry and/or by topic
  - Technical Bulletins
  - Checklists/Forms
  - Posters/Stickers/Tags
  - Loss Lessons

\* OH, Occupational Health  
<sup>2</sup> For insured customers and non-insured parties  
<sup>3</sup> For employees not familiar with U.S. driving laws

- Travelers has over 700 specialists helping customers assess risk and mitigate loss experience
- Approximately 75% of new accounts assessed prior to quote
- 75,000 jobs completed annually; 110,000 safety recommendations made in 2010
- Data leveraged into underwriting
- Broad range of services available ranging from consultative to web based self assessment tools
- Customers that access two or more core offerings from Risk Control Services have 11 points of better retention over a 3-year period

**Ability to impact loss costs is a key differentiator among companies**

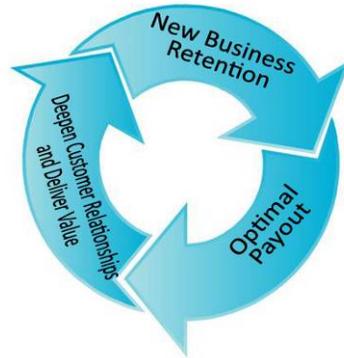
# Claim Effectiveness: Industry Leading Claim Management

## Outcomes

- Optimal payout

- Deepen customer relationships and deliver value

- New business and retention



## Travelers Claim Services Contribution

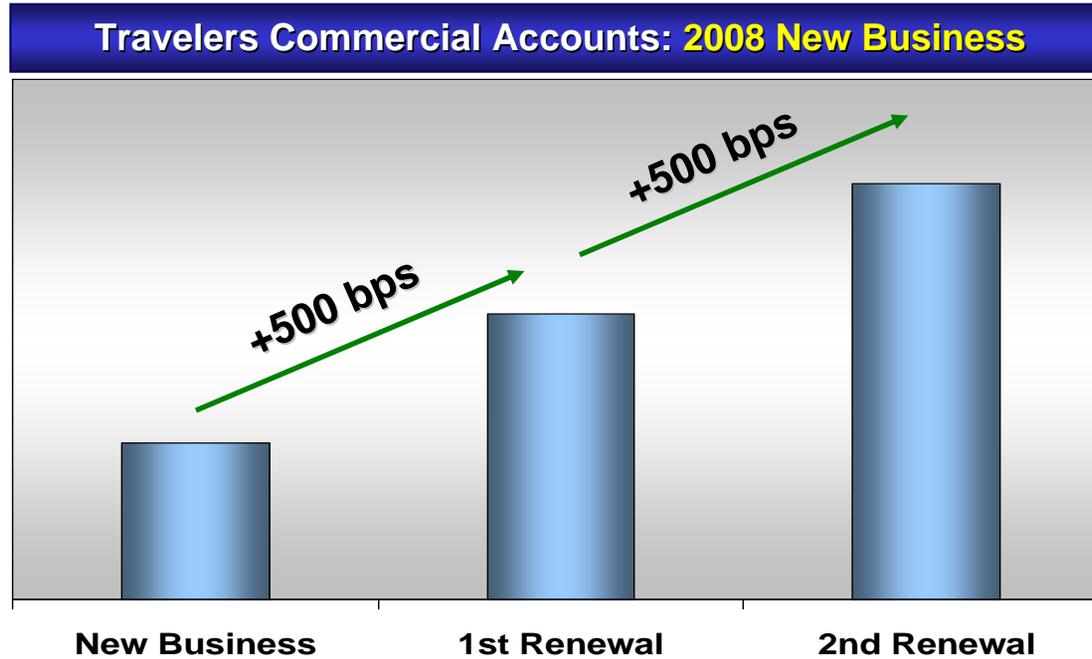
- Resolution excellence compressing claim process (improve customer satisfaction, pay right amount and eliminate fraud)

- Speed, flexible delivery of claim service that customers value, share risk management knowledge

- Information advantage for customer insights, product development, risk selection and pricing – accelerating data certainty

**Claim effectiveness provides significant top and bottom line advantages**

# Success in Key Capabilities Needed for Superior Risk Assessment



	New Business	1st Renewal	2nd Renewal
Rate Change	2008 New Business	2.0%	1.6%
	Remainder of Book	0.1%	0.1%
Retention	2008 New Business	84.2%	81.7%
	Remainder of Book	85.5%	86.2%

