



First Quarter 2017 Results

April 20, 2017



CREATE SHAREHOLDER VALUE

Objective: Mid-Teens Core ROE *Over Time*

First Quarter 2017 Overview

Travelers Reports First Quarter Net Income and Core Income¹ per Diluted Share of \$2.17 and \$2.16, Respectively, Including Catastrophe Losses of \$0.79 per Diluted Share

First Quarter Return on Equity and Core Return on Equity of 10.5% and 10.8%, Respectively

Board of Directors Declares 7.5% Increase in the Company's Regular Quarterly Cash Dividend to \$0.72 per Share and Authorizes an Additional \$5.0 Billion of Share Repurchases

- Net income of \$617 million and core income (formerly referred to as operating income) of \$614 million, included significant catastrophe losses of \$226 million after-tax (\$347 million pre-tax).
- Quarter benefited from strong underlying underwriting results and net investment income that increased 9% after-tax over the prior year quarter as a result of higher private equity returns.
- The combined ratio, which includes catastrophe losses, was 96.0%; the underlying combined ratio remained strong at 91.7%.
- Record net written premiums of \$6.495 billion up 5% from the prior year quarter, reflecting growth in all segments.
- Total capital returned to shareholders of \$476 million in the quarter, including \$286 million of share repurchases. Reduced share repurchases from recent quarters to provide financing flexibility for pending acquisition of Simply Business.
- Book value per share of \$84.51 and adjusted book value per share of \$81.56 increased 2% and 1%, respectively, from year-end 2016.

¹ As a result of recent SEC insurance industry guidance concerning terminology, what we previously referred to as "operating income (loss)" in our public disclosures we now refer to as "core income (loss)." Additionally, the related financial measures of "operating income (loss) per share" and "operating return on equity" were changed accordingly. There were no changes in the calculation of these amounts.

Analysis of 1Q 2017 Operating Results

Versus Consensus Estimate

	1Q 2017
TRV Core income per diluted share - as reported	\$ 2.16
Consensus estimate¹	\$ 2.35
Remove: consensus estimate of catastrophe losses per share ²	\$0.48
Add: TRV actual catastrophe losses per share	(0.79) \$(0.31)
Consensus estimate – as adjusted	\$ 2.04

¹ Source: Bloomberg – as of April 19, 2017

² Calculated by TRV based on 19 sell-side analyst models – as of April 19, 2017

Consolidated Performance

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

	FIRST QUARTER		
	2017	2016	Change
Core income	\$ 614	\$ 698	(12) %
<i>per diluted share</i>	<i>\$ 2.16</i>	<i>\$ 2.33</i>	<i>(7) %</i>
<u>Included the following items:</u>			
Net favorable prior year reserve development	\$ 44	\$ 119	
Catastrophes, net of reinsurance	(226)	(207)	
Total items	\$ (182)	\$ (88)	
Loss and loss adjustment ratio	65.3 %	61.1 %	
Underwriting expense ratio	30.7	31.2	
Combined ratio ¹	96.0 %	92.3 %	(3.7) pts
Net favorable prior year reserve development	1.3	3.0	
Catastrophes, net of reinsurance	(5.6)	(5.3)	
Underlying combined ratio	91.7 %	90.0 %	(1.7) pts
Net Written Premiums	\$ 6,495	\$ 6,166	5 %

¹ A benefit to the combined ratio is indicated as a positive item, and a charge is indicated as a negative item.

Very Strong Financial Position

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

	March 31, 2017	December 31, 2016
Debt	\$ 6,438	\$ 6,437
Common equity ¹	22,789	22,491
Total capital ¹	<u>\$ 29,227</u>	<u>\$ 28,928</u>
Debt-to-capital ¹	22.0%	22.3%

Common shares outstanding	279.4	279.6
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Book value per common share	\$ 84.51	\$ 83.05
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Adjusted book value per common share ¹	\$ 81.56	\$ 80.44
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Tangible book value per common share ^{1, 2}	\$ 68.02	\$ 66.91
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Statutory capital and surplus	\$ 20,617	\$ 20,759
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Holding company liquidity	\$ 2,106	\$ 1,677
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Capital

- At or above target levels for all rating agencies.
- Repurchased 2.4 million shares during the first quarter 2017 at a total cost of \$286 million.
- Dividends in the first quarter were \$190 million.

Leverage

- Debt-to-capital ratio¹ of 22.0% comfortably within target range.
- Low level of maturing debt.
 - 2017 \$450 million
 - 2018 \$500 million
 - 2019 \$500 million

Very high quality investment portfolio

- Net unrealized investment gains of \$823 million after-tax (\$1.255 billion pre-tax) at March 31, 2017.
- Fixed maturities average weighted quality Aa2, AA.
- Fixed maturities below investment grade 2.9%.

