

PART 1 — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

THE TRAVELERS COMPANIES, INC. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENT OF INCOME (Unaudited)**  
(in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Revenues</b>				
Premiums	\$ 7,829	\$ 7,380	\$ 22,831	\$ 21,564
Net investment income	771	671	2,290	1,550
Fee income	97	101	302	323
Net realized investment gains (losses)	8	37	113	(48)
Other revenues	100	86	269	195
<b>Total revenues</b>	<b>8,805</b>	<b>8,275</b>	<b>25,805</b>	<b>23,584</b>
<b>Claims and expenses</b>				
Claims and claim adjustment expenses	5,464	4,886	15,479	14,782
Amortization of deferred acquisition costs	1,281	1,207	3,742	3,558
General and administrative expenses	1,187	1,109	3,524	3,367
Interest expense	87	87	252	256
<b>Total claims and expenses</b>	<b>8,019</b>	<b>7,289</b>	<b>22,997</b>	<b>21,963</b>
<b>Income before income taxes</b>	<b>786</b>	<b>986</b>	<b>2,808</b>	<b>1,621</b>
Income tax expense	124	159	479	234
<b>Net income</b>	<b>\$ 662</b>	<b>\$ 827</b>	<b>\$ 2,329</b>	<b>\$ 1,387</b>
<b>Net income per share</b>				
Basic	\$ 2.65	\$ 3.24	\$ 9.24	\$ 5.44
Diluted	\$ 2.62	\$ 3.23	\$ 9.16	\$ 5.41
<b>Weighted average number of common shares outstanding</b>				
Basic	247.7	253.3	250.1	253.5
Diluted	250.1	254.3	252.4	254.5
<b>Cash dividends declared per common share</b>	<b>\$ 0.88</b>	<b>\$ 0.85</b>	<b>\$ 2.61</b>	<b>\$ 2.52</b>

The accompanying notes are an integral part of the consolidated financial statements.

**THE TRAVELERS COMPANIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**  
(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Net income</b>	<b>\$ 662</b>	<b>\$ 827</b>	<b>\$ 2,329</b>	<b>\$ 1,387</b>
<b>Other comprehensive income (loss)</b>				
Changes in net unrealized gains on investment securities:				
Having no credit losses recognized in the consolidated statement of income	(686)	217	(1,749)	2,001
Having credit losses recognized in the consolidated statement of income	—	(7)	—	(10)
Net changes in benefit plan assets and obligations	26	20	77	64
Net changes in unrealized foreign currency translation	(91)	79	(25)	(137)
<b>Other comprehensive income (loss) before income taxes</b>	<b>(751)</b>	<b>309</b>	<b>(1,697)</b>	<b>1,918</b>
Income tax expense (benefit)	(148)	53	(361)	420
<b>Other comprehensive income (loss), net of taxes</b>	<b>(603)</b>	<b>256</b>	<b>(1,336)</b>	<b>1,498</b>
<b>Comprehensive income</b>	<b>\$ 59</b>	<b>\$ 1,083</b>	<b>\$ 993</b>	<b>\$ 2,885</b>

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**THE TRAVELERS COMPANIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
(in millions)

	September 30, 2021 (Unaudited)	December 31, 2020
<b>Assets</b>		
Fixed maturities, available for sale, at fair value (amortized cost \$73,614 and \$68,830; allowance for expected credit losses of \$2 and \$2)	\$ 77,040	\$ 74,003
Equity securities, at fair value (cost \$398 and \$387)	509	453
Real estate investments	1,004	1,026
Short-term securities	4,754	5,511
Other investments	4,199	3,430
<b>Total investments</b>	<b>87,506</b>	<b>84,423</b>
Cash	818	721
Investment income accrued	565	603
Premiums receivable (net of allowance for expected credit losses of \$102 and \$105)	8,289	7,829
Reinsurance recoverables (net of allowance for estimated uncollectible reinsurance of \$142 and \$146)	8,329	8,350
Ceded unearned premiums	1,084	772
Deferred acquisition costs	2,570	2,358
Contractholder receivables (net of allowance for expected credit losses of \$19 and \$19)	4,024	4,242
Goodwill	4,005	3,976
Other intangible assets	309	317
Other assets	3,207	3,173
<b>Total assets</b>	<b>\$ 120,706</b>	<b>\$ 116,764</b>
<b>Liabilities</b>		
Claims and claim adjustment expense reserves	\$ 56,805	\$ 54,521
Unearned premium reserves	16,677	15,222
Contractholder payables	4,043	4,261
Payables for reinsurance premiums	621	356
Deferred taxes	274	558
Debt	7,290	6,550
Other liabilities	6,522	6,095
<b>Total liabilities</b>	<b>92,232</b>	<b>87,563</b>
<b>Shareholders' equity</b>		
Common stock (1,750.0 shares authorized; 246.0 and 252.4 shares issued and outstanding)	24,084	23,743
Retained earnings	40,438	38,771
Accumulated other comprehensive income	1,166	2,502
Treasury stock, at cost (536.4 and 527.3 shares)	(37,214)	(35,815)
<b>Total shareholders' equity</b>	<b>28,474</b>	<b>29,201</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 120,706</b>	<b>\$ 116,764</b>

