Fourth Quarter 2019 Results

January 23, 2020

TRAVELERS

Long-Term Financial Strategy

Meaningful and sustainable competitive advantages

→

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

→

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

CREATE SHAREHOLDER VALUE

Objective: Mid-Teens Core ROE ***Over Time***

Fourth Quarter 2019 Overview

Travelers Reports Record Net and Core Income per Diluted Share in Fourth Quarter 2019

Fourth Quarter Net Income Per Diluted Share of $3.35, up 44%, and Return on Equity of 13.5%

Fourth Quarter Core Income per Diluted Share of $3.32, up 56%, and Core Return on Equity of 14.8%

Full Year Net Income of $2.622 billion, up 4%, and Return on Equity of 10.5%

Full Year Core Income of $2.537 billion, up 4%, and Core Return on Equity of 10.9%

- Fourth quarter net income of $873 million and core income of $867 million.
- Catastrophe losses of $85 million pre-tax decreased from $610 million pre-tax in the prior year quarter.
- Fourth quarter consolidated combined ratio of 92.4%; underlying combined ratio of 92.1%.
- Fourth quarter net written premiums of $7.075 billion, up 6%; record full year net written premiums of $29.151 billion, up 5%; both periods reflect growth in all segments.
- Fourth quarter renewal premium change in domestic Business Insurance of 7.8%, highest level since 2013.
- Total capital returned to shareholders of $588 million, including $376 million of share repurchases. Full year total capital returned to shareholders of $2.396 billion, including $1.548 billion of share repurchases.
- Book value per share of $101.55, up 17% from year-end 2018. Adjusted book value per share of $92.76, up 6% from year-end 2018.
- Board of Directors declared quarterly dividend per share of $0.82.

Consolidated Performance

($ in millions, except per share amounts, after-tax, except for premiums)

	FOURTH QUARTER			FULL YEAR		
	2019	2018	Change	2019	2018	Change
Core income	$ 867	$ 571	52 %	$ 2,537	$ 2,430	4 %
per diluted share	*$ 3.32*	*$ 2.13*	*56 %*	*$ 9.60*	*$ 8.94*	*7 %*
Included the following items:						
Net favorable (unfavorable) prior year reserve development	$ 45	$ 132		$ (47)	$ 409	
Catastrophes, net of reinsurance	(67)	(482)		(699)	(1,355)	
Total items	$ (22)	$ (350)		$ (746)	$ (946)	
Loss and loss adjustment ratio	63.3 %	68.0 %		66.9 %	66.8 %	
Underwriting expense ratio	29.1	29.5		29.6	30.1	
Combined ratio [1]	92.4 %	97.5 %	5.1 pts	96.5 %	96.9 %	0.4 pts
Net favorable (unfavorable) prior year reserve development	0.8	2.4		(0.2)	1.9	
Catastrophes, net of reinsurance	(1.1)	(8.8)		(3.1)	(6.3)	
Underlying combined ratio	92.1 %	91.1 %	(1.0) pts	93.2 %	92.5 %	(0.7) pts
Net Written Premiums	$ 7,075	$ 6,691	6 %	$ 29,151	$ 27,708	5 %

[1] A favorable impact to the combined ratio is indicated as a positive item, and an unfavorable impact is indicated as a negative item.

Very Strong Financial Position

($ and shares in millions, except per share amounts)

	December 31, 2019	December 31, 2018
Debt	$ 6,558	$ 6,564
Common equity [1]	23,697	23,007
Total capital [1]	$ 30,255	$ 29,571
Debt-to-capital [1]	21.7%	22.2%
Common shares outstanding	255.5	263.6
Book value per common share	$ 101.55	$ 86.84
Adjusted book value per common share [1]	$ 92.76	$ 87.27
Tangible book value per common share [1, 2]	$ 76.17	$ 71.20
Statutory capital and surplus	$ 21,330	$ 20,774
Holding company liquidity	$ 1,433	$ 1,415

Capital

- At or above target levels for all rating agencies.
- Repurchased 2.9 million shares during fourth quarter 2019 at a total cost of $376 million.
- Dividends in the fourth quarter were $212 million.

Leverage

- Debt-to-capital ratio[1] of 21.7% comfortably within target range.
- Low level of maturing debt over the next six years.
  - 2020 - $500 million
  - 2021 through 2025 - None

Very high quality investment portfolio

- Fixed maturities average weighted quality Aa2, AA.
- Fixed maturities at or above investment grade 97.9%.

[1] Excludes net unrealized investment gains (losses), net of tax, included in shareholders' equity

[2] Excludes the after-tax value of goodwill and other intangible assets

Combined Net Investment Income - After-tax

($ in millions)

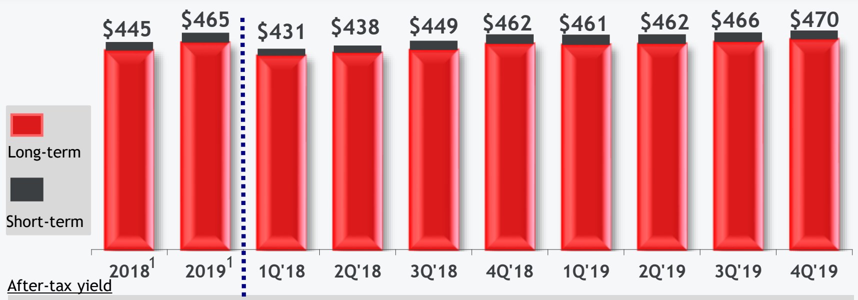
TOTAL

	2018[1]	2019[1]	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
After-tax yield	2.9%	2.8%	2.8%	2.8%	3.0%	2.9%	2.7%	2.9%	2.8%	2.8%

Fourth Quarter 2019 Commentary

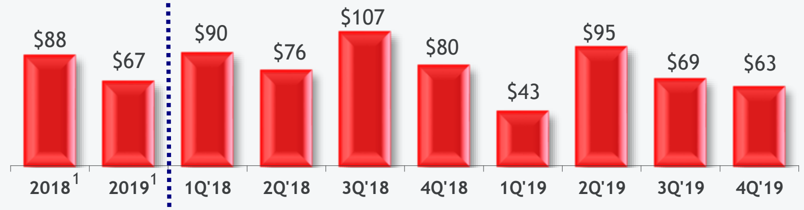
- Net investment income from the long-term fixed income portfolio benefited from an increase in average investments
- Net investment income from the short-term fixed income portfolio decreased from the prior year quarter due to lower interest rates
- Net investment income from the non-fixed income portfolio decreased from the prior year quarter due to lower private equity partnership returns