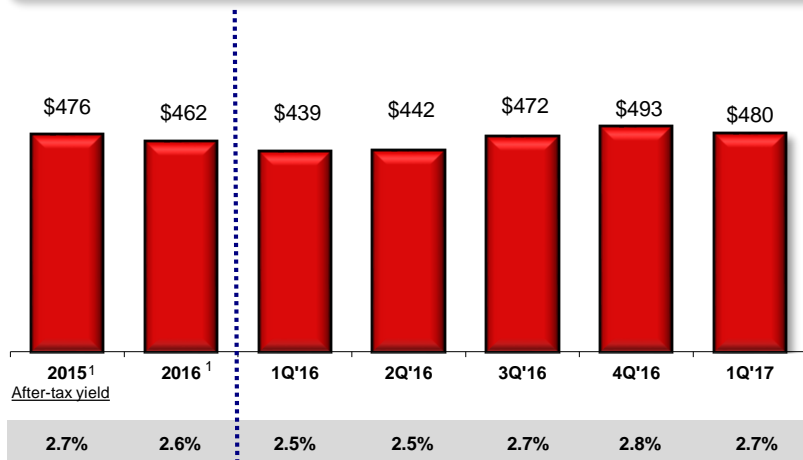
¹ Excludes net unrealized investment gains, net of tax

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

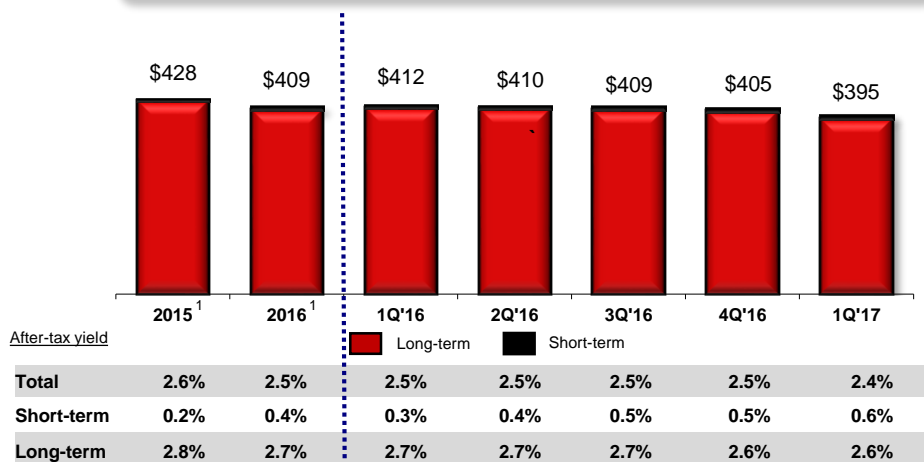
Combined Net Investment Income - After-tax

(\$ in millions)

