



Sustainability Report 2018



CEO Message



At Travelers, we manage risk for our customers. We have been doing that successfully for more than 160 years. As we look ahead, sustaining our success requires that we do that and more.

Our continued success requires that we do three things successfully: **perform, transform** and make good on the **Travelers Promise**.

At Travelers, **perform** means executing on our long-term financial strategy to generate industry-leading returns on equity over time. In each of the past 10 years, we have outperformed the industry in terms of average return on equity, and, as a consequence, in creating shareholder value. By continuing to execute successfully on our long-term financial strategy, we will continue to outperform and create shareholder value.

Our formidable competitive advantages are the foundation of our success. However, we understand that the competitive advantages that have fueled our achievements over the past decade will not necessarily be the same as those we will need to continue to lead for the next decade. Consequently, **transform** means positioning the company to continue to perform by ensuring that our competitive advantages remain relevant and differentiating tomorrow and 10 years from tomorrow. To that end, we have embraced an ambitious innovation agenda guided by our vision to be *the undeniable choice for the customer and an indispensable partner for our agents and brokers*.

Perform is how we deliver industry-leading results today, and transform is the way we prepare to do so tomorrow. Each depends on the other, and both depend on one thing: the **Travelers Promise**.

The Travelers Promise is a commitment to take care of our customers, our communities and each other. This includes being there to help our customers recover after the storm, and also giving them the security they need to invest in their families and businesses. It also includes caring for the communities in which we live and work by supporting academic and career success, and promoting the development of thriving neighborhoods and enriched communities. Finally, it is about making Travelers a great place to work for our diverse workforce, the best talent in the industry, and a great partner for our agents and brokers. In the end, the Travelers Promise is about taking care of the people we are privileged to serve.

Put another way, for Travelers, sustainability comes down to this: Only by successfully delivering on our perform and transform agenda will we earn the resources we need to keep the Travelers Promise. And only by faithfully keeping the Travelers Promise will we earn the support of key stakeholders essential to our perform and transform success. That is how we are going to deliver results next quarter and succeed for the next quarter century.

With that in mind, I invite you to read on about the ways we are driving sustainability at Travelers.

A handwritten signature in black ink that reads "Alan". The signature is fluid and cursive.

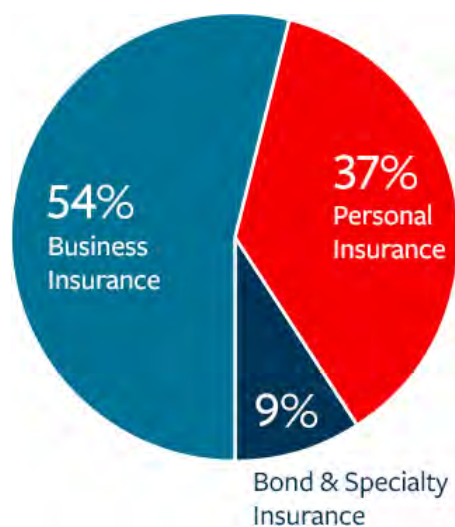
Alan Schnitzer, Chairman and Chief Executive Officer

Company



The Travelers Companies, Inc. (NYSE: TRV) is a leading provider of commercial, personal and specialty insurance products and services to businesses, government units, associations and individuals. Our diverse business lines offer our customers a wide range of coverage sold primarily through independent agents and brokers. Travelers has approximately 30,000 employees and relationships with approximately 13,500 independent agents and brokers in the United States, Canada, the United Kingdom and the Republic of Ireland. Travelers is the only property casualty company in the Dow Jones Industrial Average and generated revenues of approximately \$30 billion in 2018.

NET WRITTEN PREMIUMS





BUSINESS INSURANCE

Business Insurance offers a broad array of property and casualty insurance and insurance-related services to our customers, primarily in the United States, as well as in Canada, the United Kingdom, the Republic of Ireland and throughout other parts of the world as a corporate member of Lloyd's.

Only commercial insurer with a top-five position in six major product lines¹, including a No. 1 position in workers compensation and commercial multi-peril



PERSONAL INSURANCE

Personal Insurance writes a broad range of property and casualty insurance covering individuals' personal risks, primarily in the United States, as well as in Canada. Our broad suite of related coverages complements our automobile and homeowners insurance.

Top-three writer of personal insurance through independent agents in the United States, including No. 1 in homeowners²



BOND & SPECIALTY INSURANCE

Bond & Specialty Insurance provides surety, fidelity, management liability, professional liability and other property and casualty coverages and related risk management services to our customers in the United States. Bond & Specialty Insurance also offers certain specialty insurance products in Canada, the United Kingdom and the Republic of Ireland, utilizing various degrees of financially based underwriting approaches.

No. 1 writer of Surety in the United States¹

¹S&P Global Market Intelligence. 2018 U.S. Statutory DWP: Commercial Multi-Peril (Commercial Multiple Peril (Liability), Commercial Multiple Peril (Non-Liability), Farmowners Multiple Peril); Commercial Auto (Commercial Auto No-Fault (Personal Injury Protection), Commercial Auto Physical Damage, Other Commercial Auto Liability); General Liability (Other Liability: Occurrence, Product Liability); Management & Professional Liability (Other Claims Made Liability, Burglary & Theft, Fidelity); Workers Compensation; and Surety.

²U.S. AM Best Data Statutory DWP, 2017.

Business Strategy & Competitive Advantages



At Travelers, our mission for creating shareholder value is to deliver superior core return on equity by leveraging our meaningful and sustainable competitive advantages; generating top-tier earnings and capital substantially in excess of our growth needs; and thoughtfully rightsizing capital and growing book value per share *over time*. Our Board of Directors regularly reviews this long-term financial strategy. Executing our long-term strategy requires that we fulfill our promise to take care of our customers, our communities and our employees. By executing our financial strategy, investing strategically in the future and delivering on the Travelers Promise, we will continue to deliver industry-leading returns over time.

BUSINESS STRATEGY

Business Strategy

Our Long-Term Financial Strategy for Creating Shareholder Value

More than a decade ago, Travelers laid out a clear, simple and unwavering mission for creating shareholder value:



CREATE SHAREHOLDER VALUE
Objective: Mid-Teens Core ROE *Over Time*

Our results in achieving the elements of this long-term financial strategy speak for themselves. Over the past decade:

- our return on equity has significantly outperformed the average return on equity for the industry;
- we returned more than \$34 billion of excess capital to our shareholders;
- we grew dividends per share at an average annual rate of 10%; and
- we more than doubled our book value per share.

Importantly, over this 10-year period, our return on equity has been less volatile than that of others in the property and casualty industry. The level and consistency of our return on equity over time reflect the value of our competitive advantages and demonstrate the discipline with which we run our business.

The successful execution of our long-term financial strategy has enabled us to deliver a total return of approximately 240% to our shareholders over this 10-year period.

Delivering Industry-Leading Return on Equity Over Time

The results we deliver are due to our deliberate and consistent approach to creating shareholder value. We have been clear for many years that one of our crucial responsibilities is to produce an appropriate return on equity for our shareholders. That is our North Star. This has meant developing and executing financial and operational plans consistent with our goal of achieving superior returns, which we defined many years ago as a mid-teens core return on equity over time. We emphasize that the objective is measured over time because we recognize that business cycles, economic cycles (including financial crises), reserve development and weather, among other factors, impact our results from year to year, and that there are years — or longer periods — and environments in which a mid-teens return is not attainable and other years in which we expect we will achieve or exceed a mid-teens return. We established the mid-teens goal at a time when the 10-year Treasury was yielding around 5%, and in that environment, a mid-teens return was industry leading. Our ability to achieve a mid-teens return over time going forward will depend on interest rates returning to more normal levels by historical standards. In any event, we will always seek to deliver industry-leading, superior returns over time.

Our focus on core return on equity encompasses multiple performance objectives key to creating shareholder value. The measure is a function of both (1) core income and (2) shareholders' equity (excluding unrealized gains and losses on investments). Accordingly, core return on equity reflects a number of separate areas of financial performance related to both our income statement and balance sheet, including the quality and profitability of our underwriting and investment decisions, the pricing of our policies, the effectiveness of our claims management and the efficacy of our capital and risk management.

Granular and Deliberate Execution

One critical component of our ability to deliver exceptional returns over time is our granular approach to underwriting; that means execution, including the allocation of capital, on an account-by-account, line-by-line or class-by-class basis. It also means a very high degree of account segmentation and the allocation of capital generally on a very local geographic basis. With that and our advanced data and analytics, we select the risks we write and price our products deliberately with our targeted return in mind. Underlying all of this is a culture that understands how to balance the science and art of decision making based on data and analytics. That culture alone is a competitive advantage, and one that we believe is hard to replicate.

Our granular and deliberate execution goes beyond risk selection and pricing. There are other profitability levers in our business, including, among others, volume, mix, expenses, claims handling initiatives and reinsurance. We have a long track record of capitalizing on all of the available levers to deliver superior returns — and of applying these levers on a strategic and business-by-business basis. This is evident in the way we have executed quite differently in each of our business segments through changing economic and business cycles.

Disciplined Investment Approach

Similar to our underwriting strategy, our [investment philosophy](#) is well defined and consistent. Our investment portfolio is managed first and foremost to support our insurance operations and, accordingly, is positioned to meet our obligations to policyholders under a wide range of conditions. We emphasize risk-adjusted returns and credit quality rather than reaching for yield that is not consistent with the underlying risk. Our asset allocation is designed so that even when we experience lower non-fixed income returns, which we know on occasion we will, the predictable stream of investment income from our fixed income portfolio will nonetheless provide a firm and reliable foundation for our overall results.

Right-Sizing Capital and Growing Book Value Over Time: A Balanced Approach

Our [capital management](#) strategy has been an important driver of shareholder value creation over time. Our first objective for the capital we generate is to reinvest it in our business — organically and inorganically — to create shareholder value. We will continue to retain capital to support growth in our business and invest capital to further our ambitious innovation agenda and advance other strategic objectives. Today, we are making strategic investments in everything from talent to technology. We are disciplined stewards of our shareholders' capital, and to the extent that we continue to generate capital that we cannot reinvest consistent with our objective of generating industry-leading returns over time, we will manage it the same way we have for more than a decade — by returning it to our shareholders.

Our performance has enabled us to return significant amounts of excess capital to our shareholders in the form of dividends and share repurchases while meaningfully growing book value per share. We set our dividend at a level that we believe to be both competitive and sustainable, recognizing that we provide coverage for catastrophic events, and use share repurchases to return additional excess capital to our shareholders. This strategy gives us the flexibility to respond to changing business conditions and permits us to take advantage of business opportunities as they present themselves.

Acquisitions and Footprint

The lens through which we evaluate acquisition opportunities is that a transaction should contribute to our mission by improving our long-term return profile, reducing the volatility of our returns or creating shareholder value through some other important strategic benefit, such as a geographic or product position.

We have a great deal of experience in executing strategic transactions, and we view this as a core competency. The company that we are today has come together through a number of significant transactions over the past two decades.

Across all of our businesses, our strategic focus continues to include creating opportunities to write more business through retaining and growing our relationships with our high-quality in-force accounts and bringing our franchise value to new customers. As we have done successfully over the past few years, we will continue to seek to grow without compromising our return objectives or changing our risk profile, primarily by targeting customers, industries, products and geographies that we know well. In terms of geography, we believe that geopolitical risk and economic instability around the world are underappreciated today, and so we like our North America concentration. That is not to say that we do not continue to explore and evaluate opportunities outside of North America, but we have set an even higher bar for them today.

Investing in Our Future

Our [competitive advantages](#) set us apart; they are foundational to the success of our long-term financial strategy. At the same time, we understand clearly that the world is changing, and changing quickly. Broadly speaking, we see four significant forces of change impacting our industry:

- Consumers' expectations are changing and being shaped by their experiences in other industries.
- Rapid progress in technology is enabling us to reimagine almost every aspect of our business.
- The opportunities presented by data and analytics are becoming even more consequential.
- Traditional distribution is consolidating and alternative models are developing.

We are focused intently on these forces of change. While our long-term financial strategy is not changing, the competitive advantages that have fueled our success over the last decade will not necessarily be the same as those we will need to continue to lead for the next decade. That is the focus of our innovation agenda: making sure that our competitive advantages are as relevant and differentiating tomorrow as they are today.

Ultimately, the vision for our innovation agenda is to be *the undeniable choice for the customer and an indispensable partner for our agents and brokers*. This vision drives our three [innovation](#) priorities:

- Extend our advantage in risk expertise.
- Provide great experiences for our customers, agents and brokers.
- Optimize productivity and efficiency.

A key theme running through our investments is that they are designed in large part to enable us to optimize the top line at attractive returns. We have been investing in these priorities for several years, while delivering industry-leading returns and an improving expense ratio.

We are undertaking this work from a position of strength. We have the resources and expertise to be successful, and we benefit from a lack of distraction. Moreover, our business is complex, and the value of deep domain expertise in understanding risk and the products and services our customers need to manage that risk cannot be underestimated as the starting point for innovation. We believe the winners in our industry will be those who can innovate successfully on top of a foundation of excellence.

* * *

Underlying our financial strategy and our innovation agenda is the Travelers Promise — our promise to be there for our customers, communities and employees. Only by faithfully keeping the Travelers Promise will we earn the support of key stakeholders essential to our success. And only by successfully delivering on our financial strategy and executing our innovation agenda will we earn the resources we need to keep the Travelers Promise. That's why, at Travelers, our business strategy and performance are inextricably linked with the Travelers Promise.



OUR COMPETITIVE ADVANTAGES

Our Competitive Advantages are Meaningful & Sustainable

Our competitive advantages serve as the foundation for our success, helping us to fulfill our promise to protect our customers.

Underlying our competitive advantages are three key enablers that help set us apart — our talent and expertise, our industry-leading data and analytics and our financial strength.



OUR COMPETITIVE ADVANTAGES

Product Breadth & Specialization

We engage broadly across the seven major lines of insurance in three segments — **Business Insurance**, **Bond & Specialty Insurance** and **Personal Insurance**. Our portfolio is balanced across these lines of business and further diversified by geography, customer size and our deep underwriting specialization.

- Only commercial insurer with a top-five position in six major product lines¹, including a No. 1 position in workers compensation, commercial multi-peril and surety.
- Top-three writer in personal insurance through independent agents, including No. 1 in homeowners².
- 62.9% of domestic premiums from liability lines (e.g., workers compensation, management liability, general liability, auto insurance) in 2018.
- 37.1% of domestic premiums from property lines (e.g., homeowners, commercial property) in 2018.

¹S&P Global Market Intelligence. 2018 U.S. Statutory DWP: Commercial Multi-Peril (Commercial Multiple Peril (Liability), Commercial Multiple Peril (Non-Liability), Farmowners Multiple Peril); Commercial Auto (Commercial Auto No-Fault (Personal Injury Protection), Commercial Auto Physical Damage, Other Commercial Auto Liability); General Liability (Other Liability: Occurrence, Product Liability); Management & Professional Liability (Other Claims Made Liability, Burglary & Theft, Fidelity); Workers Compensation; and Surety.

² U.S. AM Best Data Statutory DWP, 2017.



OUR COMPETITIVE ADVANTAGES

Distribution Relationships

Domestically, we are the carrier of choice among independent agencies and brokers. Our agent and broker partners have a deep understanding of customer needs, and they provide insights that are a valuable part of our underwriting and risk selection process.

- Ranked No. 1 in UBS Semi-Annual Insurance Agent Survey where agents were asked to identify their top markets¹.
- Relationships with 100,000+ producers in more than 13,500 independent agencies and brokers.

¹UBS Semi-Annual Insurance Agent Survey, Nov. 2018.



OUR COMPETITIVE ADVANTAGES

Claim Services

Our dedicated Claim professionals are trained to deliver high-quality service and handle claims efficiently and with compassion. We have a unique and flexible [catastrophe response capability](#) with ~100,000 claim event capacity, made possible by extensive employee cross-training and advanced workforce management programs.

- 12,000+ Claim employees.
 - 800+ tenured high-severity Claim professionals.
 - 500+ nurses; 650+ attorneys handling litigation on behalf of our insureds.
 - 250+ field-based Claim fraud investigators.
- Drones flown by Claim professionals to work more safely and effectively; one of the largest commercial users of drones with about 650 FAA-certified drone pilots and 20,000 flights conducted in 2018.
- 34 predictive claim models leveraging data and analytics to improve claim outcomes for our customers and efficiency for Travelers.
- Subrogation recoveries that significantly outperform industry benchmarks¹.
- [Travelers Claim University](#), our state-of-the-art training and professional development facility, dedicated to providing technical training and leadership development to approximately 12,000 Claim employees.
- Deliberate cultivation of ethical, customer-centric Claim culture through training, internal communications, management coaching and compliance activities.
- Highly selective hiring process for Claim staff designed to attract, retain and develop employees with empathy, integrity and professional expertise.
- Recognition for Claim professionals who deliver exceptional customer experiences that help build the Travelers brand and business.

¹National Association of Subrogation Professionals (NASP) industry data.



OUR COMPETITIVE ADVANTAGES

Risk Mitigation & Improvement

For over 110 years, our loss prevention professionals have assisted agents, brokers and customers across the country and around the world. We deliver expertise in risk control through one of the largest Risk Control departments in the industry. We complete more than 60,000 risk surveys annually, which contribute to a unique risk assessment database we have assembled over the past decade. We leverage this resource not just for risk mitigation but also for risk selection and pricing.

- 600+ Risk Control professionals, including engineers and industry specialists.
- Unique and highly sophisticated Forensics Lab.
- Proprietary risk assessment database with 200M+ data points compiled over more than a decade.
- [Travelers Risk Control consultants](#) are backed by highly qualified specialists in areas such as fire protection, product liability, transportation and much more.
- Leading provider of [risk control services in the construction industry](#).



OUR COMPETITIVE ADVANTAGES

Risk Selection, Underwriting & Pricing Segmentation

Data and analytics influence the decisions we make and drive innovation throughout the organization — from the development and delivery of our products and services to risk selection, underwriting and pricing. But data and analytics are only as good as the people interpreting them — which is why we match our strength in analytics with a deep industry expertise. We are also increasingly transforming data into actionable insights to improve our decision-making.

- More than 1,200 employees working in analytics, including 250+ actuaries and 150+ data scientists and statisticians.
- 4,400+ underwriters, with an average tenure at Travelers of 12 years, supported by 3,000+ operations specialists across 100+ locations.
- A broad appetite with a deep underwriting specialization in more than 40 industries.

Capital & Risk Management



As a large property and casualty insurance enterprise, Travelers is exposed to many risks. These risks are a function of the environments within which we operate. Since certain risks can be correlated with other risks, an event or a series of events can impact multiple areas of our business simultaneously. These exposures require us to take an entity-wide, aggregate view of risk and understand the potential impact on all aspects of our operations. Our Enterprise Risk Management activities involve both the identification and assessment of a broad range of risks and an execution of synchronized strategies to effectively manage these risks. Through our Enterprise Risk Management, we also manage our risk-taking to be within our risk appetite in a prudent and balanced effort and determine our risk capital needs, taking into account regulatory requirements, financial strength and credit rating considerations, among other factors.

APPROACH

Approach

Enterprise Risk Management (ERM) is a company-wide initiative that involves the identification and assessment of a broad range of risks that could affect our ability to fulfill our business objectives, as well as the development of plans to mitigate their effects. Our Board of Directors oversees our ERM process. The Risk Committee and the other committees of the Board, as well as our separate management-level enterprise risk and underwriting risk committees, are key elements of our ERM structure and help to establish and reinforce our strong culture of risk management. For example, having both a Board Risk Committee that oversees operational risks and our ERM activities, and a management-level enterprise risk committee that reports regularly to the Board Risk Committee, enables a high degree of coordination between management and the Board.

BOARD OVERSIGHT OF RISK

While the Board Risk Committee has oversight responsibility generally for ERM activities, the Board has allocated and delegated risk oversight responsibility to various committees of the Board. Accordingly, all committees of the Board share responsibility for oversight of strategic objectives, risk management and the sustainability of our business. We believe that allocating responsibility for specific topics to a committee with a particular skill set and experience improves the effectiveness of the overall oversight of risks and opportunities. The Board reviews and acknowledges these responsibilities annually.

Audit Committee	Responsible for oversight of risks related to integrity of financial statements, including oversight of financial reporting principles and policies and internal controls; the process for establishing insurance reserves; and risks related to regulatory and compliance matters generally. Audit Committee Charter .
Compensation Committee	Responsible for oversight of risks related to compensation programs, including formulation, administration and regulatory compliance with respect to compensation matters. Compensation Committee Charter .
Investment and Capital Markets Committee	Responsible for oversight of risks in our investment portfolio (including valuation and credit risks), capital structure, financing arrangements and liquidity. Investment and Capital Markets Committee Charter .
Nominating and Governance Committee	Responsible for oversight of risks related to corporate governance matters, including succession planning, director independence and related person transactions; diversity and inclusion efforts; public policy initiatives and community relations. Nominating and Governance Committee Charter .
Risk Committee	Responsible for oversight of risks related to business operations, including insurance underwriting and claims; reinsurance; catastrophe risk and the impact of changing climate conditions; credit risk in insurance operations; information technology, including cybersecurity; and business continuity planning. Risk Committee Charter .

RISK MANAGEMENT LEADERSHIP & METHODS

Risk Management Leadership & Methods

A senior executive team, which includes the Chief Risk Officer and the Chief Underwriting Officer, oversees the ERM process. This team facilitates risk assessments and collaborates with others throughout the enterprise to implement effective risk management strategies for Travelers. This team also works across Travelers to enhance effective and realistic risk modeling capabilities as part of our overall effort to understand and manage our portfolio of risks.

Travelers uses various analyses and methods, including proprietary and third-party computer modeling processes, to make underwriting and reinsurance decisions designed to manage the company's exposure to catastrophic events. In addition to catastrophe modeling and analysis, we model and analyze our exposure to other extreme events. We also utilize proprietary and third-party computer modeling processes to evaluate capital adequacy. These analytical techniques are an integral component of our ERM process and further support our long-term financial strategy and business objectives.

Our approach to ERM is reinforced by our compensation structure, which is designed to encourage a careful balance of risk and reward, both on an individual risk basis and in the aggregate on a company-wide basis. Importantly, our compensation program promotes and drives a *long-term* perspective to managing our business. This long-term perspective is especially important in the property and casualty insurance industry where a short-term focus could create incentives for management to relax the company's underwriting or investment standards to increase revenue and reported profit in the near term but creating excessive risk for shareholders over the longer term. Moreover, results in the property and casualty insurance industry can vary significantly when measured year-to-year due to a variety of factors, including the periodic occurrence of significant catastrophes, such as in 2017 and 2018. Accordingly, we believe that the right way to manage our business is with a long-term perspective and to create value over time. See our [Proxy Statement](#) for a comprehensive discussion of how our compensation program incorporates this long-term perspective.

Balanced Approach to Capital Management

Travelers has consistently satisfied policyholders while delivering strong returns over time. Integral to our long-term financial strategy is a balanced approach to rightsizing capital and generating capital in excess of our growth needs. Our capital models first address our need to comply with risk-based capital requirements and our desire to maintain strong financial strength and credit ratings and ensure that we can satisfy the claim payouts and other obligations of our business.

To meet these objectives, we monitor our cash inflows (e.g., premiums, service fees, investment income) and outflows (e.g., claim payments, capital investments, operating expenses) on an ongoing basis. Since most of our policies renew on an annual basis, we reassess our pricing and risk appetite against our capital needs each year.

Our capital management strategy has been an important driver of shareholder value creation over time. As we have said many times, our first objective for the capital we generate is to reinvest it — organically and inorganically — in our business to create shareholder value. We will continue to retain capital to support growth in our business and invest capital to further our ambitious [innovation agenda](#) and advance other strategic objectives. Today, we are making strategic investments in everything from talent to technology. Having said that, we are disciplined stewards of our shareholders' capital, and to the extent that we continue to generate capital that we cannot reinvest consistent with our objective of generating industry-leading returns over time, we will manage it the same way we have for more than a decade — by returning it to our shareholders.

Our [financial success](#) and balance sheet strength have enabled Travelers to grow dividends per share at an average annual rate of 10% while increasing our book value per share by 101% in each case over the last 10 years. These accomplishments are on top of returning approximately \$43 billion of excess capital to the company's shareholders, an amount that exceeds the company's market capitalization of approximately \$30 billion at the time the repurchase program was initially authorized in 2006. Our financial strength is also reflected in our strong credit ratings with four of the major rating agencies.

Investment Management



The primary purpose of our investment portfolio is to position us to fulfill our promise to our customers to fund future claims payments. For this reason, we employ a thoughtful investment philosophy that focuses on stable and appropriate risk-adjusted returns.

APPROACH

Approach

We strive to be thoughtful underwriters on both sides of our balance sheet, and we have always allocated our assets to support our insurance operations, not the reverse. Because the primary purpose of our investment portfolio is to fund future claims payments, Travelers employs a risk-adjusted approach to its investment portfolio. Our asset allocation gives us a high level of confidence that our capital is adequate to support our insurance business, in both good times and bad. Our approach has served us remarkably well over a long period and allows us to invest in our businesses with an eye to the future.

Our Chief Investment Officer — a member of our Management and Operating Committees — leads our investment department, which directly manages our fixed income assets (93% of our investment portfolio), as well as our investments in equity securities, real estate, private equity limited partnerships, hedge funds, real estate partnerships and joint ventures. The Investment and Capital Markets Committee of the Board oversees our investment strategy and the risks related to our investment portfolio (including valuation and credit risks), capital structure, financing arrangements and liquidity.

INVESTMENTS IN SUSTAINABLE VALUE

Investments in Sustainable Value

As of December 31, 2018, Travelers invested assets totaled \$72.3 billion, of which 93% was invested in fixed maturity and short-term investments. This high-quality investment portfolio generated net investment income of \$2.5 billion pre-tax (\$2.1 billion after-tax) in 2018.