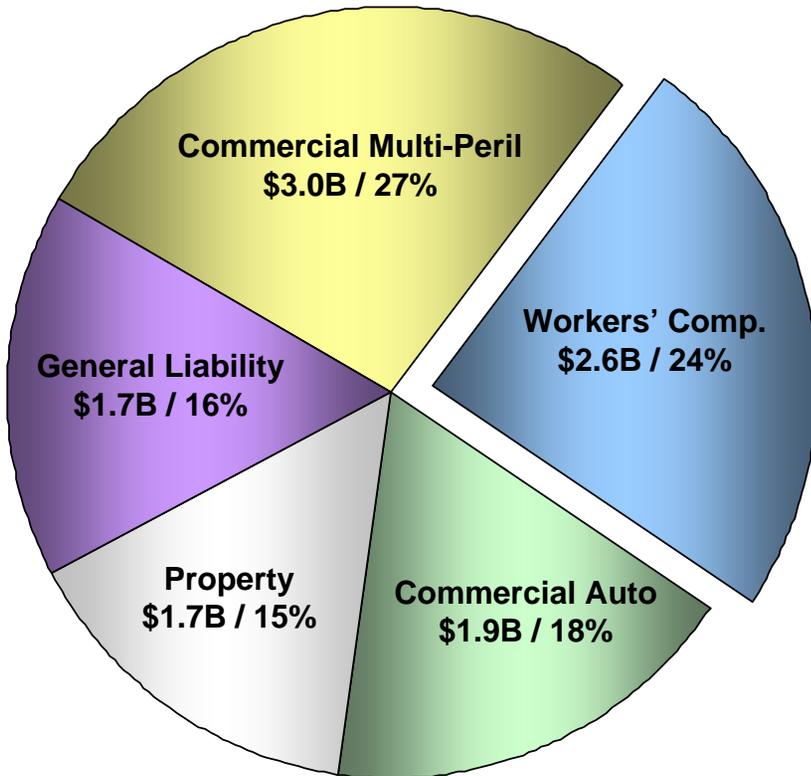
**Continual process of assessing and managing risk critical to profitability**

## **Example: Workers' Compensation**

# Workers' Compensation Overview of Travelers

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

**Market Share Percentage**  
**Top 10 U.S. Workers' Compensation Carriers**



Rank	Company	2009	2008	2007	2006	2005
1	Liberty Mutual	11.0%	11.6%	10.8%	10.7%	9.5%
2	AIG	8.8%	9.8%	11.6%	12.3%	10.9%
<b>3</b>	<b>TRAVELERS</b>	<b>6.8%</b>	<b>6.1%</b>	<b>5.3%</b>	<b>5.1%</b>	<b>5.3%</b>
4	Hartford	6.2%	5.5%	4.9%	4.9%	5.3%
5	Zurich Financial	5.2%	5.0%	5.3%	4.3%	4.1%
6	New York State Fund	3.2%	2.9%	3.2%	3.1%	2.9%
7	California State Fund	3.2%	3.7%	4.5%	6.5%	11.0%
8	ACE	2.4%	1.9%	2.3%	2.2%	2.0%
9	Accident Fund Group	2.0%	1.9%	1.6%	1.4%	1.3%
10	CNA	1.9%	1.9%	1.8%	1.9%	1.9%

