

THE TRAVELERS INSURANCE COMPANY
 FIXED ANNUITY

The Travelers Insurance Company's Fixed Annuity is a flexible premium group deferred annuity Contract ("the Contract and/or Certificates") which provides a guaranteed fixed rate of return for your investment. We offer the Contract to employers for use with retirement plans and programs that qualify for favorable federal tax treatment. Where permitted by state law, we reserve the right to restrict purchase payments into the Contract. If you surrender your Contract, your Cash Value may be subject to a market adjusted value calculation and surrender charges.

This prospectus explains:

- o the Contract and Certificate;
- o The Travelers Insurance Company;
- o the Interest Rates;
- o Surrenders and Partial Surrenders;
- o Surrender Charges;
- o Market Adjusted Value;
- o Death Benefit;
- o Annuity Payments;
- o other aspects of the Contract.

The group annuity contracts may be issued to employers on an unallocated or allocated basis. This Contract is issued by The Travelers Insurance Company. The Company is located at One Cityplace, Hartford, Connecticut 06103-3415. Travelers Distribution LLC, One Cityplace, Hartford, Connecticut 06103-3415 is the principal underwriter and distributor of the Contracts.

THIS PROSPECTUS IS ACCOMPANIED BY A COPY OF THE TRAVELERS INSURANCE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE PERIOD ENDED DECEMBER 31, 2004.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

MUTUAL FUNDS, ANNUITIES AND INSURANCE PRODUCTS ARE NOT DEPOSITS OF ANY BANK, AND ARE NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.

PROSPECTUS DATED MAY 2, 2005.

TABLE OF CONTENTS

Special Terms.....	1	Investments by the Company.....	12
Prospectus Summary.....	3	Annual Statement.....	12
The Insurance Companies.....	4	Amendment of the Contracts.....	12
The Contract.....	4	Distribution of the Contracts.....	12
Application and Purchase Payments.....	4	Federal Tax Considerations.....	13
Interest Periods.....	5	General.....	13
Establishment of Interest Rates.....	6	Section 403(b) Plans and Arrangements.....	13
Surrenders.....	6	Qualified Pension and Profit-Sharing	
Transfers.....	6	Plans.....	14
Charges and Deductions.....	7	Individual Retirement Annuities.....	14
Surrender Charge.....	7	Roth IRAs.....	15
Contract Discontinuation and Market		Section 457 Plans.....	15
Adjusted Value.....	8	Nonqualified Annuities.....	16
Premium Taxes.....	9	The Employee Retirement Income	
Reductions of Charges.....	10	Security Act of 1974.....	16
Death Benefit.....	10	Federal Income Tax Withholding.....	17
Distribution Rules.....	10	Tax Advice.....	18
Annuity Options.....	10	Puerto Rico Tax Considerations.....	18
Election of Maturity Date and Settlement.....	10	Non-Resident Aliens.....	18
Change of Maturity Date or Annuity Option.....	11	Available Information.....	18
Annuity Options.....	11	Financial Statements.....	19
		Legal Opinion.....	19
		Expert.....	19
		Appendix A.....	A-1

SPECIAL TERMS

In this prospectus, the following terms have the indicated meanings:

ANNUITANT -- The person upon whose life the Contract is issued.

ANNUITY -- Payment of income for a stated period or amount.

APPROVED PRODUCTS -- Products approved by the Travelers Insurance Company.

BENEFICIARY(IES) -- Beneficiary of this Contract is the Plan Trustee, unless the Plan provides otherwise.

CASH SURRENDER VALUE -- The Cash Value less surrender charges and any applicable Premium Tax.

CASH VALUE -- the value of net Purchase Payments in Your Account or an Individual Account less the amount of any surrenders, plus interest, sometimes referred to as "Account Value."

CERTIFICATE DATE -- The date on which a certificate is issued, as shown on the Certificate Specifications page.

CERTIFICATE OF PARTICIPATION -- A certificate stating the benefits to which each Participant is entitled under this Contract if issued.

CERTIFICATE YEAR -- A twelve-month period beginning on the Certificate Date and each anniversary thereof. This may or may not coincide with the Plan year.

CODE -- The Internal Revenue Code of 1986, as amended, and all related laws and regulations, which are in effect during the term of this Contract.

COMPANY (WE, US, OUR) -- The Travelers Insurance Company.

DUE PROOF OF DEATH -- (i) A copy of a certified death certificate; (ii) a copy of a certified decree of a court of competent jurisdiction as to the finding of death, (iii) a written statement by a medical doctor who attended the deceased; or (iv) any other proof satisfactory to Us.

EXCESS PLAN CONTRIBUTIONS -- Plan contributions including excess deferrals, excess contributions, excess aggregate contributions, excess annual additions, and excess nondeductible contributions that require correction by the Plan Administrator, excluding reversions upon Plan Termination.

FIXED ACCOUNT -- Part of the general account of the Company, which may invest in stocks, bonds, money market investments, real estate mortgages, real estate and other investments.

FIXED ANNUITY -- An Annuity with payments that remain fixed as to dollar amount throughout the payment period.

INDIVIDUAL ACCOUNT -- Account Value/Cash Value credited to a Participant or Beneficiary under this Contract.

MATURITY DATE -- The date on which Annuity payments begin.

OUR OFFICE -- The home offices of The Travelers Insurance Company located at One Cityplace, Hartford Connecticut 06103-3415. Please send all correspondence to P.O. Box 990009, Hartford, Connecticut 06199-0009.

PARTICIPANT -- An eligible person who is a member in Your Plan.

PLAN -- The Plan or the arrangement under Section 403(b) of the Code used in a retirement plan or program whereby the Purchase Payments and any gains are intended to qualify under Sections 401, 403, or 457 of the Code. We are not a party to the Plan. We do not assume the responsibilities of the Plan Administrator, nor are We bound by the terms of the Plan. All records pertaining to the Plan will be open for inspection by Us.

PLAN ADMINISTRATOR -- The corporation or other entity so specified on the application or purchase order. If none is specified, the Plan Trustee is the Plan Administrator.

PLAN TERMINATION -- Termination of Your Plan, including partial Plan Termination, as determined by Us.

PLAN TRUSTEE -- The trustee specified in the Contract Specifications.

PREMIUM TAX -- The amount of tax, if any, charged by the state or municipality. Generally, We will deduct any applicable Premium Tax from the Cash Value either upon Surrender, annuitization, death, or at the time a Purchase Payment is made, but no earlier than when We have the liability under state law.

PURCHASE PAYMENTS -- Payments of premium You make on behalf of the Participants under this Contract.

SEPARATION FROM SERVICE -- The termination or permanent severance of a Participant's employment with the employer for any reason that is a separation from service within the meaning of the Plan. However, termination of a Participant's employment with the employer as a result of the sale of all or part of the employer's business (including divisions or subsidiaries of the employer) will not be considered Separation from Service unless the Participant actually loses his/her job or is not immediately included in a pension or profit sharing plan of the successor employer.

SURRENDER -- Funds distributed from the Contract or certificate for retirement, Separation from Service, loans, hardship withdrawals, death, disability, return of Excess Plan Contributions, payment of certain Plan expenses as mutually agreed upon, Contract Discontinuance, or transfers to other Plan funding vehicles. Such surrender may or may not be subject to surrender charges and the market adjusted value calculations.

SURRENDER DATE -- The date We receive Your Written Request or a Participant's Written Request if so authorized, for a Surrender.

VALUATION DATE -- A date on which the Contract is valued.

WRITTEN REQUEST -- Written information including requests for Contract, Beneficiary, ownership transfers, surrenders or other changes sent to Us in a written form satisfactory to Us and received in good order at Our Office. Requests for changes are subject to any action taken prior to Our receipt of the written information.

YOU, YOUR -- The Contract owner.

YOUR ACCOUNT -- Cash Value attributed to Purchase Payments plus interest credited to You under this Contract.

SUMMARY

The Travelers Insurance Company Fixed Annuity is a flexible premium group deferred fixed annuity contract available to certain types of retirement plans and programs that receive favorable tax treatment under the Code such as qualified pension and profit sharing plans, tax deferred annuity plans (for public school teachers and employees and employees of certain other tax-exempt and qualifying employers) and deferred compensation plans of state and local governments.

This prospectus describes both the Contract and the Certificate. The Contract and Certificate have similar features and provisions. An employer as the Contract Owner purchases the Contract to fund its Qualified Plan. The employer can purchase the Contract on an allocated or unallocated basis. If the employer purchases the Contract on an allocated basis, the employee participating in the Qualified Plan ("Participant") will be issued a Certificate. Generally, allocated contracts are issued to tax deferred annuity plans. If the employer purchases the Contract on an unallocated basis, the employer will be responsible for any accounts for the Participant and no Certificates will be issued by us. Generally, unallocated contracts are issued to qualified pension and profit sharing plans and deferred compensation plans of state and local governments.

The Contract is offered by The Travelers Insurance Company. It is an indirect wholly owned subsidiary of Citigroup Inc. The Contract is available only in those states where it has been approved for sale.