In addition to achieving appropriate risk-adjusted returns, our investments enable many environmental and social improvements. For example, we invest in municipal bonds that support water and sewer projects (\$5.2 billion), which help mitigate pollution, provide safe drinking water, promote conservation and, in many cases, respond to changing climate conditions. Additionally, our investments in secondary education (\$7.9 billion) and higher education (\$3.6 billion) support enterprises directly involved in improving communities and the lives of their students. We also maintain smaller investments in renewable energy tax credits, which help fund solar farms, and low-income housing tax credits, which help build affordable housing, as well as other “green bonds.” See the [Investment Portfolio](#) section in our 10-K for a detailed breakdown of our investment portfolio. For additional detailed information related to our investment holdings, please see our most currently available [annual audited statutory basis financial statements](#) for the Travelers Combined Pool, and other non-pooled entities, which includes a summary of the investments held by investment type, country and credit rating where applicable in the Summary Investment Schedule (Exhibit 2 for the Travelers Combined Pool Audit; Exhibit 1 for the other non-pooled entities audits) and the Supplemental Investment Risks Interrogatories (Exhibit 3 for the Travelers Combined Pool Audit; Exhibit 2 for the other non-pooled entities audits).

ESG Factors in Investment Decisions

Travelers recognizes the importance of environmental, social and governance (ESG) factors in assessing the sustainability of the entities in which we invest. Travelers has traditionally limited its exposure to public equity securities and other riskier asset classes. Since Travelers invests overwhelmingly in fixed income securities, our analysis of ESG factors focuses primarily on credit risk. Our Investment Policy, approved by our Board of Directors, reflects a long-term approach to sustainable value creation and requires that Travelers consider ESG factors in the investment process, to the extent relevant.

With respect to our fixed income investments, we invest using a variety of qualitative and quantitative criteria that take into account both expected returns and risks including interest rate, credit, prepayment and other risks. Our fundamental investment process weighs, on an appropriate basis, financial statement data, management information, relevant ESG factors, third-party research and other information. Our asset allocation process considers the expected return advantages offered in the market in compensation for bearing various risks, such as credit risk, the environmental impacts of various industries and other social and governance factors.

For example, in our municipal bond, mortgage and real estate investments, we consider the impact that changing climate trends may have on any given city, state or region. Since we assume catastrophe risks such as earthquakes and windstorms in our capacity as an insurer, we also seek to manage our portfolio's credit risk to such events by assessing our investment exposures in impacted geographic areas. In addition, for municipal bond issuers in the Southwestern United States and other areas of the country susceptible to drought, all investment analyses include an assessment of water supply adequacy.

For further discussion on the incorporation of ESG factors in our investment process and the impact of the regulatory environment in which we operate on the investments we make, please see our [SASB disclosure](#).



The Board of Directors and senior management of Travelers are committed to implementing sound corporate governance practices that ensure that the company operates ethically and with integrity and is managed to maximize the long-term interests of its shareholders.

APPROACH

Approach

Our commitment to good corporate governance is reflected in our [Governance Guidelines](#), which describe the Board's views on a wide range of governance topics. These Governance Guidelines are reviewed annually by the Nominating and Governance Committee, and any changes deemed appropriate are submitted to the full Board for its consideration. Our [Proxy Statement](#) discusses our robust corporate governance practices, which are designed to support sustained value creation for our shareholders.

The Board works with management to set the short- and long-term strategic objectives of our company and to monitor progress on those objectives. Strategic topics are generally discussed at each Board meeting, and the Board and management participate in a regular strategy session. In setting and monitoring strategy, the Board, along with management, considers the risks and opportunities that impact the long-term sustainability of our business model and whether the strategy is consistent with our core values, culture and [risk appetite](#). The Board regularly reviews our progress with respect to our strategic goals, the risks that could impact the long-term sustainability of our business and the related opportunities that could enhance our long-term sustainability.

The Board oversees these efforts in part through the following standing committees:

- Audit Committee.
- Compensation Committee.
- Investment and Capital Markets Committee.
- Nominating and Governance Committee.
- Risk Committee.

The Board of Directors, acting through its committees, is responsible for oversight of environmental, social and governance (ESG) factors that are likely to impact sustainable value creation. Each Board committee has a written charter, which contains specific responsibilities, including risk oversight functions. Rather than having a single committee responsible for all ESG matters, our Board committees share ESG oversight; each committee is assigned responsibility for oversight of matters most applicable to its charter responsibilities. We believe that allocating responsibility to a committee with relevant knowledge and experience improves the oversight of risks and opportunities. For example, the Nominating and Governance Committee oversees our workforce diversity and inclusion efforts, public policy initiatives and community relations; the Risk Committee oversees strategies pertaining to management of catastrophe exposure; and the Compensation Committee oversees implementation of our pay-for-performance philosophy and practices designed to ensure equitable pay across the organization. The Board and each of its committees evaluate and discuss the allocation of oversight responsibility every year, along with their respective performance and effectiveness. In addition, our ESG management committee — a multi-disciplinary committee consisting of senior company executives — drives the prioritization and management of, and reporting on, sustainability issues.

With a focus on continually improving the ability of the Board to provide informed oversight, the Nominating and Governance Committee oversees educational sessions for directors on matters relevant to our company, business plan and risk profile. Recent topics of those sessions focused, for example, on the role that corporate culture and board oversight played in the latest publicized lapses in corporate governance at other firms.

To learn more about the specific risk oversight functions delegated to each Board Committee and our Enterprise Risk Management activities, see the [Capital & Risk Management](#) section of this site, and view our [Proxy Statement](#) to see specific Board Committee responsibilities.

BOARD INDEPENDENCE & DIVERSITY

Board Independence & Diversity

An effective and independent Board of Directors is critical to good corporate governance. All of our directors, other than our Chairman and CEO, are independent. All committees are comprised of independent directors, other than the Executive Committee on which our Chairman and CEO serves. Independent members of the Board and each of the committees regularly meet in executive session with no member of management present.

The Board has an independent Lead Director. This structure facilitates the continued strong communication and coordination between management and the Board. The independent Lead Director coordinates the efforts of the independent directors. Our [Governance Guidelines](#) provide that the Board must have either an independent Chair or, whenever the Chair is a member of management or not otherwise independent, an independent Lead Director.

The members of the Board have a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to our business. The current members of our Board are also diverse in terms of gender and ethnicity. The Board and the Nominating and Governance Committee carefully consider the importance of diverse viewpoints, backgrounds and experiences and other demographics when selecting future director nominees.

Another factor considered in board composition is maintaining a balanced approach to board tenure and age. Our intent is to ensure an appropriate mix of long-serving and new directors.

DIRECTOR SNAPSHOT

Independence¹

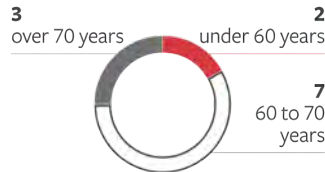
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¹All of our directors are independent with the exception of our Chairman and CEO.

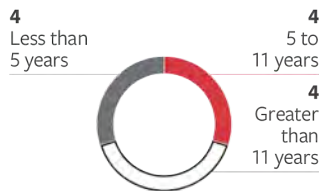
Age

~66 years average age



Tenure²

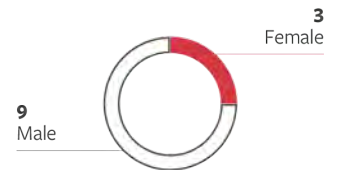
~11 years average tenure



²The Board's balanced approach to refreshment results in an appropriate mix of long-serving and new directors.

Diversity

25% female



BOARD & EXECUTIVE COMPENSATION

Board & Executive Compensation

Our director and executive compensation programs are designed to reinforce a long-term perspective and to align the long-term interests of our executives and directors with those of our shareholders.

Director Compensation Highlights

- Under the director compensation program, non-management directors currently receive more than 50% of their annual compensation in the form of deferred stock units. The shares underlying these units are not distributed to a director until at least six months after the director leaves the Board, aligning director interests with those of long-term shareholders.
- Non-management directors are required to accumulate and retain a level of ownership of Travelers equity securities equal to four times the director's most recent annual deferred stock award.
- Directors can elect to have their annual retainers and committee chair fees paid in common stock units that are credited to their deferred compensation account and distributed at a later date designated by the director.

Executive Compensation Highlights

With our pay-for-performance philosophy and compensation objectives as our guiding principles, we deliver annual executive compensation through the following elements:

	Element	Metrics	CEO Compensation Mix	Other NEOs
Fixed	Base Salary	<ul style="list-style-type: none"> • Base salaries are appropriately aligned with Compensation Comparison Group. 	<p>6.6%</p>	<p>14.3%</p>
Performance-Based Cash	Annual Bonus	<ul style="list-style-type: none"> • Core return on equity is a principal factor in the Compensation Committee's evaluation of the Company's performance; • In addition, the Committee considers other metrics, including, core income and core income per diluted share, and the metrics that contribute to those results; and • The Committee does not use a formula or pre-determined weighting, and no one metric is individually material other than core return on equity. 	<p>34.2%</p>	<p>44.0%</p>
Performance-Based Equity	Long-term Incentives	<ul style="list-style-type: none"> • The ultimate value of stock-based long-term incentive awards at the time of vesting or, in the case of stock options, exercise may be greater than or less than the grant date fair value, depending upon our operating performance and changes in the value of our stock price. 	<p>59.2%</p>	<p>41.7%</p>

- Our executive compensation program links compensation to the achievement of our short- and long-term financial goals and strategic objectives.
- As part of our longstanding pay-for-performance philosophy, we utilize performance measures that are intended to align compensation with the creation of shareholder value and reinforce a long-term perspective.
- The Compensation Committee evaluates a broad range of financial and non-financial factors when awarding performance-based incentives each year.
- The Compensation Committee believes that the most senior executives, who are responsible for the development and execution of our strategic and financial plans, should have the largest portion of their compensation tied to performance-based compensation, including stock based compensation, the ultimate value of which is dependent on the performance of our stock price over time and our three-year core return on equity. Accordingly, the proportion of total compensation that is performance-based increases with successively higher levels of responsibility; our senior-most executives have the largest portion of their compensation tied to performance-based incentives, including long-term, stock-based incentives.
- Our executive compensation program reflects established and evolving corporate governance standards, including:
 - a robust share ownership requirement of the lesser of 150,000 shares or the equivalent value of five times base salary for the CEO, the lesser of 30,000 shares or the equivalent value of three times base salary for vice chairmen and executive vice presidents and the lesser of 5,000 shares or the equivalent of their base salary for senior vice presidents;
 - a clawback policy with respect to cash and equity incentive awards to our executive officers;
 - the prohibition of hedging transactions as specified in our securities trading policy; and
 - the prohibition of pledging shares without the consent of Travelers (no pledges have been made).

SHAREHOLDER RIGHTS

Shareholder Rights

Travelers [Articles of Incorporation](#) and [Bylaws](#), together with our [Governance Guidelines](#), define and protect our shareholders' rights, including through:

- **Annually Elected Directors:** The annual election of directors reinforces the Board's accountability to shareholders.
- **Proxy Access:** Shareholders may include director nominees in our Proxy Statement if certain conditions are met.
- **Majority Vote Standard for Director Elections:** In uncontested elections, a director who receives fewer votes "For" his or her election than "Against" must promptly tender his or her resignation to the Board.
- **Single Voting Class:** Travelers common stock is the only class of shares outstanding.
- **No Poison Pill:** Travelers does not have a poison pill plan.
- **Right to Call a Special Meeting:** Special meetings of the shareholders may be called at any time by a shareholder or shareholders holding 10% of voting power of all shares entitled to vote, 25% where the meeting relates to a business combination.

Climate Strategy



Our property and casualty insurance operations expose us to various risks, including those arising from natural catastrophes. Recent hurricanes and wildfires underscore the unpredictability of weather trends and that changing climate conditions could impact the frequency and severity of natural disasters. Our climate strategy centers on sound governance and risk selection supported by products, services and public policy that mitigate the impact of severe weather events, including by building more resilient communities.

APPROACH

Approach

As a core part of our business, we continually monitor, assess and respond to the risks and opportunities posed by changing climate conditions in order to provide products and services that both help our customers mitigate associated risks and are priced to meet our long-term financial objectives. This section introduces our approach to managing changing climate conditions, which we expand on in a more detailed [report](#) that aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). To read about environmental efforts within our operations, refer to the [Eco-Efficient Operations](#) section.

Our Board of Directors and Risk Committee consider changing climate conditions as part of, and integral to, overseeing our business and operations. The Board of Directors plays an important role in overseeing our Enterprise Risk Management (ERM) organization, including our company's evaluation of potential risks relating to changing climate conditions. The Risk Committee of the Board, composed of six independent directors, assists the Board in overseeing the operational activities of our company and identifying and reviewing risks that could have a material impact on Travelers, including risks related to changing climate conditions.

Consistent with its Charter, the Risk Committee has oversight responsibility for climate-related strategies, processes and controls, including catastrophe risk management, reinsurance and product underwriting and pricing. In addition to the Board Risk Committee, various business-level risk committees meet multiple times a year with senior members of management to discuss potential risks to Travelers related to the environment and changing climate conditions. These business-level committees include the Enterprise Catastrophe Strategy and Analysis group, the Enterprise Risk Committee, the Emerging Issues Committee and the Climate, Energy and the Environment Committee (CEEC). The CEEC coordinates and supports climate-related initiatives and strategies across Travelers and is a venue to share information and leverage expertise.

Travelers provides climate-related disclosure through mandatory submissions, such as our latest [NAIC Insurer Climate Risk Disclosure Survey submission](#), as well as voluntary disclosures, such as our first [TCFD Report](#) and our [2018 CDP Climate Change survey response](#). Travelers has long supported voluntary climate disclosures, first responding to CDP in 2003 — the first year CDP issued its carbon disclosure survey. Travelers has also been an invited respondent to the RobecoSAM Corporate Sustainability Assessment and has been included on the Dow Jones Sustainability Indices' North America index for 12 consecutive years (2007–2018).

UNDERWRITING STRATEGY

Underwriting Strategy

We incorporate weather and climate variability into our underwriting and pricing decisions. For example, we have evaluated the extent to which climate phases, such as the El Niño Southern Oscillation, may influence changes in the frequency and severity of U.S. landfall risk of hurricanes. Our catastrophe underwriting also incorporates lessons learned from recent events like the Tubbs Fire (California) in 2017 and the Camp Fire (California) in 2018 as well as from past events like Hurricane Katrina and Superstorm Sandy. Those lessons are reflected in our:

- disciplined approach to terms and conditions, which are designed to make outcomes more predictable;
- [risk control initiatives](#), which help us with risk mitigation, selection and pricing;
- proprietary flood underwriting, which factors in building footprints compared to segmented flood zones; and
- proprietary wildfire underwriting, which factors in terrain slope, vegetation density and propensity to burn, road access including proximity to fire stations, as well as historical footprints.

In addition, we are able to respond quickly to changing conditions since most of our policies renew annually. Finally, our broad product diversity also mitigates our exposure to climate-related risks. See our [Business Strategy & Competitive Advantages](#) section to learn more about our product breadth and specialization.

Informed by our risk selection, claims experience and risk appetite, we reinsure a portion of the risks we underwrite to further manage our exposure to losses and to protect our capital. We cede to reinsurers a portion of these risks and pay premiums based upon the risk and exposure of the policies subject to such reinsurance. For further discussion of our reinsurance program, see our [Annual Report](#).

Through our robust risk management practices and disciplined approach to underwriting and pricing, Travelers is positioned to identify and manage both the transition and physical risks related to changing climate conditions and to respond to appropriate climate-related opportunities now and as such opportunities evolve over time.

CATASTROPHE & WEATHER MODELS

Catastrophe & Weather Models

Travelers uses various analyses and methods, including proprietary and third-party computer modeling processes, to make underwriting and reinsurance decisions designed to manage the company's exposure to catastrophic (CAT) events. Our Enterprise Catastrophe Strategy and Analysis group assesses CAT risk and manages the development of strategic CAT efforts, including the use of proprietary and third-party computer models and geospatial analysis to analyze CAT events and related risks.

We actively monitor and evaluate changes in third-party models and, as needed, calibrate the CAT risk model estimates delivered via our proprietary processes. We consider CAT model stochastic loss estimates, historical loss experience, loss trend projections, lessons learned from recent events, underwriting practices, market share analyses, external scientific analyses and other factors, including non-modeled losses, to refine our proprietary view of CAT risk. We continually update these models, which are an integral part of our ERM process and support our long-term financial strategies and objectives.

In addition to CAT modeling, our geospatial capabilities integrate weather event overlays on policy and claim locations that are further supplemented with aerial imagery to fully understand our loss activity compared to expectations. Analytical techniques like this are an integral component of our [Capital & Risk Management](#) processes and further support our long-term financial strategies and objectives.

PRODUCTS & SERVICES

Products & Services

Our dedicated Global Renewable Energy Practice provides [insurance solutions](#) for the life span of a renewable energy business, from research and development and manufacturing to permanent operations, as well as for on- and off-shore wind, solar and bio power operations. This practice is designed to facilitate innovation and the growth of renewable energy businesses and support the transition over time to a lower-carbon economy. Our Global Renewable Energy Practice also helps Travelers capture a greater share of the expanding renewable energy industry domestically and internationally, as trends toward renewable and clean energy sources continue to accelerate. For example, our [WindPak®](#) and [SolarPak®](#) insurance products respond to unique coverage issues for the wind and solar industries.

We also offer discounts or rebates where permissible to encourage adoption of fortified home construction, green buildings and hybrid/electric vehicles. Examples of our current product offerings include the following:

- **Green Building Coverages:** A suite of Green Building coverages that respond to the unique coverage issues of “green” commercial buildings and provide for the additional costs to help policyholders repair, replace or rebuild with “green” materials after a loss.
- **LEED Certification Discount:** A discount of up to 5% for homes that are LEED (Leadership in Energy and Environmental Design) certified.
- **FORTIFIED Discount:** A discount of up to 25% on hurricane premium for homes built to the IBHS FORTIFIED Gold Standard.
- **Alternative Fuel Vehicle Discount:** A discount of up to 10% for hybrid, electric or flexible fuel vehicles.
- **Hybrid Boat Discount:** A discount of up to 10% for hull and liability coverages on hybrid boats and yachts, available in certain states and subject to individual eligibility.
- **Electric Boat Discount:** A discount of up to 10% for electric boats run by motors instead of engines, available in certain states and subject to individual eligibility.

RESILIENT COMMUNITIES

Resilient Communities

Travelers sponsors the Insurance Institute for Business & Home Safety (IBHS), the BuildStrong Coalition, [Habitat for Humanity®](#) and the Wharton Risk Center to promote stronger building codes and more resilient communities and to influence industry standards and best practices. We participate on the board of IBHS, an independent, nonprofit, scientific research organization tasked with understanding and quantifying the impact of building codes and standards on loss. Over the last decade, IBHS has identified gaps through full-scale laboratory testing at its state-of-the-art facility and influenced changes to existing building code standards and best practices to mitigate potential losses. We also participate on the board of the BuildStrong Coalition, a group composed of national business and consumer organizations, companies and emergency management officials. BuildStrong is dedicated to advocating for federal government legislation and incentivizing state adoption and enforcement of building codes to protect property, save lives from the devastation of natural disasters and reduce loss costs.

In 2018, national mitigation and resiliency efforts benefited from the enactment of the Disaster Recovery Reform Act. Long a priority for Travelers and the BuildStrong Coalition, Congress has now provided states and localities with dedicated pre-disaster and post-disaster funding opportunities that will save lives and help communities reduce the future costs of natural disasters by helping homeowners fortify their homes using IBHS proven technologies. As concluded by a National Institute of Building Sciences study released in 2018 that evaluated the results of 23 years of federal mitigation grants, federal funding can save the United States \$6 in future disaster costs for every \$1 spent on hazard mitigation.

We believe advocating for our communities is good for our customers, for the communities in which we live and work and for creating shareholder value over time.

Key Initiatives



HABITAT FOR HUMANITY® FORTIFIED PARTNERSHIP

Building Strong, Resilient Communities



TEAM RUBICON

Veterans Deploy With Disaster Responders



COMMUNITY RESILIENCE AWARD

Rewarding Leadership in Community Response



TRAVELERS INSTITUTE®

Thought Leadership on Disaster Preparedness



Travelers — directly and through the Travelers Foundation — has provided more than \$218 million in gifts to local communities over the past decade, focused on supporting academic and career success, developing thriving neighborhoods and creating culturally enriched communities. Our giving, along with our extensive volunteer efforts, assist our ability to deliver sustained value for all stakeholders.

APPROACH

Approach

At Travelers, we understand that we can only thrive as a business enterprise if our economy — and by extension our communities — thrive too. We believe that strong communities are sustained by educational and economic opportunities, and we are dedicated to assisting our communities in generating those opportunities. Our community initiatives are also designed to enhance employee engagement and retention by providing volunteer and matching gift programs.

Travelers provides [community support](#) both directly and through the Travelers Foundation, the company's philanthropic arm. The Travelers Foundation Board of Directors provides oversight of the Foundation's strategy, priorities and activities. Community Relations department personnel meet regularly with the Foundation's Board, comprised primarily of senior leaders from our Management and Operating Committees. The Travelers Community Relations department also reports annually to the Nominating and Governance Committee of the Travelers Board of Directors. Travelers and the Travelers Foundation publicly disclose [detailed lists of charitable giving](#) as well as [community reports](#) to highlight our accomplishments and progress.

OUR GIVING PRIORITIES

Our Giving Priorities

With a focus on equity and inclusion, we target our giving and volunteerism priorities to help improve academic and career success, develop thriving neighborhoods and create culturally enriched communities.

- **Academic & Career Success:** Travelers supports initiatives that improve academic and career success for underrepresented youth, which help address community and corporate needs for a skilled workforce, sustained economies and a better quality of life. Travelers, directly and through the Travelers Foundation, has provided more than \$88 million since 2009 to help foster academic success, increase career preparedness and reduce barriers to higher education. Programs such as [Travelers EDGE® \(Empowering Dreams for Graduation and Employment\)](#) are helping to strengthen our communities and build a robust and diverse talent pipeline for Travelers for the future.
- **Thriving Neighborhoods:** Travelers fosters thriving neighborhoods through neighborhood economic development and community-building services to help individuals, families and small businesses understand and mitigate risks, stay safe and prepare for disasters. This includes programs such as the [Small Business Risk Education \(SBRE\) program](#), our work with [Habitat for Humanity®](#) fortifying homes and [our support](#) of nonprofits that are building strong, resilient communities.
- **Culturally Enriched Communities:** Travelers supports organizations that enrich lives through arts and culture, both as a lever for academic improvement and to ensure vital communities with a high quality of life where our employees live and work.

	2018	2017	2016
Direct Cash	\$18,873,872	\$16,353,332	\$17,006,816
Foundation Cash	\$6,284,365	\$6,366,650	\$6,493,765
Total Cash	\$25,158,237	\$22,719,982	\$23,500,581
Non-Cash	\$393,864	\$161,488	\$164,547

EMPLOYEE VOLUNTEERISM & GIVING

Employee Volunteerism & Giving

We take pride in empowering our employees to have a positive impact on their communities by serving others. As community leaders, Travelers employees are more than strong corporate citizens — they are valuable assets to the communities in which they live and work. Year after year, our employees' efforts to give back to the communities we call home is truly remarkable, and 2018 was no exception. Our employees collectively logged more than 120,000 volunteer hours in 2018, and over the past decade, they have recorded more than 700,000 hours. These hours include time spent volunteering for both company-sponsored events, like the [Travelers Championship®](#) golf tournament for which more than 2,200 employees volunteered in 2018, and employee-selected organizations.

We hear from our employees how giving back — both financially and with their time and talents — is personally rewarding, drives engagement and morale and strengthens their commitment to our company's mission. And we see how community involvement — whether by leading a team volunteer project, coordinating an event for a local nonprofit or serving on a charity's board of directors — helps our employees develop as professionals, building competencies that we value in the Travelers workforce.

Travelers maintains both a matching gift program and a volunteer grants program to encourage employees in their efforts.

Community Connections Matching Gifts Program

Travelers amplifies our employees' generosity with the Travelers Community Connections program. From 2009–2018, Travelers matched our employees' gifts of time and money with \$15.6 million in matching funds. The program offers an annual Cash Match of up to \$500 per employee, which includes donations made during our annual employee giving campaign. We reward volunteerism with our Volunteer Match program, which provides a \$500 grant to eligible nonprofit organizations for every 24 hours an employee volunteers at the same organization. Employees may earn up to two \$500 grants per year. We also provide incremental rewards (up to a \$50 gift card to [DonorsChoose.org](#)) for logging hours on our Community Connections intranet site.

In addition, we offer an annual Community Connections Campaign, which encourages employee giving through fundraising events and payroll deduction. During the 2018 campaign, employees raised more than \$4.5 million for our local communities.

Travelers Community Connections Team Volunteer Grants

The Travelers Community Connections field office volunteer grant program encourages and supports volunteer work at our offices across the United States by letting our employees and teams request grants of up to \$15,000 to support local schools and nonprofit organizations. In 2018, 33 organizations in 18 field offices received more than \$398,000 through this program, not counting 51 Habitat for Humanity® build days in the United States and Canada we supported with more than \$527,000 in grant funding. As demonstrated below, this program adds up to millions of dollars in assistance for the communities we call home.

SUPPORTING EMPLOYEE COMMUNITY INVOLVEMENT

	2018	2017	2016
Employee Volunteer Hours	120,000	143,500	117,800
TCC Field Office Activities	36	38	33
Habitat Build Days	51	55	55
Matching Gifts	\$2.3 million	\$2.6 million	\$2.6 million

Key Initiatives



TRAVELERS EDGE®

**Supporting
Underrepresented
Students**



TRAVELERS CHAMPIONSHIP®

**Our Signature Community
Event**



SMALL BUSINESS RISK EDUCATION
PROGRAM

**Educating Businesses
About Risk**



COMMUNITY RESILIENCE AWARD

**Rewarding Leadership in
Community Response**



TEAM RUBICON

**Veterans Deploy With
Disaster Responders**



**HABITAT FOR HUMANITY® FORTIFIED
PARTNERSHIP**

**Building Strong, Resilient
Communities**



KABOOM! PLAYGROUNDS

**Creating Neighborhood
Playspaces**

Customer Experience



We strive to provide great experiences for our customers, agents and brokers at every touchpoint, from sales to claim servicing. To meet evolving consumer and business expectations, we are investing in technologies, capabilities and talent to deliver fast, personalized service across platforms with the goal of being *the undeniable choice for the customer* and *an indispensable partner for our agents and brokers*.

APPROACH

Approach

We recognize that to deliver on our promise to our customers and to produce industry-leading returns over time, we need to meet evolving consumer and business expectations, which are increasingly shaped by customer experiences outside the insurance industry. This means keeping the customer at the heart of everything we do and collaborating with our agent and broker partners to provide a seamless and consistent experience across all interactions and touchpoints.

