



**CIAB 2025**



# WATCHING TRENDS

## Industry-wide Marketplace Economics

### INFLATION

#### Inflation remains a headwind

- The all-items CPI index rose 2.9% for the 12 months ending in August<sup>1</sup>, the highest rate since January<sup>2</sup>
- Labor costs rose 16% from 1Q20 through 2Q25<sup>3</sup>
- Housing material costs rose from 1Q20-2Q25 - shingles<sup>4</sup> (+43%), lumber<sup>5</sup>(+25%)
- Auto parts<sup>6</sup> & used car<sup>7</sup> prices increased (+24% & +31%, respectively) from 1Q20-2Q25
- Plaintiff attorneys continue to use aggressive tactics - advertising, venue shopping
- Trade and tariffs were the top concern for 39% of CFOs in Q2 2025, up significantly from 3% in Q4 2024<sup>8</sup>

<sup>1</sup> Bureau of Labor Statistics <sup>2</sup> Bureau of Labor Statistics <sup>3</sup> FRED <sup>4</sup> FRED <sup>5</sup> FRED <sup>6</sup> FRED <sup>7</sup> FRED <sup>8</sup> Federal Reserve Bank of Richmond

### SOCIETAL, ECONOMIC & LABOR

#### Short- and long-term shocks, trends and opportunities

- Inflation volatility persists
- Economic uncertainty is affecting consumer sentiment and buying behaviors
- Workforce challenges include labor costs, retirement, skill gaps, hybrid/remote models
- Evolving legislative and regulatory environment
- Rapid investment in AI presents challenges and efficiency opportunities
- Cyber attacks, data breaches and widespread event risk is increasingly a concern
- Global conflicts and current political climate remain watch items

### WEATHER & NON-WEATHER TRENDS

#### Increasing focus on weather and non-weather trends

- Continued population growth in high-risk hurricane and wildfire areas
- Increasing volatility in extreme rainfall straining urban flood design
- Frequency & severity of thunderstorm losses are increasing
- Record warm ocean temperatures elevating hurricane risk and rapid intensification
- Hotter, drier conditions increasing wildfire risk with land-forest management and season expansion playing key roles
- California Palisades & Eaton wildfires in January were devastating catastrophes
- Cyber systemic risks<sup>1</sup> remain a concern due to interconnections of digital systems and the rising threats of ransomware, business email compromise, and AI advancements

<sup>1</sup> AM Best Market Segment Outlook: Global Cyber Insurance

### INTEREST RATES

#### Treasury Yields



Source: U.S. Department of the Treasury Daily Treasury Par Yield Curve Rates as of August 29th, 2025

# Business Insurance

## Perform: Market Overview

### Casualty

- Challenging environment driven by legal system abuse, continuing the need for funding through rate, disciplined capacity, terms and conditions. Green shoots of regulatory reform in limited states but patchwork approach remains inefficient and insufficient.

### Property

- Softening of rates in large schedule property accounts has been driven by rate adequacy and line profitability. Stability remains in the small and mid-market property segment.

## What You Can Expect from Us

### Partnership, Visibility & Innovation

- Sharp focus on agent and broker experience, enhancing and accelerating the submission, response and quoting process.
- Appetite and capacity reliability and financial stability.
- Early and frequent communications.
- Leading the industry on transformation and digitization.

## Transform: Building a BI for the Future

Build end-to-end, AI-enabled capabilities that bring the breadth of offerings and depth of specialization to our agents, brokers and customers in a seamless and frictionless way while reducing the transaction cycle time.