Source: A.M. Best

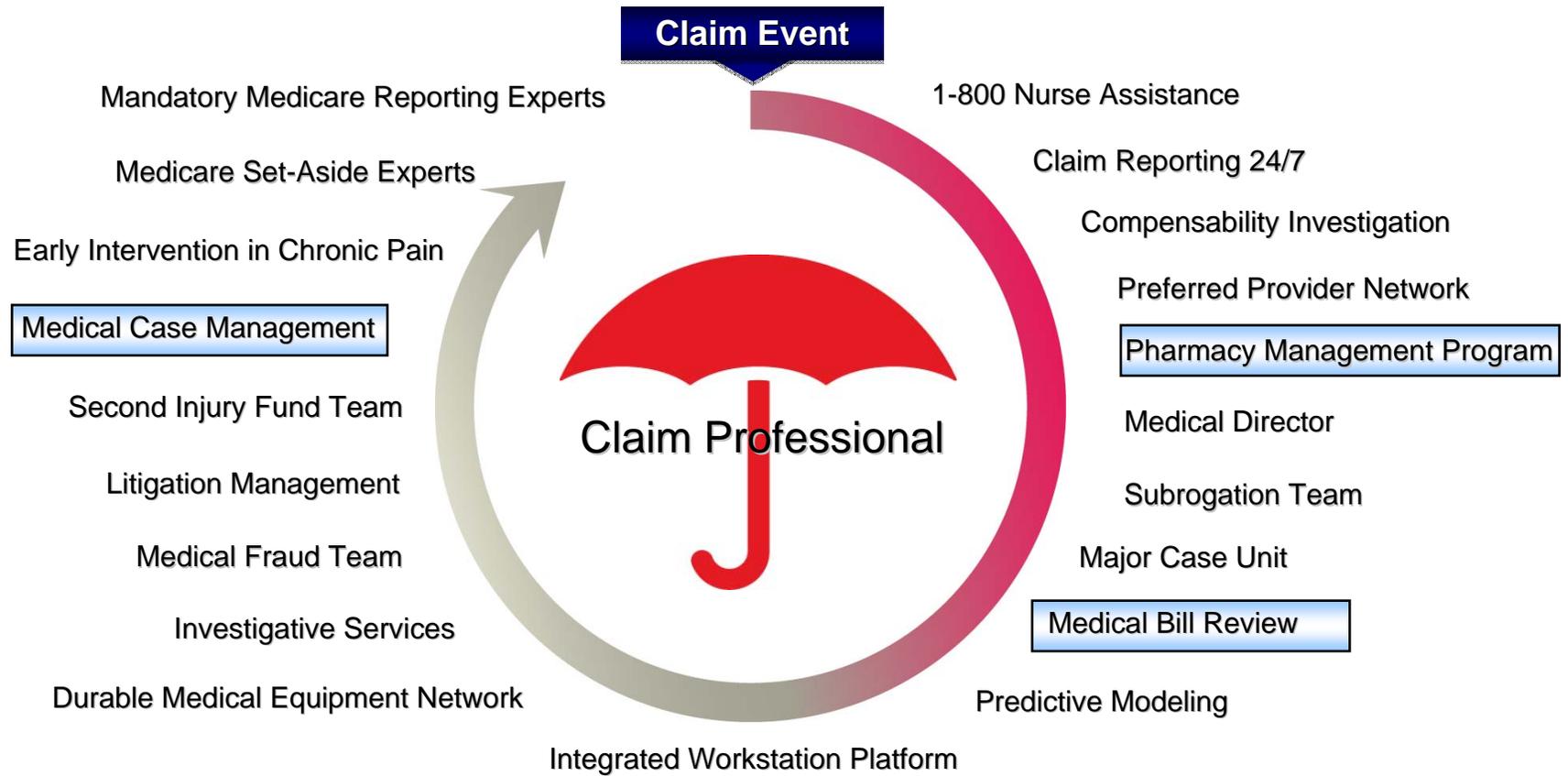
**On average, Travelers' combined ratio has outperformed the industry by approximately 10 points over last 10 years<sup>1</sup>**

## Workers' Compensation *Travelers Competitive Advantages*

- **Broad view of the market**
  - Ability to write small, middle market and national accounts successfully including the residual market
- **Risk selection advantage**
  - Industry leading analytics and tools at the local level enhance underwriting and pricing decisions
  - Connectivity between underwriting, claim management and risk control
- **Risk control expertise**
  - Over 400 specialists support workers' compensation product line
  - Provide services related to post-injury management, safety management, ergonomics and industrial hygiene
- **Claim effectiveness**
  - 2,100 workers' compensation claim professionals across the country with an average of 15 years of experience

# Workers' Compensation

## Travelers Integrated Claims Management



**Return-to-work focus while ensuring the appropriate level of medical care at the appropriate cost**

## Workers' Compensation

### *Travelers Integrated Claims Management – Examples of Capabilities*

#### Medical Case Management

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

- **Patented nurse triage process**
  - Based on predictive modeling, nurses are assigned early in the process to only those claims where they can add value
- **Return-to-work coordination**
  - Establishment of return-to-work timeframes based on proprietary targets from historical data
  - Active management of return-to-work process through frequent communication with all involved parties
- **Utilization review**
  - Ensure treatment is related to the injury and medically necessary

## Workers' Compensation

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

#### Pharmacy Management Program

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

- Partner with pharmacists
  - Analyze potential harmful drug interactions
  - Look for generic substitutions
  - Eliminate duplicative therapy
  - Identify excessive dosing and abuse patterns
- Utilize medical director and extensive pharmaceutical data
  - Continuously monitor for emerging trends to ensure the company is proactive in responding to the changing medical environment