Our Head of Customer Experience, a member of our Operating Committee, leads our enterprise-wide efforts to enhance our customer experience. We use multiple customer and agent listening posts and surveys to better understand ever-changing customer needs. We also leverage our data and analytics expertise to develop intelligent models to predict and provide for their needs throughout the customer lifecycle. Based on what we learn, we are investing in technologies, capabilities and talent to become faster, easier, nimbler, more digital, more mobile and more personalized, enabling us to advance one of our three innovation priorities — to provide great experiences for our customers, agents and brokers.

From a claim perspective, customer experience is both a core value and a business discipline. Travelers processes the overwhelming majority of claims internally; in 2018, we were able to adjust virtually 100% of our claims with our own employees. This structure sets us apart in the industry, allowing us to process claims more quickly and accurately and enabling a consistently high standard of customer service. Our claims handling capability is a competitive advantage that results in a better outcome for our customers and a more efficient outcome for us. In 2018, we were able to resolve approximately 95% of our claims arising out of the largest catastrophe events, and 94% of our claims arising out of all catastrophe events, within 30 days. The capacity to service virtually all of our claims with our own employees also provides us with valuable insights and data, which helps us continually learn from our customers and refine our service processes to optimize their experience with us. Our claims handling ability is at the heart of our promise to our customer and proved again in 2018 to be a significant competitive advantage.

The results of our customer experience efforts are reflected in our strong customer retention rates.

CUSTOMER RETENTION RATES

Business Group	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18
Domestic Business Insurance (excluding National Accounts)	85%	85%	85%	85%	86%	85%	86%	85%
Domestic Business Insurance: Select Accounts	84%	83%	83%	82%	83%	82%	83%	82%
Domestic Business Insurance: Middle Market	88%	88%	87%	87%	88%	88%	87%	88%

Business Group	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18
Domestic Bond & Specialty Insurance: Management Liability¹	88%	88%	89%	87%	89%	90%	90%	89%
Domestic Personal Insurance: Agency Automobile²	86%	86%	84%	83%	83%	83%	84%	84%
Domestic Personal Insurance: Agency Homeowners & Other²	87%	87%	86%	87%	86%	86%	86%	86%
Total International Insurance¹	84%	84%	82%	82%	84%	83%	83%	81%

¹ This ratio excludes the surety line of business as surety products are generally sold on a non-recurring, project specific basis.

² This ratio represents the expected number of renewal policies that will be retained throughout the annual policy period to the number of available base renewal policies. Excludes Direct to Consumer business.

Note: Statistics are in part dependent on the use of estimates and are therefore subject to change.

CUSTOMER-CENTRIC SERVICE

Customer-Centric Service

We pride ourselves on exceptional customer service and product expertise. To meet evolving consumer expectations, we must be customer centric across every part of our business, leveraging data-driven insights to map the customer journey and redesigning our products, services and processes based on the customer's perspective.

Travelers is taking steps to expand our listening posts to capture data throughout the lifecycles of customers and agents, down to specific interactions and transactions. We also use data from third parties such as J.D. Power, agent and broker surveys and our own customer survey data to monitor customers' needs with the goal of providing our customers with an exceptional experience. Ultimately, by listening to our customers and evolving our processes and strategies to align more closely with both customer and agent perspectives, we aim to improve customer satisfaction and loyalty.

We examine customer satisfaction at multiple points in the customer lifecycle, and we use that insight to continually improve our service to increase overall customer satisfaction. We have identified and are implementing several core objectives to continue to improve the customer experience and utilize the latest benchmarking tools, software and analysis to measure our progress.

Over the years, we have captured some of our customers' more powerful experiences with Travelers in this series of [short videos](#).

We pride ourselves on delivering for our customers but are pleased when our customer experience has been recognized by others. For example:

- Newsweek named Travelers as one of America's best companies for customer service (2019).
- U.S. News rated Travelers second-best car insurance company (2019).
- J.D. Power identified Travelers as a top-10 carrier for both auto and property claim satisfaction and among the highest in overall improvement year-over-year in auto claim satisfaction (2018).
- Travelers was ranked fifth in Forrester's US CX Index Rankings of Auto/Home Insurers (2018).

ETHICAL & EMPATHETIC CLAIM CULTURE

Ethical & Empathetic Claim Culture

Treating our customers, claimants and business partners with the highest degree of integrity, professionalism and empathy, and paying what we owe, are core to our mission. That's why our Claim organization has a deliberate focus on attracting, developing and retaining a high-performing workforce that shares our values and embraces our culture. Within six months of hire, every new employee in our Claim organization goes through a comprehensive training process designed to ensure engagement with Claim's values and vision, which establishes ethical, empathetic and effective claim handling as a key driver of business success. Employees are regularly recognized for their ability to leave our customers feeling secure, respected and cared for at every interaction.

Acting in good faith in the claims handling process and paying what we owe is an imperative. Our [Code of Business Conduct and Ethics](#) clearly establishes Travelers' policy to handle claims fairly by paying what we owe and following the terms of the applicable insurance policies and all claim handling standards contained in the applicable statutes and regulations. The Code specifies that Claim personnel are expected to act promptly and in good faith when handling claims. These principles are frequently reinforced within the Claim department by management at all levels through regular training, communications and measurement. Among other things, Claim handling staff are provided with Good Faith Claim Handling training that specifically walks through different situations Claim professionals may encounter in their work. Claim professionals' core technical training addresses coverage determination and customer communication, and internal quality review of Claim files includes determination of whether all coverages were correctly identified, applied and communicated to the customer. In addition, all Claim employees are required to annually certify compliance with a Claim-specific compliance plan that goes above and beyond the company compliance plan to specifically address good faith claim handling.

The diversity of our workforce helps us provide empathetic and effective claim service. For example, on average, when we provide Spanish-language workers compensation Claim and medical professionals to Spanish-speaking customers, we see a reduction in lost time and claim, legal and medical expenses, with improved medical- and return-to-work outcomes. Workers compensation claims handled by culturally and linguistically aligned Claim professionals through our [Cultural Advantage](#) program saw a 15% reduction in total claim payout, a 21% lower rate of attorney involvement and a 23% improvement in return to work within 30 days (2014–2017 accident years, Southern California Claim Center). This strategically located program is currently available in California, Florida, Texas, Arizona, Colorado, Illinois, Nevada, New Mexico and Utah. We periodically review this program for expansion.

AGENT & BROKER PARTNERSHIPS

Agent & Broker Partnerships

Our partnerships with our agents and brokers are a key competitive advantage for us and an important driver of our long-term success. We aim to be their indispensable partner; together, we deliver on our promise to be there for our shared customers. And we are always enhancing our digital marketing and sales tools to better support our agents and brokers and to help them identify and capture new business opportunities more effectively. For example, we support our independent agents and brokers in Personal Insurance by providing them with social media, marketing and customer relationship resources. These resources allow them to leverage our communication platforms and our extensive product and safety content to engage with their local markets and communities. We also work closely with our agents when designing new tools, such as [Quantum Home 2.0](#)[®]. This tool provides greater customization, fewer steps to complete a quote and simplified customer communications — all of which increases efficiency for agents while helping them to deliver better service and drive new business. We work with our agents and brokers to provide our shared customers with clear and accurate information, which can guide them toward the products/services they need.

Travelers Institute[®] educational programming also offers unique value to our network of 13,500 agent and broker partners, providing a distinguished thought leadership platform. Over the past 10 years, the Travelers Institute has hosted hundreds of events in collaboration with agents and brokers, enhancing these relationships while providing education and risk mitigation strategies to thousands of consumers. The programming leverages our agents' knowledge of how issues such as cybersecurity, distracted driving and natural disasters directly affect families, businesses and communities. Agencies and agent associations regularly co-host programs with the Travelers Institute, invite customers and provide expert speakers, showcasing their risk management expertise and reinforcing their value as trusted advisors for critical insurance decisions. In addition, the Travelers Institute offers presentations on the economic outlook and political landscape at agent conferences and events and provides educational content including publications, social media campaigns and videos for agents and brokers to share with clients. These programs are a great example of how our efforts to strengthen our communities also enhance our relationships with our agent and broker partnerships and drive our bottom line.

CUSTOMER RESOURCES

Customer Resources

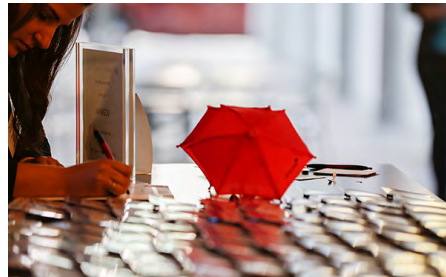
We provide customers with significant pre-loss safety and damage mitigation advice through social media, direct communications and our extensive public-facing [Prepare & Prevent](#) website. Business Insurance customers also have access to the Travelers Risk Control Customer Portal, a library of self-service loss prevention and safety resources for risk management professionals. Together, our Prepare & Prevent website and Risk Control Customer Portal give customers access to more than 1,250 resources to help them better understand risk, mitigate exposures and prevent losses. See [Disaster Preparedness, Innovation](#) and [Safety & Health](#) for additional information on the breadth of products and services we offer to help our customers mitigate risk and damage.

Key Initiatives



AMAZON COLLABORATION

Travelers Teams Up With Amazon to Provide Smart Home Solutions



TRAVELERS INSTITUTE®

Insurance Essentials: Your Questions Answered



TRAVELERS RISK INDEX

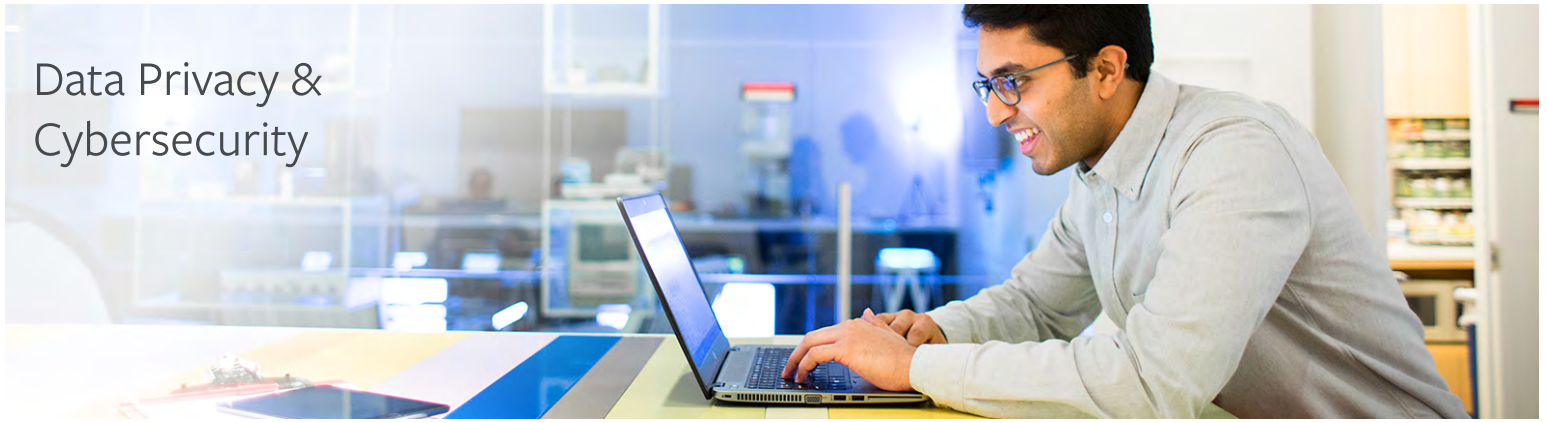
Listening to Our Customers



QUANTUM HOME 2.0®

Simplifying the Customer Experience

Data Privacy & Cybersecurity



As technology becomes more complex and sophisticated, so do the cyber risks that businesses and organizations face. For Travelers, this means first and foremost protecting information about the people and property we insure. Our understanding of these cyber threats also enables us to provide innovative cyber solutions for our customers.

APPROACH

Approach

Our Chief Information Security Officer (CISO) leads the Travelers Information Security department and has responsibility for information security, risk and business continuity programs. The CISO reports to the Chief Information Officer and is a member of the Enterprise Risk team. The CISO provides quarterly updates on the information security, risk and business continuity programs and policies to executive management and the Risk Committee of the Board. Our Information Security team is composed of more than 100 trained individuals, many of whom hold advanced industry certifications. The Risk Committee of the Board regularly reviews and discusses with management the strategies, processes and controls pertaining to the management of our information technology operations, including cyber risks and information security.

In addition to managing our own cyber exposure, we recognize the opportunity afforded by the mounting cyber risks facing our customers. We offer cyber liability insurance, which provides a combination of coverage options to help protect our customers' businesses.

INFORMATION SECURITY

Information Security

At Travelers, we take a multifaceted approach to protect information in our care and assist our customers in safeguarding their digital assets. We embed data protection throughout our operations and information technology programs with the goal of safeguarding our customer data and digital assets. As a foundation to this approach, Travelers maintains a comprehensive set of information security policies and standards, which align with ISO 27001. Our policies include codes of conduct for employee and non-employee system users, which reinforce the data privacy and protection sections of our [Code of Business Conduct and Ethics](#).

Additional highlights of our information security program include:

- Annually, Travelers undergoes a SOC 2 examination by an independent external audit firm, which reviews the company's security, processing integrity, confidentiality and privacy controls, among other things.
- We continuously self-assess against our internal policies, using our internal risk assessment process and a wide variety of frameworks and regulations available, such as the National Institute of Standards and Technology (NIST) Cybersecurity Framework, New York Department of Financial Services Cybersecurity Requirements for Financial Services Companies, and the Payment Card Industry Data Security Standard.
- We use sophisticated technology tools, including multifactor authentication, firewalls, intrusion detection and prevention systems, vulnerability and penetration testing, encryption and identity management systems.

- We participate in vulnerability information sharing networks, such as the Financial Services Information Sharing and Analysis Center (FS-ISAC). We also track industry and government intelligence sources for impact in the marketplace and deploy necessary updates as appropriate.
- All Travelers employees receive data privacy and information security training annually as part of our annual Code of Business Conduct and Ethics training. Additionally, our annual security awareness training covers a broad range of security topics from password protection and social engineering to privacy and compliance.
- We also provide regular targeted training on topics such as, but not limited to, phishing, secure application development, use of social media and fraud. We educate our employees through a number of methods, including computer-based training, security materials and presentations, company intranet articles, email publications and various simulation exercises. In addition, certain Travelers contractors receive data privacy and information security training.
- We utilize a comprehensive information security diligence and oversight process for our third-party vendors, which includes risk/rating assessments of all vendors and robust security assessments based on risk.
- We implemented a robust Security Incident Response Framework, which is a set of coordinated procedures and tasks to ensure timely and accurate resolution of computer security incidents.
- Our information security framework includes regular compliance assessments with Travelers policies and standards and applicable state and federal statutes and regulations.

For additional information regarding our management, governance, training and compliance with respect to our information security program, see the [Travelers Information Security Practices website](#).

DATA PRIVACY

Data Privacy

Protecting our customers' data and safeguarding customer privacy are essential parts of the Travelers Promise. We evaluate data from many sources, including from our individual or business customers themselves, third-party service providers and public sources. In addition to guiding our risk selection and pricing, we leverage this data to run 34 predictive claim models, which improve claim outcomes for our customers and efficiency for our business.

Key aspects of our data privacy program include the following:

- Travelers will not give or sell personal information to nonaffiliated third-parties for their marketing purposes without permission.
- Travelers maintains safeguards designed to help prevent unauthorized use, access and disclosure of personal information. For example, we limit access to personal information and require those who have access to use it only for legitimate business purposes.

To learn more about how we collect, use, share and protect personal information, see our complete [Online Privacy Statement](#) and [Privacy Statement for Consumers](#).

CYBER OFFERINGS

Cyber Offerings

As technology becomes more complex and sophisticated, organizations need to prepare with both cyber insurance and an effective cybersecurity plan to manage and mitigate cyber risk. Travelers understands the complexity of cyber threats and has solutions to insure and protect our business customers' assets. In addition, the Travelers Institute®, our public policy division, helps further education on cybersecurity through programming across the United States and Canada.

The cost of dealing with a data breach goes beyond repairing databases, strengthening security procedures or replacing lost laptops. Companies may face liability if their customers' personally identifiable information (PII) or protected health information (PHI) are exposed in a data breach. Regulations requiring notifying affected customers also drive costs for companies that experienced a data breach compromising personal or confidential data. We have a number of different coverages available and work with our customers and our agent and broker partners to tailor the coverages to the specific risks our customers face.

Our cyber offerings go beyond just insurance coverage. By partnering with leading global providers, Travelers is able to offer both agents and policyholders educational tools, risk management resources and pre- and post-breach services. These tools help our agents and policyholders become more knowledgeable and informed about cyber threats, and how to prepare for and overcome them.

Differentiators of our cyber insurance program include the following:

- Travelers has provided cyber-related insurance coverage with robust risk management services for more than 30 years.
- Travelers understands the importance of helping organizations work through an incident, from recovering after a breach to managing expenses associated with a cyber event.
- Our CISO meets regularly with the Cyber Insurance team to promote sharing and collaboration within our business.
- From 2011 through 2018, our gross written premium from cyber coverage has seen an over 30% compounded annual growth rate.
- Travelers was listed as a top-five cybersecurity insurance carrier by direct premiums written in 2016 and 2017.¹
- Travelers was ranked as the No. 1 cyber insurance carrier by agents in 2018.²

Visit the [Cyber Insurance page](#) on our corporate website for more information on our cyber products and services.

¹ National Association of Insurance Commissioners (NAIC) data, sourced from S&P Global Market Intelligence and reported by I.I.I.

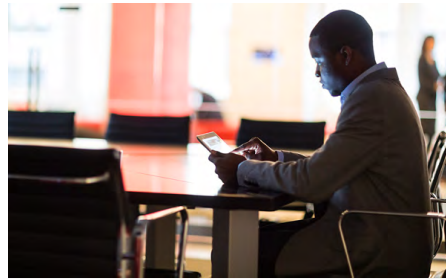
² Property Casualty 360°, 2018 NU/PIA Independent Agent Survey Results.

Key Initiatives



TRAVELERS INSTITUTE®

**Cyber: Prepare, Prevent,
Mitigate, Restore®**



2018 RISK INDEX

Understanding Cyber Risks



SMALL BUSINESS RISK EDUCATION
PROGRAM

**Educating Businesses
About Risk**

Disaster Preparedness & Response



Severe weather events and other disasters are part of our business. Travelers takes a holistic approach to managing our company's exposure to disasters, helping our customers prepare for, respond to and recover from disasters, and influencing the public policy agenda with regard to resiliency, sustainability and adaptation.

APPROACH

Approach

While our Risk Control department focuses on preparing for the unexpected, our Claim Catastrophe Response team takes the lead on customer interactions should a disaster or extreme weather event occur. Our Claim Catastrophe Response team coordinates closely with multiple business units and functions across the organization, including Underwriting, Legal and Communications, to respond to our customers' needs in a quick, efficient and compassionate manner. That's part of the Travelers Promise to take care of the people we serve.

Our promise to protect customers from disasters begins well before a catastrophe hits. We partner with our customers and communities to ensure they are as prepared as possible for disaster, and we employ leading-edge data and analytics capabilities to help predict extreme events. In the event of a large catastrophe, we leverage the power of our data and analytics, as well as our 30,000 dedicated, in-house employees, to provide the best possible outcomes for our affected customers.

PARTNER IN PREPAREDNESS

Partner in Preparedness

Travelers offers a range of resources that help our customers and the public prepare for disasters:

- Our network of 600+ [Risk Control](#) consultants and our self-service portal for Business Insurance customers provide a comprehensive framework and numerous planning resources, including individualized planning, to help businesses of all types plan for natural disasters, with a focus on safety and preserving business operations;
- Through the [Prepare & Prevent](#) page of our corporate website, we provide customers, agents and brokers and the general public with extensive educational resources to help them plan for, stay safe during and recover from natural disasters of all types;
- The [Travelers Institute](#)[®], our public policy division, helps further educate the public and advocate with policymakers on the benefits of [disaster preparedness](#) and [resilient communities](#); and
- Through charitable partnerships, Travelers and the Travelers Foundation support building strong communities, including through a [partnership with Habitat for Humanity](#)[®].

LEADING ANALYTICAL CAPABILITIES

Leading Analytical Capabilities

In addition to [catastrophe \(CAT\) modeling](#), our geospatial capability integrates event overlays that aggregate millions of data points from weather services, our weather models and ultra-high resolution aerial imagery on policy and claim locations to inform our response strategies.

Data visualization and geospatial capabilities facilitate decision-making and operational agility, and existing and post-catastrophe, low-altitude aerial photography helps us quickly assess the extent of damage and deploy appropriate resources. We have built a [proprietary approach](#) to assembling data that lets us assess severe storms, such as the precise size of hail forming in a storm cell, to understand the footprint of an event, how many customers will be affected and the probable severity of the losses. Our sophisticated Workforce Management platform leverages those geospatial insights to inform workforce deployment and Claim response decisions before, during and after a catastrophe event in order to engage the right catastrophe resources and technical expertise and begin deployment efforts before claims are even reported. All of that helps us to get the right people to the right place faster than ever before.

Every disaster is tragic. However, it gives us the chance to test new strategies in real-world conditions so we can take even better care of our customers when they need us most. For example, in 2018, Travelers combined high-resolution aerial photography with geospatial mapping technology to create virtual estimates of building damages following wildfires in Northern California, long before our staff could safely access the area. We also deployed new technology developed for the telecommunications industry to identify additional contact numbers within a household to proactively contact customers affected by the wildfires whom we had not yet heard from. The experiences and data gathered from each event helps us better prepare and serve our customers in the future.

DEDICATED CATASTROPHE RESPONSE RESOURCES

Dedicated Catastrophe Response Resources

Our sustained investment in innovative catastrophe response strategies sets Travelers apart from our peers. We handle customer claims, including all CAT claims, with specially trained Travelers employees. Generally, we do not contract CAT claims to third-party adjusters. We employ more than 300 dedicated catastrophe response specialists located across North America, prepared to deploy on 24 hours' notice. This CAT Team is supported by operational and logistical support specialists at the National Catastrophe Center and partners closely with our 1,500+ property Claim professionals to respond to losses promptly, efficiently and compassionately. In 2018, we were able to adjust virtually 100% of our claims with our own employees. Our in-house claim capability allows us to process claims more quickly and accurately and enables a consistently high standard of customer service; it is a competitive advantage that results in a better outcome for our customers and a more efficient outcome for us.

Our sophisticated workforce management programs help us quickly organize, triage and deploy Claim professionals with the right expertise to the affected area. We leverage the power of 30,000 employees to support our response efforts in the event of a large catastrophe. We make considerable investments in [training our Claim staff](#) and cross-train thousands of employees to handle lower-severity catastrophe claims. This allows our catastrophe and claims experts to focus on high-severity claims without sacrificing quality. Our Claim department regularly conducts "tabletop" exercises to test our readiness to respond to different disaster scenarios, including storms, wildfires, earthquakes, cyber attacks and man-made events.

Our fleet of fully functioning, self-contained Mobile Claim Offices brings immediate claim service to our customers, who can stay connected using our satellite technology and power their smart devices at our generator-driven charging stations.

Our National Catastrophe Center, staffed by full-time catastrophe management professionals, allows us to plan and coordinate response activities in a secure environment away from the disaster area. This "command center," which is equipped with state-of-the-art tools to actively monitor weather and claim trends, enables us to quickly transform information into action. For more information, see our [video about Travelers Emergency Response](#).

Customer Outcomes

Overall, our CAT response approach enables Travelers to respond quickly, effectively and compassionately — and, of course, with integrity — to our customers when they need us most. Despite the added logistical difficulties inherent in CAT response, our CAT Claim performance consistently meets or exceeds our internal benchmarks for claim handling. In 2018, approximately:

- 95% of claims arising out of the largest CAT events, and 94% of claims arising out of all CAT events, were resolved within 30 days;
- 84% of CAT claims were paid within a week of inspection; and
- 60% of CAT claims were paid the same day as inspected.¹

In addition to being good for our [customers](#), our ability to quickly adjust claims can have significant impacts in helping our communities recover. This [short documentary](#) demonstrates the impact our CAT response can have on customers, agents and brokers and communities.

We also have numerous case studies of businesses that have successfully partnered with Travelers to develop and implement effective [business continuity](#) and disaster recovery plans. Effective preparations help our customers protect their employees and manage their operations through natural disasters so they can continue to serve their customers and communities in the aftermath. This [short video](#) features one customer's experience.

¹Based on Travelers catastrophe claim data, 2018.

Key Initiatives



TRAVELERS INSTITUTE®

**Thought Leadership on
Disaster Preparedness**



COMMUNITY RESILIENCE AWARD

**Rewarding Leadership in
Community Response**



HABITAT FOR HUMANITY® FORTIFIED PARTNERSHIP

**Building Strong, Resilient
Communities**



TEAM RUBICON

**Veterans Deploy With
Disaster Responders**

Diversity & Inclusion



By creating a welcoming environment that brings together people with different backgrounds and perspectives, we enable new ideas, spark innovation and reinforce a culture in which employees feel valued, respected and supported. Diverse experiences and viewpoints yield greater insights and better outcomes, raise the bar on individual and team performance and sharpen our focus on our customers. That’s why, for us, diversity is a business imperative.

APPROACH

Approach

Travelers values the unique abilities and talents each individual brings to our organization and recognizes that we benefit in numerous ways from our differences. We benefit from our differences in culture, ethnicity, national origin, race, color, religion, gender, gender identity, age, veteran status, disability, genetic information and sexual orientation. In that regard, as regularly reinforced by our Chairman and CEO and other senior leaders, diversity and inclusion is a business imperative for us.

As part of our commitment to [diversity](#), we aim to:

- Foster an inclusive environment where all employees can reach their full potential;
- Provide learning and development opportunities to advance diverse leaders;
- Employ a diverse workforce to maintain our talent advantage; and
- Explore diverse markets today to tap into tomorrow’s opportunities.