We deposit your Purchase Payments in Our Fixed Account. For each Purchase Payment, We establish an interest rate "period " and guarantee a rate of interest for that Purchase Payment for twelve months. At the end of the twelve months, We will establish a renewal rate of interest. (See "Guaranteed Interest Rates").

You may surrender your Contract at any time before the Maturity Date, but the Cash Value may be subject to a surrender charge and/or Our market adjusted value calculations. You may also take partial surrenders from your Contract; partial surrenders may be subject to a surrender charge. However, if your Contract was issued as part of a tax deferred annuity plan, deferred compensation plan or combined qualified plan/tax deferred annuity plan, You or a Participant, if authorized, may take partial surrenders after the first Contract/Certificate Year annually of up to 10% of the Cash Value of Your Account/Individual Account as of the first Valuation Date of any given Contract/Certificate Year without the imposition of a surrender charge. We may waive surrender charges in certain instances. (See "Surrenders"). We also may deduct any applicable premium taxes from the amounts You surrender. A Participant may be subject to income tax and a 10% penalty tax if he or she is younger than 59 1/2 at the time of the full or partial surrender, and the full or partial surrender may also be subject to income tax withholding. (See "Federal Tax Considerations").

The market adjusted value calculations reflect the relationship between the interest rate on new deposits for this class of contracts on the date of surrender and the interest rate credited to amounts in Your Contract on the date of surrender. The Company has no specific formula for determining initial interest rates or renewal interest rates. However, such determination will generally reflect interest rates available on the types of debt instruments in which the Company intends to invest the amounts invested in the Contract. In addition, the Company's management may also consider various other factors in determining these rates for a given period, including regulatory and tax requirements; sales commission and administrative expenses borne by the Company; general economic trends; and competitive factors. (See Investments by the Company.) It is possible that the amount You receive upon surrender may be less than Your Purchase Payments if interest rates increase. It is also possible that if interest rates decrease, the amount You receive upon surrender may be Your net Purchase Payments plus accrued interest. On the Maturity Date You specified, the Company will make either a lump sum payment or start to pay a series of payments based on the Annuity Options you select. (See "Annuity Period").

If a Participant dies before the Maturity Date, the Contract provides for a death benefit which is the Cash Value of the Participant's Individual Account, less any applicable premium tax as of the date We receive Due Proof of Death. (See "Death Benefit").

We will deduct any applicable premium taxes from Cash Value either upon death, surrender, annuitization, or at the time You make a Purchase Payment to the Contract. (See "Surrenders Premium Taxes").

The terms and conditions of the Plan govern what is available to Participants. Participants should carefully consider the features of their employer's Plan, which may be different from the Contract and Certificate described in this prospectus. In addition, certain features described in this prospectus may vary from your Contract because of differences in applicable state law.

We offer a variety of fixed and variable annuity contracts. They offer features, including variable investment options, fees and/or charges that are different from those described in this prospectus. Upon request, Your agent can provide You with more information about those Contracts.

THE INSURANCE COMPANY

The Travelers Insurance Company is a stock insurance company chartered in 1863 in the state of Connecticut and has been continuously engaged in the insurance business since that time. The Company is licensed to conduct life insurance business in all states of the United States, the District of Columbia, Puerto Rico, Guam, the U.S. and British Virgin Islands, and the Bahamas. The Company is an indirect wholly owned subsidiary of Citigroup Inc. The Company's home office is located at One Cityplace, Hartford, Connecticut 06103-3415.

On January 31, 2005, CITIGROUP INC. announced that it has agreed to sell its life insurance and annuity businesses to METLIFE, INC. The proposed sale would include The Travelers Insurance Company. The transaction is subject to certain domestic and international regulatory approvals, as well as other customary conditions to closing. The transaction is expected to close this summer. Under the terms of the transaction, The Travelers Insurance Company will distribute its ownership of Primerica Life Insurance Company and certain other assets, including shares of Citigroup preferred stock, to Citigroup Inc., or its subsidiaries prior to the closing. The Travelers Insurance Company has filed a current report on Form 8-K on February 2, 2005 with additional information about the transaction, including pro forma financial information. The filing can be found at the SEC's Internet website at <http://www.sec.gov>.

The transaction will not affect the terms or conditions of your annuity contract, and The Travelers Insurance Company will remain fully responsible for its contractual obligations to annuity contract owners.

THE CONTRACT

APPLICATION AND PURCHASE PAYMENTS

You may purchase a Contract through an authorized agent. The agent will send Your completed application or order to purchase, along with a minimum Purchase Payment of at least \$1,000 for the Contract and \$20 for each certificate to Us, and We will determine whether to accept or reject your application or order to purchase. If We accept your application or order to purchase, one of Our legally authorized officers will prepare and execute a Contract within two business days after We receive that application or order. We then will send the Contract to you through your sales representative.

We may:

- o accept Purchase Payments up to \$3 million without prior approval;
- o contact You or Your agent if the application or order form is not properly completed; and/ or
- o return your entire application or order form and Purchase Payment within thirty days if not properly completed.

We sell the Contract for use with certain qualified retirement plans. Please be aware that the Contract includes features such as tax deferral on accumulated earnings. Qualified retirement plans provide their own tax deferral benefit. Please consult a tax adviser to determine whether this Contract is an appropriate investment for You. See Appendix A for information concerning qualified plans.

You may make additional Purchase Payments of at least \$1,000 (\$20 per Certificate) at any time before the Maturity Date. We will apply any subsequent net Purchase Payment You make within two Business Days after We receive it.

INTEREST PERIODS

We deposit each net Purchase Payment (I.E., a Purchase Payment less any applicable Premium Tax charge) in our Fixed Account where We credit the Payment with interest daily at an effective annual interest rate between 1.0% and 3.0% for allocated contracts and 1.0% for unallocated contracts, depending on applicable states' statutory minimum requirements. We may, however, in our sole discretion, credit interest above the statutory minimum requirements. The actual minimum interest rate for your Contract will be on the Contract Specifications page. This rate will not change for the life of the Contract and will apply to any Certificates issues under the Contract.

The amount of interest We credit to a particular net Purchase Payment varies with that Purchase Payment's interest rate "period". We establish an interest rate "period " for each net Purchase Payment, and guarantee that rate for twelve months. At the end of that twelve-month guarantee period, We will determine and credit a renewal interest rate. We guarantee that renewal rate until the end of the current calendar year. After that, We will declare the second and all future renewal rates each subsequent January 1 and guarantee such rates through December 31 of each year.

ESTABLISHMENT OF INTEREST RATES

When you purchase Your Contract, You will know the initial interest rate for your Purchase Payment. The Company has no specific formula for determining interest rates in the future. The interest rates will be declared from time to time as market conditions dictate. (See "Investments by the Company"). The Company may consider various factors in determining interest rates for a given period, including regulatory and tax requirements, sales commissions, administrative expenses, general economic trends, and competitive factors. THE COMPANY'S MANAGEMENT WILL MAKE THE FINAL DETERMINATION AS TO ANY DECLARED INTEREST RATES AND ANY INTEREST IN EXCESS OF THE MINIMUM INTEREST RATE ALLOWED UNDER STATE LAW. THE COMPANY CANNOT PREDICT NOR GUARANTEE THE RATES OF ANY FUTURE DECLARED INTEREST IN EXCESS OF THE MINIMUM RATE.

The Company will make the final determination as to guaranteed interest rates to be declared. We cannot predict nor can We guarantee future interest rates.

SURRENDERS

There are two sets of rules when considering surrenders or partial surrenders from Your Contract. The first are rules and procedures that apply to surrenders and partial surrenders under the Contract; We discuss these provisions in this prospectus. The second are rules specific to Your Plan. Please consult Your Plan for information as to those provisions.

The Contract allows You to make a full or partial surrender by Written Request before the Maturity Date, subject to the surrender charges and in some instances, adjusted market value calculations. In addition, Participants, if so authorized, may make partial surrenders. We may discontinue the Contract or terminate a Participant's Individual Account under certain circumstances.

We will determine Your Cash Surrender Value (or Cash Surrender Value in an Individual Account) as of the next Valuation Date following Our receipt of a Written Request by You or the Participant, if so authorized. We may defer payment of any surrender up to six months from the date We receive Your notice of surrender, or such lesser period if required by state law. State law requires that if We defer payment for more than 30 days, We will pay the state required annual interest rate on the amount that we defer.

For the purposes of processing partial surrenders, We will take the amount surrendered from the most recent "period" first, and then from each subsequent "period" in descending order on a last-in, first out basis. Upon request, We will inform You of the amount payable upon a full or partial surrender. Any full or partial surrender may be subject to ordinary income tax and, if a Participant is younger than age 59 1/2 at the time of the full or partial surrender, a 10% penalty tax may apply. A full or partial surrender may also be subject to income tax withholding. A Participant may not be able to take partial surrenders from his or her Individual Account before age 59 1/2. A Participant should discuss his or her options with a qualified tax advisor. (See "Federal Tax Considerations".)

