

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 JUNE 30, 2003

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 33-03094

THE TRAVELERS INSURANCE COMPANY
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

CONNECTICUT
(State or other jurisdiction of
incorporation or organization)

06-0566090
(I.R.S. Employer
Identification No.)

ONE CITYPLACE, HARTFORD, CONNECTICUT 06103-3415
(Address of principal executive offices) (Zip Code)

(860) 308-1000
(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 checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of the date hereof, there were outstanding 40,000,000 shares of common stock, par value \$2.50 per share, of the registrant, all of which were owned by Citigroup Insurance Holding Corporation, an indirect wholly owned subsidiary of Citigroup Inc.

REDUCED DISCLOSURE FORMAT

The registrant meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
TABLE OF CONTENTS

| | Page ---- |
|--|--------------|
| PART I - FINANCIAL INFORMATION | |
| ITEM 1. FINANCIAL STATEMENTS | |
| Condensed Consolidated Statements of Income for the three and six months ended June 30, 2003 and 2002 (unaudited)..... | 3 |
| Condensed Consolidated Balance Sheets as of June 30, 2003 and December 31, 2002 (unaudited)..... | 4 |
| Condensed Consolidated Statements of Changes in Shareholder's Equity for the three and six months ended June 30, 2003 and 2002 (unaudited)..... | 5 |
| Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2003 and 2002 (unaudited)..... | 6 |
| Notes to Condensed Consolidated Financial Statements (unaudited)..... | 7 |
| ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS..... | 14 |
| ITEM 4. CONTROLS AND PROCEDURES..... | 22 |
| PART II - OTHER INFORMATION | |
| ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K..... | 23 |
| Signatures..... | 24 |
| Exhibit 31.01..... | 25 |
| Exhibit 31.02..... | 26 |
| Exhibit 32.01..... | 27 |

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(\$ in millions)

| | THREE MONTHS ENDED JUNE 30, | | SIX MONTHS ENDED JUNE 30, | |
|---|--------------------------------|---------------|------------------------------|---------------|
| | 2003 | 2002 | 2003 | 2002 |
| REVENUES | | | | |
| Premiums | \$ 498 | \$ 540 | \$ 966 | \$ 960 |
| Net investment income | 751 | 734 | 1,515 | 1,425 |
| Realized investment gains (losses) | (1) | (182) | 2 | (156) |
| Fee income | 144 | 141 | 289 | 285 |
| Other revenues | 29 | 27 | 56 | 54 |
| Total Revenues | 1,421 | 1,260 | 2,828 | 2,568 |
| BENEFITS AND EXPENSES | | | | |
| Current and future insurance benefits | 439 | 469 | 854 | 850 |
| Interest credited to contractholders | 314 | 301 | 622 | 583 |
| Amortization of deferred acquisition costs | 121 | 98 | 245 | 173 |
| General and administrative expenses | 111 | 91 | 222 | 195 |
| Total Benefits and Expenses | 985 | 959 | 1,943 | 1,801 |
| Income from operations before federal income taxes | 436 | 301 | 885 | 767 |
| Federal income taxes | 121 | 79 | 209 | 224 |
| Net Income | \$ 315 | \$ 222 | \$ 676 | \$ 543 |

See Notes to Condensed Consolidated Financial Statements.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(\$ in millions)

| | JUNE 30, 2003 | DECEMBER 31, 2002 |
|--|---------------|-------------------|
| <hr/> | | |
| ASSETS | | |
| Investments (including \$2,388 and \$2,687 subject to securities lending agreements) | \$54,980 | \$50,809 |
| Separate and variable accounts | 23,772 | 21,620 |
| Reinsurance recoverable | 4,379 | 4,301 |
| Deferred acquisition costs | 4,126 | 3,936 |
| Other assets | 2,820 | 2,329 |
| <hr/> | | |
| Total Assets | \$90,077 | \$82,995 |
| <hr/> | | |
| LIABILITIES | | |
| Contractholder funds | \$28,520 | \$26,634 |
| Future policy benefits and claims | 15,318 | 15,009 |
| Separate and variable accounts | 23,772 | 21,620 |
| Deferred federal income taxes | 2,142 | 1,448 |
| Other liabilities | 7,032 | 6,649 |
| <hr/> | | |
| Total Liabilities | 76,784 | 71,360 |
| <hr/> | | |
| SHAREHOLDER'S EQUITY | | |
| Common stock, par value \$2.50; 40 million shares authorized, issued and outstanding | 100 | 100 |
| Additional paid-in capital | 5,444 | 5,443 |
| Retained earnings | 6,151 | 5,638 |
| Accumulated other changes in equity from nonowner sources | 1,598 | 454 |
| <hr/> | | |
| Total Shareholder's Equity | 13,293 | 11,635 |
| <hr/> | | |
| Total Liabilities and Shareholder's Equity | \$90,077 | \$82,995 |
| <hr/> | | |

See Notes to Condensed Consolidated Financial Statements.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(UNAUDITED)
(\$ in millions)

| | THREE MONTHS ENDED JUNE 30, | | SIX MONTHS ENDED JUNE 30, | |
|--|--------------------------------|-----------|------------------------------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| COMMON STOCK | | | | |
| Balance, beginning of period | \$ 100 | \$ 100 | \$ 100 | \$ 100 |
| Changes in common stock | - | - | - | - |
| Balance, end of period | \$ 100 | \$ 100 | \$ 100 | \$ 100 |
| ADDITIONAL PAID-IN CAPITAL | | | | |
| Balance, beginning of period | \$ 5,444 | \$ 5,464 | \$ 5,443 | \$ 3,864 |
| Stock option tax benefit | - | 2 | 1 | 6 |
| Capital contributed by parent | - | - | - | 1,596 |
| Balance, end of period | \$ 5,444 | \$ 5,466 | \$ 5,444 | \$ 5,466 |
| RETAINED EARNINGS | | | | |
| Balance, beginning of period | \$ 5,935 | \$ 5,192 | \$ 5,638 | \$ 5,142 |
| Net income | 315 | 222 | 676 | 543 |
| Dividends to parent | (99) | (157) | (163) | (428) |
| Balance, end of period | \$ 6,151 | \$ 5,257 | \$ 6,151 | \$ 5,257 |
| ACCUMULATED OTHER CHANGES IN EQUITY FROM NONOWNER SOURCES | | | | |
| Balance, beginning of period | \$ 835 | \$ (189) | \$ 454 | \$ 74 |
| Foreign currency translation, net of tax | - | 1 | 2 | 2 |
| Unrealized gains (losses), net of tax | 763 | 232 | 1,112 | (80) |
| Derivative instrument hedging activity gains (losses), net of tax | - | (46) | 30 | 2 |
| Balance, end of period | \$ 1,598 | \$ (2) | \$ 1,598 | \$ (2) |
| SUMMARY OF CHANGES IN EQUITY FROM NONOWNER SOURCES | | | | |
| Net income | \$ 315 | \$ 222 | \$ 676 | \$ 543 |
| Other changes in equity from nonowner sources | 763 | 187 | 1,144 | (76) |
| Total changes in equity from nonowner sources | \$ 1,078 | \$ 409 | \$ 1,820 | \$ 467 |
| TOTAL SHAREHOLDER'S EQUITY | | | | |
| Balance, beginning of period | \$ 12,314 | \$ 10,567 | \$ 11,635 | \$ 9,180 |
| Changes in nonowner sources | 1,078 | 409 | 1,820 | 467 |
| Dividends | (99) | (157) | (163) | (428) |
| Changes in additional paid-in capital | - | 2 | 1 | 1,602 |
| Balance, end of period | \$ 13,293 | \$ 10,821 | \$ 13,293 | \$ 10,821 |