“Diverse experiences and viewpoints yield greater insights and better outcomes, raising the bar on individual and team performance, sparking further innovation and sharpening our customer focus.”
— Alan Schnitzer, CEO

Our diversity and inclusion efforts are led by our Chief Diversity & Inclusion Officer. We also have a Diversity Council that is chaired by our CEO and composed of our 41 most senior executives. The council directs diversity initiatives such as:

- Raising awareness about the value of a diverse workforce;
- Partnering with business units to drive diversity strategies and goals, develop business unit-specific tactics, report outcomes and celebrate successes;
- Promoting key internal and external diversity programs and determining accountability for recruiting, training, developing and retaining diverse talent;
- Raising awareness about the importance of community outreach and the inclusion of diverse suppliers in our procurement process; and
- Sharing information and analytics about the clear relationship between diversity and business performance.

In 2018, we organized three additional working councils to focus more extensively on implementing diversity and inclusion priorities: the Business Heads Working Council, the Diversity Networks Executive Sponsor Working Council and the Field Leadership Working Council.

- The **Business Heads Working Council** ensures we identify emerging trends impacting the diversity and inclusion agenda and partners with our Chief Diversity and Inclusion Officer and Chief Human Resources Officer to identify, agree upon and implement solutions to mitigate adverse impact;
- The **Diversity Networks Executive Sponsor Working Council** provides strategic direction and coaching to the leaders of our employee-led Diversity Networks; and
- The **Field Leadership Working Council** ensures our diversity and inclusion strategy is successfully executed in our field office locations, where approximately 70% of our employees are based.

In addition to the numerous programs and initiatives we describe in further detail on this page, we have [policies](#) that encourage an inclusive culture and protect all employees from workplace harassment and discrimination. We also use metrics and analytics to measure, evaluate and act upon programs that impact the success of our people, our most important asset. We collect data — including data aligned with EEO-1 gender and race categories — to evaluate the progress of our diversity and inclusion initiatives. This data includes: employee census data regarding women and people of color; promotions; voluntary terminations; and employee turnover. We maintain a robust process to review, analyze and share that data with our senior leaders on a quarterly basis. Our data demonstrates that we have made significant progress over the past decade. In each of the last 10 years, we have increased the percentage of people of color in our workforce. As of December 31, 2018, women and people of color represent 55% and 24% of our U.S. workforce, respectively. We have also increased the percentage of women and people of color in management positions in each of the last 10 years.

Our Board of Directors encourages diversity and inclusion within Travelers — including within the [Board](#) itself — and oversees our diversity and inclusion efforts. The Nominating and Governance Committee of the Board meets regularly with senior management, including our Chief Diversity & Inclusion Officer, to review and discuss our strategies to encourage diversity and inclusion within our company. In addition, the Board receives regular updates from senior management regarding the data we collect and oversees our progress.

INCLUSIVE LEADERSHIP & TRAINING

Inclusive Leadership & Training

We provide training, development and cultural events to encourage an inclusive culture among all of our employees and leadership.

Starting with our Chairman and CEO, we expect our leaders to actively demonstrate their commitment to diversity and inclusion through their actions. Inclusive Leadership goals are included in all managers' annual performance objectives. This Inclusive Leadership performance objective drives leader accountability, recognition and reward. On an annual basis, managers are assessed and held accountable for meeting these objectives to reinforce the business relevance of diversity and inclusion and foster a work environment where all employees are included and appreciated. This further helps us attract, retain, engage and develop employees from all cultures and backgrounds. We advance these objectives through training, including Inclusive Leadership workshops.

Our commitment to diversity and inclusion isn't limited to our senior leaders. We provide training, development and cultural events to encourage an inclusive culture among all of our employees. For instance, all employees — at all levels and in all functions — participate in our Appreciating Differences diversity training. This dynamic, interactive diversity education program is designed to teach our employees how to leverage differences for shared success. We educate our employees on unconscious bias as part of our Appreciating Differences diversity training, as well as through our Inclusive Leadership workshops and other company-wide events. By helping our employees begin to recognize, acknowledge and minimize potential blind spots with respect to unconscious biases, we spark more open and honest conversations, increase employee engagement and strengthen our business.

We also host an ongoing series of events for all employees called Diversity Speaks, which feature external guest speakers who share personal stories and provide different experiences and viewpoints. These events are designed to encourage a culture that embraces the power of diverse perspectives to benefit our employees, customers and agents and the communities in which we work and live.

Workplace harassment and discrimination have never been tolerated in our inclusive environment. To make clear that these behaviors have no place at Travelers, we recently enhanced our harassment awareness training. This training not only covers legal definitions and our [company policy](#), but also takes a broader approach that explores ways to ensure a respectful work environment and sustain an "if you see something, say something" culture. To learn more about our overall approach to business conduct, see the [Ethics & Values](#) section of this site.

DIVERSE TALENT DEVELOPMENT & PIPELINE

Diverse Talent Development & Pipeline

We provide learning and development opportunities, including career planning and mentoring assistance, to help employees with career development and preparation for potential advancement. We regularly monitor diverse representation in these programs. We also have established deliberate retention, development and advancement actions tailored to deepen diverse talent pools and broaden advancement opportunities. These targeted activities include matching upcoming leaders with mentors within the organization and offering workshops to advance their careers within Travelers. To learn more about our overall approach to talent development, see the [Human Capital Management](#) section of this site.

Travelers is focused on attracting and retaining the best people from the broadest pool of talent to position the company for future success. We use talent acquisition strategies, including sourcing strategies and diverse slate requirements, to help us create a pipeline of diverse candidates.

We have numerous initiatives and partner with many college diversity groups and other organizations to cultivate our pipeline of talent.

- To help women advance in all phases of their insurance careers and in all parts of the insurance industry, Travelers recently launched a new initiative called [SHE TravelsSM](#). This program expands on existing efforts to make Travelers the leading advocate for women in insurance.
- Our signature education program, [Travelers EDGE[®]](#), helps low-income and minority students attain academic and career success, which helps broaden the diverse pool of talent seeking careers at Travelers or in the insurance industry.
- We regularly participate in diversity and inclusion-focused industry forums and career fairs such as the [Howard University F.I.R.M. Symposium](#), the Grace Hopper Celebration and the Out & Equal Workplace Summit.
- The military community is important to Travelers, and we're proud of [our partnerships](#) with organizations that assist veterans in transitioning to [civilian life](#).
- We have a [unique partnership](#) with several organizations that provide opportunities for people with disabilities, including Viability, Lifeworks and Disability:IN.

We have received various awards and recognition for our diversity efforts, including:

- Best Place to Work for LGBTQ Equality, Human Rights Campaign Foundation, 2016–2019 and received a 100% score on the Human Rights Campaign Corporate Equality Index, Human Rights Campaign Foundation, 2016–2019;
- Military Friendly[®] Company, VIQTORY, 2018–2019;
- Military Friendly[®] Employer, VIQTORY, 2007–2019;
- Best for Vets, Military Times, 2014–2018; and
- Best Place to Work for Disability Inclusion, Disability:IN and American Association of People with Disabilities, 2018 and scored 100% on the Disability Equity Index[®], 2018.

See our [Awards & Recognition](#) page for a full listing.

DIVERSITY NETWORKS

Diversity Networks

In 2008, we created Diversity Networks — voluntary groups led by employees dedicated to fostering a diverse and inclusive work environment. Open to all employees, the networks help foster the retention, development and success of our employees through networking, mentorship and community volunteer opportunities. In addition, these groups are a resource for our business leaders, sharing insights that help give the organization a competitive advantage. More than 11,000 of our employees — more than a third of our employee population — are members of at least one Diversity Network. As the results of our recent employee engagement survey show, employees who are members of at least one Diversity Network are more engaged at work than those who are not members.

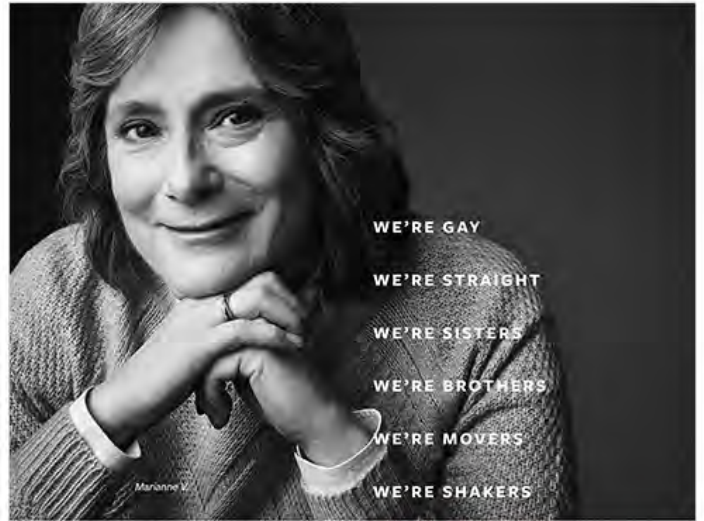
Each Diversity Network has a sponsor from our executive leadership team, who is responsible for the alignment of that DN's vision, mission and objectives with our business goals and strategies. Executive sponsors serve two- to three-year terms as change champions and active advocates for the DN, making connections to people, resources and support across Travelers.

On an annual basis, employee leaders of our Diversity Networks come together at the annual Diversity Network Summit to discuss diversity and inclusion strategies at Travelers. During this two-day summit, these leaders identify how to better leverage their expertise and learn from each other, as well as provide guidance to support our mission to foster a diverse and inclusive work environment. In 2018, more than 170 leaders participated in the Diversity Network Summit.

WE'RE TRAVELERS



WE'RE TRAVELERS



WE'RE TRAVELERS



WE'RE TRAVELERS



WE'RE TRAVELERS

Supplier Diversity

By doing business with diverse suppliers, Travelers promotes the development of these enterprises, supports the growth of the communities in which we do business and aligns contractor diversity to our workforce and customer base. For these reasons, we remain committed to providing opportunities for qualified businesses owned by people of diverse backgrounds to participate in our bidding and procurement processes.

Our Procurement team tracks both Tier 1 Travelers spend with certified diverse suppliers and Tier 2 spend with diverse subcontractors doing business with our prime suppliers. These diverse suppliers are businesses owned by individuals from historically disadvantaged populations, such as women, racial and ethnic minorities, LGBTQ+, people with disabilities and veterans. We also maintain a database of diverse prospective bidders to feed our request for proposal (RFP) processes. In 2018, Travelers spent over \$100 million with our Tier 1 and Tier 2 diverse suppliers.

To learn more about the structure and goals of this program, visit the [Supplier Diversity](#) page on our corporate website.

Our community programs, such as [Travelers Small Business Risk Education \(SBRE\)](#) and our partnership with the [Minority Business Development Institute \(MBDI\)](#), are also designed to encourage the development of diverse businesses.

Key Initiatives



TRAVELERS EDGE[®]

**Supporting
Underrepresented
Students**



SHE TRAVELSSM

**Advancing Women's
Careers in Insurance**



SMALL BUSINESS RISK EDUCATION
PROGRAM

**Educating Businesses
About Risk**



ENHANCING OUR COMMITMENT TO
PEOPLE WITH DISABILITIES

**Encouraging
Neuro-Diversity**



COMMITTED TO MILITARY VETERANS

**Supporting Those Who
Serve**



HOWARD UNIVERSITY F.I.R.M.
SYMPOSIUM

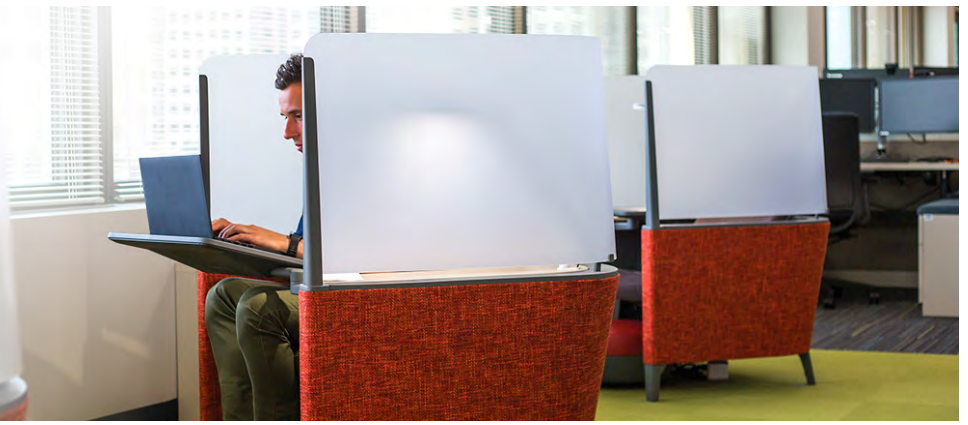
**Helping the Next
Generation of Job Seekers**



MINORITY BUSINESS DEVELOPMENT
INSTITUTE PARTNERSHIP

**Helping Minority- and
Women-Owned
Contractors**

Eco-Efficient Operations



Travelers is committed to a long-term sustainable approach to protecting the environment, balancing environmental considerations and social responsibility with our overall business goals. We continuously look for cost effective ways to minimize our impact on the environment, which can also reduce our operating expenses, without compromising on our promise to customers and employees.

APPROACH

Approach

As an insurer, most of our greenhouse gas emissions (GHG) are from office activity, mobile combustion (e.g., claim vehicles, commuters) and business travel. While these sources are relevant to our operating costs and environmental impact, our primary climate-related risks and opportunities relate to our property insurance and claims service, which we cover in our [Climate Strategy](#), [Public Policy](#) and [Disaster Preparedness & Response](#) sections of this site.

Our Chief Administrative Officer — a member of the company's Management and Operating Committees — oversees office activity, mobile combustion and business travel enterprise-wide with the help of the Corporate Real Estate and Procurement teams. These teams continuously monitor and analyze all of our operations and facilities to identify ways to operate more efficiently, reduce environmental impact and lower operating expenses. We prioritize projects based on their expected financial impact, so our efforts to reduce our energy consumption and waste lower both operating expense and environmental impact. Our [GHG Inventory & Goals](#) section summarizes our progress to reduce direct and indirect GHG emissions.

ENVIRONMENTAL POLICY & MANAGEMENT SYSTEM

Environmental Policy & Management System

[Travelers Environmental Policy](#), approved by senior management, outlines some of the steps we take to operate more efficiently and in an environmentally conscious manner, including:

- Continuously reviewing our equipment and technology, installing more efficient versions when needed;
- Conducting assessments with utility providers to better understand and adjust our energy usage; and
- Monitoring waste output to ensure we recycle as much as possible.

In addition, all Travelers-owned campuses are ENERGY STAR® certified and undergo an annual recertification process. We also respond annually to the [CDP Climate Change survey](#).

As stated in our [Supplier Code of Conduct](#), we expect our suppliers to comply with all applicable environmental laws and to work to minimize any negative environmental impact from their operations, including reducing or mitigating emissions, increasing sustainable use of natural resources and reducing or eliminating waste. Our Procurement team also oversees comprehensive vendor selection and supply chain management processes, including the review of climate and environmental considerations, where appropriate.

Travelers continues to analyze the company's operational impacts on the environment and works to minimize negative implications. We utilize an environmental management system that regularly reviews our operations to measure our impacts and to identify opportunities that increase efficiency and reduce costs.

Some of the key elements of our environmental management system include:

- Periodic recommissioning of facilities;
- Evaluating emerging technologies, such as alternative energy, and their potential use in our facilities;
- Partnering with power and other utility providers to review our operations and, when available, leveraging their incentive programs to help fund our improvements;
- Evaluating potential changes to energy regulations that may impact our costs and operations;
- Using technology to fine tune operational parameters; and
- With respect to waste, minimizing and recycling as much waste as possible.

GHG INVENTORY & GOALS

GHG Inventory & Goals

Travelers set a goal to reduce the company's absolute Scope 1 and 2 emissions by 40% by 2020, based on a 2011 base year. As of the end of 2017, we have achieved 88% of this goal. The Scope 1, 2 and 3 emissions data in the table below has been verified by an independent third party. We outline our GHG inventory, boundary and third-party assurance further in our [2018 CDP Climate Change survey response](#).

Since 2011, Travelers reduced the company's absolute Scope 1 and 2 emissions by more than 35%.

Metric	2018	2017	2011
Scope 1 GHG Emissions (metric tons CO₂e)	25,591	26,640	37,436
Emissions from Mobile Combustion (metric tons CO₂e)	24,329	25,405	36,574
Emissions from Office Activity (metric tons CO₂e)	1,262	1,235	862
Scope 2 GHG Emissions* (metric tons CO₂e)	29,881	28,250	47,167
Total Scope 1 and Scope 2 GHG Emissions (metric tons CO₂e)	55,472	54,890	84,603
GHG Emissions per Revenue (metric tons CO₂e per \$)	0.00000183	0.00000189	0.0000033248
GHG Emissions per FTE (metric tons CO₂e per person)	1.85	1.83	2.76
Scope 3 Emissions from Travel	18,584	18,175	Not Tracked
Percentage of Electricity from Renewable Sources	17%	15%	Not Tracked
Percentage of Total Energy from Renewable Sources	5%	4.5%	Not Tracked

*Location-based method.

Water & Waste

Travelers monitors waste and water across the company's operations and has implemented certain practices to help ensure proper waste handling and water use. Specifically, we:

- Employ a third-party vendor to properly recycle and dispose of obsolete IT equipment;
- Shred and recycle all paper at our largest campuses and all confidential paper at leased offices;
- Installed auto-shutoffs on most faucets; and
- Are installing water bottle filling stations in all [new workspaces](#), to reduce the use and disposal of single-use plastic water bottles.

In 2018, we began implementing an owned-portfolio inventory, which will allow us to track waste and water usage, and plan to report relevant waste and water metrics in future reports. As with energy and GHG emissions, we see many opportunities to align our long-term financial interests with responsible water use and waste disposal, creating value for our shareholders and the environment.

Key Initiatives



OFFICE RENOVATIONS

Boost Engagement and Save Energy



REDUCING NON-ESSENTIAL TRAVEL

Incentives for Commuters and Encouraging Video Collaboration



GREENING CLAIMS

Monitoring the Environmental Impact of Our Vehicle Usage



At Travelers, so much of our culture is built on trust — the trust we earn from our customers in challenging times and the trust we place in each other every day. That trust is built upon honesty, integrity and accountability — values that serve as the foundation for all that we do. The commitment of our directors, officers and employees to our Code of Business Conduct and Ethics, applicable laws, regulations and company policies helps to ensure the long-term success of our organization.

APPROACH

Approach

Travelers established and maintains a [Code of Business Conduct and Ethics](#), which applies to all our employees, officers and directors and provides a framework for sound ethical business decisions. The Code, which is also available in French and Portuguese for our employees located in Canada and Brazil, provides principles for each employee to follow when acting on behalf of Travelers and sets forth our expectations on a number of topics, including conflicts of interest, compliance with laws, business ethics and use of corporate assets. Our Chief Ethics and Compliance Officer oversees communication, education and compliance with the Code. We also employ and train additional Legal, Compliance and Human Resources personnel to help our employees reach the right decision, regardless of the circumstances.

We expect our suppliers to conduct themselves with the same level of honesty and integrity as our employees. [Travelers Supplier Code of Conduct](#) documents our expectation that all contractors, consultants, suppliers and vendors demonstrate their commitment to ethical, humane, socially responsible and legally compliant business practices. We also proudly commit to the protection of human rights everywhere we do business, as described in our [Human Rights Statement](#).

Our ability to achieve our goals of being the undeniable choice for the customer and an indispensable partner for our agents and brokers depends upon our culture of honesty, integrity and accountability. Our commitment to transparency and integrity starts with our senior leadership. Our Chairman and CEO, Alan Schnitzer, sets the tone, including through regular company-wide communications. Here's an excerpt from one of his recent messages:

"Intellectual integrity, a culture of transparency and the duty to call it like we see it are necessary conditions for long-term success. We should hold ourselves and each other to that standard. One of the many things that makes this company great is the expertise, experience, grit and determination of Travelers employees. We have the skill and creativity to solve any problem and meet any challenge. But we can only solve problems and meet challenges if we're honest with ourselves and each other about what those problems and challenges are.

I'm not sending this message because I think we have a problem. In fact, quite the contrary. I'm sending this message because our culture of collaboration, camaraderie and shared responsibility is a treasure that we should never take for granted."

This approach remains critical to maintaining our culture of candor and continuing to deliver sustained value to our stakeholders.

To learn how our ethical culture drives our ability to attract and retain talented, diverse and qualified employees, see our [Human Capital Management](#) and [Diversity & Inclusion](#) sections.

Ethics Training, Compliance, Respectful Workplace & Dispute Resolution

All employees must complete our annual Ethics and Compliance Training and Certification program, which includes:

- **Code of Business Conduct and Ethics Training and Certification:** We require all employees to complete annual ethics training, which includes training modules on a variety of important topics, such as anti-bribery and anti-corruption. Additionally, all employees and directors must certify annually that they have reviewed, understand and agree to comply with the principles set forth in the Code.
- **Policy Certification:** We expect all employees to familiarize themselves with, and certify to their compliance with, applicable company policies. These include:
 - Anti-Bribery and Anti-Corruption Policy
 - Code of Conduct for Travelers System Users
 - [Equal Employment Opportunity Policy](#)
 - Gifts to Government Officials
 - [Harassment-Free Workplace Policy](#)
 - Internal Dispute Resolution Policy
 - Nepotism, Favoritism and Personal Conflict of Interest Policy
 - [Non-Solicitation and Non-Distribution Policy](#)
 - [Respectful Workplace Policy](#)
 - Security Trading for Employees Policy
 - Security Trading for Executives Policy
 - Social Media Policy
 - Supplier Management Policy
 - Whistleblowing and Non-Retaliation Policy

Bribery and corruption are wholly inconsistent with Travelers core values, and we have instituted policies, procedures and internal controls for complying with anti-bribery and anti-corruption laws. Travelers strictly prohibits any promise, offer, or the provision of anything of value to any government official or any other person for the purpose of improperly obtaining or retaining business, influencing action or obtaining any form of improper benefit. We provide additional information regarding our expectations for employees in our internal Anti-Bribery and Anti-Corruption Policy.

Additionally, we are committed to providing a fair and inclusive workplace where all employees are treated with dignity and feel valued, respected and supported. To learn more about our employee practices and programs, see our [Human Capital Management](#) and [Diversity & Inclusion](#) sections. Our specific policies on equal employment opportunity and non-discrimination illustrate our commitment to maintaining a harassment-free and respectful workplace, and as outlined in our Supplier Code of Conduct, we expect the same from our suppliers. We regularly reinforce the principles embodied in these policies through additional education, which includes discrimination-free workplace training and harassment awareness training. We provide employees with multiple channels, including the Human Resources, Employee Relations and Compliance departments and the Travelers Ethics Helpline, to raise concerns about discrimination or harassment — or any other workplace concerns — and prohibit retaliation against employees who raise concerns in good faith. Each concern is investigated by trained professionals and, where appropriate, escalated internally. In addition, Travelers has an impartial Internal Dispute Resolution Policy that allows employees to seek review of employment-related issues, concerns, actions and decisions, including those relating to compensation.

ETHICS HELPLINE

Ethics Helpline

Travelers has an independently administered [Ethics Helpline](#), which is available to employees 24/7 to report issues or seek guidance confidentially and anonymously.

Once an Ethics Helpline report is filed, the Ethics and Compliance Office investigates the matter and addresses any ethical or compliance-related issues. It provides the Audit Committee with quarterly summaries of matters reported through the Ethics Helpline and more frequent compliance updates as appropriate. Additionally, the Audit Committee receives reports on all matters reported to the Chief Ethics and Compliance Officer that involve accounting, internal control or audit matters, or any fraud involving persons with a significant role in our internal controls.

We maintain a formal non-retaliation policy that prohibits retaliation against, or discipline of, an employee who raises an ethical concern in good faith.

Human Capital Management



The talent and expertise of our 30,000 employees is critical to maintaining our competitive advantages in a rapidly evolving business landscape. Fostering a thriving, vibrant and authentic culture is essential to attract and retain talented, diverse and qualified employees. It is our employees who collectively drive our performance and fuel our innovation agenda.

APPROACH

Approach

We owe our success to our extraordinary talent. Our future success requires that we continue to attract, develop and retain top talent and maintain our unique culture — a culture that cares deeply about the company and is rooted in trust, collaboration and diversity and inclusion. Our approach to human capital management starts with our innovative talent acquisition strategies, which enable us to attract the best people from a broad pool of talent. Once they join Travelers, we provide our employees with development programs that foster personal and professional growth, and an inclusive environment in which our employees feel valued and engaged, allowing them to maximize their potential. And throughout their careers with us, we provide our employees with comprehensive benefits and equitable and competitive compensation plans.

Our Board takes an active role in overseeing our human capital management strategy, including our initiatives to shape our workforce and workplace to drive business performance and ensure that we are well positioned for the future. Our Chief Human Resources Officer — a member of our Management and Operating Committees — and other senior executives present to the Board regularly on these matters.

CULTURE & LEADERSHIP

Culture & Leadership

Travelers has a unique and rich culture that has been built over decades and runs deep in the organization. Hallmarks of our culture include:

- **Trust.** At Travelers, so much of our culture is built on trust — the trust we earn from our customers in challenging times and the trust we place in each other and our agents and brokers every day. That trust is built upon honesty, integrity and accountability — values that are core to who we are.
- **Collaboration.** As our Chairman and CEO, Alan Schnitzer, noted in an email to all 30,000 employees in 2018, “our culture of collaboration, camaraderie and shared responsibility is a treasure that we should never take for granted.” This collaborative approach to how we operate and think about risk and reward runs through every element of our business, from our underwriting reviews and our approach to Enterprise Risk Management to our Claim operations.
- **Diversity and Inclusion.** For us, [diversity and inclusion](#) is a business imperative. We believe that diverse experiences and viewpoints yield greater insights and better outcomes, raising the bar on individual and team performance, sparking further innovation and sharpening our customer focus.

- **Focus on Merit.** These three elements together — trust, collaboration and diversity and inclusion — form the foundation of our merit-based culture. At Travelers, every individual is encouraged to share their opinion and contribute to the decision-making process. We believe that by listening to diverse views and opinions — regardless of who offered them — we can reach the best business decisions. We recognize, promote and reward employees based on the merit of their ideas and their contributions to our long-term success.

We believe in the connection between culture and leadership and anchor our leadership behaviors on The Five Practices of Exemplary Leadership® — to model the way, inspire a shared vision, challenge the process, enable others to act and encourage the heart. These five practices form the basis of how we practice leadership at Travelers to thrive in our business environment today and in the future. The Five Practices enable leaders to increase engagement and inclusion, lead change, drive innovation, tie daily goals to a greater purpose and coach people to higher levels of performance. Our managers are introduced to the Five Practices through the two-day Leadership Challenge® Workshop that serves as the foundation for these key behaviors and practices. A critical element of the workshop is a 360-degree assessment tool that allows the manager's supervisor, co-workers and direct reports to provide feedback on key leadership behaviors.