TOTAL



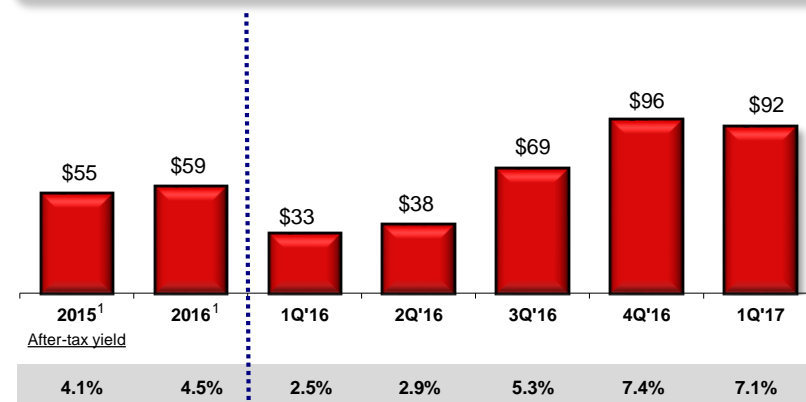
FIXED INCOME²



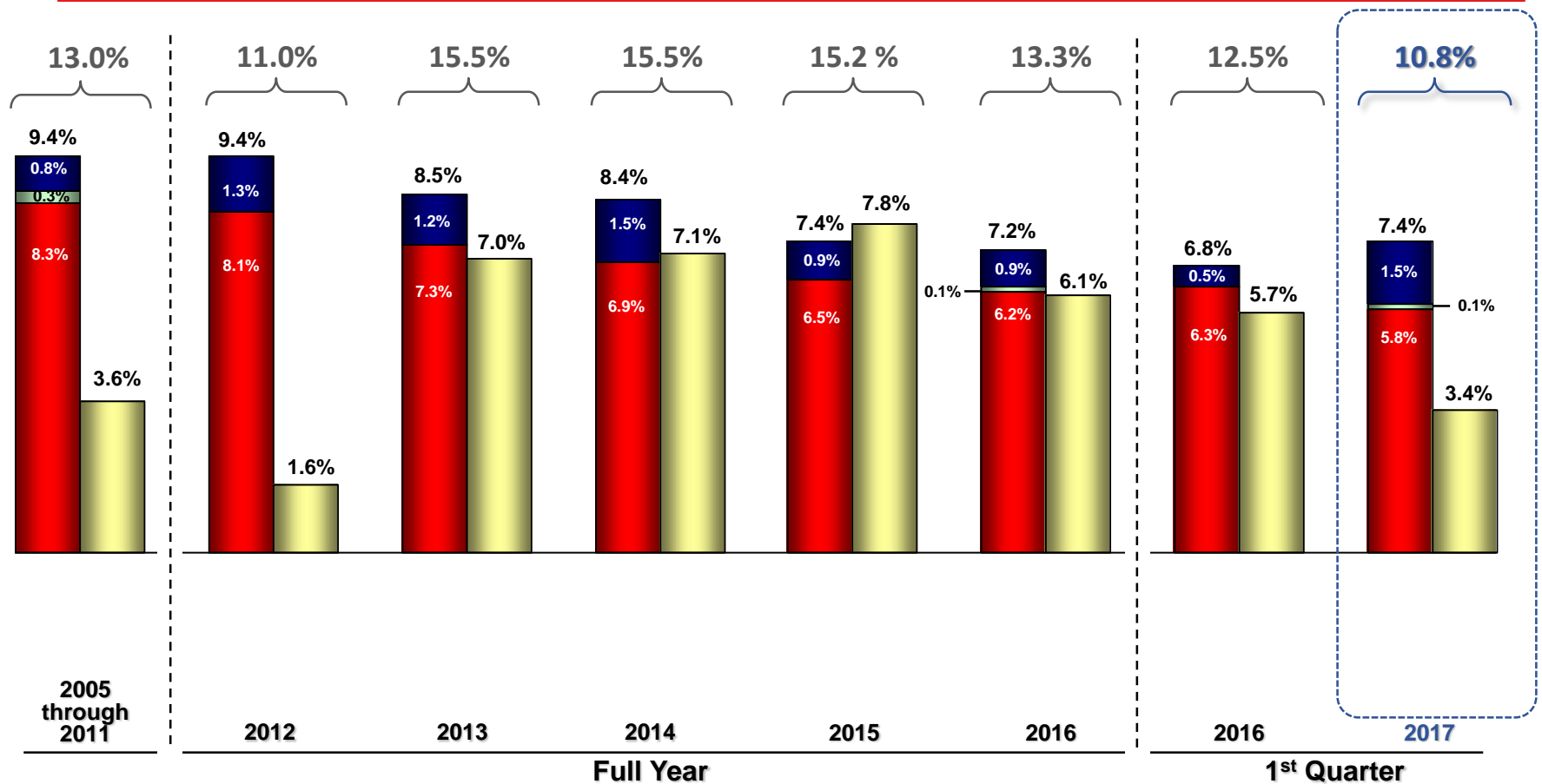
First Quarter 2017 Commentary

- Net investment income from the long-term fixed income portfolio declined modestly from the prior year quarter due to lower reinvestment rates as expected
- Short-term portion of fixed income portfolio returns, while still low, have improved due to recent interest rate increases
- Net investment income from the non-fixed income portfolio increased from the prior year quarter due to higher private equity returns

NON-FIXED INCOME²



Components of Core Return on Equity



- Long-term fixed net investment portfolio investment income less holding company interest expense
- Short-term fixed net investment portfolio investment income
- Non-fixed net investment portfolio investment income
- Underwriting gain and other

From Jan. 1, 2005 through Mar. 31, 2017, TRV's average annual core ROE was approximately 13.4%

Business and International Insurance Performance

(\$ in millions)