See Notes to Condensed Consolidated Financial Statements.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH
(UNAUDITED)
(\$ in millions)

| | SIX MONTHS ENDED | |
|--|------------------|----------|
| | JUNE 30, | |
| | 2003 | 2002 |
| NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES | \$ 274 | \$ (22) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from maturities of investments | | |
| Fixed maturities | 3,227 | 2,112 |
| Equity Securities | - | 11 |
| Mortgage loans | 128 | 124 |
| Proceeds from sales of investments | | |
| Fixed maturities | 6,064 | 8,335 |
| Equity securities | 67 | 28 |
| Real estate held for sale | 5 | 13 |
| Purchases of investments | | |
| Fixed maturities | (11,350) | (12,891) |
| Equity securities | (105) | (10) |
| Mortgage loans | (127) | (165) |
| Policy loans, net | 15 | 26 |
| Short-term securities (purchases) sales, net | (60) | 439 |
| Other investment sales, net | 126 | 104 |
| Securities transactions in course of settlement, net | 24 | (252) |
| Net cash used in investing activities | (1,986) | (2,126) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contractholder fund deposits | 4,186 | 4,941 |
| Contractholder fund withdrawals | (2,334) | (2,439) |
| Capital contribution by parent | - | 172 |
| Dividends to parent company | (163) | (428) |
| Net cash provided by financing activities | 1,689 | 2,246 |
| Net increase (decrease) in cash | (23) | 98 |
| Cash at beginning of period | 186 | 146 |
| Cash at end of period | \$ 163 | \$ 244 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Interest paid | \$ 1 | \$ 1 |
| Income taxes paid | \$ 305 | \$ 274 |

See Notes to Condensed Consolidated Financial Statements.

1. BASIS OF PRESENTATION

The Travelers Insurance Company (TIC, together with its subsidiaries, the Company), is a wholly owned subsidiary of Citigroup Insurance Holding Corporation (CIHC), an indirect wholly owned subsidiary of Citigroup Inc. (Citigroup). Citigroup is a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers around the world. The condensed consolidated financial statements and accompanying footnotes of the Company are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and are unaudited. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and benefits and expenses during the reporting period. Actual results could differ from those estimates.

The Company's two reportable business segments are Travelers Life & Annuity and Primerica Life Insurance. The primary insurance entities of the Company are TIC and its subsidiaries The Travelers Life and Annuity Company (TLAC), included in the Travelers Life & Annuity segment, and Primerica Life Insurance Company (Primerica Life) and its subsidiaries, Primerica Life Insurance Company of Canada, CitiLife Financial Limited (CitiLife) and National Benefit Life Insurance Company (NBL), included in the Primerica Life Insurance segment. The condensed consolidated financial statements include the accounts of the insurance entities of the Company and Tribeca Citigroup Investments Ltd., among others, on a fully consolidated basis.

In the opinion of management, the interim financial statements reflect all adjustments necessary (all of which were normal recurring adjustments) for a fair presentation of results for the periods reported. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002. The condensed consolidated balance sheet as of December 31, 2002 was derived from the audited balance sheet included in the Form 10-K.

Certain financial information that is normally included in annual financial statements prepared in accordance with GAAP, but is not required for interim reporting purposes, has been condensed or omitted.

Certain prior year amounts have been reclassified to conform to the 2003 presentation.

2. ACCOUNTING STANDARDS

CHANGES IN ACCOUNTING PRINCIPLES

COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES

On January 1, 2003, the Company adopted the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (FAS 146). FAS 146 requires that a liability for costs associated with exit or disposal activities, other than in a business combination, be recognized when the liability is incurred. Previous generally accepted accounting principles provided for the recognition of such costs at the date of management's commitment to an exit plan. In addition, FAS 146 requires that the liability be measured at fair value and be adjusted for changes in estimated cash flows. The provisions of the new standard are effective for exit or

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
 (CONTINUED)

disposal activities initiated after December 31, 2002. The adoption of FAS 146 did not affect the Company's consolidated financial statements.

STOCK-BASED COMPENSATION

On January 1, 2003, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123), prospectively for all awards granted, modified, or settled after January 1, 2003. The prospective method is one of the adoption methods provided for under FAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," issued in December 2002. FAS 123 requires that compensation cost for all stock awards be calculated and recognized over the service period (generally equal to the vesting period). This compensation cost is determined using option pricing models, intended to estimate the fair value of the awards at the grant date. Similar to Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," the alternative method of accounting, an offsetting increase to stockholders' equity under FAS 123 is recorded equal to the amount of compensation expense charged.