FIXED INCOME[2]



After-tax yield	2018[1]	2019[1]	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
Total	2.6%	2.7%	2.6%	2.6%	2.6%	2.7%	2.7%	2.7%	2.7%	2.7%
Short-term	1.8%	2.0%	1.4%	1.7%	2.0%	2.1%	2.3%	2.3%	2.1%	1.7%
Long-term	2.7%	2.7%	2.6%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%

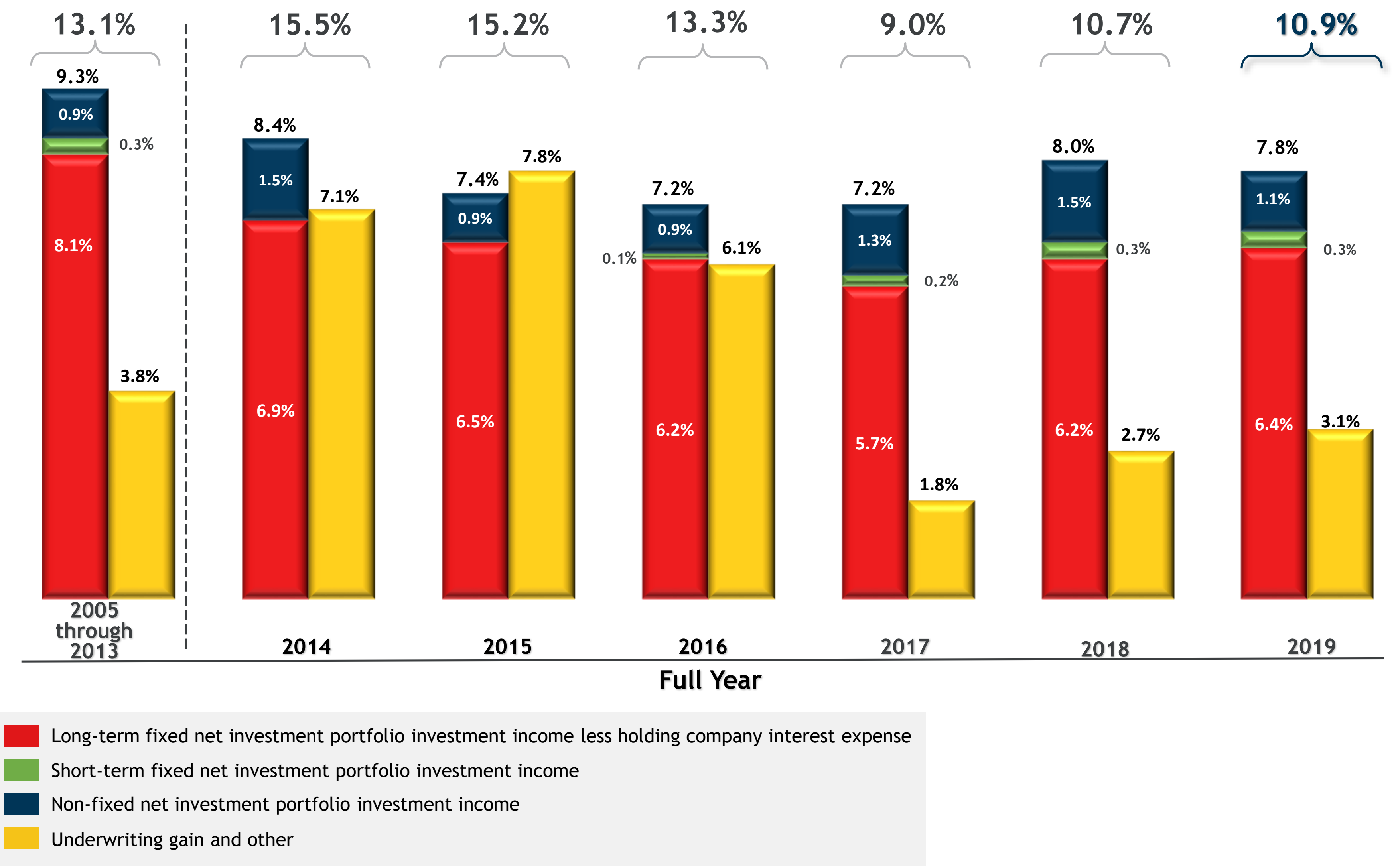
NON-FIXED INCOME[2]



	2018[1]	2019[1]	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
After-tax yield	6.7%	5.2%	6.9%	5.8%	8.1%	6.1%	3.3%	7.3%	5.4%	4.9%

[1] 2018 and 2019 data represent quarterly average
[2] Excludes investment expenses

Components of Core Return on Equity



From Jan. 1, 2005 through December 31, 2019, TRV's average annual core ROE was approximately 12.8%

Business Insurance Performance

($ in millions)

	FOURTH QUARTER			FULL YEAR		
	2019	2018	Change	2019	2018	Change
Segment income	$ 448	$ 391	15 %	$ 1,392	$ 1,638	(15) %
Loss and loss adjustment ratio	67.3 %	68.7 %		70.3 %	67.8 %	
Underwriting expense ratio	30.2	30.7		30.6	31.3	
Combined ratio [1]	97.5 %	99.4 %	1.9 pts	100.9 %	99.1 %	(1.8) pts
Net favorable (unfavorable) prior year reserve development	0.2	1.2		(1.7)	1.0	
Catastrophes, net of reinsurance	(1.3)	(5.2)		(3.0)	(4.4)	
Underlying combined ratio	96.4 %	95.4 %	(1.0) pts	96.2 %	95.7 %	(0.5) pts
			See slide 9 for additional detail			See slide 10 for additional detail
Net written premiums						
Domestic						
Select Accounts	$ 675	$ 660	2 %	$ 2,911	$ 2,828	3 %
Middle Market	2,061	1,935	7	8,630	8,214	5
National Accounts	251	247	2	1,051	1,025	3
National Property and Other	437	422	4	1,965	1,805	9
Total Domestic	3,424	3,264	5	14,557	13,872	5
International	279	269	4	1,072	1,084	(1)
Total Business Insurance	$ 3,703	$ 3,533	5 %	$ 15,629	$ 14,956	4 %
Change in total net written premiums excluding the impact of changes in foreign exchange rates			5 %			5 %

[1] A favorable impact to the combined ratio is indicated as a positive item, and an unfavorable impact is indicated as a negative item.