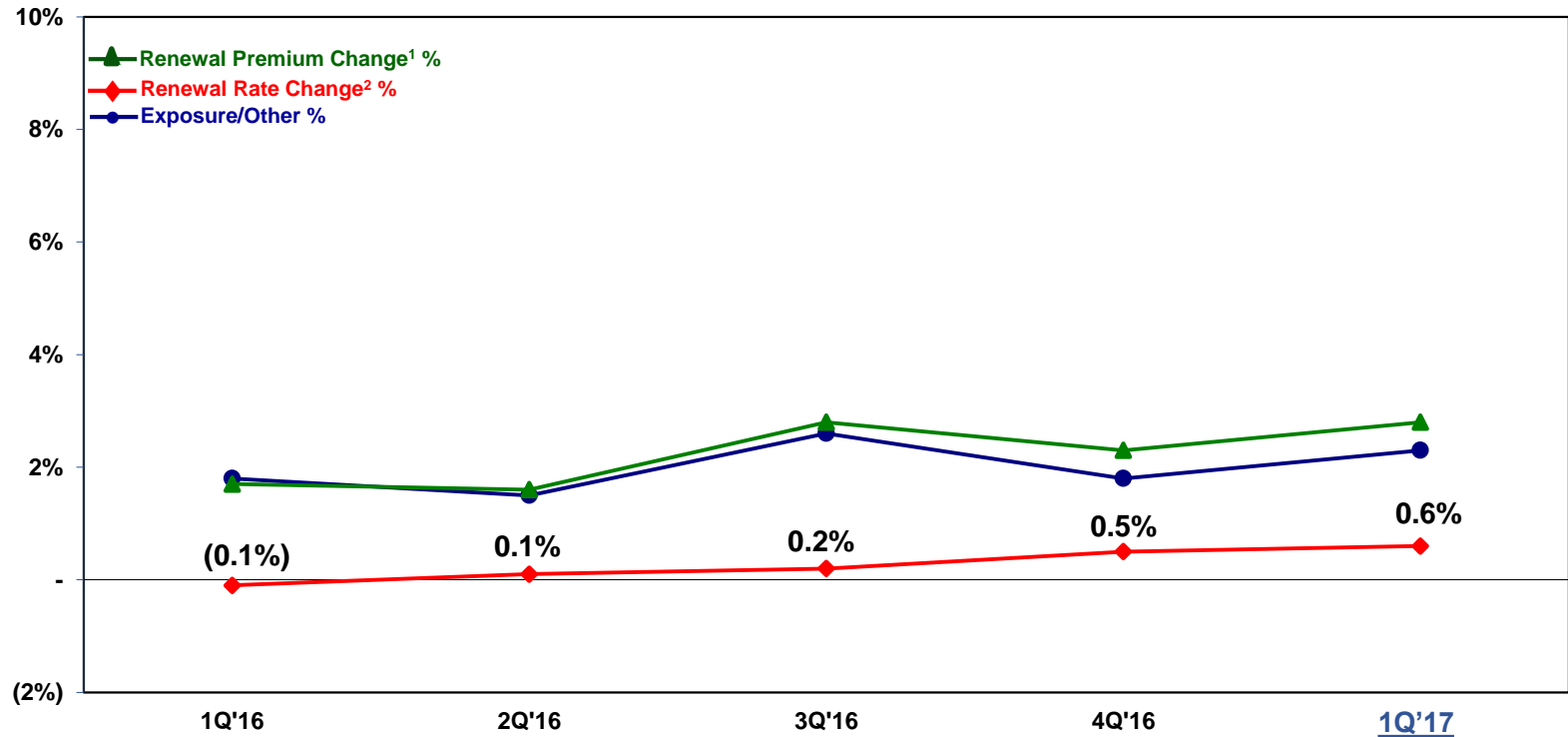
	FIRST QUARTER		
	2017	2016	Change
Segment income¹	\$ 468	\$ 476	(2) %
Loss and loss adjustment ratio	63.9 %	62.4 %	
Underwriting expense ratio	32.4	32.4	
Combined ratio²	96.3 %	94.8 %	(1.5) pts
Net favorable prior year reserve development	1.9	2.6	
Catastrophes, net of reinsurance	(3.7)	(4.1)	
Underlying combined ratio	94.5 %	93.3 %	(1.2) pts
<hr/>			
Net written premiums			
Domestic			
Select Accounts	\$ 755	\$ 724	4 %
Middle Market	1,956	1,830	7
National Accounts	288	320	(10)
First Party	352	358	(2)
Specialized Distribution	255	285	(11)
Total Domestic	3,606	3,517	3
International	421	397	6
Total Business and International Insurance	\$ 4,027	\$ 3,914	3 %

¹ As a result of recent SEC insurance industry guidance concerning terminology, what we previously referred to as "operating income (loss)" in our public disclosures when referring to business segment results is now labeled "segment income (loss)." There were no changes in the calculation of these amounts.

² A benefit to the combined ratio is indicated as a positive item, and a charge is indicated as a negative item.

