The Travelers Companies, Inc.

Second Quarter 2021 Results Teleconference

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CORPORATE PARTICIPANTS

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PRESENTATION

Operator
Good morning, ladies and gentlemen. Welcome to the Second Quarter Results Teleconference for Travelers. We ask that you hold all questions until the completion of formal remarks at which time you will be given instructions for the Question & Answer session.

As a reminder, this conference is being recorded on July 20, 2021. At this time, I would like to turn the conference over to Ms. Abbe Goldstein, Senior Vice President of Investor Relations. Ms. Goldstein, you may begin.

Abbe Goldstein
Thank you. Good morning and welcome to Travelers' discussion of our second quarter 2021 results. We released our press release, financial supplement and webcast presentation earlier this morning. All of these materials can be found on our website at travelers.com under the Investors section.

Speaking today will be Alan Schnitzer, Chairman and CEO; Dan Frey, Chief Financial Officer; and our three segment presidents: Greg Toczydlowski of Business Insurance; Tom Kunkel of Bond & Specialty Insurance; and Michael Klein of Personal Insurance. They will discuss the financial results of our business and the current market environment. They will refer to the webcast presentation as they go through prepared remarks and then we will take questions.

Before I turn the call over to Alan, I would like to draw your attention to the explanatory note included at the end of the webcast presentation. Our presentation today includes forward-looking statements. The company cautions investors that any forward-looking statement involves risks and uncertainties and is not a guarantee of future performance. Actual results may differ materially from those expressed or implied in the forward-looking statements due to a variety of factors. These factors are prescribed under forward-looking statements in our earnings press release and in our most recent 10-Q and 10-K filed with the SEC. We do not undertake any obligation to update forward-looking statements.

Also, in our remarks or responses to questions, we may mention some non-GAAP financial measures. Reconciliations are included in our recent earnings press release, financial supplement and other materials available in the Investors section on our website.

And now I'd like to turn the call over to Alan Schnitzer.

Alan Schnitzer
Thank you, Abbe. Good morning, everyone, and thank you for joining us today.

We are very pleased to report excellent underwriting and investment results for the second quarter and first half of the year.

Core income for the quarter was $879 million, or $3.45 per diluted share, generating a core return on equity of 13.7%.

In terms of underwriting results, higher underlying underwriting income and net favorable prior year reserve development, as well as a lower level of catastrophe losses, all contributed to higher core income.

Underlying underwriting income was 8% higher than in the prior year quarter, driven by record net earned premiums of $7.6 billion and an excellent underlying combined ratio of 91.4%.

We are particularly pleased with the continued strong underlying fundamentals in each of our three business segments. In Business Insurance, net earned premiums were higher and the underlying combined ratio improved by 3.7 points. Bond and Specialty Insurance and Personal Insurance both delivered meaningful increases in net earned premiums and continued strong margins.

Turning to investments, our high-quality investment portfolio generated net investment income of $682 million after tax, reflecting very strong returns in our non-fixed income portfolio.

These excellent results, together with our strong balance sheet, enabled us to grow adjusted book value per share by 13% over the past year after making important investments for the future and returning significant excess capital to our shareholders.

During the quarter, we returned $625 million of excess capital to shareholders, including $401 million of share repurchases.

Turning to the top line, the combination of the strong franchise value we offer to our customers and distribution partners, together with excellent execution by our field organization, produced terrific results. During the quarter, we grew net written premiums to $8.1 billion, an increase of 11%, or 8% after adjusting for the Auto premium refunds in the prior year quarter. Each of our three segments contributed meaningfully to the top line growth.

In Business Insurance, net written premiums grew by 5%, driven by retention, which ticked up almost a point, renewal premium change at a near record high of 9.5% and 9% growth in new business. A combination of strong pricing and higher retention reflects continuing strength in the pricing environment.

Inside renewal premium change, pure renewal rate change was a strong 7.1%. Greg will share more detail about the texture underneath renewal rate change in a few minutes. Renewal premium change also included the highest exposure growth we've seen in nine quarters, an encouraging sign of improvement in U.S. economic activity.

In Bond & Specialty Insurance, net written premiums increased by 16%, driven by record renewal premium change of 12.7% in our Management Liability business, while retention remained strong.

In our commercial businesses, written pricing continues to comfortably outpace estimated loss trend, which will continue to benefit margins as it earns in. Continuing strong pricing and retentions reflect the industry's clear-eyed view of the ongoing headwinds impacting returns for the industry, including weather volatility, low interest rates and social inflation. We expect pricing to continue to outpace loss trend for some time.

Turning to Personal Insurance, production was, again, excellent this quarter. Net written premiums increased 8% after adjusting for the Auto premium refunds in the prior year quarter. Policies in force in both Auto and Homeowners are at record levels, driven by continuing strong retention and growth in new business.

While the impact of the pandemic on claim frequency seems to be attracting a lot of attention when it comes to personal Auto, we've been equally focused on applying our companywide perform and transform mandate to this business. We are very pleased with the results. We've accelerated our Domestic Auto policies in force growth from 1% to 4% over the last six quarters, bringing PIF count to a record high. This demonstrates the ongoing success of our three-prong strategy in Personal Insurance to meet customers where they are, serve them how they want and give them what they need. Going forward, we will continue to invest in advanced segmentation, multi-channel distribution and provide great experiences to continue to deliver profitable growth. Michael will share more detail in a few minutes.

Our excellent top and bottom-line results this quarter and for the first half of the year demonstrate the continued successful execution of our strategy to grow the top line at attractive returns, as well as the effectiveness of our well-defined and consistent investment philosophy.

Our focused and well-executed innovation agenda has been an important contributor to the growth and profitability we have achieved. We will continue to relentlessly pursue our priorities of extending our lead in risk expertise, providing great experiences to our customers, distribution partners and employees and improving productivity and efficiency. With the momentum we have, and the best talent in the industry, we are well-positioned to continue to create meaningful shareholder value over time.

And with that, I'm pleased to turn the call over to Dan.

Dan Frey
Thank you, Alan.

Core income for the second quarter was $879 million compared to a core loss of $50 million in the prior year quarter. The significant improvement was the result of positive factors across the business, including a lower level of catastrophe losses, improved results in our non-fixed income investment portfolio, more favorable prior year reserve development and increased underlying underwriting income.