Had the Company applied FAS 123 in accounting for Citigroup stock option plans for all options granted, net income would have been the pro forma amounts indicated below:

| | | SECOND QUARTER | | YEAR-TO-DATE | |
|--|-------------|----------------|------|--------------|------|
| | | 2003 | 2002 | 2003 | 2002 |
| IN MILLIONS OF DOLLARS | | ---- | ---- | ---- | ---- |
| Compensation expense related to stock option plans, net of tax | As reported | \$ - | \$ - | \$ - | \$ - |
| | Pro forma | 2 | 3 | 3 | 5 |
| Net income | As reported | 315 | 222 | 676 | 543 |
| | Pro forma | 313 | 219 | 673 | 538 |

ACCOUNTING STANDARDS NOT YET ADOPTED

CONSOLIDATION OF VARIABLE INTEREST ENTITIES

In January 2003, the FASB released FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46). This Interpretation changes the method of determining whether certain entities should be included in the Company's consolidated financial statements. An entity is subject to FIN 46 and is called a variable interest entity (VIE) if it has (1) equity that is insufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, or (2) equity investors that cannot make significant decisions about the entity's operations, or that do not absorb the expected losses or receive the expected returns of the entity. All other entities are evaluated for consolidation under FAS No. 94, "Consolidation of All Majority-Owned Subsidiaries." A VIE is consolidated by its primary beneficiary, which is the party involved with the VIE that has a majority of the expected losses or a majority of the expected residual returns or both.

The provisions of FIN 46 are to be applied immediately to VIEs created after January 31, 2003, and to VIEs in which an enterprise obtains an interest after that date. For VIEs in which an enterprise holds a variable interest that it acquired before February 1, 2003, FIN 46 applies in the first fiscal period beginning after June 15, 2003. For any VIEs that must be consolidated under FIN 46 that were created before February 1, 2003, the assets, liabilities and noncontrolling interest of the VIE would be initially measured at their carrying amounts with any difference between the net amount added to the balance sheet and any previously recognized interest being recognized as the cumulative effect of an accounting change. If determining the

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)

carrying amounts is not practicable, fair value at the date FIN 46 first applies may be used to measure the assets, liabilities and noncontrolling interest of the VIE.

The Company has investments in entities that may be considered to be variable interests. The carrying value of these investments is approximately \$2.4 billion and primarily consists of interests in security investment funds in the amount of \$905 million and real estate investment funds in the amount of \$315 million, below investment grade asset-backed and mortgage-backed securities and equity investments in the amount of \$1.2 billion, and a collateralized bond obligation in the amount of \$4 million.

The Company continues to evaluate the impact of applying FIN 46 to entities acquired before February 1, 2003; however, at this time, it is anticipated that the effect on the Company's consolidated balance sheets is not expected to increase assets and liabilities by more than \$1 billion. No entities were created between February 1, 2003 and June 30, 2003 that would require application of FIN 46.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" (FAS 149). FAS 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." In particular, this Statement clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative and when a derivative contains a financing component that warrants special reporting in the statement of cash flows. This Statement is generally effective for contracts entered into or modified after June 30, 2003 and is not expected to have a material impact on the Company's financial statements.

ACCOUNTING AND REPORTING BY INSURANCE ENTERPRISES FOR CERTAIN NONTRADITIONAL LONG-DURATION CONTRACTS AND FOR SEPARATE ACCOUNTS

In July 2003, Statement of Position 03-01, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts" (SOP 03-01) was released. SOP 03-01 provides guidance on accounting and reporting by insurance enterprises for separate account presentation, accounting for an insurer's interest in a separate account, transfers to a separate account, valuation of certain liabilities, contracts with death or other benefit features, contracts that provide annuitization benefits, and sales inducements to contract holders. SOP 03-01 is effective for financial statements for fiscal years beginning after December 15, 2003. The Company is currently evaluating the impact that SOP 03-01 will have on its financial statements.

3. INVESTMENTS

The Company participates in dollar roll repurchase transactions as a way to generate investment income. These transactions involve the sale of mortgage-backed securities with the agreement to repurchase substantially the same securities from the same counterparty. Cash is received from the sale, which is invested in the Company's short-term money market pool. The cash is returned at the end of the roll period when the mortgage-backed securities are repurchased. The Company will generate additional investment income based upon the difference between the sale and repurchase prices.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)

This transaction is recorded as a securitized borrowing. The mortgage-backed securities remain recorded as assets. The cash proceeds are reflected in short-term investments and a liability is established to reflect the Company's obligation to repurchase the securities at the end of the roll period. The collateral amount is classified as Other Liabilities in the condensed consolidated balance sheets and was \$887 million and \$.5 million at June 30, 2003 and December 31, 2002, respectively.

4. OPERATING SEGMENTS

The Company has two reportable business segments that are separately managed due to differences in products, services, marketing strategy and resource management. The business of each segment is maintained and reported through separate legal entities within the Company. The management groups of each segment report separately to the Company's ultimate parent, Citigroup.

TRAVELERS LIFE & ANNUITY (TLA) core offerings include individual annuity, individual life, corporate owned life insurance (COLI) and group annuity insurance products distributed by TIC and TLAC principally under the Travelers Life & Annuity name. Among the range of individual products offered are fixed and variable deferred annuities, payout annuities and term, universal and variable life insurance. The COLI product is a variable universal life product distributed through independent specialty brokers. The group products include institutional pensions, including guaranteed investment contracts, payout annuities, group annuities sold to employer-sponsored retirement and savings plans and structured finance funding agreements. The majority of the annuity business and a substantial portion of the life business written by TLA are accounted for as investment contracts, with the result that the deposits collected are reported as liabilities and are not included in revenues.

The PRIMERICA LIFE INSURANCE business segment consolidates primarily the business of Primerica Life, Primerica Life Insurance Company of Canada, CitiLife and NBL. The Primerica Life Insurance business segment offers individual life products, primarily term insurance, to customers through a sales force of approximately 108,000 agents. A great majority of the domestic licensed sales force works on a part-time basis. NBL also provides statutory disability benefit insurance and other insurance, primarily in New York, as well as direct response student term life insurance nationwide. CitiLife was established in September 2000 to underwrite insurance in Europe. Primerica Life, directly or through its subsidiaries, is licensed or otherwise authorized to sell and market term life insurance in all 50 states, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, Northern Mariana Islands, Canada, the United Kingdom and Spain.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)