Business Insurance Underlying Combined Ratio

FOURTH QUARTER

	2019	2018	Change
Underlying combined ratio[1]	96.4 %	95.4 %	(1.0) pts

Change of (1.0) pts includes:

Year-over-year impact of 4Q'18 "catch-up" on "old news"		
Re-estimation of 1Q'18 - 3Q'18 included in 4Q'18 commercial automobile loss adjustments		~2 pts
Current quarter roll-forward of "old news"		
4Q'19 impact of items initially reflected in prior quarters		
2Q'19 adjustments to general liability (primary and excess) and commercial auto loss estimates	~(1/2) pt	
3Q'19 adjustments to general liability (primary and excess) and commercial auto loss estimates	~(1/3) pt	
2019 adjustments to workers' compensation loss estimates	~1/2 pt	
		~(1/3) pt
Current quarter impact of "new news"		
Adjustments to general liability (primary and excess) and commercial auto loss estimates	~(1/2) pt	
International loss activity	~(1/2) pt	
Expense leverage	~1/2 pt	
Other	~(1/2) pt	
		~(1) pt
Current quarter impact of "catch-up" on "new news"		
Re-estimation of 1Q'19 - 3Q'19 general liability (primary and excess) and commercial auto loss estimates		~(1 1/2) pts
		~(1) pt

[1] A favorable impact to the combined ratio is indicated as a positive item, and an unfavorable impact is indicated as a negative item.

Business Insurance Underlying Combined Ratio

	FULL YEAR		
	2019	2018	Change
Underlying combined ratio[1]	96.2 %	95.7 %	(0.5) pts

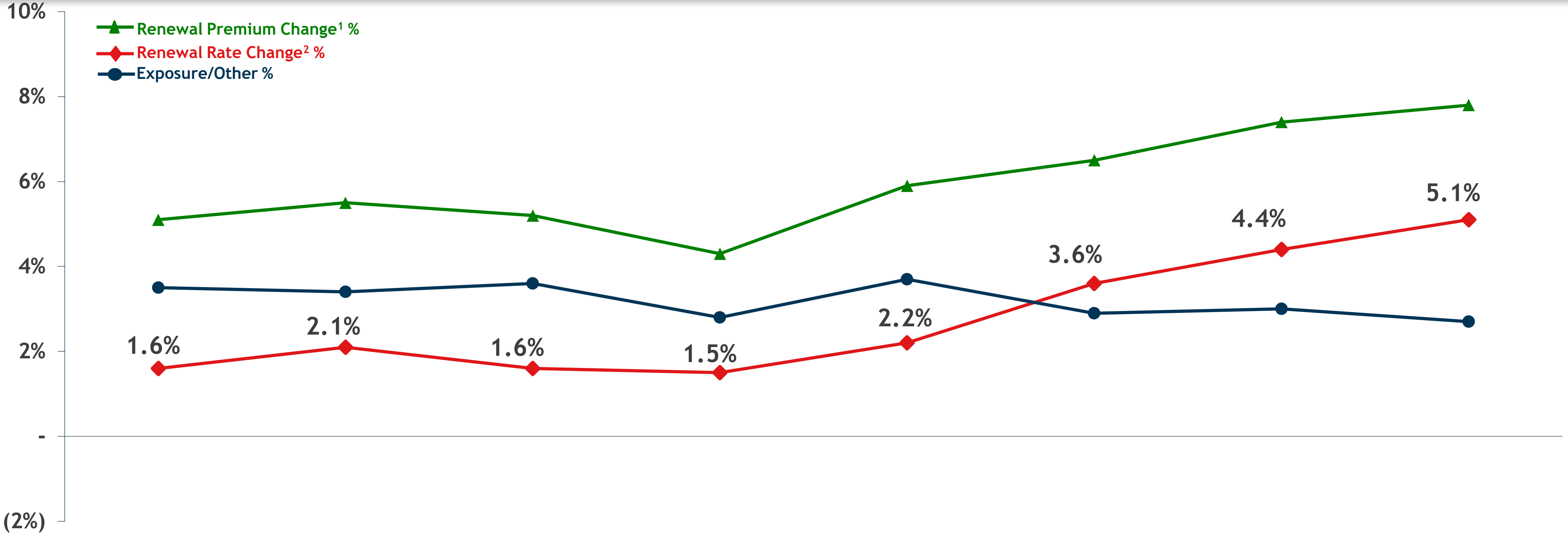
Change of (0.5) pts includes:

2019 adjustments to general liability (primary and excess) and commercial automobile loss estimates	~(1) pt
2019 adjustments to workers' compensation loss estimates	~1/2 pt
2019 property aggregate catastrophe XOL reinsurance treaty	~(1/2) pt
Expense leverage	~1/2 pt
	~(1/2) pt

[1] A favorable impact to the combined ratio is indicated as a positive item, and an unfavorable impact is indicated as a negative item.

Domestic Business Insurance (Ex. National Accounts)