Our second quarter results include $475 million of pre-tax cat losses, compared to $854 million in last year's second quarter. This quarter's cats were somewhat below what we would have assumed for a typical second quarter, but year-to-date cat losses are still above what we would have assumed, given the high level of losses in the first quarter.

On a year-to-date basis, we have accumulated about $1.5 billion of qualifying losses toward the aggregate retention of $1.9 billion on our Property Aggregate Catastrophe XOL Treaty. The treaty provides $350 million of coverage on the first $500 million of losses above the aggregate retention amount.

Underlying underwriting income increased 8% to $617 million pre-tax, reflecting a higher level of earned premium in each of our segments and a strong underlying combined ratio of 91.4%, consistent with the prior year.

As you'll hear from Greg, Tom and Michael, improvements in the underlying combined ratio in both Business Insurance and Bond & Specialty were offset by an increase in the underlying combined ratio in Personal Insurance. Some of the increase in Personal Insurance was expected, given that last year's quarter benefited from unusually low Auto losses as a result of the pandemic.

The underlying loss ratio came in at 61.7%, up 1.3 points from last year's second quarter as the beneficial impact of earned pricing in excess of loss trend was more than offset by the comparison to a very low, pandemic-related personal Auto loss ratio in the year ago quarter.

The expense ratio of 29.7% is 1.3 points lower than the prior year quarter as last year's result was elevated primarily due to the premium refunds we provided to our personal Auto customers.

Turning to prior year reserve development, in Personal Insurance, both Auto and Property losses came in better than expected for recent accident years, resulting in $65 million pre-tax net favorable PYD. In Bond & Specialty Insurance, $44 million of pre-tax, net favorable PYD was driven by favorable loss experience in Surety and Fidelity related to recent accident years. In Business Insurance, net favorable prior year reserve development of $73 million was driven by better-than-expected loss experience in Workers' Comp across multiple accident years, partially offset by reserve strengthening in our run-off book.

Net investment income improved to $682 million after tax this quarter. Our non-fixed income portfolio turned in particularly strong results this quarter, reflecting performance in the equity markets, contributing $265 million after tax. Consistent with our expectations, fixed income returns were down slightly from the prior year quarter as the benefit from higher levels of invested assets was more than offset by a decline in yields.

For the remainder of 2021, we expect fixed income NII, including earnings from short-term securities, of between $425 and $435 million after tax per quarter.

Turning to capital management, operating cash flows for the quarter of $1.8 billion were, again, very strong, all our capital ratios were at or better than target levels and we ended the quarter with holding company liquidity of approximately $2.4 billion. During the second quarter, we took advantage of favorable market conditions and raised $750 million to help fund future growth with a 30-year debt issuance at 3.05%, representing our second lowest 30-year coupon ever and achieving one of the tightest spreads ever for a 30-year note issued by an insurance company.

The market value of the bonds in our portfolio generally rose as U.S. Treasury yields declined and credit spreads tightened during the second quarter, and accordingly, our after tax net unrealized investment gain increased from $2.8 billion as of March 31 to $3.2 billion at June 30.

Adjusted book value per share, which excludes net unrealized investment gains and losses, was $103.88 at quarter end, up 4% since year-end and up 13% year-over-year.

We returned $625 million of capital to our shareholders during the second quarter, with $224 million of dividends and $401 million in share repurchases.

Coming back to reinsurance for a moment, let me direct your attention to slide 20 of the webcast presentation for a summary of our July 1st renewals. The structure of our main cat reinsurance program is generally consistent with the prior year. We renewed our Northeast Cat Treaty effective July 1st with substantially similar terms and pricing that was up only slightly on an exposure adjusted basis. Our cat bond, Long Point Re III, is now in the final year of its four-year term. In the annual reset for the 2021 hurricane season, the attachment point was adjusted from $1.87 billion to $1.98 billion, while the total cost of the program was flat year-over-year.

A more complete description of our cat reinsurance coverage, including our General Cat Aggregate XOL Treaty that covers an accumulation of certain Property losses arising from multiple occurrences, is included in our 10-Q, which we filed earlier today and in our 2020 Form 10-K.

Before turning the call over to Greg, I'd like to make a few comments about inflation as the Consumer Price Index has gotten a lot of attention lately.

We are relatively less leveraged to overall CPI-type inflation as compared to, say, medical inflation and social inflation. One place CPI-type inflation can impact us is in our short tail lines. Notwithstanding our strong profitability in PI, as you'll hear from Michael, we are experiencing a degree of elevated severity. However, relatively short payout periods in short tail lines limit the impact of that exposure and, although it takes time to earn in over the policy period, we can price for those increases reasonably quickly.

Additionally, it's important to remember that we have some natural hedges in our business that mitigate the effects of inflation.

First, higher inflation is often associated with stronger economic activity, as well as higher wages and asset values, all of which contributed to higher insured exposures, and as we've discussed before, higher exposure contributes to improved margins.

Second, although we're not seeing it at the moment, to the extent interest rates are correlated to inflation, we would benefit from higher returns in our investment portfolio as inflation increases.

Finally, let me reiterate that we are conscious of the inflation environment and the uncertainties surrounding it when we establish our loss picks and our balance sheet reserves.

And with that, I'm pleased to turn the call over to Greg for a discussion of Business Insurance.

Greg Toczydlowski
Thanks, Dan.

Business Insurance had a great quarter with strong financial results and terrific execution in the marketplace. Segment income was $643 million for the quarter compared to a loss of $58 million in the prior year quarter. Higher net investment income, lower catastrophe losses, higher underlying underwriting income and favorable prior year reserve development, all contributed to the year-over-year improvement.

We're particularly pleased with the underlying combined ratio of 93.3%, which improved by 3.7 points from the second quarter of 2020, primarily attributable to three things. First, about 2 points of the improvement resulted from earned pricing exceeding loss cost trend. Another half a point or so resulted from lower non-cat weather. And third, the improvement also reflects the comparison to the modest net charge we took in the prior year quarter related to the pandemic. In terms of non-cat weather, while the year-over-year improvement was about a half a point favorable, as I just mentioned, this quarter's result was about 1.5 points better than what we assumed for the quarter.

Turning to the top line, net written premiums were up 5%, benefiting from strong renewal premium change, including both strong renewal rate and exposure levels that are trending back to pre-pandemic levels and higher year-over-year new business volume.