## Workers' Compensation

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

#### Medical Bill Review

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

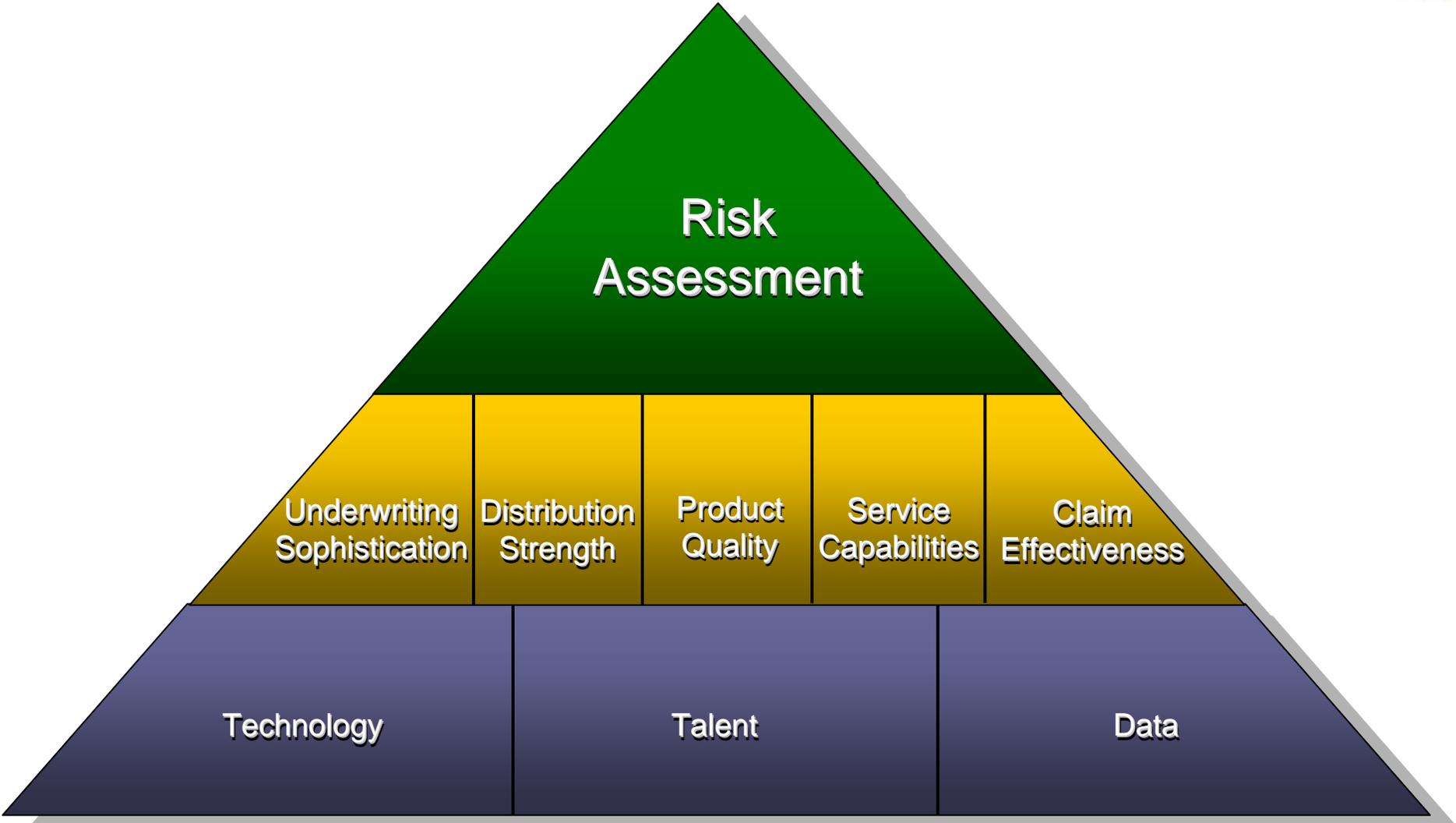
- All bills are subject to a sophisticated automated and manual system of review
  - System intelligence / triggers identify billing trends, billing code inconsistencies and high value bills
  - Detects duplicates
  - Isolates outlier bills
  - Identifies potential fraud and inappropriate coding
- Specialized Medical Audit and Review Team (SMART)
  - Predictive models and protocols identify which medical bills require manual review
  - Team of nurses conducts line-by-line reviews of 23% of received medical bills (review of 45,000 – 55,000 bills per month)
  - Continuously create new protocols to be ahead of changing medical environment
  - Over 70% of medical bills reviewed by SMART yield lower payouts (approximately \$135 million per year)

# Workers' Compensation

## *Travelers Integrated Claims Management*

### Travelers Results

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



# Risk Assessment

Underwriting  
Sophistication

Distribution  
Strength

Product  
Quality

Service  
Capabilities

Claim  
Effectiveness

Technology

Talent

Data



## Risk Assessment

Underwriting  
Sophistication

Distribution  
Strength

Product  
Quality

Service  
Capabilities

Claim  
Effectiveness

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Talent

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**Superior risk assessment enables outperformance versus industry**



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## Disclosure

- **For further information, please see Travelers reports filed with the SEC pursuant to the Securities Exchange Act of 1934 which are available at the SEC’s website ([www.sec.gov](http://www.sec.gov)).**
- **This presentation should be read with accompanying discussion and Travelers SEC filings.**
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