BUSINESS SEGMENT INFORMATION:

| AT AND FOR THE THREE MONTHS ENDED JUNE 30, 2003 (\$ in millions) | TRAVELERS LIFE & ANNUITY | PRIMERICA LIFE INSURANCE | TOTAL |
|---|-----------------------------|-----------------------------|----------|
| Premiums | \$ 191 | \$ 307 | \$ 498 |
| Net investment income | 673 | 78 | 751 |
| Interest credited to contractholders | 314 | - | 314 |
| Amortization of deferred acquisition costs | 64 | 57 | 121 |
| Total expenditures for deferred acquisition costs | 132 | 98 | 230 |
| Federal income taxes on operating income (1) | 67 | 55 | 122 |
| Operating income (2) | \$ 209 | \$ 107 | \$ 316 |
| Segment assets | \$80,904 | \$ 9,173 | \$90,077 |

| AT AND FOR THE THREE MONTHS ENDED JUNE 30, 2002 (\$ in millions) | TRAVELERS LIFE & ANNUITY | PRIMERICA LIFE INSURANCE | TOTAL |
|---|-----------------------------|-----------------------------|----------|
| Premiums | \$ 244 | \$ 296 | \$ 540 |
| Net investment income | 664 | 70 | 734 |
| Interest credited to contractholders | 301 | - | 301 |
| Amortization of deferred acquisition costs | 43 | 55 | 98 |
| Total expenditures for deferred acquisition costs | 146 | 88 | 234 |
| Federal income taxes on operating income (1) | 91 | 53 | 144 |
| Operating income (2) | \$ 238 | \$ 103 | \$ 341 |
| Segment assets | \$73,496 | \$ 8,263 | \$81,759 |

- (1) Excludes taxes on realized investment gains (losses).
- (2) Excludes realized gains or losses, net of tax, and is a non-GAAP measure. See discussion of non-GAAP measures under Item 2.

BUSINESS SEGMENT RECONCILIATION:

| FOR THE THREE MONTHS ENDED JUNE 30, (\$ in millions) | 2003 | 2002 |
|---|--------|--------|
| INCOME: | | |
| Total operating income of segments | \$ 316 | \$ 341 |
| Realized investment losses, net of tax | (1) | (119) |
| Net Income | \$ 315 | \$ 222 |

The majority of the annuity business and a substantial portion of the life business written by TLA are accounted for as investment contracts, with the result that the deposits collected are reported as liabilities and are not included in revenues. Deposits represent an operating statistic integral to managing TLA operations, which management uses for measuring business volumes, and may not be comparable to similarly captioned measurements used by other life insurance companies. For the three months ended June 30, 2003 and 2002, deposits amounted to \$2.6 billion and \$3.9 billion, respectively.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)

BUSINESS SEGMENT INFORMATION:

| FOR THE SIX MONTHS ENDED JUNE 30, 2003 (\$ in millions) | TRAVELERS LIFE & ANNUITY | PRIMERICA LIFE INSURANCE | TOTAL |
|--|-----------------------------|-----------------------------|----------|
| Premiums | \$ 352 | \$ 614 | \$ 966 |
| Net investment income | 1,359 | 156 | 1,515 |
| Interest credited to contractholders | 622 | - | 622 |
| Amortization of deferred acquisition costs | 132 | 113 | 245 |
| Total expenditures for deferred acquisition costs | 250 | 186 | 436 |
| Federal income taxes on operating income (1) | 99 | 109 | 208 |
| Operating income (2) | \$ 463 | \$ 212 | \$ 675 |
| Segment assets | \$80,904 | \$ 9,173 | \$90,077 |

| FOR THE SIX MONTHS ENDED JUNE 30, 2002 (\$ in millions) | TRAVELERS LIFE & ANNUITY | PRIMERICA LIFE INSURANCE | TOTAL |
|--|-----------------------------|-----------------------------|----------|
| Premiums | \$ 370 | \$ 590 | \$ 960 |
| Net investment income | 1,282 | 143 | 1,425 |
| Interest credited to contractholders | 583 | - | 583 |
| Amortization of deferred acquisition costs | 65 | 108 | 173 |
| Total expenditures for deferred acquisition costs | 294 | 162 | 456 |
| Federal income taxes on operating income (1) | 178 | 102 | 280 |
| Operating income (2) | \$ 447 | \$ 198 | \$ 645 |
| Segment assets | \$73,496 | \$ 8,263 | \$81,759 |

- (1) Excludes taxes on realized investment gains (losses).
- (2) Excludes realized gains or losses, net of tax, and is a non-GAAP measure. See discussion of non-GAAP measures under Item 2.

BUSINESS SEGMENT RECONCILIATION:

| FOR THE SIX MONTHS ENDED JUNE 30, (\$ in millions) | 2003 | 2002 |
|---|---------------|---------------|
| INCOME: | | |
| Total operating income of segments | \$ 675 | \$ 645 |
| Realized investment gains (losses), net of tax | 1 | (102) |
| Net Income | \$ 676 | \$ 543 |

The majority of the annuity business and a substantial portion of the life business written by TLA are accounted for as investment contracts, with the result that the deposits collected are reported as liabilities and are not included in revenues. Deposits represent an operating statistic integral to managing TLA operations, which management uses for measuring business volumes, and may not be comparable to similarly captioned measurements used by other life insurance companies. For the six months ended June 30, 2003 and 2002, deposits amounted to \$5.7 billion and \$7.0 billion, respectively.

5. SHAREHOLDER'S EQUITY

Statutory capital and surplus of the Company was \$6.9 billion at December 31, 2002. The Company is currently subject to various regulatory restrictions that limit the maximum amount of dividends available to be paid to its parent without prior approval of insurance regulatory authorities. A maximum of \$966 million is available by the end of the year 2003 for such dividends without prior approval of the State of Connecticut Insurance Department, depending upon the amount and timing of the payments. TLAC may not pay a dividend to TIC without such approval. Primerica Life may pay up to \$148 million in dividends to TIC in 2003 without prior approval of the Massachusetts Insurance Department. Primerica Life paid \$35 million and \$110 million in dividends to TIC during the six months ended June 30, 2003 and 2002, respectively. The Company paid \$163 million and \$428 million in dividends to its parent during the six months ended June 30, 2003 and 2002, respectively.

6. COMMITMENTS AND CONTINGENCIES

The Company is a defendant or co-defendant in various litigation matters in the normal course of business. These include civil actions, arbitration proceedings and other matters arising in the normal course of business out of activities as an insurance company, a broker and dealer in securities or otherwise. In the opinion of the Company's management, the ultimate resolution of these legal proceedings would not be likely to have a material adverse effect on the Company's consolidated results of operations, financial condition or liquidity.

