

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a yellow Greek letter alpha symbol to the right, all on a dark red background.

## The Travelers Companies, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

---

#### Operator

Ladies and gentlemen, our first question will come from the line of Jay Gelb with Barclays Capital. Please proceed.

#### Jay Gelb - Barclays Capital

Thanks, good morning. I had a question on the guidance. Jay, could you give us a bit more insight in terms of your comfort level with the 2.4% return on the non-fixed income portfolio, and Travelers is in my view probably be one of a very few property casualty insurers that will be buying back stock in 2009. Can you talk about your comfort level there as well?

#### Jay Fishman

First with respect to the investment yield, the reason that we provided it, obviously, is because of the uncertain environment that we are in. And one can be more optimistic or more pessimistic, and this really ties to our budget for the year and it is premised on a real estate portfolio for which we continue to collect rents, that will provide a positive return that's offset by what I would characterize as a fairly nominal return in the rest of the alternative investment portfolio. So it is a blend. But it does not assume obviously in the aggregate of continuation of what we saw in the fourth quarter. But one can obviously have a different view, which is why we decided to provide the number more specifically this year.

#### Jay Benet

You want me to cover the share repurchase?

#### Jay Fishman

Sure.

#### Jay Benet

As far as the share repurchases, as we said before, we manage our capital beginning with the operating companies and our operating companies are very well capitalized. So, we look at things that we will impact that and we have got earnings projections, we have got moving dividends out of the operating companies up to the holding companies. We have got what we think is generation of excess capital in the place and we are going to prudently manage it.

We are saying that the million dollars of buybacks, which is --it's not --it shouldn't be viewed as plan. We are going to execute based on what market conditions look like and we are going to execute based on what opportunities look like to invest in our investment portfolio, as I said earlier. But for the purposes of guidance and the overall feel of the place, we will be generating excess capital to the extent we don't have the investment opportunities and everything else, including liquidity and having the appropriate capital cushion to cover it, we will return it to share holders through buyback.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.