As for Domestic production, renewal premium change was 9.5%, a historically high result and up almost 4 points from the second quarter of last year. Underlying the RPC, we achieved strong renewal rate change of 7.1% and healthy exposure growth that reflects an improving trend in our customers' outlook for their businesses. As Alan said, our ability to continue to achieve historically high pricing with improved retention speaks to the stability of pricing in the market. New business was up more than 9% with both Select and Middle Market contributing. I'll discuss those results in more detail in a moment when I get to the individual businesses.

We are very pleased with these aggregate production results and our marketplace execution. We've generated written pricing that has been in excess of estimated loss trend for some time now, resulting in significant improvement in the profitability of our book. While this quarter's renewal rate change of 7.1% remains well in excess of loss trend, it was a little lower sequentially. Let me provide a little more context around that.

A substantial majority of the decrease is attributable to a rational moderating of rate in two of our specialty business units, Excess Casualty, which is inside Middle Market and National Property. The moderation comes after 3 years of very strong compounding rate increases in these two businesses, so the tempering of rate is appropriate considering the improved return profile.

Also, while renewal rate change was down sequentially for those businesses, rate increases were still in double-digits. More broadly, the rate increases we are seeing across Business Insurance continue to be stable and widespread across both our lines of business and our distribution of accounts. As illustrated on slide 12, in our Middle Market and National Property businesses, we achieved rate increases in 84% of the accounts that renewed in the second quarter, up from 81% in last year's second quarter.

Given persistent loss pressures and low fixed income yields, we will continue to seek rate to further improve our margins. We also continue to focus on all of the non-rate levers to improve the risk profile and profitability across our portfolio.

For example, in our National Property business, our underwriters continue to focus on improving terms and conditions transaction by transaction. Changes in terms like increased deductibles, management of sub-limits and reinsurance optimization are meaningful tools in enhancing our profitability and our underwriters continue to be active in utilizing all those levers.

As for the individual businesses:

In Select, renewal rate change was 4.3%, more than 2 points higher than the second quarter of 2020, while retention was 80%. These results reflect deliberate execution as we pursue improved returns in certain segments of the business, and we're pleased with the progress we're making in this regard. Exposure growth was up over 4% for the quarter, which is an encouraging sign as the economy reopens. Lastly, new business was up 6% over the prior year quarter, driven by the continued success of our new BOP 2.0 product, which is now live in 31 states. This state-of-the-art product includes industry-leading segmentation and a fast, easy quoting experience. We are encouraged with our agents' adoption of the new product as both submissions and new policies are up.

In Middle Market, renewal premium change of over 9% and retention of 87% were both historically high. Renewal rate change at 7.4% remained strong and well in excess of loss trend. Finally, new business was up 16% over the prior year quarter, driven by success with larger accounts, as well as some improvement in the quality of the flow in the market. As always, we remain disciplined around risk selection and underwriting.

To sum up, Business Insurance had a terrific quarter by all measures. We're pleased with our execution in further improving the underlying margins in the book, and we continue to invest in the business for long-term profitable growth.

With that, I'll turn the call over to Tom.

Tom Kunkel
Thanks, Greg.

Bond & Specialty posted excellent returns and growth in the quarter. Segment income was $187 million, considerably more than double the prior year quarter, driven by favorable prior year reserve development, a significantly improved underlying underwriting margin and higher business volumes.

The underlying combined ratio of 83.4% improved by over 4.5 points from the prior year quarter as pricing that exceeded loss cost trend drove a lower underlying loss ratio.

Turning to the top line, net written premiums grew an exceptional 16% in the quarter with solid contributions from all our businesses.

In Management Liability, renewal premium change was a record 12.7%, driven by near record rate. Retention remained strong at 86%. New business increased 6% from the second quarter of last year, our first quarterly increase since the beginning of the pandemic with strong new business pricing.

Surety also grew for the first time since the beginning of the pandemic, and International, again, posted meaningful growth, including strong retention and rate.

So, Bond & Specialty results were excellent and reflect our ability to successfully manage this business through a variety of business and economic cycles.

And now, I'll turn it over to Michael for Personal Insurance.

Michael Klein
Thanks, Tom and good morning, everyone.

We're very pleased with our second quarter Personal Insurance results. Segment income of $121 million was up $111 million from the prior year quarter, benefiting from lower catastrophes, higher net investment income and higher net favorable prior year reserve development. Partially offsetting these improvements was a lower underlying underwriting gain, which I will discuss in more detail in a moment.

Our second quarter combined ratio improved from the prior year quarter by about 1.5 points to 99.7%. Net written premiums grew 16%. Recall that in the prior year quarter, we provided $216 million of premium refunds to Automobile customers in response to the impact of the pandemic. Adjusting for these premium refunds, net written premiums grew a very strong 8% with Domestic Homeowners up 12% and Domestic Automobile up 4%.

Automobile delivered another excellent quarter, with a combined ratio of 91.6%. The underlying combined ratio was an impressive 92%, although up 6 points from the prior year quarter, which reflected lower loss activity during the initial months of the pandemic.

The current quarter results reflect the benefits of modestly lower claim frequency compared to pre-pandemic levels. As we exited the quarter, claim frequency was closer to pre-pandemic levels, and we would expect that trend to continue into the third quarter.

Our strong current quarter profitability also reflects increased severity, particularly in collision and third-party physical damage claims, driven primarily by higher costs of used vehicles and parts.

As Auto loss experience approaches pre-pandemic levels, we plan to begin filing for rate increases in selected states later this year as we continue to balance business volumes and profitability. While it will take some time for future rate actions to earn into our results, we are well-positioned to continue to profitably grow in Auto.

In Homeowners and Other, the second quarter combined ratio of 108.3% was 6 points lower than the prior year quarter, driven by a 13.5 point reduction in catastrophe losses. Partially offsetting the catastrophe favorability was an 8 point increase in the underlying combined ratio. Approximately one third of this increase reflects non-catastrophe weather losses, which were in line with our expectations, but elevated over a less active prior-year quarter. The remainder of the increase reflects continued elevated frequency and severity of fire and non-weather water losses. The increased severity we saw in the second quarter includes higher repair costs due to a combination of labor and material increases.

We continue to seek rate increases in response to these trends, and will continue to actively monitor inflation and loss cost trend changes and factor them into our pricing and underwriting decisions.

Turning to quarterly production, Domestic Automobile retention was up slightly to a strong 85%, new business increased by 19% and policies in force grew 4%.