Domestic Business Insurance (Ex. National Accounts)

ILLUSTRATIVE BUSINESS STATISTICS



(\$ in millions)

Retention	85%	85%	85%	84%	85%
Renewal premium change ¹	1.7%	1.6%	2.8%	2.3%	2.8%
New business	\$578	\$522	\$431	\$436	\$532

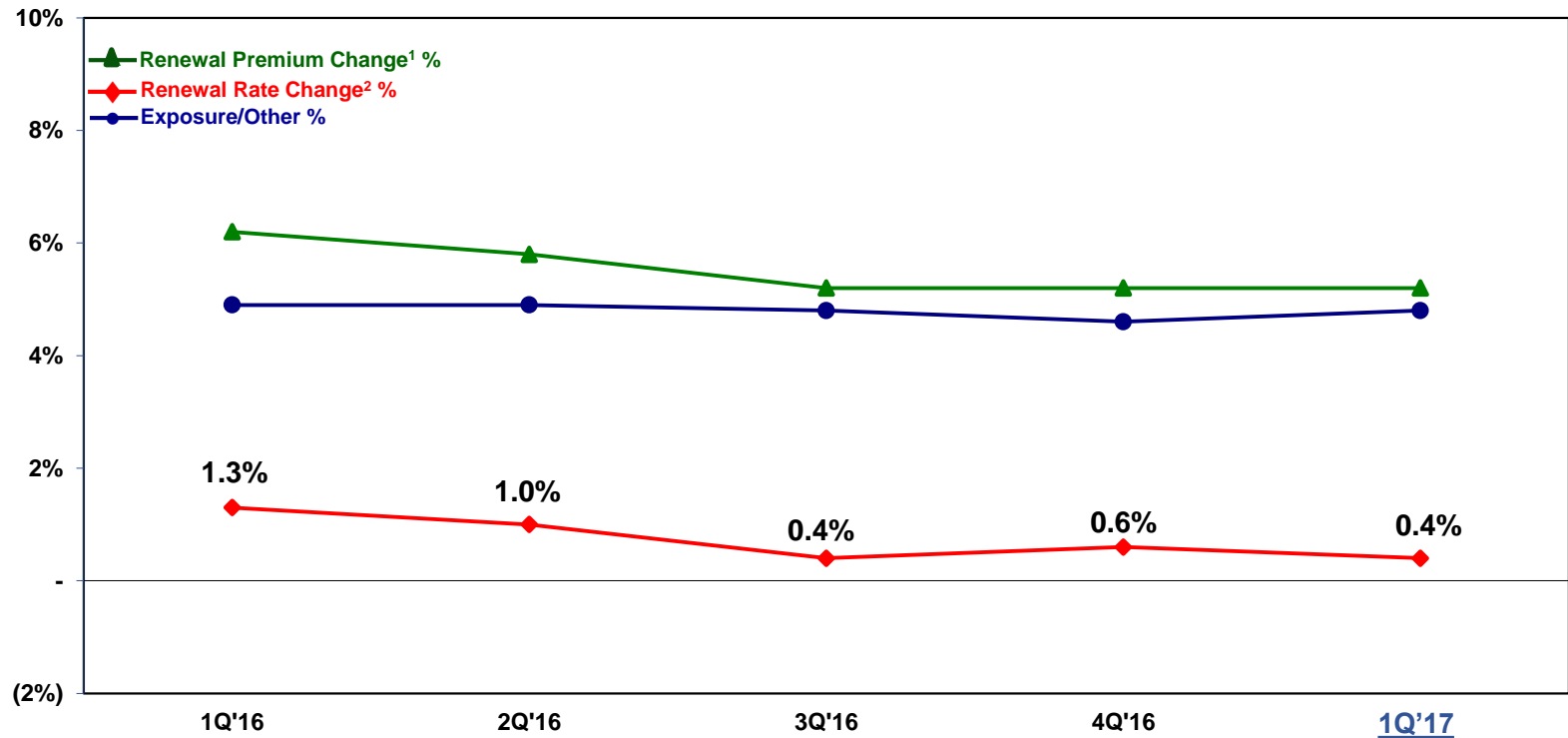
¹ Represents the estimated change in average premium on policies that renew, including rate and exposure changes.

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)

Retention	82%	82%	83%	83%	83%
Renewal premium change ¹	6.2%	5.8%	5.2%	5.2%	5.2%
New business	\$103	\$100	\$94	\$91	\$121