TRANSFERS

You may transfer amounts from the Fixed Account to products within Your Plan and to Approved Products not issued by Us. If you transfer Cash Value to Approved Products not issued by Us, Your transfers may not exceed 20% per Contract/Certificate Year of the Cash Value in the Fixed Account valued on each Contract/Certificate Year anniversary. We reserve the right to modify the amount available for transfer to Approved Products and to products not issued by Us.

RESTRICTIONS ON FINANCIAL TRANSACTIONS

Federal laws designed to counter terrorism and prevent money laundering might, in certain circumstances, require us to block a contract owner's ability to make certain transactions and thereby refuse to accept any request for withdrawals, surrenders, or death benefits, until the instructions are received from the appropriate

regulator. We may also be required to provide additional information about you and your contract to government regulators.

CHARGES AND DEDUCTIONS

We will deduct the charges described below to cover our costs and expenses, the services provided, and our risks assumed under the Contracts. We incur certain costs and expenses for the distribution and administration of the Contract and for providing the benefits payable thereunder. Our administrative services and risks may include:

- o processing applications for and issuing the Contracts and certificates thereunder;
- o maintaining Contract owner and Participant records;
- o administering Annuity payments;
- o furnishing accounting services;
- o reconciling and depositing cash receipts;
- o providing Contract confirmations and periodic statements;
- o providing toll-free inquiry services; and
- o the risk that our costs in providing the services will exceed our revenues from Contract charges (which cannot be changed).

The amount of the charge may not necessarily correspond to the costs associated with providing the services or benefits stated in the Contract. We may realize a profit on one or more of the charges, and may use any such profit for any corporate purpose.

SURRENDER CHARGE

We do not assess front-end sales charges. We may, however, assess a surrender charge on full and partial surrenders made before the end of the eighth Contract/Certificate Year. The surrender charge for an allocated Contract is calculated based on the age of each Certificate. The surrender charge for an unallocated Contract is calculated based on the age of the Contract. The surrender charge is computed as a percentage of the Cash Value being surrendered and is as follows:

CONTRACT/CERTIFICATE YEAR	CHARGE AS A PERCENTAGE OF CASH VALUE
1-2	5%
3-4	4%
5-6	3%
7	2%
8	1%
9+	0%

We will not assess a surrender charge on:

- > transfers to Approved Products within Your Plan
- > certain benefit distributions that become payable under the terms of a Plan and other distributions, including:
 - o retirement, death, or disability of a Participant (as defined by Code section 72(m)(7));
 - o Separation from Service;
 - o hardship withdrawals as defined by the Code;
 - o minimum distributions as defined by the Code;

- o return on Excess Plan Contributions;
- o certain Plan expenses as mutually agreed upon between You and Us;
- o transfers to an employer stock fund as mutually agreed upon between You and Us; and
- o annuitization under this Contract.

> if the market adjusted value is greater than the Cash Value of the Contract as of the date of discontinuance, and You elect to receive the Cash Value of the Contract in equal installments over a 5-year period.

Unless payment of surrender charges are provided in a different manner, We will reduce your requested distribution by any applicable surrender charges.

In addition, for Contracts issued to tax deferred annuity plans, deferred compensation plans or combined qualified plans/tax deferred annuity plans, We may allow You or a Participant, if authorized, after the first Contract/Certificate Year to take partial surrenders annually of up to 10% of the Cash Value in Your Account/Individual Account as of the first Valuation Date of any given Contract Year without the imposition of a surrender charge. The free withdrawal allowance does not apply to full surrenders transferred directly to annuity contracts issued by other financial institutions. We reserve the right to modify the free withdrawal amount.

We reserve the right to modify the surrender charge provisions for Contracts issued in the future. This will not affect Your Contract if the Contract is in effect before the modification to the surrender charge is effective.

CONTRACT DISCONTINUATION AND MARKET ADJUSTED VALUE

Under certain circumstances, We may discontinue the Contract.

You may discontinue this Contract by Written Request at any time for any reason.

If the Contract is discontinued, any Certificates issued under the Contract will be discontinued.

We reserve the right to discontinue this Contract if:

- o the Cash Value of Your Contract is less than the termination amount shown on your Contract Specifications page. We state a termination amount on your Contract Specifications page. In general, this amount is \$2,000 of the Cash Value of a Participant's Individual Account (the amount is \$2,000 per Account for an allocated Contract and \$20,000 per unallocated Contract). If the Cash Value in a Participant's Individual Account is less than that stated termination amount, We reserve the right to terminate that Account and move the Cash Value of that Participant's Individual Account to Your Account. We will move to Your Account at Your direction any Cash Value to which a Participant is not entitled under the Plan upon termination;
- o We determine within Our sole discretion and judgment that the Plan or administration of the Plan is not in conformity with applicable law; or
- o We receive notice that is satisfactory to Us of Plan Termination.

If you discontinue this Contract because of Plan Termination and the Plan certifies to Us that the Plan Termination is the result of the dissolution or liquidation of the employer under US Code Title 11 procedures, We will distribute the Cash Surrender Value directly to the employees entitled to share in such distributions in accordance with the Plan relating to Plan Termination. Distribution may be in the form of cash payments, Annuity options, or deferred annuities.

The following events will not trigger a market adjusted value:

- o retirement, death, or disability of a Participant (as defined by Code section 72(m)(7));
- o Separation from Service;
- o hardship withdrawals as defined by the Code;
- o minimum distributions as defined by the Code;

- o return on Excess Plan Contributions;
- o certain Plan expenses as mutually agreed upon between You and Us;
- o transfers to an employer stock fund as mutually agreed upon between You and Us; and
- o annuitization under this Contract.

However, if you discontinue this Contract for any other reason than the events described immediately above or because of Our exercise of Our right to discontinue the Contract, We will determine the market adjusted value of the Contract. The market adjusted value is the current value as of the date of discontinuance and reflects the relationship between the rate of interest credited to funds on deposit under the Contract at the time of discontinuance to the rate of interest credited on new deposits for this class of contracts at the time of discontinuance. The market adjusted value may be greater than or less than the Cash Value of the Contract.

If the market adjusted value is less than the Cash Value of your Contract as of the date of discontinuance, We will pay You Your choice of:

- (a) the market adjusted value, less any amounts deducted on surrender, in one lump sum within 60 days of the date of discontinuance; or
- (b) the Cash Surrender Value of the Contract in equal installments over a 5-year period. We determine the amount deducted on surrender, if any, as of the date of discontinuance and will apply that amount to all installment payments. We will credit interest to the remaining Cash Value during this installment period at a fixed effective annual interest rate of not less than the interest rate required under state insurance law. We will make the first payment no later than 60 days following Our mailing the written notice to You at the most current address available on Our records. We will mail the remaining payments on each anniversary of the discontinuance date for 4 years. Allowable distributions shown of Your Contract Specifications page are not allowed during the 5-year installment period.

If the market adjusted value is greater than the Cash Value of the Contract as of the date of discontinuance, We will pay You Your Choice of:

- (a) the Cash Surrender Value of the Contract within 60 days of the date of discontinuance; or
- (b) the Cash Value of the Contract in equal installments over a 5-year period. We will credit interest on the remaining Cash Value of the Contract during the installment period at a fixed annual rate of interest of not less than the interest rate required under state insurance law. We will make the first payment no later than 60 days following Our mailing of the written notice to You at the most current address available on Our records. We will mail the remaining payments on each anniversary of the discontinuance date for 4 years. We do not allow the allowable distributions shown on Your Contract Specifications page during the 5-year installment period.

MARKET ADJUSTED VALUE FORMULA: Payment on a partial or full surrender may be adjusted up or down by the application of the market adjusted value calculation. The market adjusted value formula is:

$$\text{MARKET ADJUSTED VALUE} = \text{CASH VALUE} \times (1+R_0)^5 / (1+R_1+0.0025)^5$$

Where:

R₀ is the average interest rate credited to amounts in the Contract on the date of discontinuance, and R₁ is the interest rate on new deposits for this class of contracts on the date of discontinuance.

PREMIUM TAXES

Certain state and local governments impose premium taxes. These taxes currently range from 0% to 5.0%, depending upon the jurisdiction. The Company is responsible for paying these taxes and will determine the method used to recover premium tax expenses incurred. The Company will deduct any applicable premium taxes from the Cash Value either upon death, surrender, annuitization, or at the time the Purchase Payment is made to the Contract, but no earlier than when the Company has a tax liability under state law.

REDUCTIONS OF CHARGES

We may reduce or eliminate certain charges or alter the manner in which the particular charge is deducted. Generally, these types of changes will be based on our anticipation of lower sales expenses or perform fewer sales services due to:

- o the size of the group participating in the Contract;
- o an existing relationship to the contract owner;
- o use of mass enrollment procedures; or
- o performance of sales functions by a third party which We would otherwise perform.

Please see your Contract for any reduction of charges provisions applicable to You.