Domestic Homeowners and Other delivered another excellent quarter with retention remaining strong at 85%, renewal premium change increasing to 8.2% and new business growth of 28%, reflective of increased quote activities and increase in average premium, along with the ongoing successful rollout of Quantum Home 2.0. Policies in force grew 7%.

As Alan mentioned, our policies in force across both Auto and Homeowners are at record levels, reflecting our ongoing efforts to perform and transform in Personal Insurance.

When we launched Quantum Auto 2.0, we designed it with a modular product structure to give customers what they need and to deliver long-term performance. This has enabled us to seamlessly introduce new rating variables, such as vehicle history, prior insurance history and telematics, allowing us to continually improve our pricing segmentation.

Regarding telematics, we've seen take-up rates for IntelliDrive increase by 30% since the launch of our second-generation offering, which features a fully redesigned mobile experience, monitors distracted driving and improves our ability to match price to driving behavior.

Our momentum in Auto aligns very well with our goal of providing total account solutions for customers. The Quantum Home 2.0 product is now available in over 40 states, generating consistent growth in policies in force. Both distributors and customers continue to see value in our combined Auto and Property offerings.

Our multi-channel PI distribution strategy allows us to meet our customers where they are. As a result of the success of our new products, our existing relationships continue to perform well. Additionally, we've seen more demand for agent appointments, which is contributing meaningfully to our growth.

In order to serve customers how they want to be served, we are also investing in our digital capabilities. With advancements in our *MyTravelers* mobile app, we continue to digitize the customer journey with over 600,000 customers already downloading the app since its launch earlier this year.

Going forward, we will continue to invest in solutions that meet customers where they are, give them what they need and serve them how they want, while working with our distribution partners to deliver profitable growth.

Now, I'll turn the call back over to Abbe.

Abbe Goldstein
Thanks, Michael. Before we open it up for Q&A, I'd like to turn the call back over to Alan for a moment.

Alan Schnitzer
Thanks, Abbe.

As bittersweet as it is, we have one last piece of business this morning before we turn to Q&A. I want to acknowledge and thank our partner and friend, Tom Kunkel, who will be retiring in September after a spectacular 37-year career at Travelers. Tom's impact as the leader of our very successful Surety and Management Liability businesses has been profound. In addition to delivering exceptional financial results over many years, Tom and his leadership team fostered a culture of care, community and excellence that extends throughout our Bond & Specialty organization and throughout Travelers.

It's one of the many reasons why I'm so pleased that Jeff Klenk, currently a member of Tom's leadership team and head of our Management Liability business, will succeed Tom. Jeff has been at Travelers for more than 20 years. He's a proven leader and the perfect candidate to take the reins from Tom. You'll hear from Jeff in October on our third quarter earnings call.

Tom, we're all going to miss you, personally and professionally and with that, we're happy to take your questions.

QUESTION AND ANSWER

Operator
Thank you. At this time, we would like to take any questions you might have for us today. If you would like to ask a question, simply press "*" then the number "1" on your telephone keypad.

We have our first question from the line of Michael Phillips from Morgan Stanley. Please go ahead.

Michael Phillips
Thank you and good morning everybody. I wanted to drill first, I guess, Michael, on some of your comments on Personal Auto and your comment, I think toward the end, when you said you'll begin to file some rate increases later in the year. Question kind of centers around the timing of that. Frequency benefits, for you, seem to be lasting a little bit longer than some of your peers. Maybe that's a mix of business issue that you might have a little more preferred. Maybe you can confirm that.

But, if frequency is starting to come back to pre-pandemic levels and you expect that to continue, I guess, why not take rate now? Why wait till later in the year? And what's driving that need for rate? If it's not frequency, maybe it is, is it more of the severity?

So, kind of a couple-pronged question there, but more on the timing of the rate. Why not now? And then really, kind of, what's driving it? Is it more of the frequency or severity that's driving your need for rate? Thank you.

Michael Klein
Sure, Michael. Thanks for the question. The timing is really just a function of the process. We're actively putting together filing packages and engaged in conversations with state insurance departments as we speak. So, it's not a question of waiting to get rate. It's just a function of the process of working with regulators to get rate increases filed and approved.

And to your question about frequency and severity, again, I think in my comments about the quarter in particular, we're seeing frequency coming out of the quarter returning more toward pre-pandemic levels and we are seeing severity pressure. I spiked out some of the physical damage pressures.

I can give you just a quick example there, right. You've all seen the news about used car prices being up 50%. That particularly impacts us in the case of total losses, where the average cash value of that total loss is up pretty significantly. There is a little bit of an offsetting good guy there because we get more for the salvage recovery on that total vehicle, but net-net, that puts an upward pressure on severity.

And that's one example, total cost to repair vehicles is up, bodily injury severity has also got upward pressure on it, so we're responding to both frequency and severity to answer your question on the drivers.

Michael Phillips
That's helpful, Michael, and maybe just a follow-up then on that. If the timing, you say it's more of a process, it sounds like you'd rather do some sooner rather than later, your margins today in the second quarter were still better than 2Q'19, still better than pre-COVID, but you expect things to change.

With margins still better, do you expect much of a pushback from anybody at the state level to say you and maybe some of the industry still have really good profit here so that might be a bit of a pushback on that. I don't know how much you expect to get from rate. But there might be some pushback on the ability to get rate that you'll want, given pretty decent returns still?

Michael Klein
Yeah, Michael. I think it's a great observation and it is part of that process that I described, is really a conversation with regulators about what the historical experience has been, but also pointing out that part of that favorable experience is really due to the extraordinary event that is the pandemic. And so, we're in conversations with them about how to weigh historical experience versus prospective views of trend, and also, state by state, experience varies and our starting point varies by state.

We've talked in prior quarters about the fact that we did take rate reductions in over 20 states across the country and so those are certainly some of the places we're looking initially to see if we should take some of that rate back, which is a different conversation maybe then where we didn't file a rate decrease historically. So again, great observation and really all part of that process that we're engaging in as we speak.

Michael Phillips
Okay, Michael. Thank you very much for the details. I appreciate it.

Operator
Thank you. The next question is from the line of Ryan Tunis from Autonomous Research. Your line is now open.

Ryan Tunis
Hey. Thanks. Good morning. I just wanted to keep it on Personal Auto. When we think about where you're seeing some of the elevated loss trend, Michael, is it more geographic or is it preferred versus more standard? I mean, what are kind of the variables that you're looking at the most to think about where you're seeing loss trying to come back the most?

