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NYSE: TRV

Travelers Reports Third Quarter 2022 Net Income of $454 million and Core Income of $526 million, Strong Results in Light of Hurricane Ian

Strong Year-to-Date 2022 Return on Equity of 11.1% and Core Return on Equity of 10.9%

Third Quarter 2022 Net Income per Diluted Share of $1.89 and Return on Equity of 8.5%

Third Quarter 2022 Core Income per Diluted Share of $2.20 and Core Return on Equity of 7.9%

- Consolidated combined ratio of 98.2% and underlying combined ratio of 92.5%.
- Catastrophe losses of $512 million pre-tax compared to $501 million pre-tax in the prior year quarter.
- Record net written premiums of $9.198 billion, up 10% compared to the prior year quarter.
- Net written premium growth in all three segments compared to the prior year quarter; Business Insurance up 9%, Bond & Specialty Insurance up 8% and Personal Insurance up 13%.
- Total capital returned to shareholders of $722 million, including $501 million of share repurchases.
- Book value per share of $84.94, down 27% from September 30, 2021, driven by higher interest rates; adjusted book value per share of $111.90, up 7% from September 30, 2021.
- Board of Directors declares regular cash dividend of $0.93 per share.

New York, October 19, 2022 — The Travelers Companies, Inc. today reported net income of $454 million, or $1.89 per diluted share, for the quarter ended September 30, 2022, compared to $662 million, or $2.62 per diluted share, in the prior year quarter. Core income in the current quarter was $526 million, or $2.20 per diluted share, compared to $655 million, or $2.60 per diluted share, in the prior year quarter. Core income decreased primarily due to lower net investment income and a lower underlying underwriting gain (i.e., excluding net prior year reserve development and catastrophe losses), partially offset by net favorable prior year reserve development compared to net unfavorable prior year reserve development in the prior year quarter. Net realized investment losses in the current quarter were $93 million pre-tax ($72 million after-tax), compared to net realized investment gains of $8 million pre-tax ($7 million after-tax) in the prior year quarter. Per diluted share amounts benefited from the impact of share repurchases.

Consolidated Highlights

($ in millions, except for per share amounts, and after-tax, except for premiums and revenues)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	2021	Change		2022	2021	Change	
Net written premiums	$ 9,198	$ 8,324	10 %		$26,585	$23,964	11 %	
Total revenues	$ 9,303	$ 8,805	6		$27,248	$25,805	6	
Net income	$ 454	$ 662	(31)		$ 2,023	$ 2,329	(13)	
per diluted share	*$ 1.89*	*$ 2.62*	*(28)*		*$ 8.34*	*$ 9.16*	*(9)*	
Core income	$ 526	$ 655	(20)		$ 2,188	$ 2,233	(2)	
per diluted share	*$ 2.20*	*$ 2.60*	*(15)*		*$ 9.02*	*$ 8.78*	*3*	
Diluted weighted average shares outstanding	237.9	250.1	(5)		240.9	252.4	(5)	
Combined ratio	98.2 %	98.6 %	(0.4)	pts	96.0 %	96.8 %	(0.8)	pts
Underlying combined ratio	92.5 %	91.4 %	1.1	pts	92.2 %	90.8 %	1.4	pts
Return on equity	8.5 %	9.2 %	(0.7)	pts	11.1 %	10.8 %	0.3	pts
Core return on equity	7.9 %	10.1 %	(2.2)	pts	10.9 %	11.6 %	(0.7)	pts

	As of			Change From	
	September 30, 2022	December 31, 2021	September 30, 2021	December 31, 2021	September 30, 2021
Book value per share	$ 84.94	$ 119.77	$ 115.74	(29)%	(27)%
Adjusted book value per share	111.90	109.76	104.77	2 %	7 %

See Glossary of Financial Measures for definitions and the statistical supplement for additional financial data.

“We are pleased to report solid third quarter 2022 results, particularly in light of significant industry-wide losses from Hurricane Ian,” said Alan Schnitzer, Chairman and Chief Executive Officer. “Our strategic approach to underwriting for catastrophes has once again served us well. Our focus is now on taking care of our customers and meeting our industry-leading objective of resolving 90% of our property claims arising out of catastrophes, including this historic storm, within 30 days.

“Even in the face of challenging weather, we generated meaningful profit with core income for the quarter of $526 million, or $2.20 per diluted share, and core return on equity of 7.9%. These results benefited from record net earned premiums of $8.6 billion, up 10% compared to the prior year period, and a solid underlying combined ratio of 92.5%. Underwriting income in our commercial businesses was excellent, driven by strong net earned premiums and an aggregate underlying combined ratio for Business Insurance and Bond & Specialty Insurance of 88.0%. Our high-quality investment portfolio generated solid after-tax net investment income of $505 million despite the significant downturn in the broader equity markets. These results, along with our strong balance sheet, enabled us to return $722 million of excess capital to our shareholders this quarter, including $501 million of share repurchases.

“Our best-in-class marketplace execution produced 10% growth in net written premiums this quarter to a record $9.2 billion. In Business Insurance, net written premiums grew by 9%. Renewal premium change was very strong at an historically high 10.2%, while renewal rate change of 5.0% was higher than in the first half of the year. Retention remained very strong at 86%, and new business increased 9% from the prior year period. In Bond & Specialty Insurance, net written premiums increased by 8%, driven by excellent production results in both our surety and management liability businesses. In Personal Insurance, renewal premium change was meaningfully higher both year over year and sequentially, as we continue to address elevated industry-wide loss costs.

“Our meaningful franchise value is reflected in our top- and bottom-line results for the quarter and year-to-date. Our terrific quarterly performance over the past two years builds on our excellent, decade-long track record of growing at industry-leading returns with industry-low volatility. At the same time, we continue to focus on, and invest in, our innovation priorities. Given the success with which we have executed on our Perform & Transform call to action, we are confident in our ability to continue to create meaningful shareholder value over time.”