DEATH BENEFIT

If applicable under Your Plan, We may pay a death benefit in a single sum to the Beneficiary if a Participant dies before the Maturity Date. We also may pay a death benefit under certain circumstances if the Annuitant dies on or after the Maturity Date.

The death benefit before the Maturity Date equals the Cash Value of a Participant's Individual Account less any applicable premium tax as of the date We receive Due Proof of Death. If the Annuitant dies on or after the Maturity Date, the death benefit will consist of any benefit remaining under the Annuity option then in effect.

We will pay interest on death proceeds of a Participant's Individual Account in accordance with regulation in effect by the state whose laws apply to the Contract.

DISTRIBUTION RULES

The distributions required by federal tax law differ for qualified plans depending on the type of Plan. Upon receipt of Due Proof of Death, the Beneficiary will instruct us how to treat the proceeds, subject to the distribution rules discussed below.

In general, the Beneficiary will receive any remaining contractual benefits upon the death of the Participant. The Beneficiary may receive the remaining benefits in a single sum or elect one of the settlement options. If the Participant dies after any mandatory distribution has begun but before his or her entire interest has been distributed, the remaining interest must be paid out at least as rapidly as it was being paid out under the method of payment in effect at the time of death. If the Participant dies before the distribution of his or her entire interest has begun, the entire interest must be distributed within five years after the Participant's death or an Annuity payable over no longer than life or life expectancy must be distributed to an electing Beneficiary starting within one year of the Participant's death. A spousal designated Beneficiary may elect to defer distributions until the Participant would have attained the age of 70 1/2.

Please see Your Contract and Your tax advisor for more information.

ANNUITY OPTIONS

ELECTION OF MATURITY DATE AND SETTLEMENT OPTIONS

You can select a Maturity Date when you apply for the Contract and/or when We issue a certificate thereunder; if You do not, the default age for certificate maturity is when a Participant reaches age 70 1/2.

You may elect to have all or a portion of the Cash Surrender Value of an Individual Account paid in a lump sum, or You may elect to have Your Cash Surrender Value or a portion thereof, distributed under any of the Annuity options described below. In addition, any amount payable from the Contract may be applied to an Annuity option. A Participant, if authorized, may apply any proceeds payable from his or her Individual Account to an Annuity Option.

To elect an Annuity option, You must send a Written Request to Our Office at least 30 days before such election is to become effective. If no option is elected for qualified Contracts, We will apply the Cash Surrender Value to Option 4 to provide a Joint and Last Survivor Life Annuity.

You must provide Us with the following information when you elect an Annuity option:

- o the Participant's name, address, date of birth, and social security number;
- o the amount to be distributed in the form of an Annuity option;
- o the Annuity option which is to be purchased;
- o the date the Annuity option payments are to begin;
- o if the form of the Annuity provides a death benefit in the event of the Participant's death, the name, relationship, and address of the Beneficiary as designated by You; and
- o any other data We may require.

CHANGE OF MATURITY DATE OR ANNUITY OPTION

You may change the Maturity Date at any time as long as such change is made in writing and is received by Us at least 30 days before the scheduled Maturity Date or date the Annuity option is scheduled to become effective. Once an Annuity option has begun, it may not be changed.

ANNUITY OPTIONS

You or a Participant, if authorized, may elect any one of the following Annuity options. Annuity payments may be available on a monthly, quarterly, semiannual, or annual basis. The minimum amount that may be applied to Annuity options is \$2,000 unless We consent to a smaller amount. If any periodic payments due are less than \$100, We reserve the right to make payments at less frequent intervals.

We use the Life Annuity Tables to determine the first monthly payment. They show the dollar amount of the first monthly Annuity payment which can be purchased with each \$1,000 applied. The amount applied to an Annuity will be the Cash Surrender Value attributable to a Participant's Individual Account as of 14 days before the Maturity Date. We reserve the right to require satisfactory proof of age of any person on whose life We base Annuity payments before making the first payment under any of these options.

Any Cash Surrender Value We apply to an Annuity option will provide payments at least equal to those provided if the same amount was applied to purchase a single premium immediate Annuity We offer at that time for the same class of contracts. If it would produce a larger payment, We agree that We will determine the Annuity payment using the Life Annuity Tables in effect on the Maturity Date.

As provided in your Contract, We may adjust the age used to determine Annuity payments, and We may deduct premium taxes from Annuity payments.

OPTION 1 -- LIFE ANNUITY -- NO REFUND: The Company will make Annuity payments during the lifetime of the Annuitant ending with the last monthly payment before death. This option offers the maximum periodic payment, since there is no assurance of a minimum number of payments or provision for a death benefit for Beneficiaries.

OPTION 2--LIFE ANNUITY WITH 120, 180, OR 240 MONTHLY PAYMENTS ASSURED: The Company will make monthly Annuity payments during the lifetime of the Annuitant, with the agreement that if, at the death of that person, payments have been made for less than 120,180, or 240 months as elected, We will continue making payments to the Beneficiary during the remainder of the period.

OPTION 3 -- JOINT AND LAST SURVIVOR LIFE ANNUITY: The Company will make monthly annuity payments during the joint lifetime of the Annuitant and a second person. On the death of either person, We will continue making payments to the survivor. No further payments will be made following the death of the survivor.

OPTION 4 - JOINT AND LAST SURVIVOR LIFE ANNUITY - ANNUITY REDUCED ON DEATH OF PRIMARY PAYEE: The Company will make monthly Annuity payments during the joint lifetime of two persons on whose lives We base the

payments. We will designate one of the two persons as the primary payee. We will designate the other person as the secondary payee. On the death of the secondary payee, if survived by the primary payee, We will continue to make monthly Annuity payments to the primary payee in the same amount that would have been payable during the joint lifetime of the two persons.

On the death of the primary payee, if survived by the secondary payee, We will continue to make monthly Annuity payments to the secondary payee in an amount equal to 50% of the payments, which would have been made during the lifetime of the primary payee.

No further payments will be made following the death of the survivor.

OPTION 5 -- PAYMENTS FOR A FIXED PERIOD: The Company will make monthly payments for the period selected. If at the death of the Annuitant payments have been made for less than the period selected, the Company will continue to make payments to the Beneficiary during the remainder of that period.

OPTION 6 -- OTHER ANNUITY OPTIONS: The Company will make other arrangements for Annuity payments as may be mutually agreed upon by You and Us.

INVESTMENTS BY THE COMPANY

We must invest our assets according to applicable state laws regarding the nature, quality and diversification of investments that may be made by life insurance companies. In general, these laws permit investments, within specified limits and subject to certain qualifications, in federal, state and municipal obligations, corporate bonds, preferred and common stocks, real estate mortgages, real estate and certain other investments.

In establishing interest rates, the Company will consider the yields on fixed income securities that are part of the Company's current investment strategy for the Contracts at the time that the interest rates are established. (See "Establishment of Interest Rates".) The current investment strategy for the Contracts is to invest in fixed income securities, including public bonds, privately placed bonds, and mortgages, some of which may be zero coupon securities. While this generally describes our investment strategy, We are not obligated to follow any particular strategy except as may be required by federal and state laws.

ANNUAL STATEMENT

After the end of each calendar year, You will receive a statement that will show:

- o Your Cash Value as of the end of the preceding year;
- o all transactions regarding Your Contract during the year;
- o Your Cash Value at the end of the current year; and
- o the interest credited to Your Contract.

AMENDMENT OF THE CONTRACTS

We reserve the right to amend the Contracts to comply with applicable federal or state laws or regulations. We will notify You in writing of any such amendments.

DISTRIBUTION OF THE CONTRACTS

Travelers Distribution LLC ("TDLLC") an affiliate of the Company, is the principal underwriter of the Contracts. TDLLC is registered with the Securities and Exchange Commission under the Act as a broker-dealer, and is a member of the National Association of Securities Dealers, Inc. The Contract is offered through both affiliated and non-affiliated broker dealers.

The principal underwriter enters into selling agreements with certain broker-dealers registered under the Act. Under the selling agreements such broker-dealers may offer Contracts to persons who have established an account with the broker-dealer. In addition, the Company may offer certificates to members of certain other eligible groups. The Company will pay a maximum commission of 6% of the Purchase Payment for the sale of a Contract. Tower Square Securities, Inc., an affiliate of the Company, receives greater compensation for selling the contract than nonaffiliated broker-dealers.

From time to time, the Company may offer customers of certain broker-dealers special interest rates and negotiated commissions. In addition, the Company may offer Contracts to members of certain other eligible groups through trusts or otherwise.

FEDERAL TAX CONSIDERATIONS

GENERAL

The Company is taxed as a life insurance company under Subchapter L of the Code. Generally, amounts credited to a contract are not taxable until received by the Contract Owner, participant or Beneficiary, either in the form of annuity payments or other distributions. Tax consequences and limits are described further below for each annuity program. The following general discussion of the federal income tax consequences related to your investment in this Contract is not intended to cover all situations, and is not meant to provide legal or tax advice. Because of the complexity of the law and the fact that the tax results will vary depending upon many factors, you should consult with your tax and/or legal advisor regarding the tax implications of purchasing this Contract based upon your individual situation.