Michael Klein
Great question, Ryan, and good morning. We are seeing it. There are variations across geographies if you look at things like return to normal indices, we look at driving data by state and by geography, but broadly speaking, most areas of the country are seeing driving activity return, again, close to pre-pandemic levels, closer in some places than others.

We also continue to monitor, as we've talked about in the past, commuting miles versus non-commuting miles, and there is still a different mix of miles today than there has been historically. When you put all that together and you look at claim frequency, the frequency benefits we saw, and that's part of my comment about as we exited the quarter, the frequency benefits we've seen over the past few months and quarters have started to wane and waned throughout the second quarter, which is part of our comment about trend returning to pre-pandemic levels.

Ryan Tunis
Got it and my follow-up is on the Home side. So, the Home attritional loss ratio is above 60%. That's clearly somewhat elevated, but we've seen the prices of something like lumber, timbers come down quite a bit since mid-2Q. How much of an alleviating factor should we think about that moving forward in terms of the type of pressure that's putting on the loss ratio on Home, or was putting on the loss ratio on Home?

Michael Klein
Sure, it's a great question, Ryan. I would say a couple of things. First, in my remarks, I did talk about frequency and severity in particular frequency and severity of fire and non-weather water losses driving some of that underlying deterioration. Clearly the lumber prices are a severity item, not a frequency item, and we did see upticks in the quarter in both.

I would take just a quick step back as we're talking about Auto and Property, though, and just make a couple of observations and then come back and finish the answer to your question. If you take a step back and you look at the segment combined ratio on both an overall and an underlying basis, it's very consistent with the long run average for this business and when you look at the Auto combined ratio, not surprisingly, in the quarter, it still ran below the long-term average.

And in Property, in the quarter, the combined ratio is, call it, 4 to 6 points above those long-term averages on a total and an underlying basis, so that just sort of gives you a little bit of an order of the magnitude of what we're talking about here. I'd also remind you that in Property, the highest combined ratio we see in the year is in the second quarter so, you've got to sort of put the second quarter into context.

With that said, the severity pressure we saw in the quarter was a combination of labor and materials so, certainly the 50%-plus increases in lumber are in there, double-digit increase in roofing materials is in there, high single-digit to low double-digit increases in labor is in there. When we look at our Property loss cost mix, it's really labor, followed by contents, followed by materials.

The short answer to your question I think is, even if lumber prices come back down, that's still a relatively small component of the loss costs, but we do see period-to-period volatility in frequency and severity in attritional loss in Property. Again, that's part of why I gave you that long run view of where the quarter was relative to history. At the end of the day, we take a step back and we look at the renewal premium change, we're driving in Property and our focus really is to continue to drive rate in Property to address some of those pressures.

Ryan Tunis
That's really helpful. Thank you.

Operator
Thank you. The next one is from the line of David Motemaden from Evercore ISI. Please go ahead.

David Motemaden
Hi, thanks. Good morning. Just wanted to just follow up a bit more on the Auto side. Maybe, Michael, obviously, you're taking rate, but how are you thinking about balancing taking rate versus what could be maybe short-lived severity increases or is the view that these increases in severity that you're witnessing are not transitory and might be more sustainable?

Michael Klein
Yeah, it's a great question. And certainly, as we've talked about severity trend over time, we've pretty consistently talked about the fact that we take a long run view of trend when we set our prices. Now, if the starting point is elevated because we've seen an uptick in severity, and that's in our loss costs, the question is, is your starting point elevated and are you trending off that elevated starting point? Or is the experience you're seeing in this quarter an anomaly?

I think if I broke apart frequency and severity for you, I'd say again, we continue to see the frequency trending toward pre-pandemic levels, that's continuing. How much of the Auto materials costs, physical damage cost, inflation is transitory or not, is the key question and there's lots of varying opinions around that. We'll factor our best estimate into that assessment as we factor in what we think we need for rate on a go-forward basis.

Alan Schnitzer
Yeah, let me just add to that. Our view on whether inflation is transitory, we're certainly looking out over the duration of the liabilities. So, when we're talking about CPI-type inflation, again, lumber, used cars, etc., that's impacting relatively short tail lines. We don't really have to forecast long-term in that case and because it's short tail, the claim activity comes in pretty quickly, we see it reasonably quickly and we can react to it pretty quickly.

Michael Klein
Great point, Alan.

David Motemaden
Got it, that makes sense. That's helpful. Then, maybe a question for Alan, on the investment in Fidelis. I was hoping maybe you could elaborate on the thought process behind that and maybe thinking around your own non-admitted offering and aspirations there.

Alan Schnitzer
Thanks for that question. We've got a fair amount of interest in this, which I'm thrilled to have the interest in. We're interested in it as well. Let me just put it in a little bit of context. As you can infer from the fact that we didn't disclose terms, it's not a material investment for us. So, I think that's just important background to start with. But having said that, when we think about investment activities, as we've said, we are interested in things that provide some strategic capability.

We've said for a long time that we're underweight E&S and this gives us a window into a successful innovative management team that has a lot of expertise in the niche non-admitted space and in products and geographies that could teach us something as well. So, it really is about a learning exercise for us.

David Motemaden
Got it. Thank you.

Alan Schnitzer
Thank you.

Operator
Thank you. The next one is from the line of Jimmy Bhullar from JP Morgan.

Jimmy Bhullar
Hi. Good morning. So, first, had a question on what you're seeing in the Workers' Comp market in terms of pricing. I think there has been an expectation that things would begin to turn. Are you seeing that? And then I have a follow-up.

Greg Toczydlowski
Good morning. This is Greg. Workers' Comp continues to bounce around. We thought that we were going to get to the bottom a couple of quarters back, and then, with the pandemic, there's clearly been some favorable frequency activity around Workers' Comp, think, wages, payrolls, etc. As we continue to work with the bureaus in terms of their loss cost recommendations, they are coming in less negative.

I think the key will be around how they treat 2020, if that's an anomalous year or if they're going to factor that into the overall rate making. For our book of business, we didn't quite hit a positive rate number. We were slightly negative in the quarter, but we do see improvement on it every quarter.

Jimmy Bhullar
Then, on tort costs and social inflation with the reopening of courts, should we assume that we should start to see a little bit of a pickup in social inflation? And how does that affect your loss ratio? And have you been incorporating continued high social inflation in your loss picks through the past few quarters?