## Four Transform Priorities

Sales Excellence		
	<b>Profitable Growth</b>	<b>Enabling mutual profitable growth.</b> Market Insights   Lead Generation   Targeted Prospecting
Underwriting Modernization		
	<b>Ease &amp; Speed</b>	<b>Reimagining the submission and quote process.</b> Automated Intake, Enrichment and Triage   Risk Control Road Warriors   GenAI Underwriting Insights
Product Sophistication		
	<b>Modernized Products</b>	<b>Product breadth &amp; segmentation advantage.</b> TCAP (42 States)   Travelers Synergy   BOP2.0 (countrywide)
Analytics Advantage		
	<b>Actionable Insights</b>	<b>Right risk. Right price. Right now.</b> Customer Insights   Speed to Market   Pricing Segmentation



# GROWTH FOCUS WITH INVESTMENT IN AI & DIGITAL

PI

Optimize / Digitize / Modernize / Simplify



## *Grow Auto and Specialty*

- Reduce auto rates in select markets
- Fully normalize U/W guidelines
- Continue to improve auto pricing segmentation
- Complete Quantum Boat 2.0<sup>SM</sup> & Yacht 2.0<sup>SM</sup> rollouts



## *Leverage improved Property position to grow Portfolio business*

- Moderate rate and reconstruction cost increases
- Continue focus on geographic diversification
- Remove binding restrictions and agency quotas
- Relax new business restrictions and refine T&Cs in select markets
- Round monoline home accounts

## *Enhance Digital Experiences*

- Digital Advancement
- APIs
- IVANS Bookroll pilot
- ASO eSign



## *Educate Agents and Consumers*

- PIVOT/TALP/Agency Workshops
- Customer education and information

## *Improve Efficiency and Experience*

- Payment & Billing Transformation
- myDesktop
- U/W Transformation
- Advancing Artificial Intelligence
- Claim Straight Through Processing



## *Optimize Product Solutions*

- Modernize Specialty Products & Platform (PAF Modernization)
- Advance Auto Sophistication (IntelliDrive® 365)
- Advance Property Segmentation (AI & Aerial Imagery)



*Prioritizing strategic investments in products, services and platforms*

## SURETY



- Premier Canada operation continues to support global surety commitment.
- Improving Contractor success through consultative underwriting and innovative risk control services.
- Agent efficiency with enhanced Travelers Click® offerings.

## CYBER



- New Cyber Policyholder Dashboard providing access to real-time threat intelligence.
- Expanded Cyber Risk Services provides risk advisory and risk mitigation services for policyholders.

## MANAGEMENT LIABILITY



- Better rate segmentation and risk selection with utilization of new tools.
- Quicker renewal terms by incorporating AI during New Business submission intake.

**Consistent underwriting approach to enhance distribution partnerships.**



## Leading Claim Capabilities

Empowering our business by delivering meaningful insights and payout accuracy through deep expertise, advanced analytics and cutting-edge technology.

**450+**

Claim Technologists – dedicated to innovation and optimization

**300+**

Dedicated Claim data scientists and analytic professionals – empowering decision making and efficiency

**550+**

Dedicated Claim Nurses

**20+ yrs.**

Avg. industry experience of our claim professionals handling our more complex claims

### The Impact

> **50%** of Property claims inspected & paid same day

~ **90%** CAT Property claims closed within 30 days

**30%** faster Property claim intake

**15-20 points** higher NPS for fully digital Auto claims

**70%** of injured employees return to work within 30 days

**70 cents** in medical bill savings for every \$1 billed

~**\$15M** of additional predictive analytics benefits delivered in 2024 as part of annual financial benefit of \$100M across all models

### Mitigating Severity:

### Digital and Automation:



#### Craft My Story

Proprietary, cost-effective process that facilitates our ability to refine litigation strategies by testing case themes, evaluate evidence, survey witness credibility and assess jury reactions before trial.



#### WC and Liability Severity Determination

Our proprietary predictive models assesses claim data and accurately predict which claims will escalate in severity.



#### Geospatial

Proprietary AI models analyze pre- and post-catastrophe aerial photos to assess damage, accelerating the claim process.



#### Auto Damage Straight-Through Processing

Eligible customers can self-service auto claims digitally – verify coverage, select a shop, schedule an appointment, reserve a rental, receive status updates and take advantage of ePay.



#### Generative AI Claim Innovations

Tools optimizing coding, decision making and efficiency through Gen-AI driven summarization, document ingestion, data extraction and knowledge assistance.



#### Property Digital Claim Capabilities

AI-driven digital assistant intakes customer's claim and offers real-time services such as automatic measurements, contractor network and water mitigation.