ENGAGEMENT & INCLUSION

Engagement & Inclusion

More than ever before, employees want and expect a workplace that aligns with their needs, wants and values, and we believe that an engaged workforce drives better business results. Because of that, one of our strategic priorities is to deliver an employee experience that engages our team and strengthens our organization. To inform the inclusion and leadership strategies we use to execute on those priorities, we have conducted an enterprise-wide engagement survey. Based on the results of that survey, each leader has developed an action plan to enhance employee engagement and create an even more meaningful employee experience. To evaluate our progress, we conduct periodic “pulse” surveys and focus groups. Our Chief Human Resources Officer meets quarterly with our CEO and other executive leaders to discuss employee engagement strategies and our progress.

In 2018, in recognition of the importance of having an engaged workforce, we created cross-functional teams, composed of managers and employees from across the organization, to develop new processes, policies and programs to enrich our employee experience. As a result of this collaboration, we revised our dress code; introduced new, more [collaborative workspaces](#); expanded flexible working arrangements; and updated elements of our performance management process. These are examples of small changes that have a big impact and reflect the continuing and deliberate evolution of the Travelers workplace — one designed to inspire world-class talent in a constantly changing world. Our work is not done; we continue to identify and implement ways we can make Travelers an even better place to work.

Our average tenure and voluntary turnover rates demonstrate the power of our culture and the attachment our employees have to the organization. Our 500 most senior leaders have an average tenure at Travelers of nearly 20 years, and the average tenure of a Travelers employee is 12 years. The voluntary turnover rate of our U.S. employees, who comprise approximately 92% of our workforce, has been lower than 8% for the last several years. In 2018, our voluntary turnover rate in the United States was 7.5%; our global voluntary turnover rate was 7.8%. We are confident that our engagement and inclusion efforts will continue to have a strong impact — by shaping a workforce and workplace that drives exceptional business performance.

LEARNING & DEVELOPMENT

Learning & Development

Our commitment to learning and development is rooted in our belief that for *us* to be successful, we must provide our employees with the skills and capabilities to enable *them* to be successful. Travelers offers learning and development, including through online course offerings; in 2018, Travelers employees enrolled in more than 11,000 e-learning courses.

Because we believe that the best learners are the best leaders, we offer a variety of programs that support our managers in their leadership journey. The Leadership Challenge® Workshop provides an overview of The Five Practices of Exemplary Leadership®, which is the framework for how we practice leadership at Travelers. Since inception in 2005, 3,800 leaders at Travelers have completed The Leadership Challenge® Workshop. We also offer three additional foundational workshops centered on leadership: Leading People At Travelers, Coaching for Performance Excellence and Appreciating Differences. In 2018, our employees and leaders invested approximately 22,000 hours in these workshops. All workshop attendees rate their experience by responding to three questions on a scale of 1 to 5: did the workshop meet your goals and expectations; was the workshop a valuable investment of your time; and as a result of attending the workshop, will you be more effective in your role. Our average rating for these workshops is 4.7/5.

PERFORMANCE & SUCCESSION

Performance & Succession

Performance management at Travelers is about growing the right talent and skill sets and equipping employees with the necessary tools and feedback to ensure our continued success. Every employee at Travelers has performance objectives and goes through a performance evaluation on an annual basis. Our annual performance management process helps with setting goals and planning development and involves assessing progress against those goals and discussing opportunities for improvement. These progress assessments involve meaningful conversations to discuss what went well and what can be improved.

To make sure that managers have the skills necessary to guide our employees and help them reach their potential, we build their skills with our Coaching for Performance Excellence Workshop; the workshop helps managers develop their questioning, listening, reflecting and exploring abilities.

We also conduct a comprehensive annual talent review, which includes succession planning, to get our most talented employees ready for leadership positions and identify key employees for the next generation of great leaders. Each line of business identifies top-talent employees and succession candidates for targeted development and advancement opportunities with individualized action plans. The talent review process then rolls up through the business, culminating with the CEO and his direct reports meeting to review succession plans for key positions. The CEO then presents those plans to the Board of Directors.

TALENT ACQUISITION

Talent Acquisition

Travelers is focused on building a pipeline of talent to position the company for future success and is committed to hiring and developing a diverse and sustainable workforce across race, color, religion, gender, gender identity, age, national origin, disability, veteran status, marital status, genetic information and sexual orientation. Through our recruiting efforts, we attract and retain top talent from a broad pool of talent and continue to increase diversity in our hiring.

To maintain our competitive advantages, we increasingly need industry-agnostic talent. Historically, running an insurance company required actuaries, underwriters and finance professionals, among others; in addition to those types of professionals, we now also need roboticists, data scientists, artificial intelligence experts and behavioral economists. This compels us to reimagine our talent acquisition strategies. While we continue to recruit from within our industry, we also recruit from outside our industry for disciplines that are fundamental to our future. We deploy talent acquisition strategies, including advanced sourcing tools, employment branding advertising, social channels and diverse slate requirements, to help us create a pipeline of strong candidates.

We are focused on inspiring the next generation of insurance professionals and actively encourage students and graduates to explore career opportunities in the insurance industry and, in particular, at Travelers. To help us attract new talent to the industry, we have longstanding affiliations with a number of organizations that share that mission including InVEST, Insure My Path and Gamma Iota Sigma. We also foster partnerships and sponsor diverse professional organizations such as the National African American Insurance Association (NAAIA), Young Risk Professionals, Management Leadership for Tomorrow, the Jackie Robinson Foundation, INROADS, Prospanica, Grace Hopper, Out & Equal, Dive In, Disability Matters, Military Officers Job Opportunities (MOJO) or Veteran Recruiting, the Military Fellowship Program and Academy Women. Read more about our programs to increase the diversity of our workforce in our [Diversity & Inclusion](#) section.

Travelers also offers a multitude of career mentorship and development programs to attract both early-in-career and experienced professionals. Our [Leadership Programs](#) provide students and graduates with an opportunity to move upward through a steady career path in a specific area such as Actuarial and Analytics, Financial Management, Human Resources, Technology or Insurance Operations. Participants complete assignments and rotations designed to help them build upon their strategic thinking skills and business acumen. Our Development Programs — in Underwriting, Business Intelligence and Geospatial, Investments, Shared Services, Product Management and Technology — include on-the-job training, classroom instruction, self-study materials and independent work in an assigned business area. These programs provide the foundational knowledge and skills necessary for success at Travelers and have been a part of our talent strategy for nearly 30 years. Many participants have gone on to hold senior roles in Travelers. More information on our Development Programs is available on our [Careers site](#).

Total Rewards

Travelers compensation programs are designed to attract, motivate and retain high-performing talent. Our long-standing pay-for-performance philosophy differentiates awards based on individual and company performance, regardless of gender, race or any other protected classification. Paying our employees equitably is the foundation of our merit-based culture — our [equitable pay statement](#) outlines our approach to ensure that we compensate our employees without influence from bias. As noted in that statement, with the assistance of independent, outside experts, we annually review our compensation practices to help ensure equitable pay across the enterprise.

Compensation is delivered through base salary and variable compensation. Variable compensation helps to tie pay opportunities to company performance for those individuals who have the greatest ability to affect business outcomes. The degree of differentiation and the mix of compensation varies based on the level of an employee's responsibility. The proportion of compensation that is performance-based increases with successively higher levels of responsibility. Accordingly, the senior-most executives, who are responsible for the development and execution of our strategic and financial plans, have the largest portion of their compensation tied to performance-based incentives.

Because our employees are our most valuable asset, we are committed to helping them be healthy and productive in all aspects of their lives. We know that when employees and their families are well — physically, emotionally and financially — they can be more fully engaged both personally and professionally. That's why we offer [comprehensive, flexible benefit options](#) for our employees, which include medical, dental and prescription drug coverage; flexible spending accounts; life insurance; paid time off; short- and long-term disability; parental leave; child care discounts; and preventive care incentives.

Employees and their eligible family members, including spouses, domestic partners and children, are eligible for coverage from the first day of employment. To keep rates affordable, Travelers subsidizes premiums on its healthcare plans through a cost-sharing model. We subsidize health benefits more heavily for lower-paid employees as compared to higher-paid employees, such as the named executive officers. Accordingly, our higher-paid employees pay a significantly higher percentage of the cost of their health benefits than our lower-paid employees.

We have a forward-thinking approach to our benefit plan design. We deliver new, innovative ways to support employee health and well-being, including personal health support to help navigate the health care system; financial incentives for choosing high-quality, low-cost providers; and protections around the use of opioids to help ensure doctors, pharmacists and patients work closely together on treatment plans for pain management.

Our wellness program provides simple, easy-to-use tools and resources that empower employees with the information and support they need to achieve their wellness goals. These include:

- a robust Employee Assistance Program (EAP), which offers a variety of services including professional counseling and work-life seminars, resources and referrals and is free, confidential and available 24/7;
- wellness champions in more than 50 local offices, who facilitate customized wellness programs for each site;
- a service that helps employees find top-rated doctors in the area, facilitates a second opinion from a specialist and provides information about a new diagnosis or treatment;
- discounts at health clubs;
- discounted weight management programs and tobacco cessation programs;
- wellness screenings;
- mobile mammography;
- a diabetes management program;
- a financial wellness assessment; and
- retirement planning services, including complimentary consultations and workshops to assist in savings and retirement planning.

Travelers annually matches employee 401(k) contributions dollar for dollar up to the first 5% of eligible pay, up to a maximum of \$6,500. We also offer a pension plan that is 100% funded by Travelers and does not require contributions from employees. We also recently announced an innovative new benefit for our employees that takes the tough choice out of paying down student debt or saving for retirement. Starting in 2020, payments by eligible U.S. employees toward their student loans will qualify for our 401(k) plan "matching" program.

Key Initiatives



TRAVELERS INSTITUTE®

**Travelers Institute
University Tours**



SHE TRAVELSSM

**Advancing Women's
Careers in Insurance**



HOWARD UNIVERSITY F.I.R.M.
SYMPOSIUM

**Helping the Next
Generation of Job Seekers**



COMMITTED TO MILITARY VETERANS

**Supporting Those Who
Serve**

Innovation



We recognize that the world is changing, and changing quickly. While our long-term financial strategy is not changing, the competitive advantages that have fueled our success over the last decade will not necessarily be the same as those we will need to continue to lead for the next decade. That is the focus of our innovation agenda: making sure that our competitive advantages are as relevant and differentiating tomorrow as they are today. Ultimately, the vision for our innovation agenda is to be *the undeniable choice for the customer* and an *indispensable partner for our agents and brokers*.

APPROACH

Approach

Travelers delivers consistently superior risk management solutions that help customers of all types identify, mitigate and recover from a wide variety of emerging and existing risks and hazards to achieve their personal and financial goals. As one of the United States' largest multi-line insurers, we continually invest in data, analytics and technology to make our processes more efficient and effective to better serve our customers and maintain our competitive edge.

Our [competitive advantages](#) set Travelers apart; they are foundational to the success of our long-term financial strategy. Nonetheless, we understand clearly that the world is changing, and changing quickly. Broadly speaking, we see four significant forces of change impacting our industry:



Changing Consumer Expectations

Customer expectations are being shaped by their experiences in other industries.



Emerging Technology Trends

Emergence of new technology enables us to reimagine every aspect of our business.



Data & Analytics

Data and analytics is transforming every aspect of our business.



Changing Distribution

Distribution is consolidating and alternative models are evolving.

We are pursuing an ambitious innovation agenda that is focused intently on these forces of change and is designed to ensure that our competitive advantages remain relevant and differentiating to drive our long-term success.

We believe the winners in our industry will be those with deep domain expertise who can continue to deliver industry-leading results while innovating successfully on top of a foundation of excellence. To ensure that we keep pace with the accelerating pace of demographic, economic, technological and cultural change in today's consumer and business environment, we have adopted a focused approach to innovation as a business discipline. Our Chief Innovation Officer oversees a dedicated team of innovation specialists, who focus on championing and supporting experimentation across the enterprise and enable connections to new capabilities in external ecosystems. The Travelers iCouncil, a working group of senior leaders, oversees innovation initiatives across the enterprise.

Our *perform and transform* mindset, discussed in our Chairman and CEO's message, and our culture of innovation have become important parts of our DNA. We are pursuing innovation in service of our vision to be *the undeniable choice for the customer* and *an indispensable partner to our agents and brokers*. In support of that vision, we have established three priorities: extend our advantage in risk expertise; provide great experiences for our customers, agents and brokers; and optimize our productivity and efficiency.

- **Extend our advantage in risk expertise.** Understanding risk, and the products and services our customers need to manage risk, has been foundational to our success for decades. Core to that is our ability to balance the science and art of risk-based decision making based on data and analytics. That skill set requires a combination of deep expertise and a special culture that values collaboration and long-term success. It is an important competitive advantage developed over a long period of time and one we believe is very difficult to replicate. We continue to extend our advantage by investing in areas like predictive modeling, advanced analytics, robotic process automation, machine learning, artificial intelligence and new products.
- **Provide great experiences for our customers, agents and brokers.** Across all of our businesses, we are focused on becoming faster, easier, nimbler, more digital, more mobile and more personalized. When we think there is a proprietary advantage, we invest in building these capabilities ourselves. In other cases, we partner with, invest in or acquire organizations — both established businesses and startups — to bring these great experiences to market more efficiently. Both approaches have resulted in new and enhanced capabilities such as on-demand Certificates of Insurance for Small Commercial accounts, virtual home and auto inspections, pre-claim loss consultation, and rapid and increasingly on-the-spot digital claim payments, to name a few.
- **Optimize productivity and efficiency.** We are continuously working to optimize our productivity and efficiency to enhance our operating leverage. We primarily do this through investment in technology and improving workflow. Enhanced operating leverage provides us with the flexibility to let the savings fall to the bottom line, reinvest the savings and/or compete on price without compromising our return objectives.

Travelers as a Learning Organization

As a well-established insurer with a long-standing commitment to learning and deep industry expertise, we believe that our employees and the knowledge and insight they bring to serving our customers underlie all of our key competitive advantages. We combine this human expertise with data and analytic tools to quickly identify emerging risks and loss trends and better serve our customers.

We have many ways of gaining insight into emerging risks and opportunities. For example, we continually evaluate new technologies, evolving risks, loss trends and changes in consumer behavior, including at our research and training facilities — [Claim University](#), the National Catastrophe Center and the Risk Control [Industrial Hygiene](#) and [Forensics](#) Laboratories. Sharing what we learn with our underwriters helps them better select and price risks and develop products and services to address emerging risks and meet customer needs. These learnings also give our Risk Control professionals a competitive edge, allowing them to work effectively with customers to identify their occupational risks and mitigate and manage exposures to loss — thereby improving their employees' safety and wellness as well as their own business results. Finally, these insights enable our Claim professionals to help our customers recover from losses quickly and efficiently when losses do happen. We also share our insights with our customers and the public through our agent and broker partners, [Prepare & Prevent](#) website and Risk Control Customer Portal. All of this is good for our customers and good for our business.

BUILDING AN INNOVATION ECOSYSTEM

Building an Innovation Ecosystem

We have established an internal innovation ecosystem to develop the key capabilities we need for the future by leveraging the best from both inside and outside our company. In collaboration with our innovation team, business leaders from each business line and functional area take ownership of crafting the innovation objectives for their respective business line. Within these business lines and functional areas, Travelers employs hundreds of subject matter experts, technology specialists and data and analytics professionals. They are focused on bringing innovations to market that will position Travelers for long-term future success.

Our Innovation Evangelist Network, which is composed of innovation leaders, includes representatives from every business line and function across our enterprise. To further enable collaboration, Travelers deployed new digital tools that assist groups throughout the organization to communicate, share knowledge and build communities and to keep track of startup intelligence, activities and engagement. A recent two-day Innovation Jam — a rapid-design hackathon event that drew together over 600 participants on 120 cross-functional teams in 6 global locations — set a memorable highpoint for our innovation agenda in 2018.

The Travelers Innovation Center (TIC) is another key component of our innovation ecosystem. It fosters business and technology innovation by providing a test and learn environment, coaching, targeted expertise and a physical location that enables collaboration and rapid experimentation. The TIC serves as a:

- **business idea incubator**, exhibiting the dynamics of a startup, where fast-moving teams are empowered to iterate on ideas that generate new and incremental business value;
- **technology and foundational incubator**, allowing for the research and incubation of emerging/disruptive technology, new software tools and foundational capabilities that can benefit future innovation efforts;
- **culture incubator**, demonstrating entrepreneurial values, collaborative behaviors and co-creation processes that enable customer-led and rapid business value delivery; and
- **practice incubator**, assisting with best-in-class training and development of modern software techniques and execution practices to deliver faster business value with lower risk to the business.

The TIC's emerging technologies research and design services help Travelers solve critical business problems and execute our innovation agenda.

Our innovation ecosystem extends beyond our four walls. We have numerous partnerships with incubators, such as Plug and Play, an innovation platform that brings together startups and some of the world's largest corporations, and Startupbootcamp, which supports startups with direct access to an international network of mentors, partners and investors to help them scale. Through these partnerships, we gain early access to startups, as well as the opportunity to help them develop solutions to some of the issues facing our industry. Travelers is also a member of the Hartford InsurTech Hub, an initiative started by a group of executives from the Hartford area, including from the insurance industry; City of Hartford representatives; and several other community stakeholders. The goal of the group is to develop a local innovation ecosystem supported by local resources, capabilities and talent, in which insurance technology startups can grow and flourish. Our participation in the Hartford InsurTech Hub is an investment in our communities and in our business.

Innovative Products & Services

The forces of change in our industry present not only risk but significant opportunities. Here are some examples of how we have taken advantage of the opportunities presented by the forces of change.

INNOVATIVE PRODUCTS & SERVICES

Personal Insurance

Amazon Smart Home Services

- Collaboration with Amazon to provide Travelers customers with smart home kits that include security cameras; water sensors; motion detectors with multi-sensor capabilities; smart home hub that wirelessly connects a wide range of smart devices and enables them to work together; and an Amazon Echo Dot.
- [Learn more>](#)

TraverseSM

- A [first-of-its-kind personal insurance product](#) designed for consumers who may not need a traditional homeowners policy.
- Designed to meet millennials' needs.
- Serves as an alternative to renters insurance by including personal liability coverage that meets most landlord requirements.
- Offers identity theft coverage and protects things like mobile phones, laptops, musical instruments, jewelry and even some vacation experiences.
- A completely digital offering; customers can buy policies, make policy changes and submit claims — all online.
- [Learn more>](#)

Quantum Home 2.0[®]

- Digital tool that provides greater customization, fewer steps to complete a quote and simplified customer communications.
- Designed in close collaboration with our agent partners.
- Increases efficiency for agents while helping them to deliver better service and drive new business.
- [Learn more>](#)

Distribution

Simply Business Acquisition

- Acquired by Travelers and operates as a stand-alone business.
- A growing technology company with a proven business model to enhance the insurance buying experience for microbusiness owners; the Simply Business business model aligns with Travelers' efforts to simplify the small commercial insurance transaction and make it more efficient.
- Offers products online on behalf of a broad panel of carriers.
- Has more than 475,000 microbusiness and landlord customers, representing more than [1,000 classes of business](#).
- [Learn more>](#)

Zensurance Investment

- Travelers took a majority ownership stake in this fin-tech startup in 2018.
- A Toronto-based digital provider of online insurance solutions for small businesses.
- Uses data and analytics to identify the most common risks that small businesses face and designs insurance packages best suited for their respective industries.
- A natural fit with our Simply Business team, further adding to our digital capabilities and medium-term strategic positioning to serve small and microbusinesses.
- Offers business insurance online on behalf of a broad panel of carriers in Canada.
- [Learn more>](#)

Claim

Aerial Imagery and Virtual Damage Estimating

- High-resolution aerial imagery can be combined with geospatial mapping tools and virtual damage estimating programs to accurately identify damaged properties and begin developing damage estimates before insurance adjusters can safely enter affected areas.

Catastrophe Response Staffing Strategy

- Extensive employee cross-training and advanced workforce management programs enable Travelers to respond quickly and effectively to [large-scale weather events](#) without disruption or use of third-party adjusting firms, supporting operational effectiveness and customer experience.
- [Learn more>](#)

Digital Tools for Orthopaedic Injuries Pilot

- Collaboration with Cedars-Sinai, Samsung Electronics America, Bayer and appliedVR to explore the effectiveness of a digital pain-reduction kit that uses therapeutic virtual reality (VR) and wearable technology as a non-pharmacological supplement to managing pain associated with acute orthopaedic injuries of the lower back and extremities.
- [Learn more>](#)

Drones in Property Inspection

- Widespread use of unmanned aerial systems (drones) in property damage inspections speeds claim inspection and resolution times; approximately 98% of all Personal Insurance claims were closed within 30 days when a drone was used during the inspection process, as compared to 92% when a drone was not utilized.
- Widespread use of drones enhances customer experience and increases employee safety.
- About 650 FAA-certified drone pilots conducted 20,000 flights in 2018.
- Travelers was the first insurer to develop a drone training program and assisted with developing FAA regulations for commercial use of unmanned aircraft systems.

Early Severity Predictor®

- Travelers proprietary [Early Severity Predictor®](#) model identifies injured employees at a greater risk to decompensate into chronic pain and therefore opioid addiction, allowing us to help them by recommending appropriate medical and behavioral interventions.

Injured Employee Portal

- Digital portal empowers injured employees to take an active role in their own claim and medical recoveries by accessing relevant claim and medical information and resources.

Loss Consultation

- Innovative workflow gives customers the option of becoming better informed about coverage, deductibles, impact to loss history and the claim process prior to filing an insurance claim.

Virtual Inspection Tools for Auto and Property Claims

- AI-based platforms can quickly and accurately estimate damages without the need for an in-person inspection.

Risk Control

Construction Vibration App

- Smartphone-based app [ZoneCheckSM](#) helps construction companies understand how site activities can impact ground vibration and help to identify related risks to nearby structures.

Forensics and Digital Forensics Laboratories

- Forensics lab staffed by more than 60 scientists and engineers with backgrounds in chemistry, metallurgy, [materials science](#), [fire forensics](#) and construction brings analytical rigor to identifying how losses occurred and who or what is responsible.
- Specialized digital forensics lab staffed by digital forensic specialists enables Travelers to ingest, preserve and analyze digital data from any source, including the web, social media and smart devices.

Risk Control On Demand®

- Virtual safety consulting platform enables customers to access our network of safety specialists in real-time. Customers can upload digital media and collaborate with consultants around the globe to evaluate occupational hazards and design and implement safety improvements.

Key Initiatives



TRAVELERS INSTITUTE®

**Insuring Autonomy —
Autonomous Vehicles**



SIMPLY BUSINESS ACQUISITION

**Leading U.K. Distributor of
Small Business Insurance**



AMAZON COLLABORATION

**Travelers Teams Up With
Amazon to Provide Smart
Home Solutions**



CLAIM UNIVERSITY

**Training World-Class Claim
Professionals**



INVESTMENT IN KITTYHAWK

**Enhancing Our Drone
Program**

Public Policy



Travelers commits to constructive participation in the public policy dialogue around issues core to our business and on behalf of our customers, our agents and brokers and the communities we serve. Through the Travelers Institute®, our public policy division, we engage with policymakers and thought leaders to help address today’s challenges and tomorrow’s needs.

APPROACH

Approach

Travelers established the Travelers Institute in 2009 as a means of participating in the public policy dialogue on matters of interest to the property casualty insurance sector, as well as the financial services industry more broadly. The Travelers Institute draws upon the industry expertise of Travelers senior management and the technical expertise of its risk professionals, as well as other experts, to provide information, analysis and recommendations to public policymakers and regulators. The Executive Vice President of Public Policy is the President of the Travelers Institute and a member of our Management and Operating Committees; she reports on an annual basis to the Board.

The Travelers Institute’s public policy priorities are set by our senior business leaders, who ensure that the Institute’s initiatives align with the company’s business strategy and drivers of sustained value and have the greatest impact in the communities in which we live and work. Our current priorities are presented in detail on the [Travelers Institute website](#) and include:

- [Distracted Driving](#);
- [Insuring Autonomous Vehicles](#);
- [Enhancing Cybersecurity](#);
- [Small Business Advocacy](#);
- [Insurance Education](#);
- [Disaster Preparedness and Coastal Challenges](#); and
- [America's Debt Crisis](#).

STAKEHOLDER ENGAGEMENT & STRATEGIC RELATIONSHIPS

Stakeholder Engagement & Strategic Relationships

The Travelers Institute regularly engages with policymakers, business leaders, researchers, students, civic organizations, advocacy groups and others to examine solutions to the challenges facing communities and businesses today. Through educational symposia, strategic coalitions, conferences, publications and other activities, the Travelers Institute helps further dialogue on a variety of important public policy issues, including those outlined under Approach. These cross-sector collaborations help drive informed discussion and demonstrate our willingness and ability to thoughtfully provide industry leadership.

Collaboration across federal, state and local government is core to the Travelers Institute mission. Travelers Institute programming has featured representatives from various state Departments of Insurance, the U.S. Department of Homeland Security, the Federal Bureau of Investigation, several regional Federal Reserve Banks, the Federal Trade Commission and the U.S. Small Business Administration, among others. The programs offer critical education about selected public policy topics and provide a platform for government agencies to share and promote resources.

The Travelers Institute's programming not only fills an important role in the public policy dialogue but also enhances our relationships with our customers, independent insurance agents, state regulators and the public. In particular, Travelers Institute educational programming offers unique value to our network of 13,500 agent and broker partners, providing a distinguished thought leadership platform. Over the past 10 years, the Travelers Institute has hosted hundreds of events in collaboration with agents and brokers, enhancing these relationships while providing education and risk mitigation strategies to thousands of consumers. Programming leverages agents' knowledge of how issues such as cybersecurity, distracted driving and natural disasters directly affect families, businesses and communities. Agencies and agent associations regularly co-host programs, invite customers and provide expert speakers, leveraging their risk management expertise and reinforcing their value as trusted advisors for critical insurance decisions. In addition, the Travelers Institute offers presentations on the economic outlook and political landscape at agent conferences and events, and provides educational content, including publications, social media campaigns and videos, for agents and brokers to share with clients. These programs are a great example of how our efforts to strengthen our communities also enhance our relationships with our agent and broker partnerships and contribute to our bottom line.

