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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

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 incorporation or organization)	(I.R.S. Employer 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, without par value	New York Stock Exchange

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Report Of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
The Travelers Companies, Inc.:

We have audited the accompanying consolidated balance sheet of The Travelers Companies, Inc. and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Travelers Companies, Inc. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for other-than-temporary impairments of debt securities as of April 1, 2009 due to the adoption of new FASB guidance.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), The Travelers Companies, Inc. and subsidiaries internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 17, 2011 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

KPMG LLP

New York, New York
February 17, 2011

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THE TRAVELERS COMPANIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. INCOME TAXES (Continued)

The following is a reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2010 and 2009:

(in millions)	2010	2009
Balance at January 1	**$ 100**	$ 110
Additions for tax positions of prior years	**9**	1
Reductions for tax positions of prior years	**(7)**	(12)
Additions based on tax positions related to current year	**1**	6
Reductions based on tax positions related to current year	**—**	(5)
Balance at December 31	**$ 103**	$ 100

Included in the balances at December 31, 2010 and 2009 were $3 million and $7 million, respectively, of unrecognized tax benefits that, if recognized, would affect the annual effective tax rate. Also included in the balances at those dates were $100 million and $93 million, respectively, of tax positions for which the ultimate deductibility is certain, but for which there is uncertainty about the timing of deductibility. The timing of such deductibility would not affect the annual effective tax rate.

The Company recognizes accrued interest and penalties, if any, related to unrecognized tax benefits in income taxes. During the years ended December 31, 2010 and 2009, the Company recognized approximately $79 million and $(28) million in interest, respectively. The Company had approximately $170 million and $91 million accrued for the payment of interest at December 31, 2010 and 2009, respectively.

The IRS is conducting an examination of the Company's U.S. income tax returns for 2007 and 2008. The Company does not expect any significant changes to its liability for unrecognized tax benefits during the next twelve months.

12. SHARE-BASED INCENTIVE COMPENSATION

The Company has a share-based incentive compensation plan, The Travelers Companies, Inc. Amended and Restated 2004 Stock Incentive Plan (the 2004 Incentive Plan), which replaced prior share-based incentive compensation plans (legacy plans). The purposes of the 2004 Incentive Plan are to align the interests of the Company's non-employee directors, executive officers and other employees with those of the Company's shareholders, and to attract and retain personnel by providing incentives in the form of stock-based awards. The 2004 Incentive Plan permits grants of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock, deferred stock units, performance awards and other stock-based or stock-denominated awards with respect to the Company's common stock. The number of shares of the Company's common stock authorized for grant under the 2004 Incentive Plan is 35 million shares, subject to additional shares that may be available for awards as described below. The Company has a policy of issuing new shares to settle the exercise of stock option awards and the vesting of other equity awards.

In connection with the adoption of the 2004 Incentive Plan, legacy share-based incentive compensation plans were terminated. Outstanding grants were not affected by the termination of these legacy plans, including the grant of reload options related to prior option grants under the legacy plans. All outstanding options with a reload feature expire in 2013.

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THE TRAVELERS COMPANIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. SHARE-BASED INCENTIVE COMPENSATION (Continued)

The 2004 Incentive Plan is the only plan pursuant to which future stock-based awards may be granted. In addition to the 35 million shares initially authorized for issuance under the 2004 Incentive Plan, the following will not be counted towards the 35 million shares available and will be available for future grants under the 2004 Incentive Plan: (i) shares of common stock subject to an award that expires unexercised, that is forfeited, terminated or canceled, that is settled in cash or other forms of property, or otherwise does not result in the issuance of shares of common stock, in whole or in part; (ii) shares that are used to pay the exercise price of stock options and shares used to pay withholding taxes on awards generally; and (iii) shares purchased by the Company on the open market using cash option exercise proceeds; provided, however, that the increase in the number of shares of common stock available for grant pursuant to such market purchases shall not be greater than the number that could be repurchased at fair market value on the date of exercise of the stock option giving rise to such option proceeds. These provisions also apply to awards granted under the legacy share-based incentive compensation plans that were outstanding on the effective date of the 2004 Incentive Plan.

The Company also has a compensation program for non-employee directors (the Director Compensation Program). Under the Director Compensation Program, non-employee directors' compensation consists of an annual retainer, a deferred stock award, committee chair fees and a lead director fee. Each non-employee director may choose to receive all or a portion of his or her annual retainer in the form of cash or deferred stock units which vest upon grant. The annual deferred stock awards vest in full on the date of the one-year anniversary of the annual meeting of shareholders of the Company occurring in the year of the award, subject to continued service. Any of the deferred stock awards may accumulate, including reinvestment dividends, until distribution either in a lump sum six months after termination of service as a director or, if the director so elects, in annual installments beginning at least six months following termination of service as a director. The shares of deferred stock units issued under the Director Compensation Program are awarded under the 2004 Incentive Plan.