The Company is a member of the Federal Home Loan Bank of Boston (the "Bank"), and in this capacity has entered into a funding agreement (the "agreement") with the Bank where a blanket-lien has been granted to collateralize the Bank's deposits. The Company maintains control of these assets, and may use, commingle, encumber or dispose of any portion of the collateral as long as there is no event of default and the remaining qualified collateral is sufficient to satisfy the collateral maintenance level. The agreement further states that upon any event of default, the Bank's recovery is limited to the amount of the member's outstanding funding agreement. The amount of the Company's liability for funding agreements with the Bank as of June 30, 2003 is \$800 million, included in contractholder funds.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's narrative analysis of the results of operations is presented in lieu of Management's Discussion and Analysis of Financial Condition and Results of Operations, pursuant to General Instruction H(2)(a) of Form 10-Q.

The Company's Annual Report on Form 10-K, its quarterly reports on Form 10-Q and any current reports on Form 8-K, and all amendments to these reports, are available on the Citigroup website at <http://www.citigroup.com> by selecting the "Investor Relations" page and selecting "SEC Filings."

CONSOLIDATED OVERVIEW (\$ in millions)

| | FOR THE THREE MONTHS | | FOR THE SIX MONTHS | |
|--|------------------------|----------|------------------------|----------|
| | ENDED JUNE 30, 2003 | 2002 | ENDED JUNE 30, 2003 | 2002 |
| | ----- | ----- | ----- | ----- |
| Revenues | \$ 1,421 | \$ 1,260 | \$ 2,828 | \$ 2,568 |
| Insurance benefits and interest credited | 753 | 770 | 1,476 | 1,433 |
| Operating expenses | 232 | 189 | 467 | 368 |
| | ----- | ----- | ----- | ----- |
| Income before taxes | 436 | 301 | 885 | 767 |
| Income taxes | 121 | 79 | 209 | 224 |
| | ----- | ----- | ----- | ----- |
| Net income | 315 | 222 | 676 | 543 |
| Realized investment | | | | |
| portfolio (gains)/losses, after-tax | 1 | 119 | (1) | 102 |
| | ----- | ----- | ----- | ----- |
| Net income before realized investment | | | | |
| portfolio gains/(losses) (1) | \$ 316 | \$ 341 | \$ 675 | \$ 645 |
| | ===== | ===== | ===== | ===== |

(1) Net income before realized investment portfolio gains/(losses) is a non-GAAP measure. The Company believes that this presentation of income, which management uses internally to measure performance, is useful to investors because it enhances the understanding of ongoing operations and the underlying trends of the business. The timing of realized investment portfolio gains and losses can be significantly impacted by both discretionary and other economic factors and therefore management believes it is important to understand the impact of realized investment gains and losses in order to evaluate current operating trends.

The Travelers Insurance Company (TIC, together with its subsidiaries, the Company), is comprised of two business segments, Travelers Life & Annuity and Primerica Life Insurance.

Net income increased 42% to \$315 million for the quarter ended June 30, 2003 from \$222 million in the prior year quarter, primarily related to increased revenues due to higher investment income, favorable business volumes and lower net after-tax realized investment losses, partially offset by higher deferred acquisition costs (DAC) amortization. Net income included net after-tax realized investment losses of \$1 million and \$119 million in the second quarter of 2003 and 2002, respectively. Included in these net after-tax realized investment losses are impairments of investments primarily in the fixed income portfolio, in the amount of \$26 million and \$180 million, net of tax, in the second quarter of 2003 and 2002, respectively. These impairments were offset by gains on sales of fixed maturities. The second quarter 2002 losses were primarily related to the impairment of investments in debt securities of WorldCom Inc. in the amount of \$126 million, net of tax. Net income before realized investment portfolio losses decreased 7% to \$316 million in the second quarter of 2003 from \$341 million in the prior year period, primarily related to higher DAC amortization and interest credited, partially offset by higher investment income and favorable business volumes.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

Net income for the six months ended June 30, 2003 increased 24% to \$676 million, from \$543 million, primarily related to current year net after-tax realized investment gains and prior year investment losses, and a \$39 million tax benefit related to an adjustment to the Dividends Received Deduction (DRD) in the first quarter of 2003, partially offset by higher DAC amortization. Net after-tax realized investment gains were \$1 million for the six months ended June 30, 2003 and losses were \$102 million for the prior year period, primarily related to the second quarter 2002 impairment of investments in debt securities of WorldCom Inc. in the amount of \$126 million, after-tax. Net income before realized investment gains (losses) increased 5% to \$675 million from \$645 million, reflecting higher investment income and favorable business volumes.

The following discussion presents in more detail each business segment's performance.

TRAVELERS LIFE & ANNUITY

| FOR THE THREE MONTHS ENDED JUNE 30, (\$ in millions) | 2003 ---- | 2002 ---- |
|---|--------------|--------------|
| Revenues | \$ 1,012 | \$ 878 |
| Insurance benefits and interest credited | 624 | 641 |
| Operating expenses | 118 | 81 |
| | ----- | ----- |
| Income before taxes | 270 | 156 |
| Income taxes | 64 | 30 |
| | ----- | ----- |
| Net income | 206 | 126 |
| Realized investment portfolio losses | 3 | 112 |
| | ----- | ----- |
| Net income before realized investment portfolio gains/(losses) (1) | \$ 209 | \$ 238 |
| | ===== | ===== |

(1) Net income before realized investment portfolio gains/(losses) is a non-GAAP measure. The Company believes that this presentation of income, which management uses internally to measure performance, is useful to investors because it enhances the understanding of ongoing operations and the underlying trends of the business. The timing of realized investment portfolio gains and losses can be significantly impacted by both discretionary and other economic factors and therefore management believes it is important to understand the impact of realized investment gains and losses in order to evaluate current operating trends.

Travelers Life & Annuity (TLA) core offerings include individual annuity, individual life, corporate owned life insurance (COLI) and group annuity insurance products distributed by TIC and The Travelers Life and Annuity Company (TLAC) principally under the Travelers Life & Annuity name. Among the range of individual products offered are fixed and variable deferred annuities, payout annuities and term, universal and variable life insurance. These products are primarily distributed through CitiStreet Retirement Services, Smith Barney Financial Consultants, Primerica Financial Services, Citibank, and a nationwide network of independent agents and the growing outside broker dealer channel. The COLI product is a variable universal life product distributed through independent specialty brokers. The group products include institutional pensions, including guaranteed investment contracts (GICs), payout annuities, group annuities sold to employer-sponsored retirement and savings plans and structured finance funding agreements. The majority of the annuity business and a substantial portion of the life business written by TLA are accounted for as investment contracts, with the result that the deposits collected are reported as liabilities and are not included in revenues.