Consolidated Results

($ in millions and pre-tax, unless noted otherwise)	Three Months Ended September 30, 2022	2021	Change	Nine Months Ended September 30, 2022	2021	Change
Underwriting gain:	**$ 115**	**$ 75**	**$ 40**	**$ 887**	**$ 616**	**$ 271**
Underwriting gain includes:						
Net favorable (unfavorable) prior year reserve development	*20*	*(56)*	*76*	*464*	*443*	*21*
Catastrophes, net of reinsurance	*(512)*	*(501)*	*(11)*	*(1,418)*	*(1,811)*	*393*
Net investment income	**593**	**771**	**(178)**	**1,937**	**2,290**	**(353)**
Other income (expense), including interest expense	**(87)**	**(68)**	**(19)**	**(246)**	**(211)**	**(35)**
Core income before income taxes	**621**	**778**	**(157)**	**2,578**	**2,695**	**(117)**
Income tax expense	**95**	**123**	**(28)**	**390**	**462**	**(72)**
Core income	**526**	**655**	**(129)**	**2,188**	**2,233**	**(45)**
Net realized investment gains (losses) after income taxes	**(72)**	**7**	**(79)**	**(165)**	**88**	**(253)**
Impact of changes in tax laws and/or tax rates (1)	**—**	**—**	**—**	**—**	**8**	**(8)**
Net income	**$ 454**	**$ 662**	**$ (208)**	**$ 2,023**	**$ 2,329**	**$ (306)**
Combined ratio	**98.2 %**	**98.6 %**	**(0.4) pts**	**96.0 %**	**96.8 %**	**(0.8) pts**
Impact on combined ratio						
Net (favorable) unfavorable prior year reserve development	(0.2) pts	0.8 pts	(1.0) pts	(1.9) pts	(1.9) pts	— pts
Catastrophes, net of reinsurance	5.9 pts	6.4 pts	(0.5) pts	5.7 pts	7.9 pts	(2.2) pts
Underlying combined ratio	**92.5 %**	**91.4 %**	**1.1 pts**	**92.2 %**	**90.8 %**	**1.4 pts**
Net written premiums						
Business Insurance	$ 4,370	$ 4,021	9 %	$ 13,245	$ 12,126	9 %
Bond & Specialty Insurance	964	894	8	2,808	2,471	14
Personal Insurance	3,864	3,409	13	10,532	9,367	12
Total	**$ 9,198**	**$ 8,324**	**10 %**	**$ 26,585**	**$ 23,964**	**11 %**

(1) Impact is recognized in the accounting period in which the change is enacted

Third Quarter 2022 Results

(All comparisons vs. third quarter 2021, unless noted otherwise)

Net income of $454 million decreased $208 million, due to lower core income and net realized investment losses compared to net realized investment gains in the prior year quarter. Core income of $526 million decreased $129 million, primarily due to lower net investment income and a lower underlying underwriting gain, partially offset by net favorable prior year reserve development compared to net unfavorable prior year reserve development in the prior year quarter. Business Insurance and Bond & Specialty Insurance reported strong and higher underlying underwriting gains, which were more than offset by the underlying underwriting results in Personal Insurance. The underlying underwriting results in all three segments benefited from higher business volumes. Net realized investment losses were $93 million pre-tax ($72 million after-tax), compared to net realized investment gains of $8 million pre-tax ($7 million after-tax) in the prior year quarter.

Combined ratio:

- The combined ratio of 98.2% improved 0.4 points due to net favorable prior year reserve development compared to net unfavorable prior year reserve development in the prior year quarter (1.0 points) and a smaller impact from catastrophe losses (0.5 points), partially offset by a higher underlying combined ratio (1.1 points).

- The underlying combined ratio of 92.5% increased 1.1 points. See below for further details by segment.

- Net favorable prior year reserve development in Bond & Specialty Insurance and Personal Insurance was partially offset by net unfavorable prior year reserve development in Business Insurance. Net prior year

reserve development in the third quarter of 2022 included a $212 million addition to asbestos reserves, compared to a $225 million addition in the prior year quarter. See below for further details by segment.

- Catastrophe losses primarily resulted from Hurricanes Ian and Fiona, as well as severe storms in several regions of the United States.

Net investment income of $593 million pre-tax ($505 million after-tax) decreased 23%. Income from the non-fixed income investment portfolio decreased from a very strong result in the prior year quarter, primarily due to lower private equity partnership returns. Non-fixed income returns are generally reported on a one-quarter lagged basis and directionally follow the broader equity markets. Income from the fixed income investment portfolio increased over the prior year quarter due to growth in fixed maturity investments and a higher average yield.

Net written premiums of $9.198 billion increased 10%. See below for further details by segment.

Year-to-Date 2022 Results

(All comparisons vs. year-to-date 2021, unless noted otherwise)

Net income of $2.023 billion decreased $306 million, primarily due to net realized investment losses compared to net realized investment gains in the prior year period and lower core income. Core income of $2.188 billion decreased $45 million, primarily due to lower net investment income and a lower underlying underwriting gain, partially offset by lower catastrophe losses. Business Insurance and Bond & Specialty Insurance reported strong and higher underlying underwriting gains, which were more than offset by the underlying underwriting results in Personal Insurance. The underlying underwriting results benefited from higher business volumes and a $47 million benefit relating to the resolution of prior year income tax matters. Net realized investment losses were $211 million pre-tax ($165 million after-tax), compared to net realized investment gains of $113 million pre-tax ($88 million after-tax) in the prior year period.

Combined ratio:

- The combined ratio of 96.0% improved 0.8 points due to lower catastrophe losses (2.2 points), partially offset by a higher underlying combined ratio (1.4 points).

- The underlying combined ratio of 92.2% increased 1.4 points. See below for further details by segment.

- Net favorable prior year reserve development occurred in all segments. See below for further details by segment. Catastrophe losses included the third quarter events described above, as well as severe wind and hail storms in several regions of the United States in the first six months of 2022.

Net investment income of $1.937 billion pre-tax ($1.639 billion after-tax) decreased 15%. Income from the non-fixed income investment portfolio decreased from a very strong result in the prior year period, primarily due to lower private equity partnership returns. Income from the fixed income investment portfolio increased over the prior year quarter, primarily due to growth in fixed maturity investments.

Net written premiums of $26.585 billion increased 11%. See below for further details by segment.

Shareholders' Equity

Shareholders' equity of $19.906 billion decreased 31% from year-end 2021, primarily due to net unrealized investment losses compared to net unrealized investment gains at year-end 2021, common share repurchases and dividends to shareholders, partially offset by net income of $2.023 billion. Net unrealized investment losses included in shareholders' equity were $8.021 billion pre-tax ($6.317 billion after-tax), compared to net unrealized investment gains of $3.060 billion pre-tax ($2.415 billion after-tax) at year-end 2021, driven by higher interest rates. Book value per share of $84.94 decreased 27% from September 30, 2021 and 29% from year-end 2021. Adjusted book value per share of $111.90, which excludes net unrealized investment gains (losses), increased 7% over September 30, 2021 and 2% over year-end 2021.

The Company repurchased 3.1 million shares during the third quarter at an average price of $163.63 per share for a total of $501 million. At September 30, 2022, the Company had $2.505 billion of capacity remaining under its share repurchase authorization approved by the Board of Directors. At the end of the quarter, statutory capital and surplus

was $23.375 billion, and the ratio of debt-to-capital was 26.8%. The ratio of debt-to-capital excluding after-tax net unrealized investment gains (losses) included in shareholders' equity was 21.8%, within the Company's target range of 15% to 25%.

The Board of Directors declared a regular quarterly dividend of $0.93 per share. The dividend is payable December 30, 2022 to shareholders of record at the close of business on December 9, 2022.