ILLUSTRATIVE BUSINESS STATISTICS

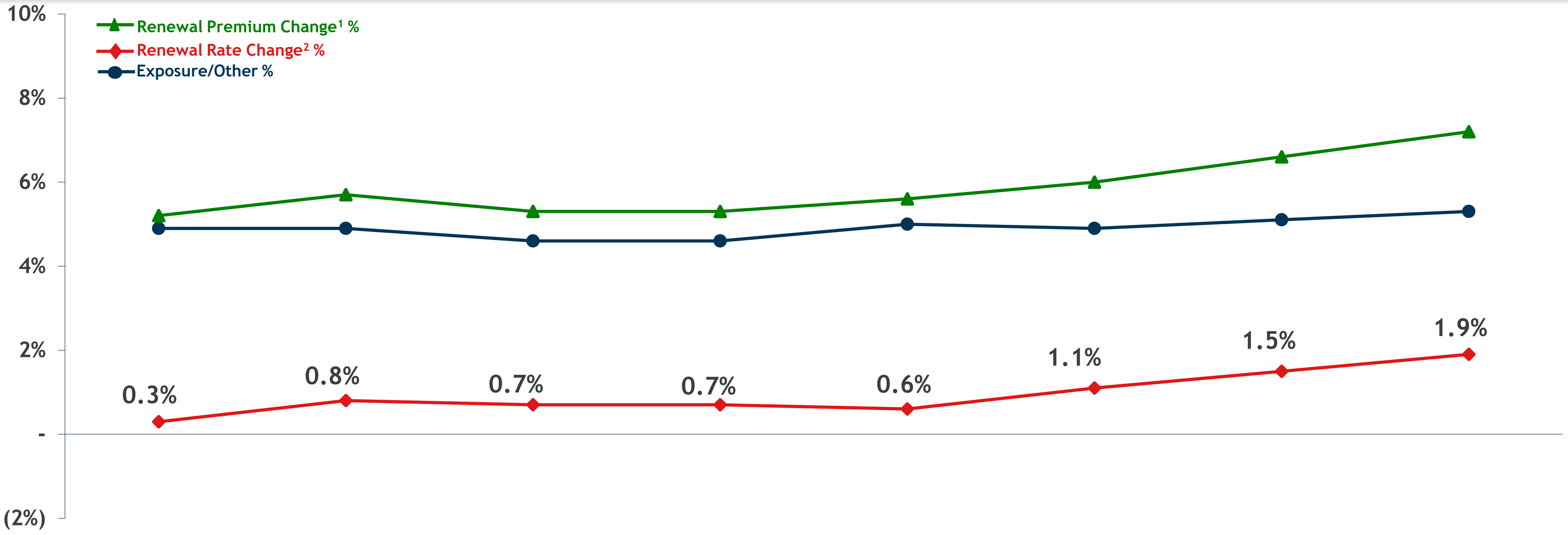


($ in millions)	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
Retention	86%	85%	86%	85%	86%	85%	84%	84%
Renewal premium change[1]	5.1%	5.5%	5.2%	4.3%	5.9%	6.5%	7.4%	7.8%
New business	$537	$538	$471	$487	$566	$530	$560	$488

[1] Represents the estimated change in average premium on policies that renew, including rate and exposure changes.
[2] Represents the estimated change in average premium on policies that renew, excluding exposure changes.
Note: Statistics are in part dependent on the use of estimates and are therefore subject to change.

Domestic Business Insurance: Select Accounts

ILLUSTRATIVE BUSINESS STATISTICS



($ in millions)	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
Retention	83%	82%	82%	81%	83%	82%	82%	83%
Renewal premium change[1]	5.2%	5.7%	5.3%	5.3%	5.6%	6.0%	6.6%	7.2%
New business	$128	$121	$102	$107	$127	$121	$108	$105

[1] Represents the estimated change in average premium on policies that renew, including rate and exposure changes.
[2] Represents the estimated change in average premium on policies that renew, excluding exposure changes.
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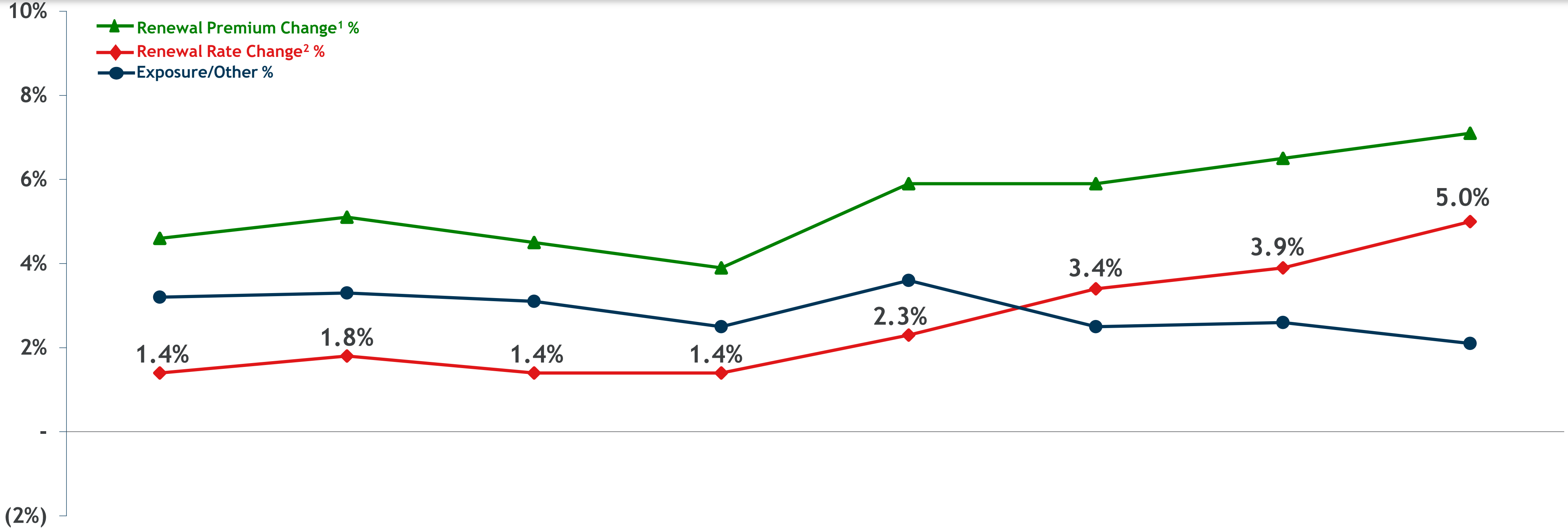
Domestic Business Insurance: Middle Market

ILLUSTRATIVE BUSINESS STATISTICS



($ in millions)	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
Retention	88%	88%	87%	87%	87%	87%	86%	86%
Renewal premium change[1]	4.6%	5.1%	4.5%	3.9%	5.9%	5.9%	6.5%	7.1%
New business	$330	$322	$272	$278	$337	$275	$306	$284