POLITICAL PROCESS COMMITMENTS & CONTRIBUTIONS

Political Process Commitments & Contributions

In addition to the Travelers Institute activities, Travelers directly engages with the legislative and executive branches at both the state and federal levels through the Travelers Government Relations team.

Many of the issues on which we focus, such as insurance regulation, regulatory modernization, catastrophe and terrorism risk insurance, and tort and class action reform, have a direct impact on the availability and pricing of the products and services we provide to our customers and on the performance of our businesses.

Travelers is committed to participation in the political process in a thoughtful and responsible manner, consistent with the company's [Code of Business Conduct and Ethics](#) and in compliance with all applicable legal requirements. Our policy titled [Commitment to Participation in the Political Process](#), which has been approved by our senior management, outlines our approach to participation in the political process and discusses Board and management oversight of such participation. We annually review and, as appropriate, update our political activity policy.

Highlights of our current policies and practices with regard to political campaign contributions and expenditures and lobbying activity include the following:

Governance Around Political Activities

Travelers conducts its political activities, including lobbying, under the oversight of the Nominating and Governance Committee of the Board, which is composed solely of independent directors. All corporate political campaign contributions and expenditures, as well as all dues and other payments made to relevant trade associations and similar entities, are reviewed by the company's Head of Government Relations and by the General Counsel. Lobbying activities on behalf of Travelers require prior approval of the Company's Government Relations professionals. Further, the Head of Government Relations reports semi-annually to the Nominating and Governance Committee of the Board regarding political contributions and expenditures made by Travelers, including dues and other payments made to relevant trade associations and similar entities, lobbying activities and public policy issues of priority to Travelers. In addition, the Nominating and Governance Committee oversees our policy regarding political activities and any changes to that policy.

As noted above, the Nominating and Governance Committee's oversight of political activities includes the company's membership in, and other support of, trade associations and other organizations. Our Government Relations staff and trade association colleagues promote and advance our position on issues having a direct or indirect impact on our business. Our membership in a particular trade association does not suggest that we agree with such association's position on every issue, nor does it suggest that Travelers joined such association primarily due to its lobbying activities.

No Corporate Contributions to Federal Candidates or Political Party Committees

In accordance with applicable law, political contributions to federal candidates and federal political party committees may not be, and are not, made by Travelers. Such contributions may be made by our political action committee, The Travelers Companies, Inc. Political Action Committee (T-PAC), which is not funded by corporate funds but rather by the personal funds given voluntarily by our employees. Decisions concerning use of those funds are made by T-PAC's Contributions Committee, whose objective is to advance the best interests of Travelers and its shareholders. T-PAC reports this spending in filings with the Federal Election Commission that are publicly available.

Disclosure of Political Contributions

Our participation in the political process is governed by law, in addition to internal policy. Travelers complies with all applicable laws and regulations pertaining to political campaign contributions at the federal, state and local levels, including those requiring specific disclosures.

These extensive disclosures required by applicable laws and regulations provide further transparency and public access to information regarding the scope of our political involvement.

Pursuant to its current political activity policy and based in part on shareholder input, Travelers discloses, semiannually in [political contributions reports](#) on its website, corporate contributions to state and local candidates, candidate campaign committees and other political entities organized under 26 USC § 527. In our political contributions reports we also provide a link to the Federal Election Commission site containing reports with respect to T-PAC.

We also file [federal](#) lobbying reports under the Lobbying Disclosure Act, and periodic (i.e. monthly, quarterly, semi-annual) [state](#) lobbying reports under the relevant state lobbying laws. Such filings not only disclose lobbying costs but also specifically identify the issues and government entities lobbied.

No Direct Independent Expenditures

We have robust policies restricting direct independent expenditures. Direct independent expenditures, if any, would consist of funds spent by Travelers itself on communications in support of, or in opposition to, a candidate's campaign, without coordination with the candidate. Travelers has not made any direct independent expenditures, at either the federal or state level, and does not have any plans to do so during the current election cycle. Our political activity policy provides that Travelers may not make direct independent expenditures in a candidate election unless, and only if, it believes that an exception to that policy is justified by business need and it obtains the prior approval of the Nominating and Governance Committee or its Chair. If any such direct independent expenditures are made, Travelers would disclose them on its website in the same manner and at the same time as it discloses campaign contributions.

No Grassroots Lobbying or Payments to Tax-Exempt Organizations that Endorse Model Legislation

Travelers currently does not engage in grassroots lobbying. While Travelers typically does not make payments to influence the outcome of ballot measures, in 2018 Travelers provided support in opposition to Prop 6 which, if passed, would have repealed recent increases to California's gasoline and diesel taxes.

Travelers is currently not a member in, nor does it make payments* to, any tax-exempt organization that writes and endorses model legislation.

* Travelers pays registration fees for employees to attend national meetings of the National Association of Insurance Commissioners and the National Council of Insurance Legislators.

Key Initiatives



TRAVELERS INSTITUTE®

**Distracted Driving — Every
Second MattersSM**



TRAVELERS INSTITUTE®

**Insuring Autonomy —
Autonomous Vehicles**



TRAVELERS INSTITUTE®

**Cyber: Prepare, Prevent,
Mitigate, Restore®**



TRAVELERS INSTITUTE®

America's Debt Crisis



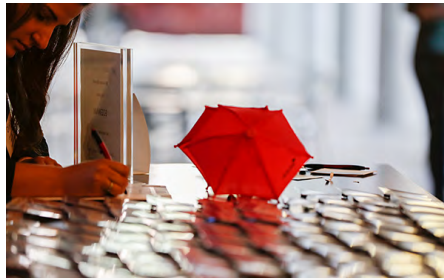
TRAVELERS INSTITUTE®

Thought Leadership on Disaster Preparedness



TRAVELERS INSTITUTE®

Small Business Advocacy



TRAVELERS INSTITUTE®

Insurance Essentials: Your Questions Answered

Safety & Health



As an employer, we're committed to the safety, health and well-being of our 30,000 employees — our most valuable asset. And as an insurer we are in the business of improving the safety, health and well-being of our customers and our communities, such as by helping to reduce distracted driving and working with our business customers to prevent and minimize the severity of workplace injuries.

APPROACH

Approach

At Travelers, our success relies on the safety, health and well-being of our employees. Our workers compensation customers also trust us to take care of their most precious resource — their employees. This combined responsibility makes safety and health both a key driver of our sustained value creation and an opportunity to positively impact the public welfare more broadly.

We offer comprehensive benefit programs to help our employees be healthy and productive in all aspects of their lives — taking control of their health, saving for their future and finding balance in their lives. More information on these benefits is available in our [Human Capital Management](#) section. We also have safety policies and provide targeted training for our employees who drive regularly for work or visit hazardous environments, such as construction sites or disaster areas. Our recent [investments in drones](#) also help keep our employees safe by reducing the need for them to engage in potentially hazardous activities, such as climbing roofs.

In addition, as a leading workers compensation carrier, we share our risk control, claim and medical expertise with our customers and agent and broker partners. Our goal is to help our customers maximize employee wellness, ensure workplace safety and, when work-related injuries do occur, enable injured employees to return to work as soon as medically appropriate. Our Underwriting and Risk Control departments ensure that we effectively navigate the workers compensation environment and provide information to customers to help promote a safe workplace and identify and mitigate hazards. When claims do happen, we leverage our network of Claim and medical professionals to quickly deliver appropriate resources to help the injured employee achieve optimal claim and medical outcomes.

Our team of 600+ Risk Control professionals helps our commercial customers understand exposures to loss and prevent accidents through our services relating to employee safety, ergonomics, industrial hygiene, driving safety and property preservation, among others. We conduct more than 120,000 customer consultations per year through on-site surveys, on-demand risk assessments, trainings and online/self-help resources. With one of the largest Risk Control departments in the industry, we have the scale to provide our customers with the right resource at the right time. For over 110 years, our loss prevention professionals have assisted agents, brokers and customers across the country and around the world. To see our expertise in action, visit our [Risk Management Success Story](#) videos.

We believe the insurance industry must also play an active role in promoting safety in our communities. That's why we provide extensive safety resources to customers and the public through the [Prepare & Prevent](#) page of our website, which we amplify with outreach through traditional and social media strategies. In addition, the [Travelers Institute®](#), the public policy division of Travelers, promotes safe behaviors; for example, in 2017, the Travelers Institute launched the [Every Second MattersSM](#) education campaign to help combat distracted driving.

INDUSTRIAL HYGIENE LABORATORY

Industrial Hygiene Laboratory

Our Industrial Hygiene (IH) Laboratory provides specialized services to our commercial customers to assess employee exposures and help prevent occupational illnesses. Our laboratory has been nationally accredited by the American Industrial Hygiene Association (AIHA) since 1976. With state-of-the-art analytical instrumentation, sampling equipment and methods for analyzing more than 500 chemicals and a staff of more than 60 certified industrial hygienists, trained chemists and technicians, we offer our customers a wide array of sampling and analysis protocols based on Occupational Safety and Health Administration (OSHA) and National Institute of Occupational Safety and Health (NIOSH) methodologies.

The IH Lab provides critical data to our customers, underwriters and workers compensation specialists to help make informed decisions that keep employees safe and produce long-term value. The Industrial Hygiene Laboratory performs more than 50,000 analyses on approximately 34,000 samples annually for respirable dust and chemical exposures, helping customers identify workplace exposures and better protect their employees.

ERGONOMICS CONSULTING SERVICES

Ergonomics Consulting Services

Our ergonomics specialists focus on helping customers identify and reduce ergonomic risk factors in the workplace. Ergonomic risk factors are prevalent in many industries and can result in musculoskeletal disorders (MSDs) that affect employee health and well-being. Our staff of dedicated certified ergonomists has specialized knowledge and experience working with businesses in the manufacturing, logistics, financial services, healthcare and service industries. Our core consulting services include:

- Ergonomic assessments to identify the “vital few” tasks with the highest potential for reducing employee injuries;
 - Ergonomic Job Improvement Process (EJIP), our four-phase process to help customers self-identify and address key ergonomic issues using a team approach; and
 - Ergonomic task force development assistance to train teams on ergonomic basics and help solve ergonomic issues through employee involvement.
-

TRANSPORTATION SAFETY

Transportation Safety

The Travelers Risk Control Transportation specialists provide effective fleet risk management solutions to businesses with commercial auto fleets — from passenger vehicles to tractor-trailers. Our specialists conduct on-site visits and meet with managers who are responsible for vehicle safety to help them minimize risk exposures.

Our specialists have experience in “for-hire” trucking fleets, as well as private auto fleets. They can evaluate the fleet operation and exposures to help customers determine which controls to implement. After conducting the fleet assessment, the controls are compared to industry best practices. With this information, our specialists propose recommendations to help customers build or modify a vehicle safety program designed to prevent transportation-related accidents and reduce costs.

Our consultants work to develop what we refer to as a “total fleet safety approach,” which sets the foundation for effectively controlling loss exposures in fleet operations of any size. Our comprehensive approach addresses the key components of a successful vehicle safety program, including selecting and training the best drivers, setting safe operation parameters and operating well-maintained equipment.

FIRE & LIFE SAFETY

Fire & Life Safety

Travelers Risk Control Fire Protection specialists have broad experience in many industries, including manufacturing involving metal, wood, plastic, paper and textiles, plus wholesale and retail business, educational organizations and various service organizations. Working closely with our customers, our fire protection specialists and consultants allow us to identify and evaluate fire hazards and assess facilities and operations relative to property protection and business continuity. On average, we conduct over 26,000 on-site property assessments each year. In addition to on-site assessments, we offer our customers a range of services, including customized consulting, employee training programs, review and evaluation of fire protection equipment and fire protection specifications, and plan reviews for new construction.

Our specialists have deep expertise in the fire and life safety standards of the National Fire Protection Association (NFPA). They maintain memberships with various NFPA standard committees, the UL Fire Council, and the Insurance Institute for Business & Home Safety (IBHS), and they are active in the nonprofit Property Insurance Research Group, which is part of the Fire Protection Research Foundation.

PREVENTING CHRONIC PAIN & POTENTIAL OPIOID USE

Preventing Chronic Pain & Potential Opioid Use

The costs associated with chronic pain and opioid addiction are taking an increasing financial toll on businesses and the U.S. economy. Medical expenditures associated with pain care and economic costs related to disability days, lost wages and productivity cost an estimated \$560 billion to \$635 billion each year,¹ which is driving up workers compensation loss costs. In 2019, an estimated 67% of workers compensation loss costs will be associated with medical care, including the management of chronic pain.²

By analyzing claim data, Travelers created the [Early Severity Predictor](#)[®] model that uses data and analytics to help predict which injured employees are the most at risk for chronic pain. By adjusting medical care and resources, the *Early Severity Predictor* model can help address potential drivers of chronic pain, a condition that is largely treated with the use of opioids or other painkillers — reducing the risk of opioid addiction.

This program continues to produce results that not only help drive our bottom line results but also save lives and families. Since its inception in 2015, our *Early Severity Predictor* model has benefitted nearly 50,000 injured employees. We estimate that this has resulted in loss costs savings of more than \$150 million due to a substantial reduction in surgeries performed and opioids prescribed, and a more rapid return-to-work by impacted employees. Today, we apply this model to 100% of the workers compensation lost time claims that we receive. This program is a great example of the shared value we create by delivering on our promise.

¹Institute of Medicine Report. Pain is a significant public health problem that costs society at least \$560 billion to \$635 billion annually, an amount equal to about \$2,000 for everyone living in the United States. This includes the total incremental cost of health care due to pain ranging between \$261 billion and \$300 billion, and between \$297 billion and \$336 billion due to lost productivity based on days of work missed, hours of work lost and lower wages.

²63% of workers compensation loss costs today are from medical and are projected to increase to 67% in the future. (63%) 2016 Travelers Workers Compensation Claim Data; (67%) Insurance Information Institute.



SAFETY AWARENESS & CULTURE

Travelers Workforce Advantage®

Travelers Workforce Advantage is our comprehensive approach to helping our commercial customers manage employee safety. Given our broad and deep expertise in understanding risk, we are well positioned to help our customers understand and identify their key exposures and assist them in developing risk mitigation strategies so they can better protect their employees and their businesses. We do this through *Travelers Workforce Advantage*, which contains three main components: attracting and hiring candidates, onboarding and training, and supporting and engaging employees.

Click on each of these components in the graphic to learn more.

Attracting & Hiring

Conducting a functional job analysis (FJA) and a job safety analysis (JSA) of a listed position can help better explain the job-related functions of the position to the candidate. It can also help the interviewer develop safety-based questions for the interview process where needed.

An FJA is a structured process to identify and quantify the physical components and environmental conditions of job-related functions. A JSA is a process that breaks down each step in a job, describes the hazards associated with each step and defines the safe work method that minimizes or eliminates each hazard. Conducting a JSA helps our customers understand the hazards and the procedures necessary to address the exposure.

Our Risk Control professionals help customers develop effective job descriptions using an FJA and JSA as part of the customer's hiring process. We believe that a safe work environment starts with understanding the risks inherent to each position and having an informed workforce.

Onboarding & Training

Our Risk Control professionals assist customers with industry-specific safety training as part of a detailed onboarding and training process. Our comprehensive and thoughtful onboarding and training process helps our customers' employees work safely and effectively. A continuous onboarding program helps orient employees not only to the functional details of employment, such as appropriate safety procedures, but also to the safety culture of the organization. Our program also helps protect the considerable time and expense invested in recruiting and hiring new employees and increases employee engagement.

Supporting & Engaging

While many companies offer general safety training and are beginning to embrace the importance of a culture of safety, their health and wellness programs are often less defined. *Travelers Workforce Advantage* recognizes that promoting safety and encouraging a healthy lifestyle both inside and outside of the workplace, are important to fostering an engaged workforce. A comprehensive safety, health and wellness program should incorporate three key elements:

- **Injury and illness prevention programs:** Our safety consultants help our customers identify common injuries and illnesses and recommend preventive measures to reduce the risk of employee injuries and illnesses. In particular, our safety consultants assist our customers through services such as industrial hygiene monitoring, ergonomic evaluations, machine guarding walkthroughs and slip, trip and fall assessments.
- **Safety leadership and safety culture:** It is important for an organization's leadership to lead by example, demonstrating the importance of a **culture of safety** across all of its operations. Our safety trainers help our customers' leaders understand the fundamentals and best practices with regard to employee safety so that they can lead by example.
- **General safety training:** Our Risk Control safety professionals provide a broad range of safety training, covering topics such as construction fall protection, ergonomics, industrial hygiene exposure monitoring, best practices in auto safety, key factors in post-injury management, and fire protection and life safety systems.

In addition, it is important for employers to have a thoughtful plan for returning injured employees to work as soon as they are medically able to return. How employers manage injuries can impact business continuity. Travelers has a **Corridor of CareSM** post-injury management process designed to assist employers in supporting injured employees from the moment they are injured through their return to full duty. This process helps employees receive prompt, quality medical care; keeps employees at work, if appropriate, allowing them to remain productive while they recover, benefitting the company as well; and facilitates collaboration among the employee, the employee's medical provider, the employer and the insurance professional to help the employee return to work as soon as medically appropriate.

Key Initiatives



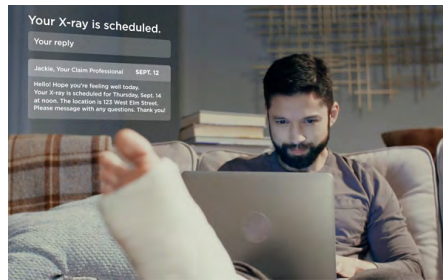
TRAVELERS INSTITUTE®

Distracted Driving — Every Second MattersSM



TRAVELERS MEDICAL ADVANTAGE®

ConciergeCLAIM® Nurse: Helping Injured Employees Return to Work



TRAVELERS MEDICAL ADVANTAGE®

MyTravelers®: 24-Hour Unlimited Access, Anytime, Anywhere

Financial Performance



At Travelers, our mission for creating shareholder value is to deliver superior core return on equity by leveraging our meaningful and sustainable competitive advantages; generating top-tier earnings and capital substantially in excess of our growth needs; and thoughtfully rightsizing capital and growing book value per share *over time*. Executing this financial strategy has produced industry-leading returns over time, and 2018 was no exception.

2018 RESULTS

2018 Results

Despite another year of historically high catastrophe losses, we generated \$2.5 billion of net income, or \$9.28 per diluted share, an increase of 23% compared to the prior year. Core income was \$2.4 billion, and core return on equity was 10.7%, a meaningful spread over the 10-year Treasury and our cost of equity. Our earnings and strong balance sheet enabled us to grow adjusted book value per share by 5%, after continuing to make important investments in our business and returning more than \$2.1 billion of excess capital to our shareholders through dividends and share repurchases. Strong net cash flow from operations of \$4.4 billion also enabled us to add \$1.3 billion to our investment portfolio.

Particularly in light of the severe catastrophe losses, we were pleased with our underwriting profit, as evidenced by our consolidated combined ratio of 96.9%. Our after-tax underlying underwriting gain of \$1.5 billion — the highest in more than a decade — and strong after-tax net investment income of \$2.1 billion both made important contributions to the bottom-line result.

UNDERLYING UNDERWRITING GAIN (IN BILLIONS, AFTER-TAX)¹



¹Excludes the impact of catastrophes and prior year reserve development.

We produced a strong underlying underwriting gain thanks to continued underwriting excellence and also by leveraging our ongoing strategic initiatives to create attractive top-line opportunities and improve productivity and efficiency. Our success is evidenced by record net earned premiums, up 5% over the prior year, and a solid underlying combined ratio of 92.5%. Our 2018 results also benefited from a lower corporate tax rate.

During the year, we improved our expense ratio to 30.1%, a 60-basis-point improvement over the prior year, and down 140 basis points from 2016. This past year's expense ratio is as good as we have seen in a long time. Achieving further productivity and efficiency gains continues to be a strategic priority for us. Importantly, improved operating leverage will give us the flexibility to invest further in our strategic priorities, let the benefit fall to the bottom line and/or be more competitive on pricing without compromising our return objectives.

Today's production generates tomorrow's earned premiums, and we have made strategic investments over a number of years to position Travelers for a strong, profitable top line. These actions and the disciplined execution of our marketplace strategies were again successful in 2018. We retained our best business at historically high levels, addressed profitability where needed through pricing gains and improved terms and conditions, and created opportunities to write new business. As a result, we grew net written premiums by 6% during 2018 to a record \$27.7 billion.

Across all our businesses, our strategic focus continues to include creating opportunities to write more business through retaining and growing our relationships with our high-quality in-force accounts and bringing our franchise value to new customers. As we have done successfully over the past few years, we will continue to seek to grow without compromising our return objectives or changing our risk profile, primarily by targeting customers, industries, products and geographies that we know well. In terms of geography, we believe that geopolitical risk and economic instability around the world are underappreciated today, and so we like our North America concentration. That is not to say that we do not continue to recognize value and evaluate opportunities outside of North America, but we have set an even higher bar for them today.

A review of last year's results would not be complete without acknowledging our [catastrophe claim response](#), which once again was excellent. For starters, our Claim professionals bring great expertise and compassion to their work. On top of that, our highly sophisticated claim model enables us to handle virtually 100% of our claims under nearly any foreseeable circumstances without resorting to third-party claim handlers, which produces a better experience for our customers and a more efficient outcome for us. As a result, we were able to resolve approximately 95% of our customers' claims arising out of the largest catastrophes within 30 days. Our claims handling ability is at the heart of our promise to our customers and proved again in 2018 to be a significant [competitive advantage](#).

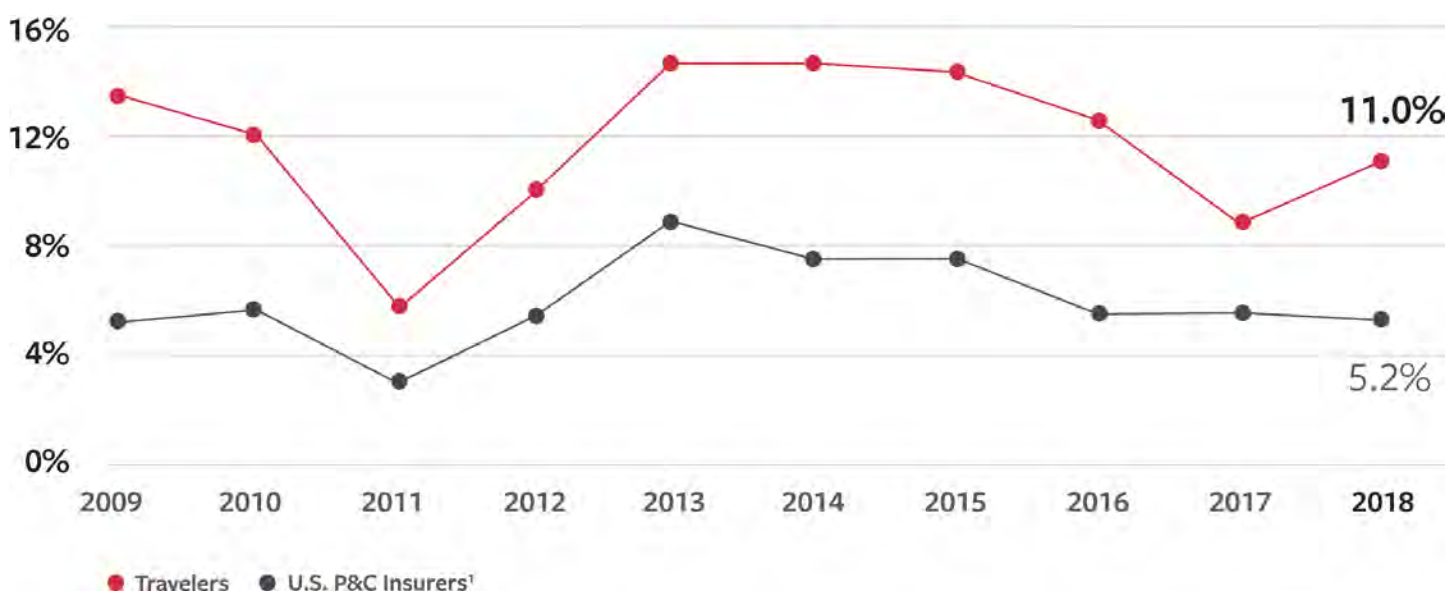
Consistent and Successful Long-Term Financial Strategy Delivers Shareholder Value

These strong results demonstrate the continued successful execution of our [long-term financial strategy](#). At Travelers, our simple and unwavering mission for creating shareholder value is to:

- Deliver superior return on equity by leveraging our competitive advantages;
- Generate earnings and capital substantially in excess of our growth needs; and
- Thoughtfully rightsize capital and grow book value per share over time.

We have been clear for many years that one of our crucial responsibilities is to produce an appropriate return on equity for our shareholders. Our 2018 return on equity of 11.0% and core return on equity of 10.7% meaningfully exceeded the average return on equity for the domestic property and casualty industry, which was approximately 5.2% in 2018, according to estimates from the Insurance Information Institute. As shown in the accompanying chart, our return on equity has significantly outperformed the average return on equity for the industry in each of the past 10 years.

RETURN ON EQUITY



¹Average GAAP return on equity from Insurance Information Institute for 2009–2018; 2017 and 2018 are estimates.

Importantly, over this 10-year period, our return on equity has also been less volatile than that of others in the property and casualty industry. The level and consistency of our return on equity over time reflect the value of our competitive advantages and demonstrate the discipline with which we run our business.

Our financial success and balance sheet strength have enabled us to grow book value per share at an average annual rate of 7% over the last 10 years, and that is after making important investments in our business and returning more than \$34 billion of excess capital to our shareholders through dividends and share repurchases. Over that period, we grew dividends per share at an average annual rate of 10%. Notably, since we began our share repurchase program in 2006, we have returned approximately \$43 billion of excess capital to our shareholders through dividends and share repurchases, which is well in excess of the market capitalization of the company at that time. We repurchased those shares at an average price per share of \$65.84.