Dan Frey
Hey, Jimmy. It's Dan. I'll take that one. We have taken the view that social inflation has gone nowhere, and that the elevated level of losses that we saw, call it pre-pandemic, are going to persist, and that the elevated level of loss trend even off of that higher level of losses was going to persist. So that's what we've assumed as we continue to make our loss picks and assess our reserves.

I think it's going to be a while before we see courts to work through the backlog of having been closed for much of the past year. Priority in some jurisdictions is going to be given to criminal cases over civil cases. Whether the courts are reopening for in-person discussions or virtual, is still a question in some jurisdictions. So, I think it's going to be a while before we know the answer.

I think we said pretty consistently last year that there is uncertainty in that environment and because there is uncertainty, we were taking a cautious view in our view of loss picks and reserves, but the short answer to the question is, we think social inflation is as strong as ever and that's reflected in our numbers.

Jimmy Bhullar
Alan noted that the fact that you didn't disclose the price on Fidelis means that it wasn't a large investment. Should we assume that there should be any impact from the investment on your share buyback plans for this year?

Dan Frey
No, Jimmy, as part of our overall capital management strategy, sort of almost by definition, it's not going to have a meaningful impact on our capital position at all.

Jimmy Bhullar
Okay. Thank you.

Operator
Thank you. The next one is from the line of Josh Shanker from Bank of America. Please go ahead.

Josh Shanker
Good morning, everyone. I know there's been a lot of questions on Personal Auto, but I have one more. This has been the best month for growth in terms of new policies that you have seen since back in 2016. Given that you firmly expected frequency to return, is there a risk that you've put on customers who came in because of a good price in the pandemic, but the price won't be an adequate price post-pandemic and they might leave?

Michael Klein
Hey, Josh. It's Michael. I suppose there's always a risk and certainly, there is pressure on retention when you start to increase prices. That said, we feel comfortable with the pricing levels that we've been putting business on the books. I've mentioned IntelliDrive as a key driver of some of our growth. Distribution expansion has been a driver of some of our growth.

There's a lot of things that you can point to, including elevated quote activity that are drivers of growth in Auto. We've seen some slight improvement in close rate in Auto in over the past few months and we maintained the RPC essentially flat, but there are a lot of other drivers of growth other than just price that we can point to that probably alleviate some of that.

Dan Frey
Hey, Josh. It's Dan. Just one other comment on that. I think we've done a terrific job in the Auto book over recent years in terms of understanding our appetite and having a consistent appetite and I'd just point you to the last time we did take significant pricing in Auto back in 2017, 2018 timeframe, we did not shrink PIF count in that environment.

Josh Shanker
Good point and an unrelated topic, but sort of interested, the court re-openings and whatnot. Can you talk about whether in 2Q, you're seeing convergence between modeled loss cost trend and actual experience? I assume that you prepared for a lot more losses on an incurred basis during the pandemic that didn't occur because of the nature of courts. Is that narrowing right now or are we still experiencing loss cost trend far below the model overall?

Dan Frey
Let me make sure I understand the question, Josh. Do you mean the trend in the loss ratio or do you mean the level of incurred losses relative to ultimate losses?

Josh Shanker
I mean, in every line of business you assume that the loss cost trend can be 4%, 5%, 6%, but during the pandemic, it wasn't that because of courts and other reasons, but you assume that that's just a delay. Is your loss experience coming closer in line with your modeled projections? Or are we still having a huge backload of reserves for claims that haven't come through because pandemic conditions persist?

Dan Frey
I think closer to the latter. We still have, for example, low paid-to-incur ratios. We still have, for example, many of the ultimate losses we recognized for COVID sitting in IBNR.

To the earlier question on court reopening, again, I think people are maybe jumping the gun on that. I think it's going to be quite a while before we work through the backlog here so we are still expecting longer periods of development in terms of how long it's going to take to get to ultimate. Again, as we said previously, even though the data itself looks good, we took a cautious view in terms of our loss picks and our reserves with assumptions more in line with our normal long-term loss trend.

Josh Shanker
All right. I'll dig in a little bit later, but I don't want to keep up the line. Thank you very much.

Alan Schnitzer
Thanks, Josh.

Operator
Thank you. The next one is from Tracy from Barclays. Please go ahead.

Tracy Benguigui
Thank you. Dan, you mentioned that Travelers is less leveraged to overall CPI-type inflation. Are there better macroeconomic indicators we should be looking at if CPI is a lesser measure for long tail lines? I have muscle memory from a former role that there are other indices you look at that are more nuanced to your businesses to measure claims inflation.

Alan Schnitzer
Tracy, let me start and Dan can fill in whatever I miss. We're actually not trying to forecast CPI or inflation generally. We're trying to forecast loss cost and we do that by analyzing our own data and incorporating forecasts from third parties and we do that on a very granular basis.

Take workers' comp, for example, we're not forecasting medical inflation. We're looking at components, so think prescription drug prices, durable medical equipment, etc. and we're doing that in the same mix that those loss costs contribute to our actual losses. I mean, obviously we can't give you a single number and it's hard to say, go look at this index or that index because we're doing it on a very granular basis, in part, by tumbling our own data, squaring triangles and by reference to third-party sources.

Tracy Benguigui
Okay. So, all those nuanced factors that you're looking at, does that worry you with respect to inflation if CPI is not the indicator we should be super-focused on?

Alan Schnitzer
No. There's nothing about loss cost or inflation that's worrying us at all, in fact. The emphasis on in the conversation here is because, to a degree, we are seeing it, but we saw pretty good profitability in Personal Lines. It's in a short tail line and the consequence of that is we can see it very quickly and react to it very quickly and contrast that to say social inflation, which was an issue for us a few years ago, where it takes a little bit longer for us. Although I will say that, I think, as compared to many, we saw that very, very quickly.

And there is not nearly as much leverage on the balance sheet so, there's not as much risk in reserves and we can transfer it relatively quickly. So, there is actually nothing at all about the inflation environment that's of concern to us at the moment, in short tail lines or long tail lines.

Tracy Benguigui
Okay, great. Just one follow-up on Fidelis. It's also a reinsurer. I'm just wondering if this partnership could look like a sidecar where you can seed your own premiums to this platform where it could potentially compete with reinsurers on your panel.