[1] Represents the estimated change in average premium on policies that renew, including rate and exposure changes.
[2] Represents the estimated change in average premium on policies that renew, excluding exposure changes.
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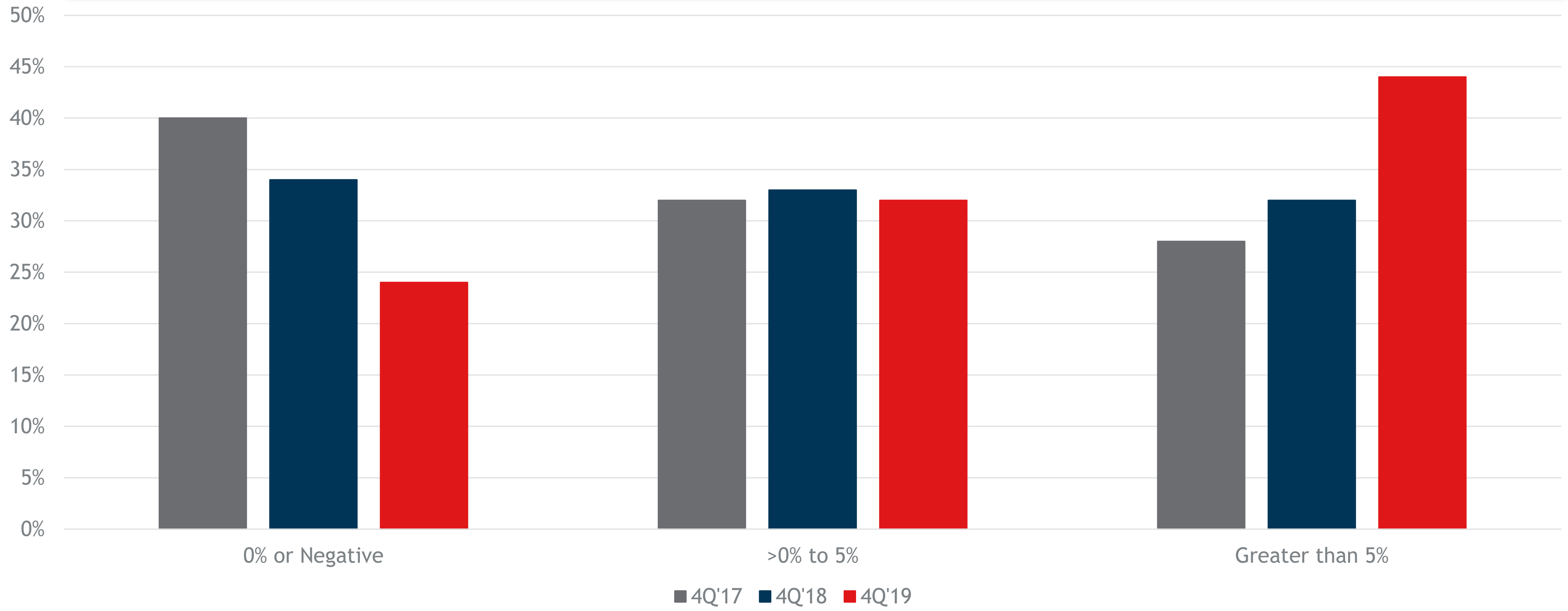
Business Insurance: Commercial Accounts

% OF RENEWAL ACCOUNTS BY RATE BAND



We achieved meaningful rate increases while retention remained at historically high levels

Bond & Specialty Insurance Performance

($ in millions)

	FOURTH QUARTER			FULL YEAR		
	2019	2018	Change	2019	2018	Change
Segment income	$ 167	$ 220	(24) %	$ 618	$ 793	(22) %
Loss and loss adjustment ratio	42.4 %	27.9 %		42.2 %	31.5 %	
Underwriting expense ratio	36.2	36.9		37.3	37.5	
Combined ratio [1]	78.6 %	64.8 %	(13.8) pts	79.5 %	69.0 %	(10.5) pts
Net favorable prior year reserve development	2.9	14.4		2.5	11.0	
Catastrophes, net of reinsurance	(0.2)	(1.1)		(0.2)	(0.6)	
Underlying combined ratio	81.3 %	78.1 %	(3.2) pts	81.8 %	79.4 %	(2.4) pts
Net written premiums						
Domestic						
Management Liability	$ 411	$ 366	12 %	$ 1,605	$ 1,455	10 %
Surety	206	198	4	866	835	4
Total Domestic	617	564	9	2,471	2,290	8
International	97	93	4	268	238	13
Total Bond & Specialty Insurance	$ 714	$ 657	9 %	$ 2,739	$ 2,528	8 %
Change in total net written premiums excluding the impact of changes in foreign exchange rates			9 %			9 %

[1] A favorable impact to the combined ratio is indicated as a positive item, and an unfavorable impact is indicated as a negative item.

Domestic Bond & Specialty Insurance

($ in millions)

ILLUSTRATIVE BUSINESS STATISTICS

	2018				2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Management Liability [1]								
Retention	89%	90%	90%	89%	89%	90%	90%	**89%**
Renewal premium change [2]	3.8%	4.2%	3.7%	4.8%	3.7%	4.2%	5.0%	**6.6%**
New business	$50	$54	$56	$53	$54	$64	$67	**$62**

[1] Domestic only, excludes surety and other products that are generally sold on a non-recurring, project specific basis.
[2] Represents the estimated change in average premium on policies that renew, including rate and exposure changes.
Note: Statistics are in part dependent on the use of estimates and are therefore subject to change.

Personal Insurance Performance

($ in millions)

	FOURTH QUARTER			FULL YEAR		
	2019	2018	Change	2019	2018	Change
Segment income	$ 327	$ 32	922 %	$ 824	$ 297	177 %
Loss and loss adjustment ratio	62.8 %	76.8 %		68.0 %	74.1 %	
Underwriting expense ratio	25.7	25.8		26.2	26.5	
Combined ratio [1]	88.5 %	102.6 %	14.1 pts	94.2 %	100.6 %	6.4 pts
Net favorable prior year reserve development	1.2	1.1		1.3	1.1	
Catastrophes, net of reinsurance	(1.3)	(15.9)		(4.0)	(10.7)	
Underlying combined ratio	88.4 %	87.8 %	(0.6) pts	91.5 %	91.0 %	(0.5) pts
Net written premiums						
Domestic						
Agency [2]						
Automobile	$ 1,253	$ 1,226	2 %	$ 5,124	$ 4,972	3 %
Homeowners and Other	1,145	1,011	13	4,540	4,148	9
Total Agency	2,398	2,237	7	9,664	9,120	6
Direct to Consumer	99	97	2	412	396	4
Total Domestic	2,497	2,334	7	10,076	9,516	6
International	161	167	(4)	707	708	–
Total Personal Insurance	$ 2,658	$ 2,501	6 %	$ 10,783	$ 10,224	5 %
Change in total net written premiums excluding the impact of changes in foreign exchange rates			6 %			6 %

[1] A favorable impact to the combined ratio is indicated as a positive item, and an unfavorable impact is indicated as a negative item.
[2] Represents business sold through agents, brokers and other intermediaries, and excludes direct to consumer and international.