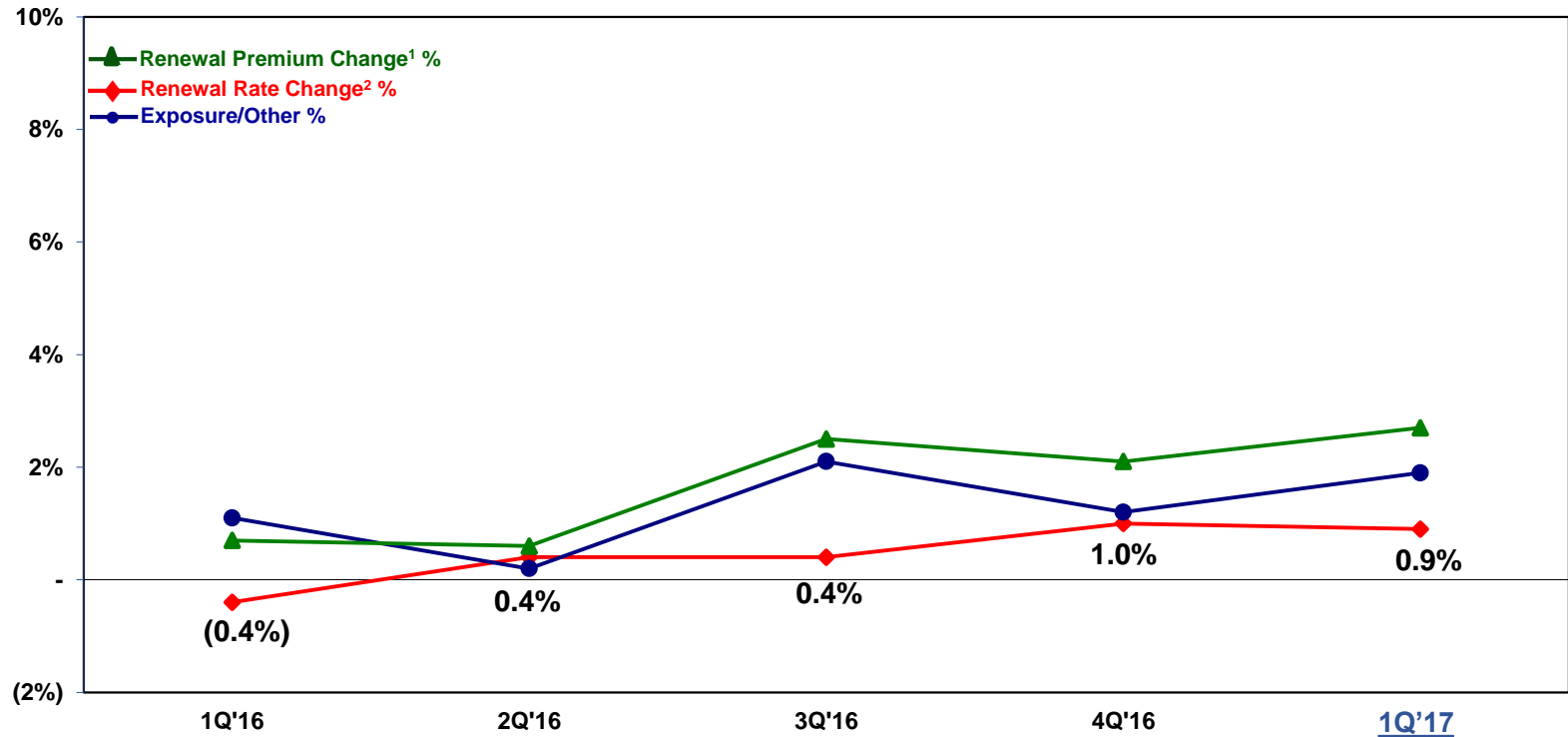
¹ Represents the estimated change in average premium on policies that renew, including rate and exposure changes.

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: Middle Market

ILLUSTRATIVE BUSINESS STATISTICS



(\$ in millions)

Retention	88%	87%	87%	87%	88%
Renewal premium change ¹	0.7%	0.6%	2.5%	2.1%	2.7%
New business	\$323	\$277	\$218	\$230	\$290