Business Insurance Segment Financial Results

($ in millions and pre-tax, unless noted otherwise)	Three Months Ended September 30, 2022	2021	Change	Nine Months Ended September 30, 2022	2021	Change
Underwriting gain:	**$ 148**	**$ 88**	**$ 60**	**$ 787**	**$ 117**	**$ 670**
Underwriting gain includes:						
Net favorable (unfavorable) prior year reserve development	*(61)*	*(108)*	*47*	*254*	*99*	*155*
Catastrophes, net of reinsurance	*(216)*	*(181)*	*(35)*	*(529)*	*(836)*	*307*
Net investment income	**426**	**575**	**(149)**	**1,415**	**1,713**	**(298)**
Other income (expense)	**(14)**	**1**	**(15)**	**(19)**	**(14)**	**(5)**
Segment income before income taxes	**560**	**664**	**(104)**	**2,183**	**1,816**	**367**
Income tax expense	**89**	**106**	**(17)**	**377**	**298**	**79**
Segment income	**$ 471**	**$ 558**	**$ (87)**	**$ 1,806**	**$ 1,518**	**$ 288**
Combined ratio	**96.3 %**	**97.5 %**	**(1.2) pts**	**93.5 %**	**98.7 %**	**(5.2) pts**
Impact on combined ratio						
Net (favorable) unfavorable prior year reserve development	1.4 pts	2.7 pts	(1.3) pts	(2.0) pts	(0.9) pts	(1.1) pts
Catastrophes, net of reinsurance	4.9 pts	4.6 pts	0.3 pts	4.1 pts	7.2 pts	(3.1) pts
Underlying combined ratio	**90.0 %**	**90.2 %**	**(0.2) pts**	**91.4 %**	**92.4 %**	**(1.0) pts**
Net written premiums by market						
Domestic						
Select Accounts	$ 739	$ 685	8 %	$ 2,365	$ 2,140	11 %
Middle Market	2,465	2,252	9	7,410	6,723	10
National Accounts	247	228	8	790	731	8
National Property and Other	702	638	10	1,889	1,730	9
Total Domestic	4,153	3,803	9	12,454	11,324	10
International	217	218	—	791	802	(1)
Total	**$4,370**	**$4,021**	**9 %**	**$13,245**	**$12,126**	**9 %**

Third Quarter 2022 Results

(All comparisons vs. third quarter 2021, unless noted otherwise)

Segment income for Business Insurance was $471 million after-tax, a decrease of $87 million. Segment income decreased primarily due to lower net investment income and higher catastrophe losses, partially offset by lower net unfavorable prior year reserve development and a higher underlying underwriting gain. The underlying underwriting gain benefited from higher business volumes.

Combined ratio:

- The combined ratio of 96.3% improved 1.2 points due to lower net unfavorable prior year reserve development (1.3 points) and a lower underlying combined ratio (0.2 points), partially offset by higher catastrophe losses (0.3 points).

- The underlying combined ratio of 90.0% improved 0.2 points. The expense ratio improved 1.1 points. The loss ratio increased 0.9 points, as the benefit of earned pricing was more than offset by the comparison to

both a low level of property losses and the favorable impact associated with the pandemic in the prior year quarter.

- Net unfavorable prior year reserve development was primarily driven by an addition to asbestos reserves of $212 million, partially offset by better than expected loss experience in the domestic operations' workers' compensation product line for multiple accident years and in the commercial property product line for recent accident years. Net unfavorable prior year reserve development in the prior year quarter included an addition to asbestos reserves of $225 million.

Net written premiums of $4.370 billion increased 9%, reflecting strong renewal premium change and retention, as well as higher levels of new business.

Year-to-Date 2022 Results

(All comparisons vs. year-to-date 2021, unless noted otherwise)

Segment income for Business Insurance was $1.806 billion after-tax, an increase of $288 million. Segment income increased primarily due to lower catastrophe losses, a higher underlying underwriting gain and higher net favorable prior year reserve development, partially offset by lower net investment income. The underlying underwriting gain benefited from higher business volumes.

Combined ratio:

- The combined ratio of 93.5% improved 5.2 points due to lower catastrophe losses (3.1 points), higher net favorable prior year reserve development (1.1 points) and a lower underlying combined ratio (1.0 points).

- The underlying combined ratio of 91.4% improved 1.0 points, reflecting an improvement of 1.0 points in the expense ratio.

- Net favorable prior year reserve development was primarily driven by better than expected loss experience in the domestic operations' workers' compensation product line for multiple accident years, and in the commercial multi-peril and commercial property product lines for recent accident years, partially offset by an addition to asbestos reserves, an addition to reserves in the domestic operations' general liability product line (excluding asbestos and environmental), including for run-off operations, and an addition to environmental reserves.

Net written premiums of $13.245 billion increased 9%, reflecting the same factors described above for the third quarter of 2022.

Bond & Specialty Insurance Segment Financial Results

($ in millions and pre-tax, unless noted otherwise)	Three Months Ended September 30, 2022	2021	Change	Nine Months Ended September 30, 2022	2021	Change
Underwriting gain:	**$ 234**	**$ 150**	**$ 84**	**$ 629**	**$ 422**	**$ 207**
Underwriting gain includes:						
Net favorable prior year reserve development	*63*	*22*	*41*	*171*	*81*	*90*
Catastrophes, net of reinsurance	*(11)*	*(3)*	*(8)*	*(16)*	*(30)*	*14*
Net investment income	**65**	**63**	**2**	**188**	**186**	**2**
Other income	**5**	**4**	**1**	**11**	**13**	**(2)**
Segment income before income taxes	**304**	**217**	**87**	**828**	**621**	**207**
Income tax expense	**62**	**43**	**19**	**141**	**123**	**18**
Segment income	**$ 242**	**$ 174**	**$ 68**	**$ 687**	**$ 498**	**$ 189**
Combined ratio	**72.5 %**	**81.1 %**	**(8.6) pts**	**74.8 %**	**81.4 %**	**(6.6) pts**
Impact on combined ratio						
Net favorable prior year reserve development	(7.2) pts	(2.6) pts	(4.6) pts	(6.7) pts	(3.5) pts	(3.2) pts
Catastrophes, net of reinsurance	1.3 pts	0.3 pts	1.0 pts	0.6 pts	1.3 pts	(0.7) pts
Underlying combined ratio	**78.4 %**	**83.4 %**	**(5.0) pts**	**80.9 %**	**83.6 %**	**(2.7) pts**
Net written premiums						
Domestic						
Management Liability	$ 554	$ 532	4 %	$ 1,592	$ 1,473	8 %
Surety	284	241	18	828	673	23
Total Domestic	838	773	8	2,420	2,146	13
International	126	121	4	388	325	19
Total	**$ 964**	**$ 894**	**8 %**	**$ 2,808**	**$ 2,471**	**14 %**

Third Quarter 2022 Results

(All comparisons vs. third quarter 2021, unless noted otherwise)

Segment income for Bond & Specialty Insurance was $242 million after-tax, an increase of $68 million. Segment income increased primarily due to a higher underlying underwriting gain and higher net favorable prior year reserve development. The underlying underwriting gain benefited from higher business volumes.