Stock Option Awards

Stock option awards granted to eligible officers and key employees have a ten-year term. Prior to January 1, 2007, stock options were granted with an exercise price equal to the fair market value of the Company's common stock on the day preceding the date of grant. Beginning January 1, 2007, all stock options are granted with an exercise price equal to the closing price of the Company's common stock on the date of grant. The stock options granted generally vest upon meeting certain years of service criteria. Except as the Compensation Committee of the Board may allow in the future, stock options cannot be sold or transferred by the participant. The stock options granted under the 2004 Incentive Plan vest at the end of three years (cliff vest).

In addition to the stock option awards described above, certain stock option awards that were granted under legacy plans permit an employee exercising an option to be granted a new option (a reload option) at an exercise price equal to the closing price of the Company's common stock on the date on which the original option is exercised. The reload option is permitted on certain stock option awards granted prior to January 2003 at an amount equal to the number of shares of the common stock used to satisfy both the exercise price and withholding taxes due upon exercise of an option and vest either six months or one year after the grant date and are exercisable for the remaining term of the related original option.

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THE TRAVELERS COMPANIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. SHARE-BASED INCENTIVE COMPENSATION (Continued)

The fair value of each option award is estimated on the date of grant by application of a variation of the Black-Scholes option pricing model using the assumptions noted in the following table. The expected term of newly granted stock options is the time to vest plus half the remaining time to expiration. This considers the vesting restriction and represents an even pattern of exercise behavior over the remaining term. Reload options are exercisable for the remaining term of the original option and therefore would generally have a shorter expected term. Beginning in April 2010, due to the Company having attained sufficient history with respect to changes in its stock prices over time, the expected volatility assumption is based on the historical volatility of the Company's common stock for the same period as the estimated option term based on the mid-month of the option grant. Prior to April 2010, the expected volatility was based on the average historical volatility of the common stock of an industry peer group of entities due to the limited Company stock history. The expected dividend is based upon the Company's current quarter dividend annualized and assumed to be constant over the expected option term. The risk-free interest rate for each option is the interpolated market yield for the mid-month of the option grant on a U.S. Treasury bill with a term comparable to the expected option term of the granted stock option. Shares received through option exercises under the reload program are subject to either a one-year or two-year restriction on sale. A discount, as measured by the estimated cost of protecting against changes in market value, 5% for one year sales restrictions and 10% for two year sales restrictions, has been applied to the fair value of reload options granted to reflect these sales restrictions. The following assumptions were used in estimating the fair value of options on grant date for the years ended December 31, 2010, 2009 and 2008:

2010	Original Grants	Reload Grants
Expected term of stock options	**6 years**	**1 - 2 years**
Expected volatility of the Company's stock	**28.3% - 29.1%**	**18.3% - 41.6%**
Weighted average volatility	**28.4%**	**21.1%**
Expected annual dividend per share	**$1.32 - $1.44**	**$1.32 - $1.44**
Risk-free rate	**1.68% - 2.71%**	**0.20% - 0.95%**

2009	Original Grants	Reload Grants
Expected term of stock options	6 years	1 - 2 years
Expected volatility of the Company's stock	28.2% - 34.1%	36.5% - 55.1%
Weighted average volatility	32.4%	42.9%
Expected annual dividend per share	$1.20 - $1.32	$1.20 - $1.32
Risk-free rate	2.07% - 2.85%	0.29% - 1.21%

2008	Original Grants	Reload Grants
Expected term of stock options	6 - 7 years	1 - 3 years
Expected volatility of the Company's stock	22.8% - 29.9%	19.1% - 31.4%
Weighted average volatility	23.1%	23.9%
Expected annual dividend per share	$1.16 - $1.20	$1.16 - $1.20
Risk-free rate	2.61% - 3.75%	1.36% - 3.42%

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THE TRAVELERS COMPANIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. SHARE-BASED INCENTIVE COMPENSATION (Continued)

A summary of stock option activity under the Company's 2004 Incentive Plan and legacy share-based incentive compensation plans as of and for the year ended December 31, 2010 is as follows:

Stock Options	Number	Weighted Average Exercise Price	Weighted Average Contractual Life Remaining	Aggregate Intrinsic Value ($ in millions)
Outstanding, beginning of year	**30,085,667**	**$ 45.48**		
Granted:				
Original	**2,687,885**	**51.06**		
Reload	**480,305**	**52.13**		
Exercised	**(9,050,022)**	**44.10**		
Forfeited or expired	**(1,726,854)**	**49.62**		
Outstanding, end of year	**22,476,981**	**$ 46.52**	**4.4 Years**	**$ 214**
Vested at end of year(1)	**17,937,885**	**$ 46.64**	**3.5 Years**	**$ 170**
Exercisable at end of year	**14,280,149**	**$ 46.68**	**2.5 Years**	**$ 136**

(1) Represents awards for which the requisite service has been rendered, including those that are retirement eligible.