Alan Schnitzer
Certainly not at the moment, not as the way we've contemplated it. It really is just the way we presented it. It's pretty simple. It's a really interesting business model. It's a fantastic management team. They've got a great track record. Their cultures are very compatible. What they do is very interesting to us and we wanted to learn more. For the time being, that's really all there is to it. Maybe over time we'll collaborate with them, and there'll be business opportunities. Who knows? But for the time being, it really is just as we've laid it out.

Tracy Benguigui
Thank you for taking my questions.

Alan Schnitzer
Thanks, Tracy.

Operator
Thank you. The next one is from Elyse Greenspan from Wells Fargo.

Elyse Greenspan
Hi. Thanks. Good morning. Alan, I guess my first question is on the Fidelis investment as well. Through the years, you've said you weren't interested in reinsurance deals. Obviously, there is unique features of this investment away from just reinsurance. I want to get a sense of as we think about M&A, has your stance on reinsurance changed? And then, you issued $750 million of debt in the quarter that was earmarked for business growth. So, I'm just trying to – if you're tying that capital into potential M&A or is that more earmarked for organic business growth?

Alan Schnitzer
Let me start with Fidelis and I'll ask Dan to comment on the capital raise. So, there is just nothing at all about this that signals any shift in our thinking about reinsurance. We are primarily focused on being a primary writer with very limited interest in reinsurance and that remains the case. It just so happens that Fidelis writes some of their business in the form of reinsurance, but that's just one of their four pillars of business.

There are some interesting aspects of their reinsurance business. They've got really thoughtful risk management tools. They're really thoughtful with risk and reward and so, there's the potential for us to learn something in terms of managing our own cat portfolio.

I will point out why it hasn't been, and I don't expect it to be, any significant focus for us. We do write a little bit of reinsurance where it's complementary to our core business. So, for example, we've got a Boiler-Re business. So, it's not completely foreign to us. It's a very, very, very small part of what we do. No change in strategic focus, but it's not alarming to us and in this respect, we think that there is something for us to learn.

Dan Frey
Elyse, regarding the capital question, no change at all in our philosophy or urgency around M&A or lack of urgency around M&A. It's really coincidental, the timing of when these things came together and again, the Fidelis investment was small enough that it wouldn't have necessitated much in the way of capital management anyways.

I think if you go back in the transcripts six or even eight quarters ago, we were talking about, eventually, we would have the need to issue more debt just to keep up with growth in the top line and to maintain the debt-to-capital ratio that we're comfortable with.

Elyse Greenspan
Thanks. And then my second question, can you quantify the impact that exposure had on your premium growth in the quarter? And then, within Select accounts, within Business Insurance, I noticed that the premiums declined in the quarter, but I thought exposure would have benefited on that business line as well.

Dan Frey
So, Elyse, it's Dan. I'm going to, I guess, resist the temptation of sort of trying to do a reconciliation of written premium to the degree that there is positive exposure, the same way that, to the degree that there is positive rate, that just means that the accounts that renewed would have renewed at that much more. Having said that, it's applicable to the accounts that renewed. That's the measure that it would apply to. I don't know, Greg, you want to respond?

Greg Toczydlowski
Yeah, I mean, just a little bit more color on Select. We've shared with you that we've been very focused on improving the profitability of that business and so, we certainly have been very thoughtful around production and pursuing margin improvement through rates and terms and conditions and that sort.

I will tell you, also in the Select business, during the pandemic, because of some of our ability to have a little more flexibility for our customer, we suspended some billing and some cancellation activity. Now that's back in play in the marketplace, you have a little bit of drag in the top line with that just back to normal activity, but when comparing that to the base period, that has a little bit of an impact also, Elyse.

Elyse Greenspan
Okay. Thanks for the color.

Operator
Thank you. The next one is from Brian Meredith from UBS.

Brian Meredith
Yes, thanks. Most of them have been asked. Just curious, wildfires are kind of kicking up here in the west coast. Maybe you can talk a little bit about what you've kind of been doing over the last couple of years to kind of manage your exposure to wildfires.

Michael Klein
Sure, Brian. This is Michael and certainly, we're managing our exposure to wildfire across the business, but I'll start with the Personal Insurance. I think that a lot of the actions are common across the place. Greg can chime in if I miss anything on the Commercial lines side. It really is a continuation of the conversation that we've been having with you in terms of the way we've been managing it. I think we've talked a lot about California in particular in the context of wildfires, but certainly the peril is a peril that exposes us across more states in the West than just California.

One specific development I would point you to in 2021 is we've extended our agreement with Wildfire Defense Systems to apply to Colorado in addition to California. We've got that sort of risk prevention partnership extending across an additional state in the West, which we think on the margin is helpful. And, then maybe just an update on our progress in California. In addition to the launch of the new product, which we successfully got in market in 2020, we're now converting California policies to that new product, so think new pricing segmentation, think new rate level, think new eligibility, as respect to wildfire exposure.

And just last month, we got an additional 6.9% rate increase approved on the Property product in the state. So, we continue to manage through rate eligibility terms and conditions and we do continue to work our way through the non-renewal activity subject to the lifting of the moratoriums as they expire as another lever we're pulling. Again, a lot of those are specific California comments, but you can think about those in terms of, again, segmentation modeling, exposure management applying more broadly across the West.

Brian Meredith
Thanks. I guess a quick follow-up here. Just curious, you continue to have some really strong growth in your Commercial Property lines. Can you talk a little bit about what the kind of market dynamics are in that line? That's the one area that I thought we're seeing pricing really kind of moderate the quickest.

Gregory Toczydlowski
As you saw, we had a +9% across the Property line and really the primary amount of growth underneath that is RPC-driven. That's why we gave you that supplement exhibit where Excess Casualty and National Property were two of many specialty lines that we have, but two, that have certainly been the poster children for some rate momentum over the last couple of years. As I said, still getting double-digit, but moderating somewhat, but that's what's driving that growth.

Brian Meredith
Great. Thank you.

Alan Schnitzer
Thank you.

Operator
Thank you. We have time for one more question, and that will be from Meyer Shields from KBW. Your line is open.

Meyer Shields
Thank you so much for fitting me in. Last question on Personal Auto, can you talk about the trajectory of frequency month by month in the second quarter so we can assess what's going on?