Combined ratio:

- The combined ratio of 72.5% improved 8.6 points due to a lower underlying combined ratio (5.0 points) and higher net favorable prior year reserve development (4.6 points), partially offset by higher catastrophe losses (1.0 points).
- The underlying combined ratio improved 5.0 points to a very strong 78.4%, driven primarily by the benefit of earned pricing and the favorable re-estimation of losses incurred for management liability coverages in the first six months of 2022.
- Net favorable prior year reserve development was primarily driven by better than expected loss experience in the domestic operations' fidelity and surety product lines and in the general liability product line for management liability coverages for recent accident years.

Net written premiums of $964 million increased 8%, reflecting strong production in surety and strong renewal premium change, retention and new business in management liability.

Year-to-Date 2022 Results

(All comparisons vs. year-to-date 2021, unless noted otherwise)

Segment income for Bond & Specialty Insurance was $687 million after-tax, an increase of $189 million. Segment income increased primarily due to a higher underlying underwriting gain and higher net favorable prior year reserve development. The underlying underwriting gain benefited from higher business volumes. The current year also benefited by $24 million relating to the resolution of prior year income tax matters.

Combined ratio:

- The combined ratio of 74.8% improved 6.6 points due to higher net favorable prior year reserve development (3.2 points), a lower underlying combined ratio (2.7 points) and lower catastrophe losses (0.7 points).
- The underlying combined ratio improved 2.7 points to a very strong 80.9%, primarily driven by the benefit of earned pricing.
- Net favorable prior year reserve development was primarily driven by better than expected loss experience in the domestic operations' fidelity and surety product lines for recent accident years.

Net written premiums of $2.808 billion increased 14%, reflecting the same factors described above for the third quarter of 2022.

Personal Insurance Segment Financial Results

	Three Months Ended September 30,			Nine Months Ended September 30,		
($ in millions and pre-tax, unless noted otherwise)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Underwriting gain (loss):	**$ (267)**	**$ (163)**	**$ (104)**	**$ (529)**	**$ 77**	**$ (606)**
Underwriting gain (loss) includes:						
Net favorable prior year reserve development	*18*	*30*	*(12)*	*39*	*263*	*(224)*
Catastrophes, net of reinsurance	*(285)*	*(317)*	*32*	*(873)*	*(945)*	*72*
Net investment income	**102**	**133**	**(31)**	**334**	**391**	**(57)**
Other income	**18**	**22**	**(4)**	**50**	**64**	**(14)**
Segment income (loss) before income taxes	**(147)**	**(8)**	**(139)**	**(145)**	**532**	**(677)**
Income tax expense (benefit)	**(36)**	**(6)**	**(30)**	**(66)**	**99**	**(165)**
Segment income (loss)	**$ (111)**	**$ (2)**	**$ (109)**	**$ (79)**	**$ 433**	**$ (512)**
Combined ratio	**107.2 %**	**104.6 %**	**2.6 pts**	**104.7 %**	**98.3 %**	**6.4 pts**
Impact on combined ratio						
Net favorable prior year reserve development	(0.5) pts	(1.0) pts	0.5 pts	(0.4) pts	(3.0) pts	2.6 pts
Catastrophes, net of reinsurance	8.4 pts	10.4 pts	(2.0) pts	8.9 pts	10.6 pts	(1.7) pts
Underlying combined ratio	**99.3 %**	**95.2 %**	**4.1 pts**	**96.2 %**	**90.7 %**	**5.5 pts**
Net written premiums						
Domestic						
Automobile	$ 1,743	$ 1,529	14 %	$ 4,868	$ 4,371	11 %
Homeowners and Other	1,952	1,698	15	5,164	4,476	15
Total Domestic	3,695	3,227	15	10,032	8,847	13
International	169	182	(7)	500	520	(4)
Total	**$ 3,864**	**$ 3,409**	**13 %**	**$10,532**	**$ 9,367**	**12 %**

Third Quarter 2022 Results

(All comparisons vs. third quarter 2021, unless noted otherwise)

Segment loss for Personal Insurance was $111 million after-tax, compared with a segment loss of $2 million after-tax in the prior year quarter. Segment loss increased primarily due to lower underlying underwriting results and lower net investment income, partially offset by lower catastrophe losses. Underlying underwriting results benefited from higher business volumes.

Combined ratio:

- The combined ratio of 107.2% increased 2.6 points due to a higher underlying combined ratio (4.1 points) and lower net favorable prior year reserve development (0.5 points), partially offset by lower catastrophe losses (2.0 points).

- The underlying combined ratio of 99.3% increased 4.1 points, driven primarily by elevated severity in both the automobile and homeowners and other product lines, partially offset by a lower expense ratio.

- Net favorable prior year reserve development was not significant in the quarter.

Net written premiums of $3.864 billion increased 13%, primarily reflecting higher pricing in both Domestic Automobile and Domestic Homeowners and Other.

Year-to-Date 2022 Results

(All comparisons vs. year-to-date 2021, unless noted otherwise)

Segment loss for Personal Insurance was $79 million after-tax, compared with segment income of $433 million in the prior year period. The segment loss was primarily due to a lower underlying underwriting gain, lower net favorable prior year reserve development and lower net investment income, partially offset by lower catastrophe losses. The underlying underwriting results benefited from higher business volumes. The current year also benefited by $20 million relating to the resolution of prior year income tax matters.

Combined ratio:

- The combined ratio of 104.7% increased 6.4 points due to a higher underlying combined ratio (5.5 points) and lower net favorable prior year reserve development (2.6 points), partially offset by lower catastrophe losses (1.7 points).

- The underlying combined ratio of 96.2% increased 5.5 points, driven primarily by elevated severity in the current year in both the automobile and homeowners and other product lines and a comparison to a low level of loss activity in the prior year period in the automobile product line, partially offset by a lower expense ratio.

- Net favorable prior year reserve development was not significant in the current year.

Net written premiums of $10.532 billion increased 12%, primarily reflecting higher pricing in both Domestic Automobile and Domestic Homeowners and Other.

Financial Supplement and Conference Call

The information in this press release should be read in conjunction with the financial supplement that is available on our website at www.travelers.com. Travelers management will discuss the contents of this release and other relevant topics via webcast at 9 a.m. Eastern (8 a.m. Central) on Wednesday, October 19, 2022. Investors can access the call via webcast at http://investor.travelers.com or by dialing 1.888.440.6281 within the United States or 1.646.960.0218 outside the United States. Prior to the webcast, a slide presentation pertaining to the quarterly earnings will be available on the Company's website.

Following the live event, replays will be available via webcast for one year at http://investor.travelers.com and by telephone for 30 days by dialing 1.800.770.2030 within the United States or 1.647.362.9199 outside the United States. All callers should use conference ID 5449478.

About Travelers

The Travelers Companies, Inc. (NYSE: TRV) is a leading provider of property casualty insurance for auto, home and business. A component of the Dow Jones Industrial Average, Travelers has approximately 30,000 employees and generated revenues of approximately $35 billion in 2021. For more information, visit www.travelers.com.

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

Travelers is organized into the following reportable business segments:

Business Insurance - Business Insurance offers a broad array of property and casualty insurance products and services to its 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.