TLA's business is significantly affected by movements in the U.S. equity and fixed income credit markets. U.S. equity and credit market events can have both positive and negative effects on the deposit, revenue and policy retention performance of the business. A sustained weakness in the equity markets will decrease revenues and earnings in variable products. Declines in credit quality of issuers will have a negative effect on earnings. These statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 21.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

Net income of \$206 million in the second quarter of 2003 increased 63% from \$126 million, primarily related to increased revenues due to higher investment income, favorable business volumes and lower net after-tax realized investment losses, partially reduced by higher DAC amortization. Net after-tax realized investment losses were \$3 million and \$112 million for the second quarter of 2003 and 2002, respectively, primarily related to the second quarter 2002 impairments of investments in debt securities of WorldCom Inc. in the amount of \$122 million, after-tax. Net income before realized investment losses was \$209 million in the second quarter of 2003 compared to \$238 million in the second quarter of 2002. The 12% decrease in 2003 reflects higher DAC amortization and interest credited, partially offset by higher investment income and favorable business volumes.

Net investment income (NII) increased \$9 million to \$673 million for the second quarter of 2003 from \$664 million in the second quarter of 2002. This increase was driven by a larger invested asset base from increased business volumes, which helped offset deterioration in fixed income yields. Equity investment returns also contributed to the NII growth as a result of risk arbitrage activity in the Company's trading portfolio.

The following table shows net written premiums and deposits by product type for the quarters ended June 30, 2003 and 2002. The majority of the annuity business and a substantial portion of the life business written by TLA are accounted for as investment contracts, such that the premiums are considered deposits and are not included in revenues. Deposits represent an operating statistic integral to managing TLA operations, which management uses for measuring business volumes, and may not be comparable to similarly captioned measurements used by other life insurance companies.

FOR THE THREE MONTHS ENDED JUNE 30,

| IN MILLIONS OF DOLLARS | 2003 | | 2002 | |
|-------------------------------------|----------|----------|----------|----------|
| | Premiums | Deposits | Premiums | Deposits |
| Individual annuities | | | | |
| Fixed | \$ - | \$ 177 | \$ - | \$ 399 |
| Variable | - | 953 | - | 1,105 |
| Individual payout | 5 | 6 | 6 | 7 |
| Total individual annuities | 5 | 1,136 | 6 | 1,511 |
| Group annuities | 152 | 1,209 | 201 | 2,149 |
| Individual life insurance: | | | | |
| Direct periodic premiums & deposits | 36 | 150 | 35 | 142 |
| Single premium deposits | - | 80 | - | 72 |
| Reinsurance | (11) | (23) | (8) | (20) |
| Total individual life insurance | 25 | 207 | 27 | 194 |
| Other | 9 | - | 10 | - |
| Total | \$ 191 | \$ 2,552 | \$ 244 | \$ 3,854 |

Individual annuity deposits of \$1.1 billion in the second quarter of 2003 decreased 27% from \$1.5 billion in the second quarter of 2002, reflecting a decline in fixed annuity sales due to competitive pressures and lower variable annuity sales due to current equity market conditions. Individual annuity account balances increased 6% to \$29.8 billion at June 30, 2003, from \$28.1 billion at June 30, 2002, reflecting market appreciation in the second quarter of 2003, plus good in-force retention.

Group Annuity written premiums decreased 24% to \$152 million, primarily related to a decrease in sales of employer-sponsored payout plans. Deposits (excluding Citigroup's employee pension plan deposits) of \$1.2 billion in the second quarter of 2003 were down 44% from \$2.1 billion in the comparable period of 2002, which reflects lower guaranteed investment contract (GIC) sales, both fixed and variable. The fixed GIC decrease primarily related to the absence of significant European Medium Term Note transactions, while the variable GIC sales decrease was market related. These GIC decreases were partially offset by strong structured settlement sales. Group Annuity account balances and benefits reserves reached \$23.6 billion at June 30, 2003, up 5% from

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

\$22.5 billion at June 30, 2002. This volume growth reflects 2003 first quarter fixed GIC production and continued strong retention in all products.

Deposits for the life insurance business were \$207 million in the second quarter of 2003, up 7% from \$194 million in the comparable period of 2002, driven by stronger single premium sales, higher direct periodic deposits and lower COLI sales. Life insurance in force was \$84.8 billion at June 30, 2003, up from \$82.3 billion at December 31, 2002.

In the second quarter of 2003, TLA operating expenses increased 46% from the prior year quarter primarily due to volume-related insurance expenses, and an increase of \$21 million in DAC amortization. Amortization expense has increased due to a higher amortization rate resulting from the decrease in market value of individual annuity account balances. The amortization of capitalized DAC is a significant component of TLA expenses. TLA's recording of DAC varies based upon product type. DAC for deferred annuities, both fixed and variable, and payout annuities employs a level yield methodology. DAC for universal life and COLI are amortized in relation to estimated gross profits, with traditional life, including term insurance and other products, amortized in relation to anticipated premiums.

PRIMERICA LIFE INSURANCE

| FOR THE THREE MONTHS ENDED JUNE 30, (\$ in millions) | 2003 | 2002 |
|---|--------|--------|
| | ---- | ---- |
| Revenues | \$ 409 | \$ 382 |
| Insurance benefits | 129 | 129 |
| Operating expenses | 114 | 108 |
| | ----- | ----- |
| Income before taxes | 166 | 145 |
| Income taxes | 57 | 49 |
| | ----- | ----- |
| Net income | 109 | 96 |
| Realized investment portfolio (gains)/losses | (2) | 7 |
| | ----- | ----- |
| Net income before realized investment portfolio gains/(losses) (1) | \$ 107 | \$ 103 |
| | ===== | ===== |

(1) Net income before realized investment portfolio gains/(losses) is a non-GAAP measure. The Company believes that this presentation of income, which management uses internally to measure performance, is useful to investors because it enhances the understanding of ongoing operations and the underlying trends of the business. The timing of realized investment portfolio gains and losses can be significantly impacted by both discretionary and other economic factors and therefore management believes it is important to understand the impact of realized investment gains and losses in order to evaluate current operating trends.

The Primerica Life Insurance business segment offers individual life products, primarily term insurance, to customers through a sales force of approximately 108,000 agents. A great majority of the domestic licensed sales force works on a part-time basis.