Domestic Personal Insurance Performance

	FOURTH QUARTER			FULL YEAR		
	2019	2018	Change	2019	2018	Change
Agency Automobile [1]						
Loss and loss adjustment ratio	76.1 %	72.5 %		70.7 %	70.8 %	
Underwriting expense ratio	23.1	22.8		23.3	23.4	
Combined ratio [2]	**99.2 %**	**95.3 %**	**(3.9) pts**	**94.0 %**	**94.2 %**	**0.2 pts**
Net favorable prior year reserve development	0.5	1.9		1.3	2.2	
Catastrophes, net of reinsurance	(0.1)	(0.3)		(0.7)	(1.1)	
Underlying combined ratio	**99.6 %**	**96.9 %**	**(2.7) pts**	**94.6 %**	**95.3 %**	**0.7 pts**
Agency Homeowners and Other [1]						
Loss and loss adjustment ratio	48.2 %	82.6 %		64.3 %	77.7 %	
Underwriting expense ratio	27.6	27.2		28.2	27.9	
Combined ratio [2]	**75.8 %**	**109.8 %**	**34.0 pts**	**92.5 %**	**105.6 %**	**13.1 pts**
Net favorable prior year reserve development	0.8	0.6		1.4	-	
Catastrophes, net of reinsurance	(3.0)	(37.9)		(8.3)	(24.0)	
Underlying combined ratio	**73.6 %**	**72.5 %**	**(1.1) pts**	**85.6 %**	**81.6 %**	**(4.0) pts**

[1] Represents business sold through agents, brokers and other intermediaries, and excludes direct to consumer and international.
[2] A favorable impact to the combined ratio is indicated as a positive item, and an unfavorable impact is indicated as a negative item.

Domestic Personal Insurance

($ in millions)

ILLUSTRATIVE BUSINESS STATISTICS

	2018				2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Agency Automobile [1]								
Retention [2]	83%	83%	84%	84%	84%	84%	84%	**84%**
Renewal premium change [3]	10.7%	9.6%	8.0%	6.7%	5.6%	5.0%	3.7%	**2.9%**
Policies in force (in thousands)	2,519	2,517	2,518	2,518	2,516	2,517	2,524	**2,532**
• Sequential quarter growth	-%	-%	-%	-%	-%	-%	-%	**-%**
• Year over year growth	1%	-%	-%	-%	-%	-%	-%	**1%**
New business	$193	$212	$219	$202	$206	$217	$236	**$224**
Agency Homeowners and Other [1]								
Retention [2]	86%	86%	86%	86%	86%	85%	85%	**86%**
Renewal premium change [3]	3.2%	3.7%	3.6%	3.7%	5.2%	6.6%	6.8%	**7.4%**
Policies in force (in thousands)	4,453	4,530	4,601	4,652	4,726	4,825	4,927	**5,016**
• Sequential quarter growth	1%	2%	2%	1%	2%	2%	2%	**2%**
• Year over year growth	5%	6%	6%	6%	6%	7%	7%	**8%**
New business	$125	$170	$173	$154	$163	$215	$237	**$219**

[1] Represents business sold through agents, brokers and other intermediaries, and excludes direct to consumer and international.
[2] The ratio of expected number of renewal policies that will be retained throughout the annual policy period to the number of available renewal base policies.
[3] Represents the estimated change in average premium on policies that renew, including rate and exposure changes.
Note: Statistics are in part dependent on the use of estimates and are therefore subject to change.

Total International Insurance

($ in millions)

ILLUSTRATIVE BUSINESS STATISTICS

	2018				2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
International [1]								
Retention	84%	83%	83%	82%	80%	80%	78%	77%
Renewal premium change [2]	3.8%	2.6%	4.0%	5.9%	6.0%	5.8%	6.8%	9.0%
New business	$96	$123	$97	$105	$94	$89	$68	$71

[1] Excludes surety and other products that are generally sold on a non-recurring, project specific basis.
[2] Represents the estimated change in average premium on policies that renew, including rate and exposure changes.
Note: Statistics are in part dependent on the use of estimates and are therefore subject to change.

Appendix

2020 Catastrophe Reinsurance

Effective January 1, 2020

Corporate Catastrophe Excess-of-Loss Reinsurance Treaty (Renewal)

Covers the accumulation of certain property losses arising from one or multiple occurrences: 75% part ($1.5 billion of qualifying losses are covered by the treaty and 25% or $500 million of qualifying losses are retained by the Company) of $2.0 billion excess of $3.0 billion. Qualifying losses for each occurrence are after a $100 million deductible.

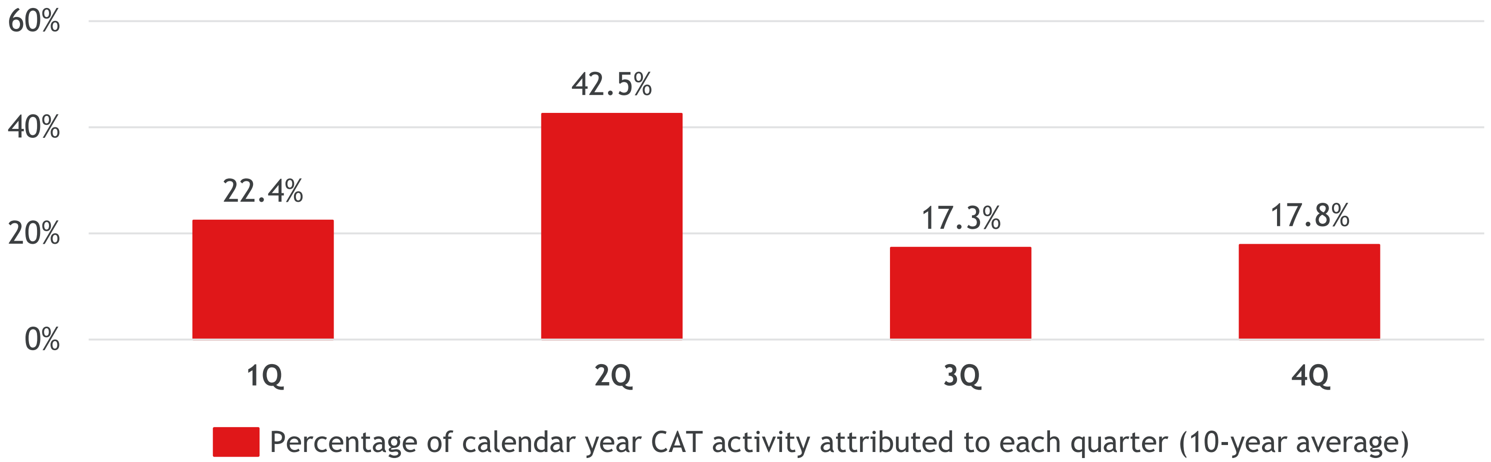
Underlying Property Aggregate Catastrophe Excess-of-Loss Reinsurance Treaty (Renewal)

Covers the accumulation, from dollar one, of qualifying losses from PCS-designated catastrophe events in North America, for which the Company incurs losses of $5 million or more per event: 56% part of $500 million ($280 million of qualifying losses are covered by the treaty and 44% or $220 million of qualifying losses are retained by the Company) in excess of a $1.55 billion retention. Coverage for, and contributions to the $1.55 billion retention from, hurricanes and/or tropical storms and earthquakes are limited to $250 million per event.