Congress has recognized the value of saving for retirement by providing certain tax benefits for annuities. The Internal Revenue Code ("Code") governs how earnings on your investment in the Contract are ultimately taxed, depending upon the type of Contract, Qualified or Non-qualified, and the manner in which the money is distributed, as briefly described below. In analyzing the benefits of tax deferral it is important to note that the Jobs and Growth Tax Relief Reconciliation Act of 2003 reduced the marginal tax rates on long-term capital gains and dividends to 5% and 15%. The reduced rates apply during 2003 through 2008, and thereafter will increase to prior levels. Earnings under annuity Contracts, like interest payable as fixed investments (notes, bonds, etc.), continue to be taxed as ordinary income (top rate of 35%).

NOTE TO PARTICIPANTS IN QUALIFIED PLANS INCLUDING 401, 403 (B), 457 AS WELL AS IRA OWNERS:

While annual plan contribution limits may be increased from time to time by Congress and the IRS for federal income tax purposes, these limits must be adopted by each state for the higher limits to be effective at a state income tax level. In other words, permissible contribution limit for income tax purposes may be different at the federal level from your state's income tax laws. Please consult your employer or tax adviser regarding this issue.

SECTION 403 (b) PLANS AND ARRANGEMENTS

Purchase Payments for a tax-deferred annuity contract (including salary reduction contributions) may be made by an employer for employees under annuity plans adopted by public educational organizations and certain organizations which are tax exempt under Section 501 (c) (3) of the Code. Within statutory limits (\$14,000 in 2005, \$15,000 in 2006), such salary reduction contributions are not currently includable in the gross income of the participants. Additional "catch-up contributions" may be made by individuals age 50 or over. Increases in the value of the Contract attributable to these Purchase Payments are similarly not subject to current taxation. Instead, both the contributions to the tax-sheltered annuity and the income in the Contract are taxable as ordinary income when distributed.

An additional tax of 10% will apply to any taxable distribution received by the participant before the age of 59 1/2, except when due to death, disability, or as part of a series of payments for life or life expectancy, or made after the age of 55 with separation from service. There are other statutory exceptions that may apply in certain situations.

Amounts attributable to salary reductions made to a tax-sheltered annuity and income thereon may not be withdrawn prior to attaining the age of 59 1/2, separation from service, death, total and permanent disability, or in

the case of hardship as defined by federal tax law and regulations. Hardship withdrawals are available only to the extent of the salary reduction contributions and not from the income attributable to such contributions. These restrictions do not apply to assets held generally as of December 31, 1988.

Distributions must begin by April 1st of the calendar year following the later of the calendar year in which the participant attains the age of 70 1/2 or the calendar year in which the Participant retires. Certain other mandatory distribution rules apply at the death of the participant.

Certain distributions, including most partial or full redemptions or "term-for-years" distributions of less than 10 years, are eligible for direct rollover to another 403 (b) contract, certain qualified plans or to an Individual Retirement Arrangement (IRA) without federal income tax or withholding.

To the extent an eligible rollover distribution is not directly rolled over to another 403 (b) contract, an IRA or eligible qualified contract, 20% of the taxable amount must be withheld. In addition, current tax may be avoided on eligible rollover distributions which were not directly transferred to a qualified retirement program if the participant makes a rollover to a qualified retirement plan or IRA within 60 days of the distribution.

Distributions in the form of annuity payments are taxable to the participant or Beneficiary as ordinary income in the year of receipt, except that any distribution that is considered the participant's "investment in the Contract" is treated as a return of capital and is not taxable.

QUALIFIED PENSION AND PROFIT-SHARING PLANS

Like most other contributions made under a qualified pension or profit-sharing trust described in Section 401 (a) of the Code and exempt from tax under Section 501 (a) of the Code, a Purchase Payment made by an employer (including salary reduction contributions under Section 401(k) of the Code) is not currently taxable to the participant and increases in the value of a contract are not subject to taxation until received by a participant or Beneficiary. For 2005, the applicable limits are \$42,000 for total contributions and \$14,000 for salary reduction contributions made pursuant to Code Section 401(k). Additional "catch-up contributions" may be made by individuals age 50 or over.

Distributions in the form of annuity payments are taxable to the participant or Beneficiary as ordinary income in the year of receipt, except that any distribution that is considered the participant's "investment in the contract" is treated as a return of capital and is not taxable. Certain eligible rollover distributions including most partial and full surrenders or term-for-years distributions of less than 10 years are eligible for direct rollover to an eligible retirement plan or to an IRA without federal income tax withholding.

If a distribution that is eligible for rollover is not directly rolled over to another qualified retirement plan or IRA, 20% of the taxable amount must be withheld. In addition, current tax may be avoided on eligible rollover distributions that were not directly transferred to a qualified retirement program if the participant makes a rollover contribution to a qualified retirement plan or IRA within 60 days of the distribution.

Distributions must begin by April 1st of the calendar year following the later of the calendar year in which you attain age 70 1/2 or the calendar year in which you retire, except that if you are a 5% owner as defined in Code Section 416(i) (1) (B), distributions must begin by April 1st of the calendar year following the calendar year in which you attain age 70 1/2. Certain other mandatory distribution rules apply on the death of the participant.

An additional tax of 10% will apply to any taxable distribution received by the participant before the age of 59 1/2, except by reason of death, disability or as part of a series of payments for life or life expectancy, or at early retirement at or after the age of 55. There are other statutory exceptions which may apply in certain situations. Amounts attributable to salary reduction contributions under Code Section 401(k) and income thereon may not be withdrawn prior to severance from employment, death, total and permanent disability, attainment of age 59 1/2, or in the case of hardship.

INDIVIDUAL RETIREMENT ANNUITIES

To the extent of earned income for the year and not exceeding the applicable limit for the taxable year, an individual may make deductible contributions to an individual retirement annuity (IRA). The applicable limit (\$2,000 per year prior to 2002) has been increased by the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). The limit is \$3,000 for calendar years 2002-2004, \$4,000 for calendar years 2005-2007,

and will be indexed for inflation in years subsequent to 2008. (Note: The minimum Purchase Payment allowed for this Contract is \$5,000.) Additional "catch-up contributions" may be made to an IRA by individuals age 50 or over. There are certain limits on the deductible amount based on the adjusted gross income of the individual and spouse based on their participation in a retirement plan. If an individual is married and the spouse is not employed, the individual may establish IRAs for the individual and spouse. Purchase Payments may then be made annually into IRAs for both spouses in the maximum amount of 100% of earned income up to a combined limit based on the individual limits outlined above.

Partial or full distributions are treated as ordinary income, except that amounts contributed after 1986 on a non-deductible basis are not includable in income when distributed. An additional tax of 10% will apply to any taxable distribution from the IRA that is received by the participant before the age of 59 1/2 except by reason of death, disability or as part of a series of payments for life or life expectancy. Distributions must commence by April 1st of the calendar year after the close of the calendar year in which the individual attains the age of 70 1/2. Certain other mandatory distribution rules apply on the death of the individual. The individual must maintain personal and tax return records of any non-deductible contributions and distributions.

Section 408 (k) of the Code provides for the purchase of a Simplified Employee Pension (SEP) plan. A SEP is funded through an IRA with an annual employer contribution limit of \$40,000 for each participant.

ROTH IRAS

Effective January 1, 1998, Section 408A of the Code permits certain individuals to contribute to a Roth IRA. Eligibility to make contributions is based upon income, and the applicable limits vary based on marital status and/or whether the contribution is a rollover contribution from another IRA or an annual contribution. Contributions to a Roth IRA, which are subject to certain limitations, (similar to the annual limits for traditional IRAs), are not deductible and must be made in cash or as a rollover or transfer from another Roth IRA or other IRA. A conversion of "traditional" IRA to a Roth IRA may be subject to tax and other special rules apply. You should consult a tax adviser before combining any converted amounts with other Roth IRA contributions, including any other conversion amounts from other tax years.

Qualified distributions from a Roth IRA are tax-free. A qualified distribution requires that the Roth IRA has been held for at least 5 years, and the distribution is made after age 59 1/2, on death or disability of the owner, or for a limited amount (\$10,000) for a qualified first time home purchase for the owner or certain relatives. Income tax and a 10% penalty tax may apply to distributions made (1) before age 59 1/2 (subject to certain exceptions) or (2) during five taxable years starting with the year in which the first contribution is made to the Roth IRA.

SECTION 457 PLANS

Section 457 of the Code allows employees and independent contractors of state and local governments and tax-exempt organizations to defer a portion of their salaries or compensation to retirement years without paying current income tax on either the deferrals or the earnings on the deferrals. Such deferrals are subject to limits similar to those applicable to 403(b) and 401(k) plans.