Net income of \$109 million in the second quarter of 2003 increased 14% from \$96 million. Included in net income are current year realized investment gains of \$2 million and prior year investment losses of \$7 million in the second quarter of 2003 and 2002, respectively. The prior year losses were primarily due to impairment of investments in debt securities of WorldCom Inc. Net income before realized investment portfolio gains (losses) was \$107 million in the second quarter of 2003 compared to \$103 million in the second quarter of 2002. The 4% improvement in 2003 reflects growth in life insurance in force and volume related investment income.

Total life insurance in force reached \$486.6 billion at June 30, 2003, up from \$466.8 billion at December 31, 2002, reflecting good in-force policy retention and higher volume of sales. The face amount of new term life insurance sales was \$20.9 billion for the three-month period ended June 30, 2003, compared to \$20.8 billion for the prior year period.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

NII increased 11% to \$78 million in the second quarter of 2003 from the prior year quarter, primarily related to a larger invested asset base, offset by lower yields.

The amortization of capitalized DAC, which increased to \$57 million in the second quarter of 2003 from \$55 million in the second quarter of 2002, is a significant component of Primerica Life's expenses. All of Primerica Life's DAC is associated with term insurance products, which are amortized in relation to anticipated premiums. Amortized DAC has remained level as a percentage of direct premiums. The increase in the amount of amortization over 2002 is associated with growth in sales and in-force business.

Earned premiums net of reinsurance were \$307 million in the second quarter of 2003 compared to \$297 million in the prior year period, including \$290 million and \$280 million, respectively, for Primerica Life individual term life policies.

TRAVELERS LIFE & ANNUITY

| FOR THE SIX MONTHS ENDED JUNE 30, (\$ in millions) | 2003 | 2002 |
|---|----------|----------|
| | ---- | ---- |
| Revenues | \$ 2,007 | \$ 1,786 |
| Insurance benefits and interest credited | 1,211 | 1,170 |
| Operating expenses | 239 | 146 |
| | ----- | ----- |
| Income before taxes | 557 | 470 |
| Income taxes | 97 | 123 |
| | ----- | ----- |
| Net income | 460 | 347 |
| Realized investment portfolio losses | 3 | 100 |
| | ----- | ----- |
| Net income before realized investment portfolio gains/(losses) (1) | \$ 463 | \$ 447 |
| | ===== | ===== |

(1) Net income before realized investment portfolio gains/(losses) is a non-GAAP measure. The Company believes that this presentation of income, which management uses internally to measure performance, is useful to investors because it enhances the understanding of ongoing operations and the underlying trends of the business. The timing of realized investment portfolio gains and losses can be significantly impacted by both discretionary and other economic factors and therefore management believes it is important to understand the impact of realized investment gains and losses in order to evaluate current operating trends.

Net income for the six months ended June 30, 2003 increased 33% to \$460 million from \$347 million from the prior year period, primarily related to lower net after-tax realized investment losses, and a \$39 million tax benefit related to an adjustment to the DRD in the first quarter of 2003, partially offset by higher DAC amortization. Net after-tax realized investment losses were \$3 million and \$100 million for the six months ended June 30, 2003 and 2002, respectively, primarily related to the second quarter 2002 impairment of investments in debt securities of WorldCom Inc. in the amount of \$122 million, after tax. Net income before realized investment portfolio losses increased 4% to \$463 million from \$447 million, reflecting higher investment income and favorable business volumes. The DRD benefit reduced the effective tax rate from 26% for the prior year six month period ending June 30, 2002 to 17% in the current year six month period ending June 30, 2003.

The following table shows net written premiums and deposits by product type for the six months ended June 30, 2003 and 2002. The majority of the annuity business and a substantial portion of the life business written by TLA are accounted for as investment contracts, such that the premiums are considered deposits and are not included in revenues. Deposits represent an operating statistic integral to managing TLA operations, which management uses for measuring business volumes, and may not be comparable to similarly captioned measurements used by other life insurance companies.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

FOR THE SIX MONTHS ENDED JUNE 30,
IN MILLIONS OF DOLLARS

| | 2003 | | 2002 | |
|-------------------------------------|----------|----------|----------|----------|
| | Premiums | Deposits | Premiums | Deposits |
| Individual annuities | | | | |
| Fixed | \$ - | \$ 316 | \$ - | \$ 775 |
| Variable | - | 1,756 | - | 2,199 |
| Individual payout | 15 | 16 | 12 | 14 |
| Total individual annuities | 15 | 2,088 | 12 | 2,988 |
| Group annuities | 269 | 3,203 | 285 | 3,590 |
| Individual life insurance: | | | | |
| Direct periodic premiums & deposits | 69 | 326 | 68 | 342 |
| Single premium deposits | - | 129 | - | 148 |
| Reinsurance | (18) | (46) | (14) | (40) |
| Total individual life insurance | 51 | 409 | 54 | 450 |
| Other | 17 | - | 19 | - |
| Total | \$ 352 | \$ 5,700 | \$ 370 | \$ 7,028 |

Individual annuity deposits of \$2.1 billion in the first six months of 2003 decreased 30% from \$3.0 billion in the prior year period, reflecting a decline in fixed annuity sales due to competitive pressures and lower variable annuity sales due to current equity market conditions.

Group Annuity written premiums decreased 6% to \$269 million for the first six months of 2003, compared to the 2002 period, primarily related to a decrease in sales of employer-sponsored payout plans. Deposits (excluding Citigroup's employee pension plan deposits) of \$3.2 billion in the first six months of 2003 were down 11% from \$3.6 billion in the comparable period of 2002, which reflects lower guaranteed investment contract (GIC) sales, both fixed and variable. The fixed GIC decrease primarily related to the absence of significant European Medium Term Note transactions, while the variable GIC sales decrease was market related. These GIC decreases were partially offset by strong structured settlement sales.

Deposits for the life insurance business were \$409 million in the first six months of 2003, down 9% from \$450 million in the comparable period of 2002, driven by weaker single premium sales, lower direct periodic deposits and lower COLI sales, primarily occurring in the first quarter.