Our capital management strategy has been an important driver of shareholder value creation over time. As we have said many times, our first objective for the capital we generate is to reinvest it in our business — organically and inorganically — to create shareholder value. We will continue to retain capital to support growth in our business and invest capital to further our ambitious innovation agenda and advance other strategic objectives. Today, we are making strategic investments in everything from talent to technology. Having said that, we are disciplined stewards of our shareholders' capital, and to the extent that we continue to generate capital that we cannot reinvest consistent with our objective of generating industry-leading returns over time, we will manage it the same way we have for more than a decade — by returning it to our shareholders.

FINANCIAL HIGHLIGHTS

Financial Highlights

At and for the year ended December 31. Dollar amounts in millions, except per share amounts.

	2018	2017	2016	2015	2014
Earned Premiums	\$27,059	\$25,683	\$24,534	\$23,874	\$23,713
Total Revenues	\$30,282	\$28,902	\$27,625	\$26,815	\$27,174
Core Income	\$2,430	\$2,043	\$2,967	\$3,437	\$3,641
Net Income	\$2,523	\$2,056	\$3,014	\$3,439	\$3,692
Net Income Per Diluted Share	\$9.28	\$7.33	\$10.28	\$10.88	\$10.70
Total Investments	\$72,278	\$72,502	\$70,488	\$70,470	\$73,261
Total Assets	\$104,233	\$103,483	\$100,245	\$100,184	\$103,078
Shareholders' Equity	\$22,894	\$23,731	\$23,221	\$23,598	\$24,836
Return On Equity	11.0%	8.7%	12.5%	14.2%	14.6%
Core Return On Equity	10.7%	9.0%	13.3%	15.2%	15.5%
Book Value Per Share	\$86.84	\$87.46	\$83.05	\$79.75	\$77.08
Dividends Per Share	\$3.03	\$2.83	\$2.62	\$2.38	\$2.15

DELIVERING VALUE OVER TIME

Delivering Value Over Time

Ultimately, the success of our strategy — with all its component parts — drives our superior total returns to shareholders over time. We have a track record of managing the company to create value over the long term, through periods of weather volatility; through anticipated and unanticipated developments impacting loss trends; and through both foreseeable economic cycles and more extreme economic conditions,

such as the 2008 financial crisis. We could not be more confident that executing on our long-term financial strategy, managing Travelers with an “over time” discipline and investing in our competitive advantages is the right approach for building on Travelers’ outstanding record.

As demonstrated by the chart below, for the period beginning January 1, 2008 (prior to the 2008 financial crisis) and ending December 31, 2018, our total shareholder return of 193.2% exceeded that of the Dow 30, S&P 500 and S&P 500 Financials indices.

TOTAL SHAREHOLDER RETURN¹



¹Represents the change in stock price plus the cumulative amount of dividends, assuming dividend reinvestment. For each year on the chart, total return is calculated with January 1, 2008, as the starting point and December 31 of the relevant year as the ending point. Source: Bloomberg and S&P Global Market Intelligence.

NON-GAAP RECONCILIATIONS

Non-GAAP Reconciliations

RECONCILIATION OF NET INCOME TO CORE INCOME

(Dollars in millions, after-tax)	For the year ended December 31,				
	2018	2017	2016	2015	2014
Net income	\$2,523	\$2,056	\$3,014	\$3,439	\$3,692
Adjustments:					
Net realized investment gains	(93)	(142)	(47)	(2)	(51)
Impact of TCJA ¹ at enactment	—	129	—	—	—
Core income	\$2,430	\$2,043	\$2,967	\$3,437	\$3,641

RECONCILIATION OF SHAREHOLDERS' EQUITY TO ADJUSTED SHAREHOLDERS' EQUITY

	As of December 31,					
(Dollars in millions)	2018	2017	2016	2015	2014	2013
Shareholders' equity	\$22,894	\$23,731	\$23,221	\$23,598	\$24,836	\$24,796
Adjustments:						
Net unrealized investment (gains) losses, net of tax, included in shareholders' equity	113	(1,112)	(730)	(1,289)	(1,966)	(1,322)
Net realized investment gains, net of tax	(93)	(142)	(47)	(2)	(51)	(106)
Impact of TCJA ¹ at enactment	—	287	—	—	—	—
Adjusted shareholders' equity	\$22,914	\$22,764	\$22,444	\$22,307	\$22,819	\$23,368

CALCULATION OF RETURN ON EQUITY AND CORE RETURN ON EQUITY

	For the year ended December 31,				
(Dollars in millions, after-tax)	2018	2017	2016	2015	2014
Net income	\$2,523	\$2,056	\$3,014	\$3,439	\$3,692
Average shareholders' equity	\$22,843	\$23,671	\$24,182	\$24,304	\$25,264
Return on equity	11.0%	8.7%	12.5%	14.2%	14.6%
Core income	\$2,430	\$2,043	\$2,967	\$3,437	\$3,641
Adjusted average shareholders' equity	\$22,814	\$22,743	\$22,386	\$22,681	\$23,447
Core return on equity	10.7%	9.0%	13.3%	15.2%	15.5%

CALCULATION OF BOOK VALUE PER SHARE AND ADJUSTED BOOK VALUE PER SHARE

	As of December 31,	
(Dollars in millions, except per share amounts)	2018	2017
Shareholders' equity	\$22,894	\$23,731
Less: Net unrealized investment gains (losses), net of tax, included in shareholders' equity	(113)	1,112
Shareholders' equity, excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity	\$23,007	\$22,619
Common shares outstanding	263.6	271.4
Book value per share	\$86.84	\$87.46
Adjusted book value per share	\$87.27	\$83.36

RECONCILIATION OF AFTER-TAX UNDERWRITING GAIN (EXCLUDING THE IMPACT OF CATASTROPHES AND NET FAVORABLE PRIOR YEAR RESERVE DEVELOPMENT) TO NET INCOME

	For the year ended December 31,									
(Dollars in millions, after-tax)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Underwriting gain excluding the impact of catastrophes and net favorable prior year reserve development (underlying underwriting gain)	\$1,522	\$1,239	\$1,265	\$1,446	\$1,430	\$1,277	\$888	\$451	\$715	\$866
Impact of catastrophes	(1,355)	(1,267)	(576)	(338)	(462)	(387)	(1,214)	(1,669)	(729)	(297)
Impact of net favorable prior year reserve development	409	378	510	617	616	552	622	473	818	868
Underwriting gain (loss)	576	350	1,199	1,725	1,584	1,442	296	(745)	804	1,437
Net investment income	2,102	1,872	1,846	1,905	2,216	2,186	2,316	2,330	2,468	2,290
Other, including interest expense	(248)	(179)	(78)	(193)	(159)	(61)	(171)	(195)	(229)	(127)
Core income	2,430	2,043	2,967	3,437	3,641	3,567	2,441	1,390	3,043	3,600
Net realized investment gains	93	142	47	2	51	106	32	36	173	22
Impact of TCJA ¹ at enactment	—	(129)	—	—	—	—	—	—	—	—
Net income	\$2,523	\$2,056	\$3,014	\$3,439	\$3,692	\$3,673	\$2,473	\$1,426	\$3,216	\$3,622

¹Tax Cuts and Jobs Act of 2017 (TCJA).

Average shareholders' equity is (a) the sum of total shareholders' equity at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two.

Adjusted shareholders' equity is shareholders' equity excluding net unrealized investment gains (losses), net of tax, included in shareholder's equity, net realized investment gains (losses), net of tax, for the period presented and the effect of a change in tax laws and tax rates at enactment (excluding the portion related to net unrealized investment gains (losses)). Adjusted average shareholders' equity is (a) the sum of adjusted shareholders' equity at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two.

Return on equity is the ratio of (a) net income for the period presented to (b) average shareholders' equity for the period presented. Core return on equity is the ratio of (a) core income for the period presented to (b) adjusted average shareholders' equity for the period presented.

Definitions of certain terms on this site are included in the *Glossary of Selected Insurance Terms* portion of the Form 10-K.

About Our Sustainability Reporting



We believe it is important for our shareholders and other stakeholders to understand how we create value over time, in the broadest sense. This website conveys our multifaceted value creation strategy for our investors and other key stakeholders.

APPROACH

Approach

At Travelers, we recognize that our long-term success — our ability to create long-term value for our shareholders — depends not only on our financial strategy, business objectives and competitive advantages, but also on keeping our promise to be there for our customers, communities and employees. For this reason, sustainability is embedded in how we conduct our business. Through this integrated website, we articulate our comprehensive approach to value creation over time.

Except where noted, the information covered on this site highlights our performance and initiatives in fiscal year 2018. We used multiple frameworks to guide our disclosures. Based on extensive discussions with investors, we determined that it would be helpful to align our disclosures with the Sustainability Accounting Standards Board (SASB) standards for the insurance industry, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the International Integrated Reporting Council (IIRC) <IR> framework and the Global Reporting Initiative (GRI) standards. In particular, integrated reporting aligns closely with our approach to long-term value creation, in which business strategy and performance are inextricably linked with fulfilling our commitment to our customers, our communities and our employees. In addition to publishing standalone [SASB](#) and [TCFD](#) Reports, we are providing a [Content Index](#) that directs users to disclosures on our integrated website relevant to GRI and IIRC frameworks.

In addition to being vetted by each of our relevant internal subject matter experts, the content on this site was reviewed by our ESG Committee, Disclosure Committee and Legal and Finance Departments.

We appreciate all feedback related to this site. If you have any comments or questions, we encourage you to contact Sustainability@Travelers.com.

STAKEHOLDER ENGAGEMENT & TOPIC PRIORITIZATION

Stakeholder Engagement & Topic Prioritization

We regularly engage with our investors, customers, employees, agents and brokers, regulators, rating agencies and other stakeholders on business issues and environmental, social and governance (ESG) topics of interest to them.

In advance of preparing this site, Travelers engaged with institutional investors representing approximately 50% of the company's outstanding shares at the time to understand their views with respect to ESG disclosure. These engagements served as the foundation for our approach to reporting, the frameworks and standards with which we have aligned our disclosures and the specific topics we cover on our site.

Additionally, in preparation for providing enhanced disclosure through this site, we conducted a prioritization exercise to help focus our ESG reporting to the topics most relevant to our industry, our business and our stakeholders.

To **identify** a universe of ESG topics potentially relevant to our industry, we reviewed internal documents, industry and peer reporting, analysis by prominent ESG data providers and sustainability frameworks (SASB, GRI).

After identifying the potentially relevant topics, we **prioritized** them based on a series of internal group discussions, each dedicated to a distinct stakeholder group — Travelers, investors, customers, employees, agents and brokers. The dialogues were supplemented by evidence from industry sources and results of prior stakeholder feedback (e.g., customer, agent and broker, and employee engagement surveys), including feedback from our investor interviews.

Working with our [ESG Committee](#), as well as the internal dialogue participants, we then **refined** the list of priority topics to the following 15 topics, in addition to our [Business Strategy & Competitive Advantages](#):

Our Drivers of Sustained Value

- [Capital & Risk Management](#)
- [Climate Strategy](#)
- [Community](#)
- [Governance](#)
- [Customer Experience](#)
- [Data Privacy & Cybersecurity](#)
- [Disaster Preparedness & Response](#)
- [Diversity & Inclusion](#)
- [Eco-Efficient Operations](#)
- [Ethics & Values](#)
- [Human Capital Management](#)
- [Innovation](#)
- [Investment Management](#)
- [Public Policy](#)
- [Safety & Health](#)

Click on the above links for a discussion of how each topic helps advance our long-term strategy and contributes to sustained value creation at Travelers.

FRAMEWORKS, STANDARDS & SURVEYS

Frameworks, Standards & Surveys

This website communicates our company's value creation story holistically. The reporting on this site is aligned with several leading frameworks and links to our responses to certain sustainability-related surveys.

International Integrated Reporting Council (IIRC)

The IIRC is a global coalition of regulators, investors, companies, standard setters, accounting professionals and NGOs promoting a principles-based integrated reporting framework as the next step in the evolution of corporate reporting. This approach links communications on business strategy, sustainability and financial management. See our related disclosures within our [Content Index](#).

Global Reporting Initiative (GRI)

The GRI provides a set of principles and guidelines by which organizations can report on sustainability, as well as a list of required and suggested disclosures. See our [Content Index](#) for our full set of GRI disclosures.

Sustainability Accounting Standards Board (SASB)

Through extensive research and meeting with industry participants, SASB developed a set of sector-specific sustainability accounting standards that encourage public companies to disclose relevant ESG information to investors. This [report](#) marks the first time that Travelers has reported against SASB's insurance industry standards, which were finalized in the fall of 2018.

Task Force on Climate-related Financial Disclosures

The Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) has developed a voluntary, consistent climate-related financial risk disclosure for use by companies in providing information to investors, lenders, insurers and other stakeholders. This [report](#) provides our first disclosure consistent with the TCFD recommendations.

CDP

CDP has developed questionnaires to drive global disclosure for investors, companies, cities, states and regions to manage their environmental impacts. Travelers has long supported voluntary climate disclosures and first responded to the CDP's Climate Change survey in 2003 — the first year CDP issued its carbon disclosure survey. Our most recent [CDP Climate Change survey response is available here](#).

National Association of Insurance Commissioners (NAIC) Insurer Climate Risk Disclosure Survey

Travelers responds annually to the NAIC Insurer Climate Risk Disclosure Survey. The survey comprises eight questions that assess insurer strategy and preparedness in the areas of investment, mitigation, financial solvency (risk management), emissions/carbon footprint and engaging consumers. Review our most recent [NAIC Insurer Climate Risk Disclosure Survey submission here](#).

Key Initiative



SHE TRAVELSSM

Advancing Women's Careers in Insurance

In 2018, we kicked off an initiative to *lead the industry in advocating for women in insurance*. We've taken it on the road with a program called SHE TravelsSM — named to highlight Travelers' support of the positive momentum of women in our industry. *SHE Travels* has three priorities:

- Raise awareness of insurance as an attractive career opportunity for women;
- Promote professional development for women already in the industry; and
- Facilitate effective networking and mentoring for those women.

At the heart of *SHE Travels* is a series of Women's Leadership Forums focused on topics for advancing women in the workplace. The first three events, held in Atlanta, Chicago and Boston in late 2018, gained gender-inclusive participation by approximately 225 agents and Travelers field employees. We plan to hold more than 20 networking and mentoring events in 2019 in cities across the United States.

Key Initiative



TRAVELERS INSTITUTE®

America's Debt Crisis

In a campaign launched in 2012, Travelers took steps to raise awareness about the U.S. national debt and its implications for the American economy. The Travelers Institute collaborated with public television to present "Overdraft," an award-winning, nonpartisan documentary highlighting the national debt and its impact on individuals and U.S. economic competitiveness. The documentary, which premiered in June 2012, aired more than 300 times on public television stations across the country over a period of two years. As the presenting sponsor of the film, the Travelers Institute hosted more than 80 screenings for students, young professionals, journalists, policymakers, independent insurance agents, employees and industry leaders, including during a dedicated university tour. Programming showcased our data-driven approach to understanding concepts around the national debt and economic growth and leveraged key Travelers recruiting relationships to reach future insurance leaders.

RELATED RESOURCES

- ["Overdraft" Full Documentary](#)
- [University Symposium Series Report](#)

Key Initiative



OFFICE RENOVATIONS

Boost Engagement and Save Energy

Starting in 2016, Travelers piloted a new office configuration to promote employee engagement and collaboration. The new layout incorporates:

- Increased natural lighting;
- Universal sit/stand workstations; and
- More collaborative workspaces.

In addition to making the office space more conducive to collaboration, the new layout leverages energy-saving lighting and HVAC systems and reduces our square footage per employee — minimizing the impact of our office activities. At year-end 2017, our largest owned campus (based in Hartford, CT) achieved more than a 46% reduction in energy consumption compared to a 2006 baseline. As of year-end 2018, more than 4,500 employees are working in new, more collaborative spaces.

Given the positive response from employees on the pilots, workspace redesign in our U.S. offices is in full swing. We are on schedule to complete the Hartford campus redesign by the end of 2021, and we will continue to update our field locations as office space or business needs change.

Environmental Benefit

- Reducing our real estate footprint and improving our operating efficiencies help lower our energy and GHG emissions intensity.

Travelers Benefits

- The workspace redesign aims to increase employee collaboration and engagement, which play a role in employee retention, productivity and happiness.
- Reducing our real estate footprint and improving operating efficiencies will reduce our overhead expenses and help offset future real estate cost increases.

Key Initiative



HABITAT FOR HUMANITY® FORTIFIED PARTNERSHIP

Building Strong, Resilient Communities

Extreme wind events, such as hurricanes and tornadoes, can cause severe damage and greatly disrupt families and communities. To help build stronger, more resilient communities, we joined forces with Habitat for Humanity® and the Insurance Institute for Business & Home Safety (IBHS) to build affordable, wind-resistant homes to FORTIFIED Home™ standards in coastal regions of the country. Our partnership shows that by making a few important changes in home construction standards, homes are better able to withstand storms without significantly adding to the cost.

Travelers is a key sponsor and executive committee board member of IBHS, an independent, nonprofit, scientific research organization tasked with understanding and quantifying the impact of building codes and standards on loss. Over the last decade, IBHS has identified gaps through full-scale laboratory testing at its state-of-the-art facility and influenced changes to existing building code standards and best practices to mitigate potential losses. A 2017 National Institute of Building Sciences study concluded that for every \$1 spent on hazard mitigation, \$6 is saved on future disaster costs. At Travelers, mitigation credits are available for homes designated as FORTIFIED by IBHS.

Community Benefits

- More than two dozen FORTIFIED homes for low-income families have been built in the Southeast and Northeast regions of the United States, including Alabama, Mississippi and Connecticut.
- Numerous Habitat for Humanity affiliates throughout the country have learned about safer building standards, and many are adopting them as they build new homes for some of America's most vulnerable families.
- In 2018, 245 Travelers volunteers contributed 1,783 hours to help build nine FORTIFIED Habitat homes in seven states. Videos of prior builds can be viewed [here](#).

Travelers Benefits

- Data gathered from the FORTIFIED program is used at hearings to influence better building codes in hurricane-prone regions and to demonstrate the affordability of building to FORTIFIED standards.
- Travelers has engaged more than 1,000 employees for more than 7,700 hours in Habitat builds — both FORTIFIED and traditional — driving engagement by doing purposeful work together in our communities.
- In addition to its positive impact on communities, the partnership benefits both Travelers and the insurance industry by increasing the number of resilient homes in vulnerable communities.

Key Initiative



TRAVELERS MEDICAL ADVANTAGE®

ConciergeCLAIM® Nurse: Helping Injured Employees Return to Work

When an employee gets injured at work, navigating the claim process can be challenging. The employee can get discouraged and disengage from the workforce, which can have a negative impact on both the morale of the individual employee and the employer. A one-on-one connection between a nurse and the injured employee, pioneered by the Travelers [ConciergeCLAIM® Nurse program](#), helps injured employees find access to quality healthcare, stay engaged in the workforce and return to work as soon as medically appropriate. By placing nurse case managers in local health care clinics across the country, the Travelers *ConciergeCLAIM* Nurse program has reduced days out of work by 35%.

This program can also pair a Spanish-speaking injured employee with a Spanish-speaking nurse who shares a cultural background, helping to build trust and improve outcomes for everyone. On average, when we provide Spanish-language workers compensation Claim and medical professionals, we see a reduction in lost time and claim, legal and medical expenses, with improved medical- and return-to-work outcomes. Workers compensation claims handled by culturally and linguistically aligned Claim professionals through our Cultural Advantage program saw a 15% reduction in total claim payout, a 21% lower rate of attorney involvement and a 23% improvement in return to work within 30 days (2014–2017 accident years, Southern California Claim Center). Given the results, we have since expanded our Cultural Advantage program to include other offices, languages and claim processes.

Key Initiative



KABOOM! PLAYGROUNDS

Creating Neighborhood Playspaces

Travelers partners with the nonprofit KaBOOM!, which works with communities throughout the United States to build playspaces for children. Through this partnership, Travelers has supported the development and construction of eight playgrounds in underserved communities across seven states. You can learn more about the partnership [in this video](#).

Community Benefits

- Through the Travelers-KaBOOM! partnership, which began in 2017, eight communities leveraged 1,079 cubic yards of mulch; 164,500 pounds of concrete; and 143 "side projects" (games, picnic tables, walkways, etc.) to benefit approximately 11,225 children through the construction of eight new playgrounds.

Travelers Benefits

- Eight hundred and seventy-nine Travelers employees and independent agents volunteered for the projects, building relationships, boosting their sense of pride in the company and learning about the local organizations and their needs.
- In at least three of the cities, Travelers employees developed ongoing relationships with the schools/organizations, providing a variety of skills-based and traditional volunteer opportunities.

Key Initiative



TRAVELERS INSTITUTE®

Cyber: Prepare, Prevent, Mitigate, Restore®

Recognizing that education is a critical component to enhancing cybersecurity, the Travelers Institute has been promoting cyber awareness through an international campaign titled Cyber: Prepare, Prevent, Mitigate, Restore®. The campaign, which has featured more than 25 educational programs across the United States and Canada, convenes leaders from the public and private sectors to share insights on preparing for and responding to evolving cyber threats. Travelers provides our internal risk management expertise and a platform for government officials to share regulatory requirements for data protection and highlight free resources. Speakers from the U.S. Department of Homeland Security, U.S. Department of Justice, Federal Bureau of Investigation, the Federal Trade Commission and the Economic Club of Canada have participated. These events also provide an important value-add to key constituencies, such as agents and brokers, who partner with us to bring programs to their communities; Travelers customers; public sector organizations and municipalities; and the general public.

The Travelers Institute also released a comprehensive, educational [Cyber Guide](#) for small to mid-sized businesses to help them understand and assess cyber threats and vulnerabilities. The guide is available for U.S. audiences in English and Spanish. A Canadian Cyber Guide is also available in both French and English, with specific information tailored to Canadian businesses regarding their regulatory requirements.

Joan Woodward, President of the Travelers Institute, elaborates on why the Institute launched *Cyber: Prepare, Prevent, Mitigate, Restore* in [this video](#). Additional resources are also available [here](#).

RELATED RESOURCES

- [Cyber Guide](#)
 - [Canadian Version](#)
- [Cyber: Prepare, Prevent, Mitigate, Restore Fact Sheet](#)
- [Travelers Institute Cyber Video Library](#)
- [Featured Symposium: Federal Reserve Bank of Boston](#)

Key Initiative



TRAVELERS INSTITUTE®

Distracted Driving — Every Second MattersSM

The Travelers Institute, the public policy division of Travelers, launched the [Every Second MattersSM education campaign](#) in 2017 to help combat distracted driving. That year, more than 37,000 people died on U.S. roads, and it marked the end of a two-year period (2014–2016) that saw the highest rate increase in traffic fatalities in more than 50 years.¹ As an industry leader with extensive claim insights into auto collision trends, Travelers decided to take a leadership role in addressing distracted driving.

The *Every Second Matters* campaign recognizes that every driver, passenger, cyclist and pedestrian has a role to play in combatting distraction — such as texting while driving — and enhancing roadway safety. The initiative stands on three key principles:

- Creating a **social stigma** so drivers feel embarrassed to drive distracted;
- Increasing understanding about **situational awareness** by all roadway users, including elevating the conversation about **pedestrian** and **cyclist safety**; and
- Examining scalable **technology** and **insurtech solutions**.

The campaign explores the latest approaches to help combat distracted driving, including how technology, which often contributes to distraction, can offer solutions to reduce distracted driving. In engaging thousands of people in this campaign, we are hoping it will convince people to put down their phones while driving. If it saves even one life, it'll have been worth the effort.

KEY ACTIVITIES

- **Symposium Series:** The Travelers Institute held nearly 40 events in the first year of the campaign, engaging a variety of policymakers, researchers, students, independent insurance agents and others. Speakers have included representatives from the State of Georgia's Governor's Office of Highway Safety and the National Safety Council and Travelers employees, including our internal network of veterans to discuss lessons about situational awareness. [View events here](#)
- **Cross-Sector Collaboration:** Technology firms, universities, research centers, nonprofits, industry groups, student organizations and others have joined forces to explore cross-sector synergies to mitigate distracted driving risk. The Travelers Institute also works closely with the National Safety Council and is a member of the Road to Zero Coalition, a cross-sector initiative working to eliminate roadway deaths. [View collaborations here](#)
- **Incentivizing Safe Behavior:** [IntelliDrive®](#) is a 90-day driving program for Travelers customers that uses a smartphone app to capture data and score how safely they drive. Customers who enroll could save up to 20% on their policy.
- **Employer Engagement:** Every Second MattersSM challenges employers and employees to elevate distracted driving prevention within their organizations, discussing strategies for creating a culture of safety in the workplace. Travelers Risk Control also advises Travelers customers with regard to strategies to prevent distracted driving. [Learn more](#)

- **Employee Engagement:** Consistent with the *Every Second Matters* platform, Travelers has an internal Driver Safety policy to help maintain the safety of Travelers employees who drive for Travelers, as well as a policy regarding Driving and the Use of Mobile Technology. These policies are supported and regularly communicated by Travelers senior leadership to remind employees that their safety while driving is of paramount importance.
- **Agent and Broker Engagement:** Our company's network of 13,500 independent agents and brokers see the consequences of distracted driving with customers every day. Travelers offers resources to help them facilitate conversations with personal and business insurance customers to create safer roadways for all. Agents and broker associations are also taking a leadership role in hosting university education programs partnered with the Travelers Institute.
- **Student Engagement:** The Travelers Institute is engaging with future risk management and insurance leaders on campuses across the United States and Canada to look at distracted driving as an important industry issue and an opportunity for innovation. Programming at universities of all sizes simultaneously helps increase visibility for Travelers and attract talent; programs have been held at Harvard University, St. John's University, the University of Connecticut and the University of Pennsylvania, among others.

RELATED RESOURCES

- ["3 Seconds Behind the Wheel,"](#) public television documentary
- [A Conversation Starter on Reducing Distracted Driving Risk](#)
- [Public library of video content](#) on prevention
- [Travelers Risk Index](#)
- [Prepare & Prevent website](#)
- [Unfinished Stories](#) of victims of distracted driving

¹ [NHTSA, 2017 Fatal Motor Vehicle Crashes: Overview, October 2018](#); [NHTSA, 2016 Fatal Motor Vehicle Crashes: Overview, October 2017](#).

Key Initiative



SMALL BUSINESS RISK EDUCATION PROGRAM

Educating Businesses About Risk

The Travelers Small Business Risk Education (SBRE) program leverages our employees' expertise to help women, minority and veteran small business owners learn about risk management and business continuity, develop safety risk management plans and qualify for microloans. Travelers partners with nonprofit organizations in Los Angeles, Chicago, New York City and Atlanta to provide local workshops.