Michael Klein
Meyer, I don't know if I'm going to give you a number more specifically inside the quarter. I think what we said, we'll let stand, which is, that as we exited the quarter, frequency was closer to pre-pandemic levels. You know where it had been running, I think, coming into the quarter. And again, it approached pre-pandemic levels as we left the quarter.

Meyer Shields
Fair enough and then, this is for Greg. When we look at the presentation on Select Accounts, the RPC for the first quarter of '21 showed up as 8.8%. When you lastly reported 1Q, it was 6.7%. That seems, from the outside, like a big change. I was hoping you could talk about the process and how we should think about the inherent estimates in the RPC.

Greg Toczydlowski
Meyer, both of those quarters, both the fourth quarter and the first quarter developed up, as you said, about 2 points. I'll just remind you, that's an estimate of what we believe the current in force is going to look like in terms of the exposure growth. We're always estimating that and when you have a V impact in the economy, your model sometimes don't keep up with that really quick and adroit change that's happening.

We basically shortened the model period. If we were using a six-month moving average, think we moved to a three-month moving average to try to keep up with that change in the marketplace and that gives us a little bit change in the development. We think we'll be in front of that going forward, but that was basically the methodology underneath that.

Meyer Shields
Okay, perfect. That's exactly what I needed. Thank you.

Operator
Thank you. There are no further questions at this time. Ms. Abbe Goldstein, please continue.

CONCLUSION

Abbe Goldstein
Thank you very much. Appreciate everyone's time and for joining us this morning and, as always, if there's any follow-up's, please get in touch with Investor Relations. Have a good day, everyone.

Operator
This concludes todays' conference call. Thank you for participating. You may now disconnect.

Forward-Looking Statements and Non-GAAP Financial Measures

This transcript contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as "may," "will," "should," "likely," "anticipates," "expects," "intends," "plans," "projects," "believes," "views," "estimates" and similar expressions are used to identify these forward-looking statements. These statements include, among other things, the Company's statements about:

•the Company's outlook, the impact of trends on its business and its future results of operations and financial condition;
•the impact of COVID-19 and related economic conditions;
•the impact of legislative or regulatory actions or court decisions taken in response to COVID-19 or otherwise;
•share repurchase plans;
•future pension plan contributions;
•the sufficiency of the Company's asbestos and other reserves;
•the impact of emerging claims issues as well as other insurance and non-insurance litigation;
•the cost and availability of reinsurance coverage;
•catastrophe losses;
•the impact of investment, economic and underwriting market conditions, including inflation;
•strategic and operational initiatives to improve profitability and competitiveness;
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•the impact of new or potential trade regulations imposed by the United States or other nations; and
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Some of the factors that could cause actual results to differ include, but are not limited to, the following:

Insurance-Related Risks

•high levels of catastrophe losses;
•actual claims may exceed the Company's claims and claim adjustment expense reserves, or the estimated level of claims and claim adjustment expense reserves may increase, including as a result of, among other things, changes in the legal/tort, regulatory and economic environments;
•the Company's potential exposure to asbestos and environmental claims and related litigation;
•the Company is exposed to, and may face adverse developments involving, mass tort claims; and
•the effects of emerging claim and coverage issues on the Company's business are uncertain, and court decisions or legislative changes that take place after the Company issues its policies can result in an unexpected increase in the number of claims.

Financial, Economic and Credit Risks

•a period of financial market disruption or an economic downturn;
•the Company's investment portfolio is subject to credit and interest rate risk, and may suffer reduced or low returns or material realized or unrealized losses;
•the Company is exposed to credit risk related to reinsurance and structured settlements, and reinsurance coverage may not be available to the Company;
•the Company is exposed to credit risk in certain of its insurance operations and with respect to certain guarantee or indemnification arrangements that it has with third parties;
•a downgrade in the Company's claims-paying and financial strength ratings; and
•the Company's insurance subsidiaries may be unable to pay dividends to the Company's holding company in sufficient amounts.

Business and Operational Risks

•the impact of COVID-19 and related risks, including with respect to revenues, claims and claim adjustment expenses, general and administrative expenses, investments, inflation, adverse legislative and/or regulatory action, operational disruptions and heightened cyber security risks and foreign currency exchange rate changes;
•the intense competition that the Company faces, and the impact of innovation, technological change and changing customer preferences on the insurance industry and the markets in which it operates;
•disruptions to the Company's relationships with its independent agents and brokers or the Company's inability to manage effectively a changing distribution landscape;
•the Company's efforts to develop new products, expand in targeted markets, improve business processes and workflows or make acquisitions may not be successful and may create enhanced risks;
•the Company's pricing and capital models may provide materially different indications than actual results;
•loss of or significant restrictions on the use of particular types of underwriting criteria, such as credit scoring, or other data or methodologies, in the pricing and underwriting of the Company's products; and
•the Company is subject to additional risks associated with its business outside the United States.

Technology and Intellectual Property Risks

•as a result of cyber attacks or otherwise, the Company may experience difficulties with technology, data and network security or outsourcing relationships;
•the Company's dependence on effective information technology systems and on continuing to develop and implement improvements in technology; and
•the Company may be unable to protect and enforce its own intellectual property or may be subject to claims for infringing the intellectual property of others.

Regulatory and Compliance Risks

•changes in regulation, including higher tax rates; and
•the Company's compliance controls may not be effective.

In addition, the Company's share repurchase plans depend on a variety of factors, including the Company's financial position, earnings, share price, catastrophe losses, maintaining capital levels commensurate with the Company's desired ratings from independent rating agencies, changes in levels of written premiums, funding of the Company's qualified pension plan, capital requirements of the Company's operating subsidiaries, legal requirements, regulatory constraints, other investment opportunities (including mergers and acquisitions and related financings), market conditions and other factors, including the ongoing level of uncertainty related to COVID-19.

Our forward-looking statements speak only as of the date of this presentation or as of the date they are made, and we undertake no obligation to update forward-looking statements. For a more detailed discussion of these factors, see the information under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the quarterly report on Form 10-Q filed with the Securities and Exchange Commission (SEC) on July 20, 2021 and in our most recent annual report on Form 10-K filed with the SEC on February 11, 2021, in each case as updated by our periodic filings with the SEC.

In this transcript, we may refer to some non-GAAP financial measures. For a reconciliation of these measures to the most comparable GAAP measures and a glossary of financial measures, we refer you to the press release and financial supplement that we have made available in connection with this transcript as well as our most recent periodic filings with the SEC. See the "For Investors" section at Travelers.com.