- In addition to the Corporate Catastrophe Excess-of-Loss Reinsurance Treaty and the Underlying Property Aggregate Catastrophe Excess-of-Loss Reinsurance Treaty, the following additional catastrophe reinsurance agreements remain in effect as of January 1, 2020:
  - Reinsurance agreement related to the Catastrophe Bond (Long Point Re III)
  - Northeast Property Catastrophe Excess-of-Loss Reinsurance Treaty
  - Middle Market Earthquake Catastrophe Excess-of-Loss Reinsurance Treaty
  - Personal Insurance Earthquake Catastrophe Excess-of-Loss Reinsurance Treaty
  - Canadian Property Catastrophe Excess-of-Loss Reinsurance Treaty
  - Other International Reinsurance Treaties

For further information regarding these additional agreements, see the “Catastrophe Reinsurance” section of “Part 1 – Item 1 – Business” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 and in the “Catastrophe Reinsurance Coverage” section of Management’s Discussion and Analysis of Financial Condition and Results of Operations in the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, in each case, as updated by our subsequent periodic filings with the SEC.

Travelers' 10-year History of Catastrophe Losses[1] by Quarter



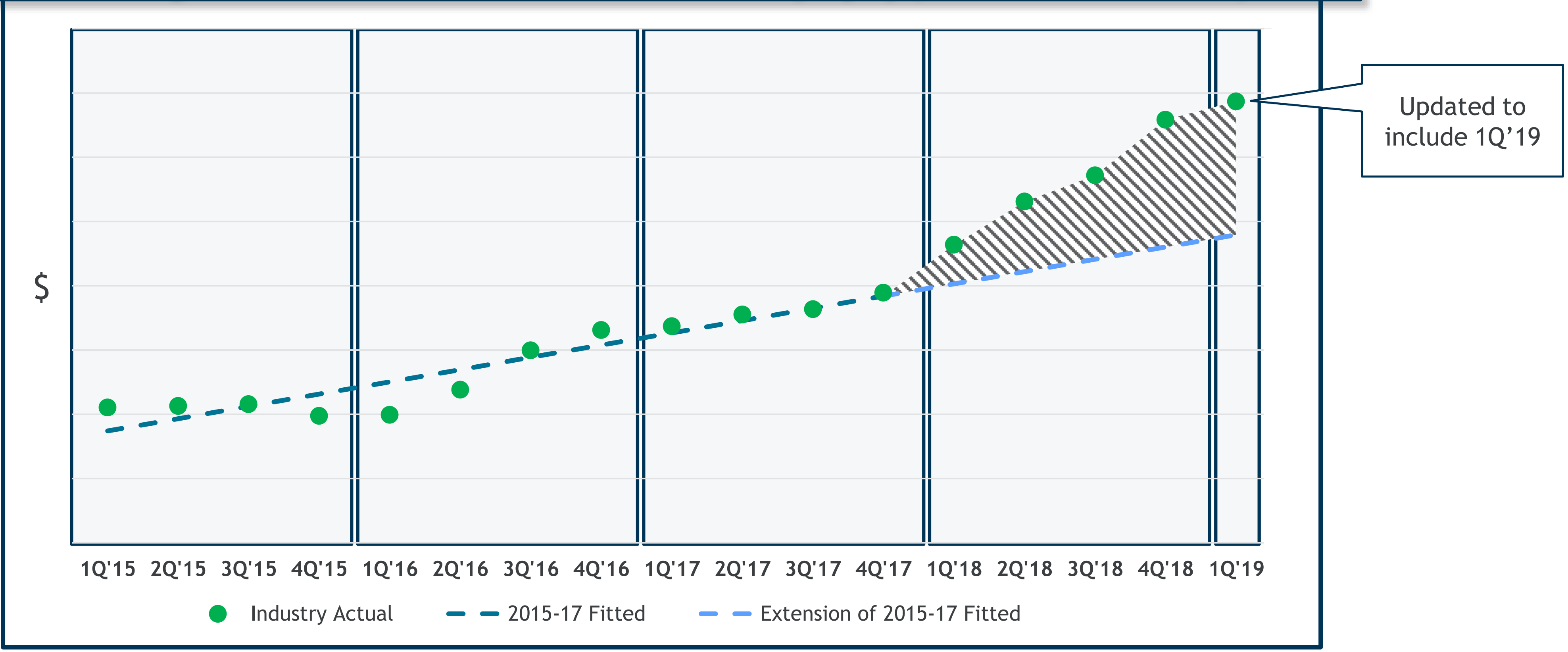
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019[2]	Average
First Quarter	Pts of Combined Ratio	9.0	3.4	3.1	1.8	2.6	2.7	5.3	5.6	5.4	2.8	4.2
	% of Annual CATs	42.3%	7.3%	9.0%	16.8%	21.0%	31.6%	36.3%	17.8%	20.7%	21.7%	22.4%
Second Quarter	Pts of Combined Ratio	8.2	30.3	10.0	6.1	7.3	3.7	5.5	6.4	7.3	5.3	9.0
	% of Annual CATs	39.4%	65.1%	29.5%	57.6%	61.6%	42.9%	38.0%	20.7%	28.4%	41.5%	42.5%
Third Quarter	Pts of Combined Ratio	2.2	10.8	1.6	1.7	1.4	1.4	1.4	10.7	3.8	3.3	3.8
	% of Annual CATs	10.6%	23.6%	4.9%	16.7%	11.7%	16.5%	10.1%	35.9%	15.4%	27.3%	17.3%
Fourth Quarter	Pts of Combined Ratio	1.5	1.8	18.7	0.9	0.7	0.8	2.2	7.5	8.8	1.1	4.4
	% of Annual CATs	7.7%	4.0%	56.6%	8.9%	5.7%	9.0%	15.6%	25.6%	35.5%	9.5%	17.8%
Full Year	Pts of Combined Ratio	5.2	11.6	8.3	2.6	3.0	2.1	3.6	7.6	6.3	3.1	5.3

Over the past 10 years, the second quarter is on average the highest catastrophe loss quarter for Travelers

[1] Pre-tax, net of reinsurance.
[2] Includes a benefit of 1.4 pts and 0.4 pts from the Underlying Property Aggregate Catastrophe XOL Reinsurance Treaty in 4Q'19 and full year 2019, respectively.