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**THE TRAVELERS COMPANIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)**  
(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Common stock</b>				
Balance, beginning of period	\$ 24,002	\$ 23,606	\$ 23,743	\$ 23,469
Employee share-based compensation	45	8	214	64
Compensation amortization under share-based plans and other changes	37	32	127	113
Balance, end of period	24,084	23,646	24,084	23,646
<b>Retained earnings</b>				
Balance, beginning of period	39,998	37,069	38,771	36,977
Cumulative effect of adoption of updated accounting guidance for credit losses at January 1, 2020	—	—	—	(43)
Net income	662	827	2,329	1,387
Dividends	(220)	(218)	(660)	(646)
Other	(2)	1	(2)	4
Balance, end of period	40,438	37,679	40,438	37,679
<b>Accumulated other comprehensive income, net of tax</b>				
Balance, beginning of period	1,769	1,882	2,502	640
Other comprehensive income (loss)	(603)	256	(1,336)	1,498
Balance, end of period	1,166	2,138	1,166	2,138
<b>Treasury stock, at cost</b>				
Balance, beginning of period	(36,613)	(35,614)	(35,815)	(35,143)
Treasury stock acquired — share repurchase authorizations	(600)	—	(1,356)	(425)
Net shares acquired related to employee share-based compensation plans	(1)	—	(43)	(46)
Balance, end of period	(37,214)	(35,614)	(37,214)	(35,614)
<b>Total shareholders' equity</b>	<b>\$ 28,474</b>	<b>\$ 27,849</b>	<b>\$ 28,474</b>	<b>\$ 27,849</b>
<b>Common shares outstanding</b>				
Balance, beginning of period	249.5	253.2	252.4	255.5
Treasury stock acquired — share repurchase authorizations	(3.8)	—	(8.8)	(3.5)
Net shares issued under employee share-based compensation plans	0.3	0.1	2.4	1.3
Balance, end of period	246.0	253.3	246.0	253.3

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**THE TRAVELERS COMPANIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)**  
(in millions)

	Nine Months Ended September 30,	
	2021	2020
<b>Cash flows from operating activities</b>		
Net income	\$ 2,329	\$ 1,387
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized investment (gains) losses	(113)	48
Depreciation and amortization	662	577
Deferred federal income tax expense (benefit)	61	(67)
Amortization of deferred acquisition costs	3,742	3,558
Equity in (income) loss from other investments	(774)	32
Premiums receivable	(462)	(324)
Reinsurance recoverables	20	(150)
Deferred acquisition costs	(3,955)	(3,694)
Claims and claim adjustment expense reserves	2,299	2,673
Unearned premium reserves	1,460	960
Other	313	(382)
<b>Net cash provided by operating activities</b>	<b>5,582</b>	<b>4,618</b>
<b>Cash flows from investing activities</b>		
Proceeds from maturities of fixed maturities	6,523	5,241
Proceeds from sales of investments:		
Fixed maturities	2,864	1,994
Equity securities	74	76
Real estate investments	7	—
Other investments	275	184
Purchases of investments:		
Fixed maturities	(14,356)	(9,951)
Equity securities	(68)	(80)
Real estate investments	(22)	(33)
Other investments	(643)	(321)
Net sales (purchases) of short-term securities	754	(1,387)
Securities transactions in course of settlement	407	522
Acquisition, net of cash acquired	(38)	—
Other	(199)	(222)
<b>Net cash used in investing activities</b>	<b>(4,422)</b>	<b>(3,977)</b>
<b>Cash flows from financing activities</b>		
Treasury stock acquired — share repurchase authorizations	(1,356)	(425)
Treasury stock acquired — net employee share-based compensation	(43)	(46)
Dividends paid to shareholders	(655)	(643)
Issuance of debt	739	490
Issuance of common stock — employee share options	256	72
<b>Net cash used in financing activities</b>	<b>(1,059)</b>	<b>(552)</b>
Effect of exchange rate changes on cash	(4)	—
Net increase in cash	97	89
Cash at beginning of year	721	494
<b>Cash at end of period</b>	<b>\$ 818</b>	<b>\$ 583</b>
<b>Supplemental disclosure of cash flow information</b>		
Income taxes paid	\$ 543	\$ 413
Interest paid	\$ 222	\$ 226

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