The following table presents additional information regarding original and reload grants for the years ended December 31, 2010, 2009 and 2008.

2010	Original Grants	Reload Grants
Weighted average grant-date fair value of options granted (per share)	**$ 11.94**	**$ 3.46**
Total intrinsic value of options exercised during the year (in millions)	**$ 77**	**$ 3**

2009	Original Grants	Reload Grants
Weighted average grant-date fair value of options granted (per share)	$ 9.54	$ 8.95
Total intrinsic value of options exercised during the year (in millions)	$ 52	$ —

2008	Original Grants	Reload Grants
Weighted average grant-date fair value of options granted (per share)	$ 9.56	$ 5.80
Total intrinsic value of options exercised during the year (in millions)	$ 33	$ 1

On February 1, 2011, the Company, under the 2004 Stock Incentive Plan, granted 2,346,767 stock option awards with an exercise price of $56.81 per share. The fair value attributable to the stock option awards on the date of grant was $12.94 per share.

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THE TRAVELERS COMPANIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. SHARE-BASED INCENTIVE COMPENSATION (Continued)

Restricted Stock, Restricted Stock Units, Deferred Stock and Performance Share Award Programs

The Company, commencing with equity grants on or after January 1, 2007, issues restricted stock unit awards to eligible officers and key employees under the Equity Awards program established pursuant to the 2004 Incentive Plan. A restricted stock unit represents the right to receive a share of common stock. These restricted stock unit awards are granted at market price, generally vest three years from the date of grant, do not have voting rights and the underlying shares of common stock are not issued until the vesting criteria is satisfied.

The Company also has a Performance Share Awards Program pursuant to the 2004 Incentive Plan which became effective beginning in 2006. Under the program, the Company may issue performance share awards to certain employees of the Company who hold positions of Vice President (or its equivalent) or above. The performance awards provide the recipient the right to earn shares of the Company's common stock based upon the Company's attainment of certain performance goals. The performance goals for performance awards are based on the Company's adjusted return on equity over a three-year performance period. Vesting of any performance shares is contingent upon the Company attaining the relevant performance period minimum threshold return on equity. If the performance period return on equity is below the minimum threshold, none of the shares will vest. If performance meets or exceeds the minimum performance threshold, a range of performance shares will vest (50%–160% for awards granted prior to and including February 2009; 50%–150% for awards granted in February 2010; and 50%–130% for awards granted in February 2011), depending on the actual return on equity attained.

The fair value of restricted stock units, deferred stock and performance shares is measured at the market price of the Company stock at date of grant.

The total fair value of shares that vested during the years ended December 31, 2010, 2009 and 2008 was $113 million, $78 million and $82 million, respectively.

A summary of restricted stock units, deferred stock awards and performance share activity under the Company's 2004 Incentive Plan and legacy plans as of and for the year ended December 31, 2010 is as follows:

	Restricted and Deferred Shares		Performance Shares	
Other Equity Instruments	Number	Weighted Average Grant-Date Fair Value	Number	Weighted Average Grant-Date Fair Value
Outstanding, beginning of year	**3,382,548**	**$ 45.05**	**1,709,962**	**$ 42.93**
Granted	**1,129,117**	**51.18**	**905,439**	**51.20**
Vested	**(1,318,138)(1)**	**49.36**	**(904,218)(2)**	**47.68**
Forfeited	**(107,175)**	**45.08**	**(154,382)**	**44.57**
Performance-based adjustment	**—**	**—**	**187,089(3)**	**42.70**
Outstanding, end of year	**3,086,352**	**$ 45.46**	**1,743,890**	**$ 44.52**

(1) Represents awards for which the requisite service has been rendered.

(2) Reflects the number of performance shares attributable to the performance goals attained over the completed performance period (3 years) and for which service conditions have been met.

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12. SHARE-BASED INCENTIVE COMPENSATION (Continued)

(3) Represents the current year change in estimated performance shares to reflect the attainment of performance goals for the awards that were granted in each of the years 2006 through 2010.

On February 1, 2011, the Company, under the 2004 Stock Incentive Plan, granted 1,662,334 common stock awards in the form of restricted stock units, deferred stock and performance share awards to participating officers, non-employee directors and other key employees. The restricted stock units and deferred stock awards totaled 929,157 shares while the performance share awards totaled 733,177 shares. The fair value per share attributable to the common stock awards on the date of grant was $56.81.