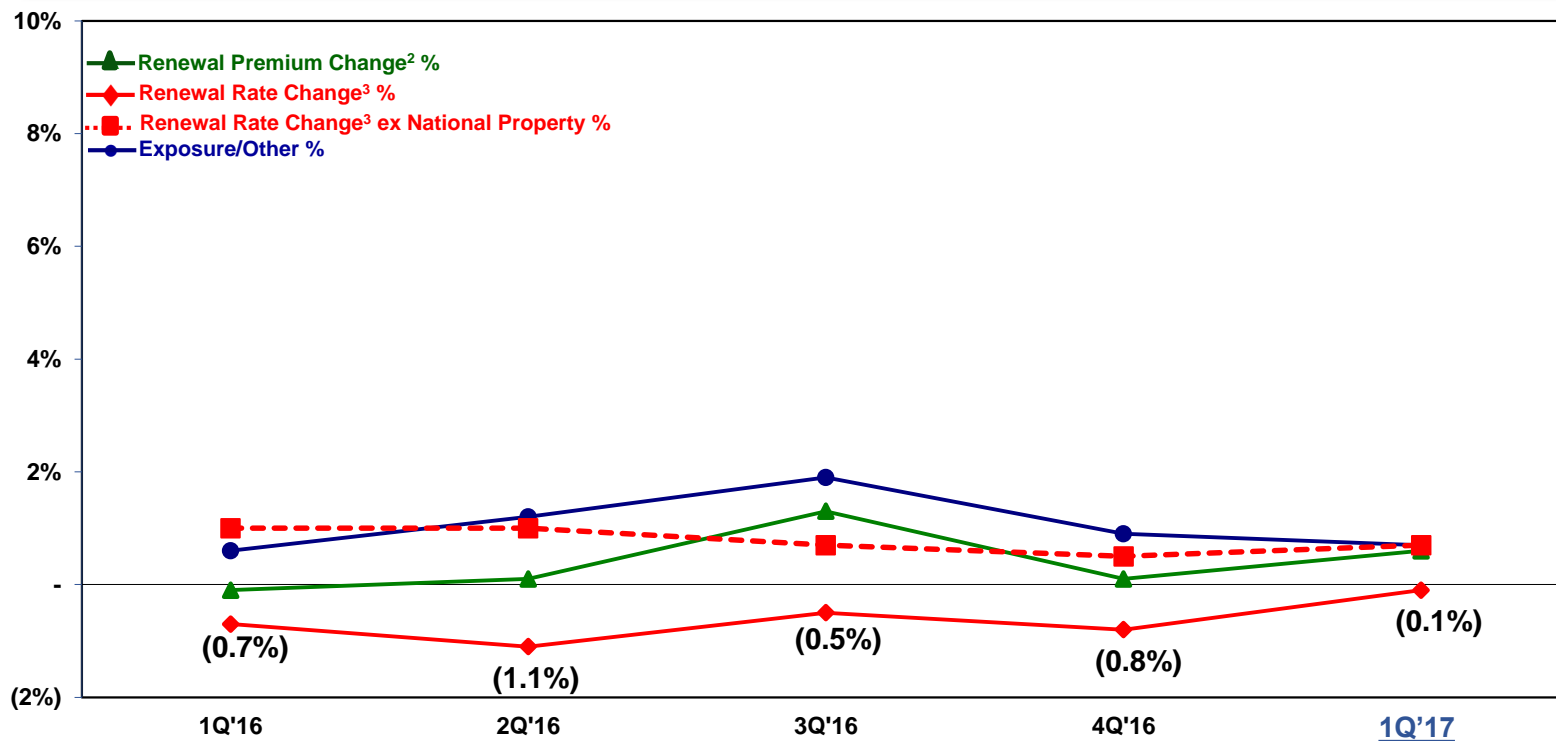
¹ Represents the estimated change in average premium on policies that renew, including rate and exposure changes.

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: Other Business Insurance¹

ILLUSTRATIVE BUSINESS STATISTICS



(\$ in millions)

Retention	82%	82%	81%	81%	79%
Renewal premium change ²	(0.1%)	0.1%	1.3%	0.1%	0.6%
New business	\$152	\$145	\$119	\$115	\$121

¹ Includes First Party and Specialized Distribution.

² Represents the estimated change in average premium on policies that renew, including rate and exposure changes.

³ 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.

International Insurance

(\$ in millions)

ILLUSTRATIVE BUSINESS STATISTICS

	2016				2017
	1Q	2Q	3Q	4Q	1Q
International ¹					
Retention	83%	80%	82%	83%	84%
Renewal premium change ²	(1.6%)	(1.1%)	(0.8%)	1.7%	0.3%
New business	\$77	\$108	\$87	\$90	\$86

¹ Excludes the surety line of business as surety products 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.

Bond & Specialty Insurance Performance

(\$ in millions)

FIRST QUARTER

Segment income

Loss and loss adjustment ratio

Underwriting expense ratio

Combined ratio ¹

Net favorable prior year reserve development

Catastrophes, net of reinsurance

Underlying combined ratio

Net written premiums

Management Liability

Surety

Total Bond & Specialty Insurance

	2017	2016	Change
	\$ 129	\$ 144	(10) %
	41.1 %	31.9 %	
	38.2	37.4	
	79.3 %	69.3 %	(10.0) pts
	1.9	11.9	
	(0.1)	(0.1)	
	81.1 %	81.1 %	- pts
	\$ 330	\$ 325	2 %
	174	167	4
	\$ 504	\$ 492	2 %

¹ A benefit to the combined ratio is indicated as a positive item, and a charge is indicated as a negative item.