The Owner of contracts issued under Section 457 plans by non-governmental employers is the employer or a contractor of the participant and amounts may not be made available to participants (or beneficiaries) until separation from service, retirement or death or an unforeseeable emergency as determined by Treasury Regulations. The proceeds of annuity contracts purchased by Section 457 plans are subject to the claims of general creditors of the employer or contractor. A different rule applies with respect to Section 457 plans that are established by governmental employers. The contract must be for the exclusive benefit of the plan participants (and their beneficiaries), and the governmental employer (and their creditors) must have no claim on the contract.

Distributions must begin by April 1st of the calendar year following the later of the calendar year in which the participant attains the age of 70 1/2 or the calendar year in which the participant retires. Certain other mandatory distribution rules apply upon the death of the participant.

All distributions from plans that meet the requirements of Section 457 of the Code are taxable as ordinary income in the year paid or made available to the participant or Beneficiary.

NONQUALIFIED ANNUITIES

Individuals may purchase tax-deferred annuities without any limits. The Purchase Payment receives no tax benefit, deduction or deferral, but taxes on the increases in the value of the Contract are generally deferred until distribution. Generally, if an annuity is owned other than by an individual, the owner will be taxed each year on the increase in the value of the Contract. An exception applies for Purchase Payments made before March 1, 1986. In addition, for Contracts issued after April 22, 1987, all deferred increases in value will be includable annually in the income of an Owner when that Owner transfers the Contract without adequate considerations.

The federal tax law requires nonqualified annuity contracts issued on or after January 19, 1985 to meet minimum mandatory distribution requirements upon the death of the Contract Owner. Failure to meet these requirements will cause the succeeding Contract Owner or Beneficiary to lose the tax benefits associated with annuity contracts, i.e., primarily the tax deferral prior to distribution. The distribution required depends upon whether an Annuity Option is elected or whether the succeeding Owner is the surviving spouse. Contracts will be administered by the Company in accordance with these rules.

If two or more nonqualified annuity contracts are purchased from the same insurer within the same calendar year, such annuity contracts will be aggregated for federal income tax purposes. As a result, distributions from any of them will be taxed based upon the amount of income in all of the same calendar year series of annuities. This will generally have the effect of causing taxes to be paid sooner on the deferred gain in the contracts.

Those receiving partial distributions made before annuitization of a contract will generally be taxed on an income-first basis to the extent of income in the Contract. Certain pre-August 14, 1982 deposits into a nonqualified annuity contract that have been placed in the Contract by means of a tax-deferred exchange under Section 1035 of the Code may be withdrawn first without income tax liability. This information on deposits must be provided to the Company by the other insurance company at the time of the exchange. There is income in the Contract generally to the extent the Cash Value exceeds the investment in the Contract. The investment in the Contract is equal to the amount of premiums paid less any amount received previously that was excludable from gross income. Any direct or indirect borrowing against the value of the Contract or pledging of the Contract as security for a loan will be treated as a cash withdrawal under the tax law.

With certain exceptions, the law will impose an additional tax if a Contract Owner makes a withdrawal of any amount under the Contract that is allocable to an investment made after August 13, 1982. The amount of the additional tax will be 10% of the amount includable in income by the Contract Owner because of the withdrawal. The additional tax will not be imposed if the amount is received on or after the Contract Owner reaches the age of 59 1/2, or if the amount is one of a series of substantially equal periodic payments made for life or life expectancy of the taxpayer. The additional tax will not be imposed if the withdrawal or partial surrender follows the death or disability of the Contract Owner.

Code Section 1035 provides that, if certain conditions are met, no gain or loss is recognized when an annuity contract is received in exchange for a life, endowment, or annuity contract. Since different annuity contracts have different expenses, fees, and benefits, a tax-free exchange could result in your investment becoming subject to higher or lower fees and expenses.

THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974

Under the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, certain special provisions may apply to the Contract if the Owner of a Section 403 (b) plan Contract or the owner of a contract issued to certain qualified plans requests that the Contract be issued to conform to ERISA or if the Company has notice that the Contract was issued pursuant to a plan subject to ERISA.

ERISA requires that certain Annuity Options, withdrawals or other payments and any application for a loan secured by the Contract may not be made until the Participant has filed a Qualified Election with the plan administrator. Under certain plans, ERISA also requires that a designation of a Beneficiary other than the participant's spouse be deemed invalid unless the participant has filed a Qualified Election.

A Qualified Election must include either the written consent of the Participant's spouse, notarized or witnessed by an authorized plan representative, or the participant's certification that there is no spouse or that the spouse cannot be located.

The Company intends to administer all contracts to which ERISA applies in a manner consistent with the direction of the plan administrator regarding the provisions of the plan, in accordance with applicable law. Because these requirements differ according to the plan, a person contemplating the purchase of an annuity contract should consider the provisions of the plan.

FEDERAL INCOME TAX WITHHOLDING

The portion of a distribution that is taxable income to the recipient will be subject to federal income tax withholding, generally pursuant to Section 3405 of the Code. The application of this provision is summarized below.

1. ELIGIBLE ROLLOVER DISTRIBUTION FROM SECTION 403(B) PLANS OR ARRANGEMENTS, FROM QUALIFIED PENSION AND PROFIT-SHARING PLANS, OR FROM 457 PLANS SPONSORED BY GOVERNMENTAL ENTITIES

There is a mandatory 20% tax withholding for plan distributions that are eligible for rollover to an IRA or to another retirement plan but that are not directly rolled over. A distribution made directly to a participant or Beneficiary may avoid this result if:

- (a) a periodic settlement distribution is elected based upon a life or life expectancy calculation, or
- (b) a complete term-for-years settlement distribution is elected for a period of ten years or more, payable at least annually, or
- (c) a minimum required distribution as defined under the tax law is taken after the attainment of the age of 70 1/2 or as otherwise required by law.

A distribution including a rollover that is not a direct rollover will require the 20% withholding, and the 10% additional tax penalty on premature withdrawals may apply to any amount not added back in the rollover. The 20% withholding may be recovered when the participant or Beneficiary files a personal income tax return for the year if a rollover was completed within 60 days of receipt of the funds, except to the extent that the participant or spousal Beneficiary is otherwise underwithheld or short on estimated taxes for that year.

2. OTHER NON-PERIODIC DISTRIBUTIONS (FULL OR PARTIAL REDEMPTIONS)

To the extent not subject to the mandatory 20% withholding as described in (1) above, the portion of a nonperiodic distribution which constitutes taxable income will be subject to federal income tax withholding, to the extent such aggregate distributions exceed \$200 for the year, unless the recipient elects not to have taxes withheld. If an election to opt out of withholding is not provided, 10% of the taxable portion of the distribution will be withheld as federal income tax; provided that the recipient may elect any other percentage. Election forms will be provided at the time distributions are requested. This form of withholding applies to all annuity programs.

3. PERIODIC DISTRIBUTIONS (DISTRIBUTIONS PAYABLE OVER A PERIOD GREATER THAN ONE YEAR)

The portion of a periodic distribution that constitutes taxable income will be subject to federal income tax withholding under the wage withholding tables as if the recipient were married claiming three exemptions. A recipient may elect not to have income taxes withheld or have income taxes withheld at a different rate by providing a completed election form. Election forms will be provided at the time distributions are requested. This form of withholding applies to all annuity programs.

Recipients who elect not to have withholding made are liable for payment of federal income tax on the taxable portion of the distribution. All recipients may also be subject to penalties under the estimated tax payment rules if withholding and estimated tax payments are not sufficient.

Recipients who do not provide a social security number or other taxpayer identification number will not be permitted to elect out of withholding. Additionally, United States citizens residing outside of the country, or U.S. legal residents temporarily residing outside the country, are subject to different withholding rules and cannot elect out of withholding.

TAX ADVICE

Because of the complexity of the law and the fact that the tax results will vary according to the factual status of the individual involved, a person contemplating purchase of an annuity contract and/or an Owner, participant or Beneficiary who may make elections under a contract should consult with a qualified tax or legal adviser prior to such purchase or the making of an election. It should be understood that the foregoing description of the federal income tax consequences under these contracts is not exhaustive and that special rules are provided with respect to situations not discussed here. It should be understood that if a tax benefited plan loses its exempt status, employees could lose some of the tax benefits described. For further information, a qualified tax adviser should be consulted.

PUERTO RICO TAX CONSIDERATIONS

The Puerto Rico Internal Revenue Code of 1994 (the "1994 Code") taxes distributions from non-qualified annuity contracts differently than in the U.S. Distributions that are not in the form of an annuity (including partial surrenders and period certain payments) are treated under the 1994 Code first as a return of investment. Therefore, no taxable income is recognized for Puerto Rico tax purposes until the cumulative amount paid exceeds your tax basis. The amount of income on annuity distributions (payable over your lifetime) is also calculated differently under the 1994 Code. Since Puerto Rico residents are also subject to U.S. income tax on all income other than income sourced to Puerto Rico, and the Internal Revenue Service issued guidance in 2004 which indicated that the income from an annuity contract issued by a U.S. life insurer would be considered U.S. source income, the timing of recognition of income from an annuity contract could vary between the two jurisdictions. Although the 1994 Code provides a credit against the Puerto Rico income tax for U.S. income taxes paid, an individual may not get full credit because of the timing differences. You should consult with a personal tax adviser regarding the tax consequences of purchasing an annuity contract and/or any proposed distribution, particularly a partial distribution or election to annuitize.