Industry Commercial Auto Bodily Injury Loss Environment

Average Paid Claim Cost for Commercial Auto Bodily Injury (ISO Calendar Year Data)



Average industry paid claim costs continued to rise through the first quarter of 2019

Source: ISO AS-CA-2019-027 Circular; U.S. commercial auto calendar year data (losses capped at $1 million) for ISO reporting carriers.
Average paid claim cost = total payments in the period divided by number of claims receiving first payment in the period.

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. These statements are likely to relate to, among other things, our outlook, our future results of operations and financial condition (including, among other things, anticipated premium volume, premium rates, renewal premium changes, underwriting margins and underlying underwriting margins, net and core income, investment income and performance, loss costs, return on equity, core return on equity and expected current returns, and combined ratios and underlying combined ratios), our share repurchase plans, future pension plan contributions, the sufficiency of our asbestos and other reserves, the impact of emerging claims issues as well as other insurance and non-insurance litigation, the potential benefit associated with the Company’s ability to recover on its subrogation claims, the cost and availability of reinsurance coverage, catastrophe losses, the impact of investment (including changes in interest rates), economic (including inflation, changes in tax law, changes in commodity prices and fluctuations in foreign currency exchange rates) and underwriting market conditions, strategic and operational initiatives to improve profitability and competitiveness, the Company’s competitive advantages, new product offerings, the impact of new or potential regulations imposed or to be imposed by the United States or other nations, including tariffs or other barriers to international trade, and the impact of developments in the tort environment, such as increased attorney involvement in insurance claims and legislation allowing victims of sexual abuse to file or proceed with claims that otherwise would have been time-barred.

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:

- high levels of catastrophe losses, including as a result of factors such as changing climate conditions and increased concentrations of insured properties in catastrophe-prone areas, 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;
- if actual claims exceed the Company’s claims and claim adjustment expense reserves, or if changes in the estimated level of claims and claim adjustment expense reserves are necessary, including as a result of, among other things, changes in the legal/tort, regulatory and economic environments in which the Company operates, the Company’s financial results could be materially and adversely affected;
- during or following a period of financial market disruption or an economic downturn, the Company’s business could be materially and adversely affected;
- the Company’s investment portfolio is subject to credit and interest rate risk, and may suffer reduced or low returns or material realized or unrealized losses;
- the intense competition that the Company faces, and the impact of innovation, technological change and changing customer preferences on the insurance industry and the markets in which it operates, could harm its ability to maintain or increase its business volumes and its profitability;
- the Company's business could be harmed because of its potential exposure to asbestos and environmental claims and related litigation;
- disruptions to the Company’s relationships with its independent agents and brokers or the Company's inability to manage effectively a changing distribution landscape could adversely affect the Company;
- 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, and court decisions or legislative changes that take place after we issue our policies can result in an unexpected increase in the number of claims and have a material adverse impact on our results of operations;
- the Company may not be able to collect all amounts due to it from reinsurers, reinsurance coverage may not be available to the Company in the future at commercially reasonable rates or at all and we are exposed to credit risk related to our structured settlements;
- the Company is exposed to credit risk in certain of its insurance operations and with respect to certain guarantee or indemnification arrangements that it has with third parties;
- within the United States, the Company’s businesses are heavily regulated by the states in which it conducts business, including licensing, market conduct and financial supervision, and changes in regulation 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, pay future shareholder dividends and/or make future share repurchases;
- the Company’s efforts to develop new products, expand in targeted markets or improve business processes and workflows may not be successful and may create enhanced risks;
- the Company may be adversely affected if its pricing and capital models provide materially different indications than actual 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, particularly as its business processes become more digital;
- if the Company experiences difficulties with technology, data and network security (including as a result of cyber attacks), outsourcing relationships or cloud-based technology, the Company’s ability to conduct its business could be negatively impacted;
- the Company is also subject to a number of additional risks associated with its business outside the United States, such as foreign currency exchange fluctuations (including with respect to the valuation of the Company’s foreign investments and interests in joint ventures) and restrictive regulations as well as the risks and uncertainties associated with the United Kingdom’s withdrawal from the European Union;
- regulatory changes outside of the United States, including in Canada, the United Kingdom, the Republic of Ireland and the European Union, could adversely impact the Company’s results of operations and limit its growth;
- loss of or significant restrictions on the use of particular types of underwriting criteria, such as credit scoring, or other data or methodologies, in the pricing and underwriting of the Company’s products could reduce the Company’s future profitability;
- acquisitions and integration of acquired businesses may result in operating difficulties and other unintended consequences;
- the Company could be adversely affected if its controls designed 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;
- intellectual property is important to the Company’s business, and the Company may be unable to protect and enforce its own intellectual property or the Company may be subject to claims for infringing the intellectual property of others;
- changes in federal regulation could impose significant burdens on the Company, and otherwise adversely impact the Company’s results;
- changes in U.S. tax laws or in the tax laws of other jurisdictions where the Company operates could adversely impact the Company; and
- the Company’s share repurchase plans depend on a variety of factors, including the Company’s financial position, earnings, share price, catastrophe losses, maintaining capital levels commensurate with the Company’s desired ratings from independent rating agencies, changes in levels of written premiums, funding of the Company’s qualified pension plan, capital requirements of the Company’s operating subsidiaries, legal requirements, regulatory constraints, other investment opportunities (including mergers and acquisitions and related financings), market conditions and other factors.

For a more detailed discussion of these factors, see the information under "Risk Factors" and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent Form 10-K, filed on February 14, 2019, and subsequent periodic filings with the Securities and Exchange Commission (“SEC”), which are accessible on the SEC’s website (www.sec.gov). Our forward-looking statements speak only as of the date of this presentation or as of the date they are made, and we undertake no obligation to update those statements.

Disclosure

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 press release and financial supplement that we have made available in connection with this presentation and our most recent annual report on Form 10-K filed with the Securities and Exchange Commission (SEC) as updated by our subsequent periodic filings with the SEC. See the "For Investors" section at Travelers.com.

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

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