Bond & Specialty Insurance

(\$ in millions)

ILLUSTRATIVE BUSINESS STATISTICS

	2016				2017
	1Q	2Q	3Q	4Q	1Q
<u>Management Liability</u> ¹					
Retention	86%	87%	87%	88%	88%
Renewal premium change ²	3.2%	3.6%	3.3%	1.5%	4.4%
New business	\$47	\$48	\$49	\$41	\$45

¹ Excludes the surety line of business as surety products 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)

FIRST QUARTER

Segment income

Loss and loss adjustment ratio

Underwriting expense ratio

Combined ratio ¹

Net favorable prior year reserve development

Catastrophes, net of reinsurance

Underlying combined ratio

Net written premiums

Agency Automobile ²

Agency Homeowners & Other ²

Direct to Consumer

Total Personal Insurance

	2017	2016	Change
	\$ 79	\$ 139	(43) %
	74.1 %	66.7 %	
	25.8	27.0	
	99.9 %	93.7 %	(6.2) pts
	-	1.4	
	(10.4)	(9.0)	
	89.5 %	86.1 %	(3.4) pts
	\$ 1,087	\$ 932	17 %
	794	760	4
	83	68	22
	\$ 1,964	\$ 1,760	12 %

¹ A benefit to the combined ratio is indicated as a positive item, and a charge is indicated as a negative item.

² Represents business sold through agents, brokers and other intermediaries, and excludes direct to consumer.

Personal Insurance Performance

FIRST QUARTER

Agency Automobile¹

Loss and loss adjustment ratio

77.3 %

70.3 %

Underwriting expense ratio

23.8

24.9

Combined ratio²

101.1 %

95.2 %

(5.9) pts

Net favorable prior year reserve development

-

0.8

Catastrophes, net of reinsurance

(2.5)

(2.0)

Underlying combined ratio

98.6 %

94.0 %

(4.6) pts

Impact of re-estimations of Q1 2016 that occurred in Q3 and Q4 2016 related to bodily injury liability coverages

3.2

Underlying combined ratio including re-estimations

98.6 %

97.2 %

(1.4) pts

Agency Homeowners & Other¹

Loss and loss adjustment ratio

69.1 %

62.8 %

Underwriting expense ratio

27.6

27.6

Combined ratio²

96.7 %

90.4 %

(6.3) pts

Net favorable prior year reserve development

-

1.8

Catastrophes, net of reinsurance

(19.1)

(16.0)

Underlying combined ratio

77.6 %

76.2 %

(1.4) pts

Personal Insurance

(\$ in millions)

ILLUSTRATIVE BUSINESS STATISTICS

	2016				2017
	1Q	2Q	3Q	4Q	1Q
Agency Automobile ¹					
Retention ²	86%	86%	86%	86%	84%
Renewal premium change ³	4.6%	5.1%	5.5%	4.9%	5.9%
Policies in force (in thousands)	2,212	2,275	2,350	2,428	2,482
• Sequential quarter growth	3%	3%	3%	3%	2%
• Year over year growth	9%	11%	12%	13%	12%
New business	\$215	\$231	\$259	\$260	\$244
Agency Homeowners & Other ¹					
Retention ²	86%	86%	86%	87%	86%
Renewal premium change ³	2.9%	3.2%	3.5%	3.4%	2.8%
Policies in force (in thousands)	4,068	4,117	4,146	4,174	4,222
• Sequential quarter growth	1%	1%	1%	1%	1%
• Year over year growth	1%	2%	3%	3%	4%
New business	\$101	\$133	\$135	\$115	\$118

¹ Represents business sold through agents, brokers and other intermediaries, and excludes direct to consumer.

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.



Appendix

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 financial condition and operating results (including anticipated premium volume, premium rates, margins, net and core income, investment income and performance, loss costs, return on equity, core return on equity and expected current returns and combined ratios), our share repurchase plans, future pension plan contributions, the sufficiency of our reserves, the impact of emerging claim issues and litigation, the cost and availability of reinsurance coverage, catastrophe losses, the impact of investment, economic and underwriting conditions, our strategic initiatives and the potential closing date and impact of our acquisition of Simply Business.

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

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

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

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 Form 10-Q filed on April 20, 2017, and 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).

Copies of this presentation and the accompanying webcast are publicly available on the Travelers website (www.travelers.com). This presentation should be read with the accompanying webcast and related press release and financial supplement.

Travelers may use its website and/or social media outlets, such as Facebook and Twitter, as distribution channels of material company information. Financial and other important information regarding the company is routinely accessible through and posted on our website at <http://investor.travelers.com>, our Facebook page at <https://www.facebook.com/travelers> and our Twitter account (@Travelers) at <https://twitter.com/Travelers>. In addition, you may automatically receive email alerts and other information about Travelers when you enroll your email address by visiting the Email Notification section at <http://investor.travelers.com>.