Bond & Specialty Insurance - Bond & Specialty Insurance offers surety, fidelity, management liability, professional liability, and other property and casualty coverages and related risk management services to its customers, primarily in the United States, and certain surety and specialty insurance products in Canada, the United Kingdom and the Republic of Ireland, as well as Brazil through a joint venture, in each case utilizing various degrees of financially-based underwriting approaches.

Personal Insurance - Personal Insurance offers a broad range of property and casualty insurance products and services covering individuals' personal risks, primarily in the United States, as well as in Canada. The primary products of automobile and homeowners insurance are complemented by a broad suite of related coverages.

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Forward-Looking Statements

This press release contains, and management may make, certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as "may," "will," "should," "likely," "anticipates," "expects," "intends," "plans," "projects," "believes," "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;
- 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 and modeling;
- the impact of investment, economic and underwriting market conditions, including interest rates and inflation;
- the impact of changing climate conditions;
- strategic and operational initiatives to improve profitability and competitiveness;
- the Company's competitive advantages and innovation agenda;
- new product offerings;
- the impact of developments in the tort environment; and
- the impact of developments in the geopolitical environment.

The Company cautions investors that such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond the Company's control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Some of the factors that could cause actual results to differ include, but are not limited to, the following:

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, including increased inflation;
- 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 ongoing 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;
- the intense competition that the Company faces, including with respect to attracting and retaining employees, 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 or services, 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 (the risk of which could be exacerbated by geopolitical tensions) 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 appropriate for the Company's business operations, 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, changes in tax laws (including the Inflation Reduction Act) and other factors.

Our forward-looking statements speak only as of the date of this press release 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," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Forward Looking Statements" in the quarterly report on Form 10-Q filed with the Securities and Exchange Commission (SEC) on October 19, 2022, and in our most recent annual report on Form 10-K filed with the SEC on February 17, 2022, in each case as updated by our periodic filings with the SEC.

GLOSSARY OF FINANCIAL MEASURES AND RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES

The following measures are used by the Company's management to evaluate financial performance against historical results, to establish performance targets on a consolidated basis and for other reasons as discussed below. In some cases, these measures are considered non-GAAP financial measures under applicable SEC rules because they are not displayed as separate line items in the consolidated financial statements or are not required to be disclosed in the notes to financial statements or, in some cases, include or exclude certain items not ordinarily included or excluded in the most comparable GAAP financial measure. Reconciliations of these measures to the most comparable GAAP measures also follow.

In the opinion of the Company's management, a discussion of these measures provides investors, financial analysts, rating agencies and other financial statement users with a better understanding of the significant factors that comprise the Company's periodic results of operations and how management evaluates the Company's financial performance.

Some of these measures exclude net realized investment gains (losses), net of tax, and/or net unrealized investment gains (losses), net of tax, included in shareholders' equity, which can be significantly impacted by both discretionary and other economic factors and are not necessarily indicative of operating trends.

Other companies may calculate these measures differently, and, therefore, their measures may not be comparable to those used by the Company's management.

RECONCILIATION OF NET INCOME TO CORE INCOME AND CERTAIN OTHER NON-GAAP MEASURES

Core income (loss) is consolidated net income (loss) excluding the after-tax impact of net realized investment gains (losses), discontinued operations, the effect of a change in tax laws and tax rates at enactment, and cumulative effect of changes in accounting principles when applicable. **Segment income (loss)** is determined in the same manner as core income (loss) on a segment basis. Management uses segment income (loss) to analyze each segment's performance and as a tool in making business decisions. Financial statement users also consider core income (loss) when analyzing the results and trends of insurance companies. **Core income (loss) per share** is core income (loss) on a per common share basis.

Reconciliation of Net Income to Core Income less Preferred Dividends

($ in millions, after-tax)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Net income	**$ 454**	**$ 662**	**$ 2,023**	**$ 2,329**
Adjustments:				
Net realized investment (gains) losses	72	(7)	165	(88)
Impact of changes in tax laws and/or tax rates (1)	—	—	—	(8)
Core income	**$ 526**	**$ 655**	**$ 2,188**	**$ 2,233**

(1) Impact is recognized in the accounting period in which the change is enacted

($ in millions, pre-tax)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Net income	**$ 528**	**$ 786**	**$ 2,367**	**$ 2,808**
Adjustments:				
Net realized investment (gains) losses	93	(8)	211	(113)
Core income	**$ 621**	**$ 778**	**$ 2,578**	**$ 2,695**

($ in millions, after-tax)	Twelve Months Ended December 31, 2021	2020	2019	2018	2017	Average Annual 2005 - 2016
Net income	**$ 3,662**	**$ 2,697**	**$ 2,622**	**$ 2,523**	**$ 2,056**	**$ 3,159**
Less: Loss from discontinued operations	—	—	—	—	—	(37)
Income from continuing operations	**3,662**	**2,697**	**2,622**	**2,523**	**2,056**	**3,196**
Adjustments:						
Net realized investment (gains) losses	(132)	(11)	(85)	(93)	(142)	(29)
Impact of changes in tax laws and/or tax rates (1) (2)	(8)	—	—	—	129	—
Core income	**3,522**	**2,686**	**2,537**	**2,430**	**2,043**	**3,167**
Less: Preferred dividends	—	—	—	—	—	2
Core income, less preferred dividends	**$ 3,522**	**$ 2,686**	**$ 2,537**	**$ 2,430**	**$ 2,043**	**$ 3,165**

(1) Impact is recognized in the accounting period in which the change is enacted
(2) 2017 reflects impact of Tax Cuts and Jobs Act of 2017 (TCJA)

Reconciliation of Net Income per Share to Core Income per Share on a Basic and Diluted Basis

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Basic income per share				
Net income	**$ 1.91**	**$ 2.65**	**$ 8.43**	**$ 9.24**
Adjustments:				
Net realized investment (gains) losses, after-tax	0.31	(0.02)	0.69	(0.35)
Impact of changes in tax laws and/or tax rates (1)	—	—	—	(0.03)
Core income	**$ 2.22**	**$ 2.63**	**$ 9.12**	**$ 8.86**
Diluted income per share				
Net income	**$ 1.89**	**$ 2.62**	**$ 8.34**	**$ 9.16**
Adjustments:				
Net realized investment (gains) losses, after-tax	0.31	(0.02)	0.68	(0.35)
Impact of changes in tax laws and/or tax rates (1)	—	—	—	(0.03)
Core income	**$ 2.20**	**$ 2.60**	**$ 9.02**	**$ 8.78**

(1) Impact is recognized in the accounting period in which the change is enacted

Reconciliation of Segment Income (Loss) to Total Core Income

($ in millions, after-tax)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Business Insurance	$ 471	$ 558	$ 1,806	$ 1,518
Bond & Specialty Insurance	242	174	687	498
Personal Insurance	(111)	(2)	(79)	433
Total segment income	602	730	2,414	2,449
Interest Expense and Other	(76)	(75)	(226)	(216)
Total core income	**$ 526**	**$ 655**	**$ 2,188**	**$ 2,233**

RECONCILIATION OF SHAREHOLDERS' EQUITY TO ADJUSTED SHAREHOLDERS' EQUITY AND CALCULATION OF RETURN ON EQUITY AND CORE RETURN ON EQUITY

Adjusted shareholders' equity is shareholders' equity excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity, net realized investment gains (losses), net of tax, for the period presented, the effect of a change in tax laws and tax rates at enactment (excluding the portion related to net unrealized investment gains (losses)), preferred stock and discontinued operations.