NON-RESIDENT ALIENS

Distributions to non-resident aliens ("NRAs") are subject to special and complex tax and withholding rules under the Code with respect to U.S. source income, some of which are based upon the particular facts and circumstances of the Contract Owner, the beneficiary and the transaction itself. As stated above, the IRS has taken the position that income from the Contract received by NRAs is considered U.S. source income. In addition, Annuity Payments to NRAs in many countries are exempt from U.S. tax (or subject to lower rates) based upon a tax treaty, provided that the Contract Owner complies with the applicable requirements. NRAs should seek guidance from a tax adviser regarding their personal situation.

AVAILABLE INFORMATION

The Company files reports and other information with the Securities and Exchange Commission ("Commission"), as required by law. You may read and copy this information and other information at the public reference facilities of the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. You may also review this information by accessing the Commission's website at <http://www.sec.gov>.

Under the Securities Act of 1933, each Company has filed with the Commission a registration statement (the "Registration Statement") relating to the Contracts offered by this prospectus. This prospectus has been filed as a part of the Registration Statement and does not contain all of the information set forth in the Registration Statement and the exhibits, and reference is hereby made to such Registration Statement and exhibits for further information relating to the Company and the Contracts. The Registration Statement and the exhibits may be inspected and copied as described above. Although the Company furnishes certificate and contract owners with

the Annual Reports on Form 10-K for the year ended December 31, 2004 the Company does not plan to furnish subsequent financial reports.

FINANCIAL STATEMENTS

The Company's latest annual report on Form 10-K has been filed with the Commission.

The Form 10-K for the period ended December 31, 2004 contains additional information about the Company, including audited financial statements for the Company's latest fiscal year. The Company filed its Form 10-K on March 30, 2005 via Edgar File No. 33-03094.

If requested, the Company will furnish, without charge, a copy of any and all of the documents incorporated by reference, other than exhibits to those documents (unless such exhibits are specifically incorporated by reference in those documents). You may direct your requests to the Company at P.O. Box 990009, Hartford, CT 06199-0009, Attention: Annuity Services. The telephone number is (800) 842-0086. You may also obtain copies of any documents, incorporated by reference into this prospectus by accessing the SEC's Website (<http://www.sec.gov>).

LEGAL OPINION

Legal matters in connection with federal laws and regulations affecting the issue and sale of the Contracts described in this prospectus and the organization of the Company, its authority to issue such Contracts under Connecticut law and the validity of the forms of the Contracts under Connecticut law have been passed on by the Deputy General Counsel of the Company.

EXPERTS

THE TRAVELERS INSURANCE COMPANY

The consolidated financial statements and schedules of The Travelers Insurance Company and subsidiaries as of December 31, 2004 and 2003, and for each of the years in the three-year period ended December 31, 2004, have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, also incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. The audit reports covering the December 31, 2004, consolidated financial statements and schedules refer to changes in the Company's methods of accounting for certain nontraditional long-duration contracts and for separate accounts in 2004, variable interest entities in 2003, and for goodwill and intangible assets in 2002.

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APPENDIX A

Plans eligible to purchase the Contract are pension and profit sharing plans qualified under ss.401 (a) of the Internal Revenue Code, Section 403 (b) ERISA plans, and eligible state deferred compensation plans under ss.457 of the Code ("Qualified Plans"). Trustees should consider whether the Plan permits the investment of Plan assets in the Contract, the distribution of such an annuity and payment of death benefits in accordance with the requirements of the federal income tax rules. Assuming continued Plan qualification and operation, earnings on Plan assets will accumulate value on a tax-deferred even if the Plan is not funded by this Contract. Trustees therefore should consider features of the Contract other than tax-deferral before investing in the Contract. In addition, because required minimum distributions must generally begin for annuitants after age 70 1/2, trustees should consider whether that the Contract may not be an appropriate purchase for annuitants approaching or over age 70 1/2.

To apply for this Contract, the trustee or other applicant must complete an application or purchase order for the Group Annuity Contract and make a Purchase Payment. A Group Annuity Contract will then be issued to the applicant. While certificates may or may not be issued, each Purchase Payment is confirmed to the contract owner. Surrenders under the Group Annuity Contract may be made at the election of the contract owner, from the Account established under the Contract. Account surrenders are subject to the same limitations, adjustments and charges as surrenders made under a certificate (see "Surrenders"). Cash Surrender Values may be taken in cash or applied to purchase annuities for the Contract Owners' Qualified Plan participants.

Because there might not be individual participant accounts, the qualified Group Annuity Contract issued in connection with a Qualified Plan may not provide for death benefits. Annuities purchased for Qualified Plan participants may provide for a payment upon the death of the Annuitant depending on the option chosen (see "Annuity Options"). Additionally, since there might not be Annuitants prior to the actual purchase of an Annuity by the contract owner, the provisions regarding the Maturity Date may not be applicable.

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

FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

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 06-0566090
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) 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)

Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Yes No

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

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 I(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

TABLE OF CONTENTS

FORM 10-K ITEM NUMBER	PART I	PAGE
1.	Business	2
	A. General	2
	B. Business by Segment	
	Travelers Life & Annuity	2
	Primerica	4
	C. Insurance Regulations	4
2.	Properties	6
3.	Legal Proceedings	6
4.	Submission of Matters to a Vote of Security Holders	8
PART II		
5.	Market for Registrant's Common Equity and Related Stockholder Matters	8
6.	Selected Financial Data	8
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	9
7A.	Quantitative and Qualitative Disclosures About Market Risk	16
8.	Financial Statements and Supplementary Data	19
9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	67
9A.	Controls and Procedures	67
9B.	Other Information	67
PART III		
10.	Directors and Executive Officers of the Registrant	67
11.	Executive Compensation	67
12.	Security Ownership of Certain Beneficial Owners and Management ...	67
13.	Certain Relationships and Related Transactions	67
14.	Principal Accountant Fees and Services	67
PART IV		
15.	Exhibits and Financial Statement Schedules	69
	Exhibit Index	70
	Signatures	71
	Index to Financial Statements and Financial Statement Schedules ..	72

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

PART I

ITEM 1. BUSINESS.

GENERAL

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 periodic reports of Citigroup provide additional business and financial information concerning it and its consolidated subsidiaries. TIC was incorporated in 1863.

The Company's two reportable business segments are Travelers Life & Annuity (TLA) and Primerica. The primary insurance entities of the Company are TIC and its subsidiaries The Travelers Life and Annuity Company (TLAC), included in the TLA 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 segment. The 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.

On January 31, 2005, Citigroup announced that it had agreed to sell its Life Insurance and Annuity businesses, including the Company, to MetLife, Inc. The transaction is subject to certain domestic and international regulatory approvals, as well as other customary conditions to closing. The Company's Primerica segment and certain other assets will remain with Citigroup. The transaction is expected to close this summer.

See Note 17 of Notes to Consolidated Financial Statements. The Company filed Form 8-K regarding this proposed transaction on February 2, 2005.

BUSINESS BY SEGMENT

TRAVELERS LIFE & ANNUITY

TLA core offerings include retail annuities, individual life insurance, corporate owned life insurance (COLI) and institutional annuity insurance products distributed by TIC and TLAC principally under the Travelers Life & Annuity name. The Company has a license from St. Paul Travelers to use the names "Travelers Life & Annuity," "The Travelers Insurance Company," "The Travelers Life and Annuity Company" and related names in connection with the Company's business. See Note 14 in the Notes to Consolidated Financial Statements. Among the range of retail annuity products offered are fixed and variable deferred annuities and payout annuities. Individual life insurance products offered include term, universal and variable life insurance. The COLI product is a variable universal life product distributed through independent specialty brokers. The institutional annuity products include institutional pensions, including guaranteed investment contracts (GICs), payout annuities, group annuities sold to employer-sponsored retirement and savings plans, structured settlements and funding agreements.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

Individual fixed and variable deferred annuities are primarily used for retirement funding purposes. Variable annuities permit policyholders to direct retirement funds into a number of separate accounts, which offer differing investment options. Individual payout annuities offer a guaranteed payment stream over a specified or life-contingent period.

Retail annuity products are distributed through affiliated channels and non-affiliated channels. The affiliated channels include CitiStreet Retirement Services, a division of CitiStreet LLC, (CitiStreet), a joint venture between Citigroup and State Street Bank; Smith Barney (SB), a division of Citigroup Global Markets Inc.; Primerica Financial Services, Inc. (PFS); and Citibank. The non-affiliated channels primarily include a nationwide network of independent financial professionals and independent broker-dealers. CitiStreet is a sales organization of personal retirement planning specialists focused primarily on the qualified periodic deferred compensation marketplace. CitiStreet is the leading seller of retail annuities among the Company's affiliates and its share of total individual annuity premiums and deposits was 27% in 2004. Other affiliated retail annuities premiums and deposits in 2004 were: PFS - 17%, SB - 16% and Citibank - 9%. The non-affiliated channels accounted for 31% of individual annuity premiums and deposits.