For the first six months of 2003, TLA operating expenses increased 64% from the comparable prior year six-month period, primarily due to an increase of \$67 million of DAC amortization. Amortization has increased due to a higher amortization rate resulting from the decrease in market value of individual annuity account balances. Also, during the first quarter of 2002, TLA had a one-time decrease in DAC amortization of \$22 million related to changes in the underlying lapse and interest rate assumptions in the individual annuity business. The amortization of capitalized DAC is a significant component of TLA expenses. TLA's recording of DAC varies based upon product type. DAC for deferred annuities, both fixed and variable, and payout annuities employs a level yield methodology. DAC for universal life and COLI are amortized in relation to estimated gross profits, with traditional life, including term insurance and other products amortized in relation to anticipated premiums.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

PRIMERICA LIFE INSURANCE

| FOR THE SIX MONTHS ENDED JUNE 30, | 2003 | 2002 |
|--|--------|--------|
| | ---- | ---- |
| (\$ in millions) | | |
| Revenues | \$ 821 | \$ 782 |
| Insurance benefits | 265 | 263 |
| Operating expenses | 228 | 222 |
| | ----- | ----- |
| Income before taxes | 328 | 297 |
| Income taxes | 112 | 101 |
| | ----- | ----- |
| Net income | 216 | 196 |
| Realized investment portfolio (gains)/losses | (4) | 2 |
| | ----- | ----- |
| Net income before realized investment portfolio gains/(losses) (1) | \$ 212 | \$ 198 |
| | ===== | ===== |

(1) Net income before realized investment portfolio gains/(losses) is a non-GAAP measure. The Company believes that this presentation of income, which management uses internally to measure performance, is useful to investors because it enhances the understanding of ongoing operations and the underlying trends of the business. The timing of realized investment portfolio gains and losses can be significantly impacted by both discretionary and other economic factors and therefore management believes it is important to understand the impact of realized investment gains and losses in order to evaluate current operating trends.

Net income for the six months ended June 30, 2003 increased 10% to \$216 million from \$196 million for the six months ended June 30, 2002. Excluding after-tax realized investment gains (losses) of \$4 million and \$(2) million for the 2003 and 2002 six-month periods, respectively, net income before realized investment gains (losses) increased 7% to \$212 million in 2003, compared to \$198 million in 2002.

NII increased 9% to \$156 million for the six months of 2003 from the prior year, primarily related to a larger invested asset base, offset by lower yields.

The amortization of capitalized DAC, which increased to \$113 million in the first six months of 2003 from \$108 million in the prior year period, is a significant component of Primerica Life's expenses. All of Primerica Life's DAC is associated with term insurance products, which are amortized in relation to anticipated premiums. Amortized DAC has remained level as a percentage of direct premiums. The increase in the amount of amortization over 2002 is associated with growth in sales and in-force business.

Earned premiums net of reinsurance were \$614 million in the first six months of 2003 compared to \$591 million in the prior year period, including \$582 million and \$559 million, respectively, for Primerica Life individual term life policies.

INSURANCE REGULATIONS

Risk-based capital requirements are used as minimum capital requirements by the National Association of Insurance Commissioners and the states to identify companies that merit further regulatory action. At December 31, 2002, the Company had adjusted capital in excess of amounts requiring any regulatory action.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

The Company is subject to various regulatory restrictions that limit the maximum amount of dividends available to be paid to its parent without prior approval of insurance regulatory authorities in the state of domicile. A maximum of \$966 million is available by the end of 2003 for such dividends without prior approval of the State of Connecticut Insurance Department, depending upon the amount and timing of the payments. TLAC may not pay a dividend to TIC without such approval. Primerica Life may pay up to \$148 million in dividends to TIC without prior approval of the Massachusetts Insurance Department. Primerica Life paid \$35 million and \$110 million in dividends to TIC during the six months ended June 30, 2003 and 2002, respectively. The Company paid \$163 million and \$428 million in dividends to its parent during the six months ended June 30, 2003 and 2002, respectively.

OTHER DEVELOPMENTS

On May 28, 2003, the Jobs and Growth Tax Relief Reconciliation Act of 2003 was enacted into law. This act makes various changes in individual tax rates. Most significantly, the legislation extends the 15% maximum capital gains tax rate to corporate dividends received by individuals, including dividends received by mutual funds and passed through to mutual fund shareholders. The legislation also lowers the capital gains tax rate and accelerates the individual income tax rate reductions enacted in 2001. These changes could have a negative impact on demand for life and annuity products. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on this page.

FUTURE APPLICATIONS OF ACCOUNTING STANDARDS

See Note 2 of Notes to Condensed Consolidated Financial Statements for a discussion of recently issued accounting pronouncements.

FORWARD-LOOKING STATEMENTS

Certain of the statements contained herein that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. The Company's actual results may differ materially from those included in the forward-looking statements. Forward-looking statements are typically identified by the words "believe," "expect," "anticipate," "intend," "estimate," "may increase," "may fluctuate," and similar expressions, or future or conditional verbs such as "will," "should," "would," and "could." These forward-looking statements involve risks and uncertainties including, but not limited to, regulatory matters, and the resolution of legal proceedings.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

ITEM 4. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

| EXHIBIT NO. | DESCRIPTION |
|-------------|--|
| 3.01 | Charter of The Travelers Insurance Company (the "Company"), as effective October 19, 1994, incorporated by reference to Exhibit 3.01 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1994 (File No. 33-33691) (the "Company's September 30, 1994 10-Q"). |
| 3.02 | By-laws of the Company, as effective October 20, 1994, incorporated by reference to Exhibit 3.02 to the Company's September 30, 1994 10-Q. |
| 31.01+ | Certification of chief financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.02+ | Certification of chief executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.01+ | Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

(b) REPORTS ON FORM 8-K

None

- - - - -
+Filed herewith

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE TRAVELERS INSURANCE COMPANY

(Registrant)

Date August 14, 2003

/s/ Glenn D. Lammey

Glenn D. Lammey
Executive Vice President,
Chief Financial Officer and Chief
Accounting Officer (Principal Financial
Officer and Principal Accounting Officer)

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Glenn D. Lammey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Travelers Insurance Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2003

/s/ Glenn D. Lammey

By: Glenn D. Lammey,
Chief Financial Officer

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, George C. Kokulis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Travelers Insurance Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2003

/s/ George C. Kokulis

By: George C. Kokulis
Chief Executive Officer

CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of The Travelers Insurance Company (the "Company") for the quarterly period ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), George C. Kokulis, as Chief Executive Officer of the Company, and Glenn D. Lamme, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ George C. Kokulis

George C. Kokulis
Chief Executive Officer

August 14, 2003

/s/ Glenn D. Lamme

Glenn D. Lamme
Chief Financial Officer

August 14, 2003

This certification accompanies each Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.