Reconciliation of Shareholders' Equity to Adjusted Shareholders' Equity

($ in millions)	As of September 30, 2022	As of September 30, 2021
Shareholders' equity	**$ 19,906**	**$ 28,474**
Adjustments:		
Net unrealized investment (gains) losses, net of tax, included in shareholders' equity	6,317	(2,699)
Net realized investment (gains) losses, net of tax	165	(88)
Impact of changes in tax laws and/or tax rates (1)	—	(8)
Adjusted shareholders' equity	**$ 26,388**	**$ 25,679**

(1) Impact is recognized in the accounting period in which the change is enacted

($ in millions)	As of December 31, 2021	2020	2019	2018	2017	Average Annual 2005 - 2016
Shareholders' equity	**$ 28,887**	**$ 29,201**	**$ 25,943**	**$ 22,894**	**$ 23,731**	**$ 24,883**
Adjustments:						
Net unrealized investment (gains) losses, net of tax, included in shareholders' equity	(2,415)	(4,074)	(2,246)	113	(1,112)	(1,354)
Net realized investment (gains) losses, net of tax	(132)	(11)	(85)	(93)	(142)	(29)
Impact of changes in tax laws and/or tax rates (1) (2)	(8)	—	—	—	287	—
Preferred stock	—	—	—	—	—	(53)
Loss from discontinued operations	—	—	—	—	—	37
Adjusted shareholders' equity	**$ 26,332**	**$ 25,116**	**$ 23,612**	**$ 22,914**	**$ 22,764**	**$ 23,484**

(1) Impact is recognized in the accounting period in which the change is enacted
(2) 2017 reflects impact of Tax Cuts and Jobs Act of 2017 (TCJA)

Return on equity is the ratio of annualized net income (loss) less preferred dividends to average shareholders' equity for the periods presented. **Core return on equity** is the ratio of annualized core income (loss) less preferred dividends to adjusted average shareholders' equity for the periods presented. In the opinion of the Company's management, these are important indicators of how well management creates value for its shareholders through its operating activities and its capital management.

Average shareholders' equity is (a) the sum of total shareholders' equity excluding preferred stock 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 average shareholders' equity** is (a) the sum of total 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.

Calculation of Return on Equity and Core Return on Equity

($ in millions, after-tax)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Annualized net income	$ 1,815	$ 2,645	$ 2,697	$ 3,105
Average shareholders' equity	21,390	28,815	24,267	28,754
Return on equity	**8.5 %**	**9.2 %**	**11.1 %**	**10.8 %**
Annualized core income	$ 2,104	$ 2,620	$ 2,917	$ 2,977
Adjusted average shareholders' equity	26,481	25,842	26,673	25,590
Core return on equity	**7.9 %**	**10.1 %**	**10.9 %**	**11.6 %**

($ in millions, after-tax)	Twelve Months Ended December 31, 2021	2020	2019	2018	2017	Average Annual 2005 - 2016
Net income, less preferred dividends	$3,662	$2,697	$2,622	$2,523	$2,056	$ 3,157
Average shareholders' equity	28,735	26,892	24,922	22,843	23,671	24,913
Return on equity	**12.7 %**	**10.0 %**	**10.5 %**	**11.0 %**	**8.7 %**	**12.7 %**
Core income, less preferred dividends	$3,522	$2,686	$2,537	$2,430	$2,043	$ 3,165
Adjusted average shareholders' equity	25,718	23,790	23,335	22,814	22,743	23,505
Core return on equity	**13.7 %**	**11.3 %**	**10.9 %**	**10.7 %**	**9.0 %**	**13.5 %**

RECONCILIATION OF PRE-TAX UNDERWRITING GAIN EXCLUDING CERTAIN ITEMS TO NET INCOME

Underwriting gain (loss) is net earned premiums and fee income less claims and claim adjustment expenses and insurance-related expenses. In the opinion of the Company's management, it is important to measure the profitability of each segment excluding the results of investing activities, which are managed separately from the insurance business. This measure is used to assess each segment's business performance and as a tool in making business decisions. **Pre-tax underwriting gain, excluding the impact of catastrophes and net favorable (unfavorable) prior year loss reserve development**, is the underwriting gain adjusted to exclude claims and claim adjustment expenses, reinstatement premiums and assessments related to catastrophes and loss reserve development related to time periods prior to the current year. In the opinion of the Company's management, this measure is meaningful to users of the financial statements to understand the Company's periodic earnings and the variability of earnings caused by the unpredictable nature (i.e., the timing and amount) of catastrophes and loss reserve development. This measure is also referred to as **underlying underwriting gain, underlying underwriting margin, underlying underwriting income or underlying underwriting result**.

A **catastrophe** is a severe loss designated a catastrophe by internationally recognized organizations that track and report on insured losses resulting from catastrophic events, such as Property Claim Services (PCS) for events in the United States and Canada. Catastrophes can be caused by various natural events, including, among others, hurricanes, tornadoes and other windstorms, earthquakes, hail, wildfires, severe winter weather, floods, tsunamis, volcanic eruptions and other naturally-occurring events, such as solar flares. Catastrophes can also be man-made, such as terrorist attacks and other intentionally destructive acts including those involving nuclear, biological, chemical and radiological events, cyber events, explosions and destruction of infrastructure. Each catastrophe has unique characteristics and catastrophes are not predictable as to timing or amount. Their effects are included in net and core income and claims and claim adjustment expense reserves upon occurrence. A catastrophe may result in the payment of reinsurance reinstatement premiums and assessments from various pools.

The Company's threshold for disclosing catastrophes is primarily determined at the reportable segment level. If a threshold for one segment or a combination thereof is exceeded and the other segments have losses from the same event, losses from the event are identified as catastrophe losses in the segment results and for the consolidated results of the Company. Additionally, an aggregate threshold is applied for international business across all reportable segments. The threshold for 2022 ranges from $20 million to $30 million of losses before reinsurance and taxes.

Net favorable (unfavorable) prior year loss reserve development is the increase or decrease in incurred claims and claim adjustment expenses as a result of the re-estimation of claims and claim adjustment expense reserves at successive valuation dates for a given group of claims, which may be related to one or more prior years. In the

opinion of the Company's management, a discussion of loss reserve development is meaningful to users of the financial statements as it allows them to assess the impact between prior and current year development on incurred claims and claim adjustment expenses, net and core income (loss), and changes in claims and claim adjustment expense reserve levels from period to period.