Community Benefits

- Since the program's inception in 2012, more than 1,850 representatives of women-, minority- and veteran-owned small businesses attended SBRE workshops and other events. The program has more than doubled the number of individuals reached over the past five years, and we anticipate continued growth in 2019.
- One hundred and ninety-five (14%) of the small business representatives who attended a workshop have completed one-on-one consultations with Travelers Risk Control consultants.
- In 2017, we piloted a veteran-owned business program in select markets across the United States, and in 2018, we reached more than 200 representatives of veteran-owned businesses through workshops and events.
- In 2018, we introduced classroom- and web-based workshops with an emphasis on cybersecurity to ensure emerging small businesses are aware of the many risks associated with online services.
- SBRE participants accessed approximately \$1 million in microloans since inception, assisting them with growth and investments in their own long-term sustainability.

Travelers Benefits

- Travelers Risk Control professionals deliver the program workshops in their communities, increasing employee involvement, raising the profile of Travelers among local business owners and creating a stronger emotional attachment to the Travelers brand.
- The SBRE content serves as a prototype for developing webinars and other helpful materials for Travelers customers.
- Local agents are invited to serve as on-site insurance experts during workshops, providing them with visibility into their local communities. This benefits our agents and strengthens their relationship with us — a win/win.

Key Initiative



ENHANCING OUR COMMITMENT TO PEOPLE WITH DISABILITIES

Encouraging Neuro-Diversity

In 2018, Travelers joined the Autism @ Work Employer Roundtable, a group of employers committed to promoting the inclusion of people of all abilities in the workforce. These companies share best hiring and workplace practices and help other companies see the return on their investment in hiring people with autism.

We also partner with local nonprofit organizations such as Viability and Lifeworks to provide job training placement programs for individuals with disabilities. These programs enable participants to apply for positions within our Staff Counsel Business Resource Centers in Hartford, Connecticut, and St. Paul, Minnesota — which, according to program graduates, can be life-changing. Broadening our diversity efforts to include people with disabilities has a positive effect on our workplace as well. These programs have given us access to previously untapped sources of employee talent; during our program's first year, we hired 31 program participants for full-time positions, helping us meet our business needs in an efficient and effective manner, while at the same time meeting a crucial need for our communities.

RELATED RESOURCES

- [Solving the Puzzle: Program Benefits Travelers, Employees, Lifeworks](#)
- [Collaboration Brings Success: VRS, Travelers, Lifeworks Forge Innovative Partnership, Minnesota State Rehabilitation Council](#)

Photo courtesy of Irma Mercado, Minnesota Department of Employment and Economic Development.

Key Initiative



INVESTMENT IN KITTYHAWK

Enhancing Our Drone Program

In 2018, Travelers made a strategic investment in Kittyhawk, the market leader in enterprise drone operations software and an organization with which we had been partnering closely for some time. The investment further enhances our position as an industry leader in the use of drone technology.

We began using drones in 2016 to inspect roofs of residential and commercial properties in everyday claim situations, as well as in response to catastrophes — enhancing the customer experience by expediting inspection, payment and repair while improving the safety of our Claim and Risk Control professionals by reducing the need to climb roofs and enter potentially hazardous areas.

Today, we are one of the largest commercial users of drones with about 650 FAA-certified drone pilots and 20,000 completed flights in 2018. As our drone program has grown, so too has the task of managing compliance and safety requirements, as well as the opportunity to leverage the data we gain. Kittyhawk has supported the growth of our drone operation by streamlining the data, hardware and software into one single system of record.

Key Initiative



MINORITY BUSINESS DEVELOPMENT INSTITUTE PARTNERSHIP

Helping Minority- and Women-Owned Contractors

Starting in 2012, Travelers and the Minority Business Development Institute (MBDI) partnered to help small minority- and women-owned contracting firms — an underserved segment of this market — become bonded, which can increase their sustainability and success. Rather than waiving surety bond requirements, MBDI believes that education and one-on-one advisory consulting services will create sustainable minority- and women-owned contractors. In addition to providing a \$100,000 grant, Travelers participates on MBDI's advisory board and has presented educational content to more than 180 minority- and women-owned contractors.

Key Initiative



HOWARD UNIVERSITY F.I.R.M. SYMPOSIUM

Helping the Next Generation of Job Seekers

Among our efforts to help inspire the next generation of job seekers, we hosted 55 students from the Howard University School of Business during the school's week-long event, the Financial Services, Insurance and Risk Management (F.I.R.M.) Symposium in Hartford, Connecticut. In partnership with our Black/African American Diversity Network (BAADN), local leaders and our leadership development program associates, we offered an interactive presentation to help students hone their networking skills, better understand the future workplace and ignite enthusiasm for a career at Travelers. "Today's event was excellent. I was energized. It was impactful to see so many future leaders walking across the Travelers Plaza to meet us," said Claude Howard, Hartford Claim Center Vice President.

Key Initiative



REDUCING NON-ESSENTIAL TRAVEL

Incentives for Commuters and Encouraging Video Collaboration

To minimize the environmental impacts of commuting, Travelers offers programs that allow employees to pay for eligible parking and/or transit expenses with pre-tax dollars. At our Hartford office, we estimate that 20% of Travelers employees primarily commute using public transportation. We also offer parking incentives for carpoolers and operate a vanpool with free parking at the pickup location.

We continue investing in remote collaboration tools like video-enabled conference rooms to reduce non-essential business travel. Some of our recently renovated offices include sharable desk space, which offers flexibility to work remotely, as appropriate.

Environmental Benefits

- By promoting and supporting the use of public transportation and ride-sharing, Travelers directly reduces GHG emissions from employee commuting.
- Reducing non-essential business travel helps lower one of our primary sources of Scope 3 GHG emissions.

Travelers Benefits

- Commuting programs are an integral employee benefit in some of our locations; they play a role in our benefits aimed at employee attraction and retention.
- Eliminating non-essential business travel helps to lower our operating costs.

Key Initiative



TRAVELERS INSTITUTE®

Insurance Essentials: Your Questions Answered

As part of our commitment to customers, both existing and potential, the [Travelers Institute](#) (the public policy division of Travelers) launched an initiative called *Insurance Essentials: Your Questions Answered* to help consumers make informed decisions about their personal insurance options. This initiative was introduced following Superstorm Sandy and other extreme weather events, which have demonstrated to us that many consumers need, or want, more help understanding their insurance policies and options. This initiative includes an educational [Insurance Essentials Guide](#) that covers topics such as how insurance works; types of homeowners and auto insurance coverages; condominium and renters insurance; wedding insurance; flood insurance; limits and deductibles; and basic disaster preparedness. Further, the Travelers Institute partners with independent insurance agents to bring an educational symposium series to their communities, also addressing local issues such as wildfires and hurricanes.



TRAVELERS INSTITUTE®

Insuring Autonomy — Autonomous Vehicles

Autonomous vehicles (AVs) are a growing presence on American roadways, and with them come several significant public policy questions and challenges. It will be important to address a world of increasing AVs in a comprehensive manner that spurs innovation, increases public safety, provides peace of mind and protects drivers and consumers. We have an enterprise working group dedicated to monitoring and assessing the potential impacts of autonomous vehicles across our business units.

In July 2018, the Travelers Institute released a white paper titled [Insuring Autonomy: How auto insurance can adapt to changing risks](#), which offers our company's perspective and recommendations on important public policy issues relating to autonomous vehicles. Travelers believes that auto insurance can, and will, meet society's needs in an AV world by continuing to compensate affected consumers with speed, fairness and efficiency.

Travelers experts also regularly speak in public forums about autonomous vehicles and the related insurance implications. Discussion of autonomous vehicles is also incorporated into the Every Second MattersSM symposia, exploring how the advent of autonomous technologies impacts driver distraction.

We look forward to working with policymakers and other stakeholders to develop AV insurance policy and regulations that make sense for and benefit this growing industry and our consumers.

RELATED RESOURCES

- [Autonomous Vehicle White Paper](#)
- [Travelers Outlines Framework for Autonomous Vehicle Insurance](#)



SIMPLY BUSINESS ACQUISITION

Leading U.K. Distributor of Small Business Insurance

In 2017, Travelers acquired Simply Business, a leading provider of small business insurance policies in the United Kingdom, offering products online on behalf of a broad panel of carriers. The company has more than 475,000 microbusiness and landlord customers, representing more than 1,000 classes of business, and makes protecting businesses and rentals as simple as possible, without compromising on quality.

“Technology is driving significant change in our industry, and the knowledge, capabilities and talent that [Simply Business](#) developed over more than a decade will contribute meaningfully to advancing our digital and innovation agendas to best serve our customers and the marketplace,” said Alan Schnitzer, Chairman and Chief Executive Officer of Travelers. “Simply Business is a growing technology company, and its proven model to enhance the insurance buying experience for microbusiness owners aligns with our efforts to simplify the small commercial insurance transaction and make it more efficient.”

Simply Business operates as a stand-alone business, continuing to partner with its panel of carriers under its well-known brand name.

Key Initiative



TRAVELERS RISK INDEX

Listening to Our Customers

The annual Travelers Risk Index survey aims to understand the top concerns of business owners and consumers and the ways companies and individuals are dealing with the risks they face every day. This survey acts as one of many listening posts we use to regularly engage our customer base and inform our product development. We also publish the survey results to help our customers and the general public understand significant risks and evaluate their readiness for a disaster and the effectiveness of their business continuity and disaster response plans.

RELATED RESOURCES

- [Travelers Risk Index](#)

Key Initiative



GREENING CLAIMS

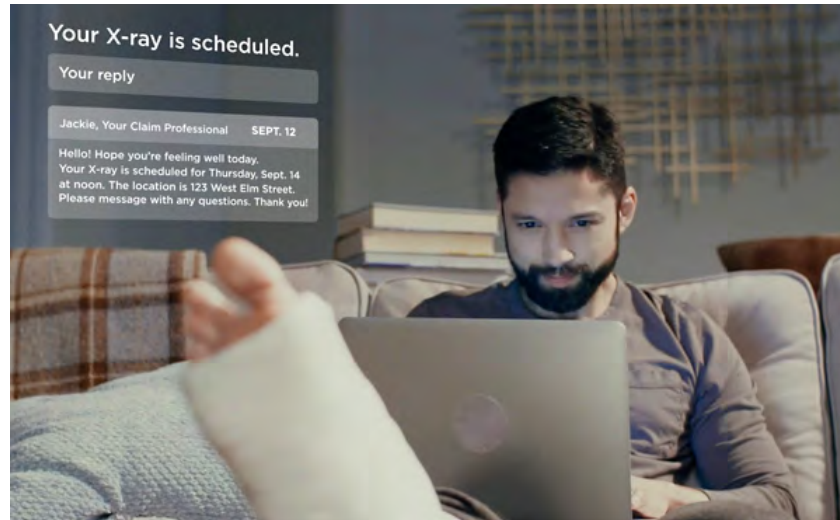
Monitoring the Environmental Impact of Our Vehicle Usage

Travelers maintains a fleet of vehicles operated by Claim and Underwriting professionals that spend substantial time on the road. We work to minimize the number of vehicles and continually strive to increase the efficiency of those that make up the fleet. The mobile combustion emissions related to claim services and CAT response vehicles fluctuates with the number and severity of claims and natural catastrophes that we respond to in a given year. Prompt, safe and effective claims service remains our top priority.

Many of our recent efforts to improve our claims service also create opportunities to reduce our emissions intensity. For instance:

- Implementing virtual claim tools allows customers to share photos and videos to file a claim. This can speed claims payments and also reduce miles driven by our claims fleet.
- Deploying [drones](#) to inspect roof damage improves the customer experience while eliminating safety hazards and emissions associated with roof inspections.

Key Initiative



TRAVELERS MEDICAL ADVANTAGE®

MyTravelers®: 24-Hour Unlimited Access, Anytime, Anywhere

Responding to the evolving needs of our customers and their injured employees, we have made numerous investments in our workers compensation claim handling model, [TravComp®](#). To that end, in 2018, we introduced our self-service workers compensation claim portal, [MyTravelers®](#) for Injured Employees. Through this innovative platform, injured employees are empowered to engage in their return-to-work journey and interact with us digitally throughout the claim process. In-portal claim notifications, messaging with Claim and medical professionals, two-way document sharing and tailored digital content helps ensure we get the right claim information in the hands of injured employees quickly. *TravComp* provides a better experience for the injured workers, a better outcome for our customers and a more efficient result for Travelers.

The opioid epidemic continues to have a profound impact on our society and our customers and their injured employees are not immune to its devastating effects. By combining the power of our people, analytics and technology, we can proactively address this issue and identify injured employees who are at risk for opioid misuse. Since 2016, [Travelers Early Severity Predictor®](#) has helped forecast which injured employees are at higher risk of developing chronic pain, a condition that can lead to opioid dependency. Our Early Severity Predictor model is truly predictive, with interventions occurring before opioid dependency can take hold.

Key Initiative



TRAVELERS CHAMPIONSHIP®

Our Signature Community Event

The Travelers Championship® golf tournament is an annual PGA TOUR event that showcases how our company and our employees maintain a strong commitment to the communities in which we live and work. This world-class tournament attracts tens of thousands of fans annually and features four days of competition by the world's best professional golfers, broadcast to more than 200 countries.

All of the net proceeds from this tournament go to charities throughout the region. Since Travelers became the title sponsor in 2007, the tournament has generated more than \$16 million for more than [700 local charities](#). The event is also a popular volunteer opportunity for Travelers employees; more than 2,200 employees donated 20,000 hours in 2018. The value of the Travelers Championship extends beyond the charitable giving: As a recent survey by the Connecticut Economic Resource Center estimated, the average annual economic impact from the tournament on the local economy is \$68.2 million.

In addition to receiving the PGA TOUR's "Players Choice" award each of the past two years (including the inaugural 2017 award), the Travelers Championship was named "Tournament of the Year" by the PGA TOUR in 2017 and has won 15 TOUR awards since 2008.

Key Initiative



COMMUNITY RESILIENCE AWARD

Rewarding Leadership in Community Response

Travelers is committed to raising awareness about disaster preparedness and generating discussion around the importance of improving response and recovery actions after major events. Through our charitable giving arm, the Travelers Foundation, and our public policy division, the Travelers Institute®, Travelers created an annual Excellence in Community Resilience Award of \$100,000 to recognize an organization that demonstrates leadership in addressing community resiliency. Past winners include:

- Smart Home America (2018), which promotes the use of stronger construction methods, improved building codes and policies that create resilient communities;
- Lowlander Center (2017), which supports lowland communities and places, both inland and coastal, for the benefit of both people and environment;
- All Hands and Hearts (2016), which mobilizes volunteers to respond immediately after disaster strikes and stay until the job is done; and
- Team Rubicon (2015), which provides disaster relief by pairing the skills and experiences of military veterans with first responders, medical professionals and technology.

Key Initiative



QUANTUM HOME 2.0®

Simplifying the Customer Experience

In 2017, Travelers launched Quantum Home 2.0®, an enhanced homeowners insurance product with tailored pricing and more flexible coverage options, all on simpler policy documents that help customers better understand their insurance. Travelers offers *Quantum Home 2.0* through an updated platform that allows agents to provide greater customization, requires fewer steps to complete a quote and enables simplified customer communications. This tool increases efficiency for agents while helping them to deliver better service and drive new business. It also provides customers with the flexibility to scale up or down the typical base coverages in a policy and the ability to easily add bundled options to meet their individual needs. And, with our new visual coverage summary and soon-to-be-released online self-service tools, we offer customers the transparency and tools to more easily understand and evaluate their coverage.

Quantum Home 2.0 includes features such as:

- Decreasing Deductible® and loss-forgiveness options that recognize customers for their loyalty;
- New discounts for customers who pay on time and for those with smart-home protective technology, including fire, burglar and water alarms;
- An enhanced water package that can cover sewer backups and hidden water damage; and
- Equipment breakdown coverage for appliances, water heaters, etc.

RELATED RESOURCES

- [Quantum Home 2.0® Video](#)

Key Initiative



TRAVELERS INSTITUTE®

Small Business Advocacy

Given the importance of small businesses to the national economy, especially as a driver for creating and sustaining jobs, the Travelers Institute believes public policies should encourage entrepreneurship. [Small Business – Big Opportunity®](#), the Travelers Institute's small business advocacy project, helps promote small business success by convening business owners across the country with industry experts to explore solutions to their everyday challenges, such as business continuity planning, access to capital and cybersecurity. The Travelers Institute has collaborated with recognized small business advocates such as the U.S. Small Business Administration, the Federal Reserve Bank and the National Association of Women Business Owners (NAWBO), as well as community banks and angel investors.

Key Initiative



COMMITTED TO MILITARY VETERANS

Supporting Those Who Serve

When Travelers signed a national Employer Support of the Guard and Reserve Statement of Support in 2016, we reaffirmed our passion to foster a military-friendly culture, and we committed to hiring and supporting our nation's service members. In the years since, we've followed through on our promise to support veterans — so much so that Travelers has been named a Military Friendly Employer and a "Best for Vets" company by different organizations. More importantly, our commitment is meaningful to our employees, who feel proud to be part of a company that advocates for those who serve. "Travelers really took care of me before, during and after my deployment," said Mark Lear, Regional Vice President of Bond & Specialty Insurance – Midwest Region, who needed help determining how his deployment affected his employment and benefits. "Our company truly goes out of our way to support service members."

We count the following organizations as valued partners in supporting veterans:



Key Initiative



TRAVELERS EDGE®

Supporting Underrepresented Students

Established in 2007, our signature education program, Travelers EDGE® (Empowering Dreams for Graduation and Employment), endeavors to increase the number of underrepresented students who complete a bachelor's degree and who are prepared for a career at Travelers or in our industry. Through partnerships with colleges, universities and community-based organizations, Travelers EDGE® increases access to higher education and provides students with opportunities to excel. The program aims to:

- Increase the number of students from underrepresented communities attending college;
- Help those underrepresented students graduate from college; and
- Build awareness of careers in insurance and financial services.

Once enrolled in college, Travelers EDGE® students benefit from a broad range of support services, which include scholarships, academic guidance and emergency funds. In order to build awareness of careers at Travelers and within our industry, Travelers EDGE also offers mentoring, internships and job-shadowing opportunities. Through Travelers EDGE® and [other targeted recruiting practices](#), Travelers seeks to increase the presence of people from historically underrepresented communities in our industry.

Community Benefits

- Since the inception of Travelers EDGE®, 486 students have been Travelers EDGE® scholars, and 67% of scholars have successfully attained a bachelor's degree or are currently on track to do so.
- Over the past five academic years, 67% of all graduates were employed at graduation or shortly after. Of those, 71% entered careers in the insurance and financial services industry.
- We reach 3,000–4,000 students each year through college and career awareness programs for middle and high school students.

Travelers Benefits

- Since inception, 30% of Travelers EDGE® graduates have been hired by Travelers, and 64% of scholars who interned with Travelers as seniors chose to join.
- 50% of Travelers EDGE® graduates hired were recruited into structured Travelers [talent development programs](#).
- Employees of Travelers who serve as Travelers EDGE® managers and mentors overwhelmingly reported that participation strengthened their leadership skills, their understanding of diversity and inclusion and, importantly, their connection to Travelers.

Key Initiative



TRAVELERS INSTITUTE®

Thought Leadership on Disaster Preparedness

To address the crisis of availability and affordability of coastal wind insurance for homeowners, in 2009 the Travelers Institute, the public policy division of Travelers, developed the [Travelers Coastal Wind Zone Plan](#), a comprehensive, private-market approach to insuring the Gulf and Atlantic coasts. Building on this flagship publication, the Travelers Institute launched a series of events to raise awareness about coastal challenges and disaster preparedness, including an annual *Kicking Off Hurricane Preparedness Season* symposium, to help families, businesses and communities prepare ahead of the Atlantic hurricane season. Additionally, following recent extreme weather events like Superstorm Sandy, the Travelers Institute launched *Insurance Essentials: Your Questions Answered*, to proactively help individuals make informed decisions when selecting personal insurance policies.

RELATED RESOURCES

- [The Travelers Coastal Wind Zone Plan](#)
- [Resilient Coasts: A Blueprint for Action](#)
- [Featured Event: Kicking Off Hurricane Preparedness Season at the Federal Reserve Bank of Dallas, Houston Branch](#)
- [Travelers Excellence in Community Resilience Award](#)

Key Initiative



CLAIM UNIVERSITY

Training World-Class Claim Professionals

Travelers [Claim University](#), our state-of-the-art training and professional development facility, provides technical training as well as leadership development to approximately 12,000 Claim employees. Opened in 2007, it is a symbol of our commitment to our employees and our customers.

Claim University provides rigorous onboarding and hands-on training to our Claim professionals to make sure they are equipped to provide knowledgeable, empathetic and efficient claim service to our customers. It offers a variety of teaching methods — traditional and online classrooms, hands-on experience in auto and property labs and through digital media.

The 175,000-square-foot facility contains automobiles and heavy equipment such as cranes, backhoes and bulldozers. It also contains two fully furnished homes, building mechanical systems and a medical lab. All these resources teach our Claim professionals how to efficiently identify damage and accurately estimate the cost of repairs. Claim University uses a centralized approach to developing training that allows our Claim employees from all over the world to develop new skills and expand on existing skills.

Key Initiative



TRAVELERS INSTITUTE®

Travelers Institute University Tours

One way Travelers distinguishes itself as a prospective employer is by proactively engaging on public policy issues that impact the insurance industry through the Travelers Institute. As one example, the Travelers Institute partners with university risk management and insurance programs to bring the Every Second MattersSM distracted driving symposium series to campuses across the United States and Canada. The program raises awareness about the dangers of distracted driving and promotes safe driving. It also highlights the relevance of this issue to the insurance industry and challenges insurance leaders to leverage data and technology to address distracted driving and help save lives. Gamma Iota Sigma, an international business fraternity for students of insurance, risk management and actuarial science, is a key recruiting relationship for Travelers, and the Travelers Institute regularly partners with its chapters to host events on their campuses and has presented at Gamma Iota Sigma's international and regional conferences.

Similarly, in the past, the Travelers Institute has traveled to universities to raise awareness about the U.S. national debt and its implications for the American economy. As the presenting sponsor of "Overdraft" — a nonpartisan documentary on the growing national debt and its impact on individuals and U.S. economic competitiveness — the Travelers Institute hosted an educational symposium series featuring 80 screenings of the film for groups across the country. Screening locations included Stanford University, the University of Alabama, the University of Southern California and Fordham University.

Key Initiative



AMAZON COLLABORATION

Travelers Teams Up With Amazon to Provide Smart Home Solutions

In 2018, Travelers announced a collaboration with Amazon to offer smart home kits and valuable insurance and risk management information through the insurance industry's first [digital storefront](#).

The smart home kits, which are offered at discounted prices for Travelers customers in participating states, are designed to help protect homeowners from some of the most common causes of loss. Discounted kit installation through Amazon Smart Home Services is also offered where available. The smart home kits include:

- security cameras;
- water sensors;
- motion detectors with multi-sensor capabilities;
- smart home hub that wirelessly connects a wide range of smart devices and enables them to work together; and
- an Amazon Echo Dot.

Eligible Travelers home insurance customers receive a discount on their policy with the purchase of a smart home kit.

Travelers also introduced new Alexa skills:

- the "Travelers" skill, which assists our home insurance policyholders with questions regarding billing and payments; and
- the "Travelers Home Central™" skill, which enables all consumers to access property maintenance and home safety tips.

Lastly, Travelers is providing a free Amazon Echo Dot to eligible home insurance customers — even without the purchase of a kit — subject to program terms. As of December 31, 2018, the free Amazon Echo Dot and the discounts on the smart home kits are available to Travelers home insurance customers in California and Travelers Quantum Home 2.0® customers in 18 states. We continue to roll out the Amazon solutions to our customers and agents along with our rollout of *Quantum Home 2.0*. We expect these solutions to be available to 80% of new business customers by August 2019.

Key Initiative



2018 RISK INDEX

Understanding Cyber Risks

The 2018 [Travelers Risk Index](#), an annual survey of more than 1,200 business leaders, found that cyber risks are the second-highest concern across all business sizes and industries. Despite the increased risk of cyber attacks, many companies are not prepared for the threat to their own operations, reputation and financial strength. Three-fourths of businesses surveyed admit that it is difficult to keep up with the ever-changing cyber landscape, evolving information and new digital developments. This survey acts as one of many listening posts we use to regularly engage our customer base and inform our product development. To assist businesses of all sizes, Travelers provides a range of coverage options, pre-breach tools and assessment resources, and post-breach services to help businesses prepare and recover quickly if and when a cyber event occurs.

[Click here](#) to see an infographic that summarizes the key findings from the 2018 Travelers Risk Index.

Key Initiative



TEAM RUBICON

Veterans Deploy With Disaster Responders

Team Rubicon, a nonprofit organization, unites the skills and experiences of military veterans with first responders to rapidly deploy emergency response teams after disasters, all while providing veterans with a new sense of purpose, community and identity.

In 2015, Travelers recognized Team Rubicon with the first [Travelers Excellence in Community Resilience Award](#). The relationship continued when in 2016, Travelers began a three-year commitment as the exclusive insurance sponsor of Team Rubicon's Mobile Engagement Team, which travels across the United States to provide large-scale training events, recruit volunteers and establish relationships with state and local emergency management agencies. Given our commitment to supporting our military veterans, our collaboration with Team Rubicon is a natural fit.

Community Benefits

- **\$1 million grant** provided to Team Rubicon to fund its Mobile Training Center (MTC).
- In 2017, its first year of operation, the MTC visited 36 cities, including stops at Travelers offices in Braintree (MA), Denver, Hartford and St. Louis; held 73 events engaging nearly 1,300 people; and trained 485 members through 44 courses including core operations, damage assessment and instructor training.
- In 2018, the MTC visited 43 cities, including Cromwell, CT (for the Travelers Championship®), engaging more than 1,900 individuals; trained 500 members in 34 response-related courses; and doubled instructor capacity through increased training in all courses.

Travelers Benefits

- As an insurer, Travelers benefits from Team Rubicon's work twice over: The trained volunteers it deploys mitigate our post-disaster losses, and the community outreach it leads means our customers are better prepared for next time.

sustainability.travelers.com

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Except where noted, the information covered on this site highlights our performance and initiatives in fiscal year 2018.

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