

TRAVELERS COMPANIES, INC.

Form 10-Q

April 24, 2018

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 001-10898

The Travelers Companies, Inc.
(Exact name of registrant as specified in its charter)

Minnesota 41-0518860
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
485 Lexington Avenue
New York, NY 10017
(Address of principal executive offices) (Zip Code)

(917) 778-6000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of the Registrant's Common Stock, without par value, outstanding at April 19, 2018 was 270,261,296.

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The Travelers Companies, Inc.

Quarterly Report on Form 10-Q

For Quarterly Period Ended March 31, 2018

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PART 1 — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

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

For the three months ended March 31,	2018	2017
Revenues		
Premiums	\$6,537	\$6,183
Net investment income	603	610
Fee income	103	113
Net realized investment gains (losses) ⁽¹⁾	(11) 5
Other revenues	54	31
Total revenues	7,286	6,942
Claims and expenses		
Claims and claim adjustment expenses	4,296	4,094
Amortization of deferred acquisition costs	1,061	1,003
General and administrative expenses	1,062	996
Interest expense	89	89
Total claims and expenses	6,508	6,182
Income before income taxes	778	760
Income tax expense	109	143
Net income	\$669	\$617
Net income per share		
Basic	\$2.45	\$2.19
Diluted	\$2.42	\$2.17
Weighted average number of common shares outstanding		
Basic	271.0	279.7
Diluted	273.9	282.4
Cash dividends declared per common share	\$0.72	\$0.67

Total other-than-temporary impairment (OTTI) gains (losses) were \$0 and \$(1) million for the three months ended March 31, 2018 and 2017, respectively. Of total OTTI, credit losses of \$0 and \$(2) million for the three months ended March 31, 2018 and 2017, respectively, were recognized in net realized investment gains (losses). In addition, unrealized gains from other changes in total OTTI of \$0 and \$1 million for the three months ended March 31, 2018 and 2017, respectively, were recognized in other comprehensive income (loss) as part of changes in net unrealized gains on investment securities having credit losses recognized in the consolidated statement of income.

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

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

For the three months ended March 31,	2018	2017
Net income	\$669	\$617
Other comprehensive income (loss):		
Changes in net unrealized gains on investment securities:		
Having no credit losses recognized in the consolidated statement of income	(1,203)	144
Having credit losses recognized in the consolidated statement of income	(2)	—
Net changes in benefit plan assets and obligations	22	17
Net changes in unrealized foreign currency translation	6	41
Other comprehensive income (loss) before income taxes	(1,177)	202
Income tax expense (benefit)	(244)	62
Other comprehensive income (loss), net of taxes	(933)	140
Comprehensive income (loss)	\$(264)	\$757