Reconciliation of Net Income to Pre-Tax Underlying Underwriting Income (also known as Underlying Underwriting Gain)

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions, after-tax, except as noted)	2022	2021	2022	2021
Net income	**$ 454**	**$ 662**	**$ 2,023**	**$ 2,329**
Net realized investment (gains) losses	72	(7)	165	(88)
Impact of changes in tax laws and/or tax rates (1)	—	—	—	(8)
Core income	**526**	**655**	**2,188**	**2,233**
Net investment income	(505)	(645)	(1,639)	(1,917)
Other (income) expense, including interest expense	69	58	202	171
Underwriting income	**90**	**68**	**751**	**487**
Income tax expense on underwriting results	25	7	136	129
Pre-tax underwriting income	**115**	**75**	**887**	**616**
Pre-tax impact of net (favorable) unfavorable prior year loss reserve development	(20)	56	(464)	(443)
Pre-tax impact of catastrophes	512	501	1,418	1,811
Pre-tax underlying underwriting income	**$ 607**	**$ 632**	**$ 1,841**	**$ 1,984**

(1) Impact is recognized in the accounting period in which the change is enacted

Reconciliation of Net Income to After-Tax Underlying Underwriting Income (also known as Underlying Underwriting Gain)

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions, after-tax)	2022	2021	2022	2021
Net income	**$ 454**	**$ 662**	**$ 2,023**	**$ 2,329**
Net realized investment (gains) losses	72	(7)	165	(88)
Impact of changes in tax laws and/or tax rates (1)	—	—	—	(8)
Core income	**526**	**655**	**2,188**	**2,233**
Net investment income	(505)	(645)	(1,639)	(1,917)
Other (income) expense, including interest expense	69	58	202	171
Underwriting income	**90**	**68**	**751**	**487**
Impact of net (favorable) unfavorable prior year reserve development	(16)	44	(367)	(349)
Impact of catastrophes	404	395	1,118	1,430
Underlying underwriting income	**$ 478**	**$ 507**	**$ 1,502**	**$ 1,568**

(1) Impact is recognized in the accounting period in which the change is enacted

	Twelve Months Ended December 31,										
($ in millions, after-tax)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net income	**$ 3,662**	**$ 2,697**	**$ 2,622**	**$ 2,523**	**$ 2,056**	**$ 3,014**	**$ 3,439**	**$ 3,692**	**$ 3,673**	**$ 2,473**	**$ 1,426**
Net realized investment gains	(132)	(11)	(85)	(93)	(142)	(47)	(2)	(51)	(106)	(32)	(36)
Impact of changes in tax laws and/or tax rates (1) (2)	(8)	—	—	—	129	—	—	—	—	—	—
Core income	**3,522**	**2,686**	**2,537**	**2,430**	**2,043**	**2,967**	**3,437**	**3,641**	**3,567**	**2,441**	**1,390**
Net investment income	(2,541)	(1,908)	(2,097)	(2,102)	(1,872)	(1,846)	(1,905)	(2,216)	(2,186)	(2,316)	(2,330)
Other (income) expense, including interest expense	235	232	214	248	179	78	193	159	61	171	195
Underwriting income (loss)	**1,216**	**1,010**	**654**	**576**	**350**	**1,199**	**1,725**	**1,584**	**1,442**	**296**	**(745)**
Impact of net (favorable) unfavorable prior year reserve development	(424)	(276)	47	(409)	(378)	(510)	(617)	(616)	(552)	(622)	(473)
Impact of catastrophes	1,459	1,274	699	1,355	1,267	576	338	462	387	1,214	1,669
Underlying underwriting income	**$ 2,251**	**$ 2,008**	**$ 1,400**	**$ 1,522**	**$ 1,239**	**$ 1,265**	**$ 1,446**	**$ 1,430**	**$ 1,277**	**$ 888**	**$ 451**

(1) Impact is recognized in the accounting period in which the change is enacted
(2) 2017 reflects impact of Tax Cuts and Jobs Act of 2017 (TCJA)

COMBINED RATIO AND ADJUSTMENTS FOR UNDERLYING COMBINED RATIO

Combined ratio: For Statutory Accounting Practices (SAP), the combined ratio is the sum of the SAP loss and LAE ratio and the SAP underwriting expense ratio as defined in the statutory financial statements required by insurance regulators. The combined ratio, as used in this earnings release, is the equivalent of, and is calculated in the same manner as, the SAP combined ratio except that the SAP underwriting expense ratio is based on net *written* premiums and the underwriting expense ratio as used in this earnings release is based on net *earned* premiums.

For SAP, the loss and LAE ratio is the ratio of incurred losses and loss adjustment expenses less certain administrative services fee income to net *earned* premiums as defined in the statutory financial statements required by insurance regulators. The loss and LAE ratio as used in this earnings release is calculated in the same manner as the SAP ratio.

For SAP, the underwriting expense ratio is the ratio of underwriting expenses incurred (including commissions paid), less certain administrative services fee income and billing and policy fees and other, to net *written* premiums as defined in the statutory financial statements required by insurance regulators. The underwriting expense ratio as used in this earnings release, is the ratio of underwriting expenses (including the amortization of deferred acquisition costs), less certain administrative services fee income, billing and policy fees and other, to net *earned* premiums.

The combined ratio, loss and LAE ratio, and underwriting expense ratio are used as indicators of the Company's underwriting discipline, efficiency in acquiring and servicing its business and overall underwriting profitability. A combined ratio under 100% generally indicates an underwriting profit. A combined ratio over 100% generally indicates an underwriting loss.

Underlying combined ratio represents the combined ratio excluding the impact of net prior year reserve development and catastrophes. The underlying combined ratio is an indicator of the Company's underwriting discipline and underwriting profitability for the current accident year.

Other companies' method of computing similarly titled measures may not be comparable to the Company's method of computing these ratios.

Calculation of the Combined Ratio

($ in millions, pre-tax)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Loss and loss adjustment expense ratio				
Claims and claim adjustment expenses	$ 6,088	$ 5,464	$16,930	$15,479
Less:				
Policyholder dividends	14	10	31	31
Allocated fee income	38	36	112	113
Loss ratio numerator	**$ 6,036**	**$ 5,418**	**$16,787**	**$15,335**
Underwriting expense ratio				
Amortization of deferred acquisition costs	$ 1,406	$ 1,281	$ 4,081	$ 3,742
General and administrative expenses (G&A)	1,193	1,187	3,607	3,524
Less:				
Non-insurance G&A	83	81	252	228
Allocated fee income	66	61	195	189
Billing and policy fees and other	27	27	81	81
Expense ratio numerator	**$ 2,423**	**$ 2,299**	**$ 7,160**	**$ 6,768**
Earned premium	**$ 8,615**	**$ 7,829**	**$24,946**	**$22,831**
Combined ratio (1)				
Loss and loss adjustment expense ratio	70.1 %	69.2 %	67.3 %	67.2 %
Underwriting expense ratio	28.1 %	29.4 %	28.7 %	29.6 %
Combined ratio	**98.2 %**	**98.6 %**	**96.0 %**	**96.8 %**
Impact on combined ratio:				
Net (favorable) unfavorable prior year reserve development	(0.2)%	0.8 %	(1.9)%	(1.9)%
Catastrophes, net of reinsurance	5.9 %	6.4 %	5.7 %	7.9 %
Underlying combined ratio	**92.5 %**	**91.4 %**	**92.2 %**	**90.8 %**

(1) For purposes of computing ratios, billing and policy fees and other (which are a component of other revenues) are allocated as a reduction of underwriting expenses. In addition, fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses. These allocations are to conform the calculation of the combined ratio with statutory accounting. Additionally, general and administrative expenses include non-insurance expenses that are excluded from underwriting expenses, and accordingly are excluded in calculating the combined ratio.