Share-Based Compensation Cost Recognition

The amount of compensation cost for awards subject to a service condition is based on the number of shares expected to be issued and is recognized over the time period for which service is to be provided (requisite service period). Awards granted to retiree-eligible employees or to employees who become retiree-eligible before an award's vesting date are considered to have met the requisite service condition. The compensation cost for awards subject to a performance condition is based upon the probable outcome of the performance condition, which on the grant date reflects an estimate of attaining 100% of the performance shares granted. The compensation cost reflects an estimated annual forfeiture rate from 3.5% to 5% over the requisite service period of the awards. That estimate is revised if subsequent information indicates that the actual number of instruments expected to vest is likely to differ from previous estimates. Compensation costs for awards are recognized on a straight-line basis over the requisite service period. For awards that have a graded vesting schedule, the compensation cost is recognized on a straight-line basis over the requisite service period for each separate vesting portion of the award as if the award was, in substance, multiple awards. The total compensation cost for all share-based incentive compensation awards recognized in earnings for the years ended December 31, 2010, 2009 and 2008 was $128 million, $127 million and $123 million, respectively. Included in these amounts are compensation cost adjustments of $10 million, $11 million and $6 million, for the years ended December 31, 2010, 2009 and 2008, respectively, that reflected the cost associated with the updated estimate of performance shares due to attaining certain performance levels from the date of the initial grant of the performance awards. The related tax benefits recognized in earnings were $44 million, $44 million and $42 million for the years ended December 31, 2010, 2009 and 2008, respectively.

At December 31, 2010, there was $112 million of total unrecognized compensation cost related to all nonvested share-based incentive compensation awards. This includes stock options, restricted stock, restricted stock units, deferred stock and performance shares granted under the Company's 2004 Incentive Plan. The unrecognized compensation cost is expected to be recognized over a weighted-average period of 1.7 years.

Cash received from the exercise of employee stock options under share-based compensation plans totaled $408 million and $180 million in 2010 and 2009, respectively. The tax benefit realized for tax deductions from employee stock options exercised during 2010 and 2009 totaled $28 million and $17 million, respectively.

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THE TRAVELERS COMPANIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. PENSION PLANS, RETIREMENT BENEFITS AND SAVINGS PLANS

The Company sponsors a qualified non-contributory defined benefit pension plan, which covers substantially all employees and provides benefits under a cash balance formula, except that employees satisfying certain age and service requirements remain covered by a prior final average pay formula. In addition, the Company sponsors a nonqualified defined benefit pension plan which covers certain highly-compensated employees and also sponsors a postretirement health and life insurance benefit plan for employees satisfying certain age and service requirements and for certain retirees.

Obligations and Funded Status

The following tables summarize the funded status, obligations and amounts recognized in the consolidated balance sheet for the Company's benefit plans. The Company uses a December 31 measurement date for its pension and postretirement benefit plans.

	Qualified Domestic Pension Plan		Nonqualified and Foreign Pension Plans		Total	
(at and for the year ended December 31, in millions)	2010	2009	2010	2009	2010	2009
Change in projected benefit obligation:						
Benefit obligation at beginning of year	**$2,214**	$1,907	**$173**	$137	**$ 2,387**	$ 2,044
Benefits earned	**91**	76	**5**	4	**96**	80
Interest cost on benefit obligation	**119**	116	**9**	9	**128**	125
Actuarial loss	**82**	212	**1**	32	**83**	244
Benefits paid	**(107)**	(97)	**(13)**	(16)	**(120)**	(113)
Foreign currency exchange rate change	**—**	—	**(2)**	7	**(2)**	7
Benefit obligation at end of year	**$2,399**	$2,214	**$173**	$173	**$ 2,572**	$ 2,387
Change in plan assets:						
Fair value of plan assets at beginning of year	**$2,180**	$1,758	**$ 78**	$ 60	**$ 2,258**	$ 1,818
Actual return on plan assets	**234**	259	**7**	14	**241**	273
Company contributions	**35**	260	**13**	13	**48**	273
Benefits paid	**(107)**	(97)	**(13)**	(16)	**(120)**	(113)
Foreign currency exchange rate change	**—**	—	**(2)**	7	**(2)**	7
Fair value of plan assets at end of year	**2,342**	2,180	**83**	78	**2,425**	2,258
Funded status of plan at end of year	**$ (57)**	$ (34)	**$ (90)**	$ (95)	**$ (147)**	$ (129)
Amounts recognized in the statement of financial position consist of:						
Accrued under-funded benefit plan liabilities	**$ (57)**	$ (34)	**$ (90)**	$ (95)	**$ (147)**	$ (129)
Amounts recognized in accumulated other changes in equity from nonowner sources consist of:						
Prior service benefit	**$ —**	$ (2)	**$ —**	$ (1)	**$ —**	$ (3)
Net actuarial loss	**915**	943	**49**	54	**964**	997
Total	**$ 915**	$ 941	**$ 49**	$ 53	**$ 964**	$ 994