RECONCILIATION OF BOOK VALUE PER SHARE AND SHAREHOLDERS' EQUITY TO CERTAIN NON-GAAP MEASURES

Book value per share is total common shareholders' equity divided by the number of common shares outstanding. **Adjusted book value per share** is total common shareholders' equity excluding net unrealized investment gains and losses, net of tax, included in shareholders' equity, divided by the number of common shares outstanding. In the opinion of the Company's management, adjusted book value per share is useful in an analysis of a property casualty company's book value per share as it removes the effect of changing prices on invested assets (i.e., net unrealized investment gains (losses), net of tax), which do not have an equivalent impact on unpaid claims and claim adjustment expense reserves. **Tangible book value per share** is adjusted book value per share excluding the after-tax value of goodwill and other intangible assets divided by the number of common shares outstanding. In the opinion of the Company's management, tangible book value per share is useful in an analysis of a property casualty company's book value on a nominal basis as it removes certain effects of purchase accounting (i.e., goodwill and other intangible assets), in addition to the effect of changing prices on invested assets.

Reconciliation of Shareholders' Equity to Tangible Shareholders' Equity, Excluding Net Unrealized Investment Gains (Losses), Net of Tax

($ in millions, except per share amounts)	As of September 30, 2022	As of December 31, 2021	As of September 30, 2021
Shareholders' equity	**$ 19,906**	**$ 28,887**	**$ 28,474**
Less: Net unrealized investment gains (losses), net of tax, included in shareholders' equity	(6,317)	2,415	2,699
Shareholders' equity, excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity	**26,223**	**26,472**	**25,775**
Less:			
Goodwill	3,922	4,008	4,005
Other intangible assets	287	306	309
Impact of deferred tax on other intangible assets	(54)	(66)	(63)
Tangible shareholders' equity, excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity	**$ 22,068**	**$ 22,224**	**$ 21,524**
Common shares outstanding	234.3	241.2	246.0
Book value per share	$ 84.94	$ 119.77	$ 115.74
Adjusted book value per share	111.90	109.76	104.77
Tangible book value per share, excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity	94.17	92.15	87.49

RECONCILIATION OF TOTAL CAPITALIZATION TO TOTAL CAPITALIZATION EXCLUDING NET UNREALIZED INVESTMENT GAINS (LOSSES), NET OF TAX

Total capitalization is the sum of total shareholders' equity and debt. **Debt-to-capital ratio excluding net unrealized gain (loss) on investments, net of tax, included in shareholders' equity**, is the ratio of debt to total capitalization excluding the after-tax impact of net unrealized investment gains and losses included in shareholders' equity. In the opinion of the Company's management, the debt-to-capital ratio is useful in an analysis of the Company's financial leverage.

($ in millions)	As of September 30, 2022	As of December 31, 2021
Debt	$ 7,291	$ 7,290
Shareholders' equity	19,906	28,887
Total capitalization	**27,197**	**36,177**
Less: Net unrealized investment gains (losses), net of tax, included in shareholders' equity	(6,317)	2,415
Total capitalization excluding net unrealized gain (loss) on investments, net of tax, included in shareholders' equity	**$ 33,514**	**$ 33,762**
Debt-to-capital ratio	26.8 %	20.2 %
Debt-to-capital ratio excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity	21.8 %	21.6 %

RECONCILIATION OF INVESTED ASSETS TO INVESTED ASSETS EXCLUDING NET UNREALIZED INVESTMENT GAINS (LOSSES)

($ in millions, pre-tax)	As of September 30, 2022	2021
Invested assets	$ 78,113	$ 87,506
Less: Net unrealized investment gains (losses), pre-tax	(8,021)	3,426
Invested assets excluding net unrealized investment gains (losses)	**$ 86,134**	**$ 84,080**

($ in millions, pre-tax)	As of December 31, 2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Invested assets	$87,375	$84,423	$77,884	$72,278	$72,502	$70,488	$70,470	$73,261	$73,160	$73,838	$72,701
Less: Net unrealized investment gains (losses), pre-tax	3,060	5,175	2,853	(137)	1,414	1,112	1,974	3,008	2,030	4,761	4,399
Invested assets excluding net unrealized investment gains (losses)	**$84,315**	**$79,248**	**$75,031**	**$72,415**	**$71,088**	**$69,376**	**$68,496**	**$70,253**	**$71,130**	**$69,077**	**$68,302**

OTHER DEFINITIONS

Gross written premiums reflect the direct and assumed contractually determined amounts charged to policyholders for the effective period of the contract based on the terms and conditions of the insurance contract. **Net written premiums** reflect gross written premiums less premiums ceded to reinsurers.

For Business Insurance and Bond & Specialty Insurance, **retention** is the amount of premium available for renewal that was retained, excluding rate and exposure changes. For Personal Insurance, **retention** is the ratio of the expected number of renewal policies that will be retained throughout the annual policy period to the number of available renewal base policies. For all of the segments, **renewal rate change** represents the estimated change in average premium on policies that renew, excluding exposure changes. **Exposure** is the measure of risk used in the pricing of an insurance product. The change in exposure is the amount of change in premium on policies that renew attributable to the change in portfolio risk. **Renewal premium change** represents the estimated change in average premium on policies that renew, including rate and exposure changes. **New business** is the amount of written premium related to new policyholders and additional products sold to existing policyholders. These are operating statistics, which are in part dependent on the use of estimates and are therefore subject to change. For Business Insurance, retention, renewal premium change and new business exclude National Accounts. For Bond & Specialty Insurance, retention, renewal premium change and new business exclude surety and other products that are generally sold on a non-recurring, project specific basis. For each of the segments, production statistics referred to herein are domestic only unless otherwise indicated.

Statutory capital and surplus represents the excess of an insurance company's admitted assets over its liabilities, including loss reserves, as determined in accordance with statutory accounting practices.

Holding company liquidity is the total funds available at the holding company level to fund general corporate purposes, primarily the payment of shareholder dividends and debt service. These funds consist of total cash, short-term invested assets and other readily marketable securities held by the holding company.

For a glossary of other financial terms used in this press release, we refer you to the Company's most recent annual report on Form 10-K filed with the SEC on February 17, 2022, and subsequent periodic filings with the SEC.

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