Individual life insurance is used to meet estate, business planning and retirement needs and also to provide protection against financial loss due to death. Individual life products are primarily marketed by independent financial professionals and account for 77% of total 2004 life sales. SB and Citibank accounted for 8% and 5%, respectively, of total individual life sales for 2004.

Institutional annuity products, including fixed and variable rate GICs, which provide a guaranteed return on investment, continue to be a popular investment choice for employer-sponsored retirement and savings plans. Annuities purchased by employer-sponsored plans fulfill retirement obligations to individual employees. Payout annuities are used primarily as a pension close-out investment for companies. Structured settlements are purchased as a means of settling certain indemnity claims and making other payments to policyholders over a period of time. Funding agreement transactions offer fixed term and fixed or variable rate investment options with policyholder status to domestic and foreign institutional investors. These group annuity products are sold through direct sales and various intermediaries.

TIC is licensed to sell and market its individual products in all 50 states, the District of Columbia, Canada, Puerto Rico, Guam, the Bahamas and the U.S. and British Virgin Islands.

The Company operates Tower Square Securities, Inc., which is an introducing broker-dealer offering a full line of brokerage services. Tower Square Securities facilitates the sale of individual variable life and annuity insurance products by the independent financial professionals. Travelers Distribution LLC, a limited purpose broker-dealer, is the principal underwriter and distributor for TLA variable products.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

PRIMERICA

Primerica Life and its subsidiaries, Primerica Life Insurance Company of Canada, CitiLife and NBL, are the insurance operations of the Primerica segment. Their primary product is individual term life insurance marketed through a sales force composed of approximately 106,000 representatives. 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, 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.

INSURANCE REGULATIONS

Insurance Regulatory Information System

The National Association of Insurance Commissioners (NAIC) Insurance Regulatory Information System (IRIS) was developed to help state regulators identify companies that may require special attention. The IRIS system consists of a statistical phase and an analytical phase whereby financial examiners review annual statements and financial ratios. The statistical phase consists of 12 key financial ratios based on year-end data that are generated from the NAIC database annually; each ratio has an established "usual range" of results. These ratios assist state insurance departments in executing their statutory mandate to oversee the financial condition of insurance companies.

A ratio result falling outside the usual range of IRIS ratios is not considered a failing result; rather, unusual values are viewed as part of the regulatory early monitoring system. Furthermore, in some years, it may not be unusual for financially sound companies to have several ratios with results outside the usual ranges. An insurance company may fall out of the usual range for one or more ratios because of specific transactions that are in themselves immaterial. Generally, an insurance company will become subject to regulatory scrutiny if it falls outside the usual ranges for four or more of the ratios. TLAC had four ratios fall outside of the usual range for December 31, 2004 statutory financial statements filed on March 1, 2005. TLAC had one ratio and three ratios fall outside the usual range for December 31, 2003 and 2002, respectively. TLAC was not subject to any regulatory action by any state insurance department or the NAIC with respect to these IRIS ratios for the 2003 and 2002 statutory financial statements.

Risk-Based Capital (RBC) Requirements

In order to enhance the regulation of insurer solvency, the NAIC adopted a formula and model law to implement RBC requirements for most life and annuity insurance companies, which are designed to determine minimum capital requirements and to raise the level of protection that statutory surplus provides for policyholder obligations. For this purpose, an insurer's total adjusted capital is measured in relation to its specific asset and liability profiles. A company's risk-based capital is calculated by applying factors to various asset, premium and reserve items, where the factor is higher for those items with greater underlying risk and lower for less risky items.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

The RBC formula for life insurers measures four major areas of risk:

- o asset risk (I.E., the risk of asset default),
- o insurance risk (I.E., the risk of adverse mortality and morbidity experience),
- o interest rate risk (I.E., the risk of loss due to changes in interest rates) and
- o business risk (I.E., normal business and management risk).

Under laws adopted by the states, insurers having less total adjusted capital than that required by the RBC calculation will be subject to varying degrees of regulatory action, depending upon the level of capital inadequacy.

The RBC law provides for four levels of regulatory action as defined by the NAIC. The extent of regulatory intervention and action increases as the level of total adjusted capital to RBC falls. The first level, the company action level, requires an insurer to submit a plan of corrective actions to the regulator if total adjusted capital falls below 200% of the RBC amount. The second level, the regulatory action level, requires an insurer to submit a plan containing corrective actions and requires the relevant insurance commissioner to perform an examination or other analysis and issue a corrective order if total adjusted capital falls below 150% of the RBC amount. The third level, the authorized control level, authorizes the relevant commissioner to take whatever regulatory actions are considered necessary to protect the best interest of the policyholders and creditors of the insurer which may include the actions necessary to cause the insurer to be placed under regulatory control, I.E., rehabilitation or liquidation, if total adjusted capital falls below 100% of the RBC amount. The fourth level, the mandatory control level, requires the relevant insurance commissioner to place the insurer under regulatory control if total adjusted capital falls below 70% of the RBC amount.

The formulas have not been designed to differentiate among adequately capitalized companies, which operate with higher levels of capital. Therefore, it is inappropriate and ineffective to use the formula to rate or rank companies. At December 31, 2004, the Company's principal domestic insurance entities all had total adjusted capital in excess of amounts requiring company action or any level of regulatory action at any prescribed RBC level.

Insurance Regulation Concerning Dividends

TIC is domiciled in the State of Connecticut. The insurance holding company law of Connecticut requires notice to, and approval by, the State of Connecticut Insurance Department for the declaration or payment of any dividend which, together with other distributions made within the preceding twelve months, exceeds the greater of (i) 10% of the insurer's surplus or (ii) the insurer's net gain from operations for the twelve-month period ending on the preceding December 31st, in each case determined in accordance with statutory accounting practices. Such declaration or payment is further limited by adjusted unassigned funds (surplus), reduced by 25% of the change in net unrealized capital gains, as determined in accordance with statutory accounting practices. The insurance holding company laws of other states in which the Company's insurance subsidiaries are domiciled generally contain similar (although in certain instances somewhat more restrictive) limitations on the payment of dividends. A maximum of \$908 million is available by the end of the year 2005 for such dividends without prior approval of the State of Connecticut Insurance Department, depending upon the amount and timing of the payments. In accordance with the Connecticut statute, TLAC, after reducing its unassigned funds (surplus) by 25% of the change in unrealized capital gains, may not pay a dividend to TIC without prior approval of the State of Connecticut Insurance Department. Primerica may pay up to \$263 million to TIC in 2005 without prior approval of the Commonwealth of Massachusetts Insurance Department.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

The Company's 2004 dividends were paid in the following amounts: \$467.5 million on March 30; \$152.5 million on June 30; and \$152.5 million on September 30. Due to the timing of the payments, these dividends were considered extraordinary.

In addition to the aforementioned quarterly dividends, the Company also made a dividend consisting of all the issued and outstanding shares of The Travelers Life and Annuity Reinsurance Company (TLARC) on December 15, 2004. TLARC was valued at \$250,000 and was considered to be an ordinary dividend. See Notes 4 and 13 for further discussion of TLARC.

In December 2004, the Company requested and received prior approval from the State of Connecticut Insurance Department to pay an extraordinary dividend on January 3, 2005. Under Connecticut law, the ordinary dividend limitation amount is based upon the cumulative total of all dividend payments made within the preceding twelve months. The Company's proposed dividend payment of \$302.5 million payable on January 3, 2005 exceeded the ordinary dividend limitation by approximately \$167 million, based on the 2005 dividend limit of \$908 million. The State of Connecticut Insurance Department approved the request on December 19, 2004. TIC paid the dividend to its parent on January 3, 2005.

Code of Ethics
- - - - -

The Company has adopted a code of ethics for financial professionals which applies to the Company's principal executive officer and principal financial and accounting officer. The code of ethics for financial professionals has been included as an exhibit to this Form 10-K and can be found on the Citigroup website by selecting the "Corporate Governance" page.

ITEM 2. PROPERTIES.

The Company's executive offices are located in Hartford, Connecticut. The Company moved its executive offices to One Cityplace, Hartford, Connecticut, during the first quarter of 2003. The Company occupies 373,000 square feet at this location under an operating lease that runs through October 31, 2008.

Other leasehold interests of the Company include approximately 939,000 square feet of office space in 24 locations throughout the United States.

Management believes that these facilities are suitable and adequate for the Company's current needs. See Note 10 of Notes to Consolidated Financial Statements for additional information regarding these facilities.

The preceding discussion does not include information on investment properties.

ITEM 3. LEGAL PROCEEDINGS.

In August 1999, an amended putative class action complaint captioned LISA MACOMBER, ET AL. VS. TRAVELERS PROPERTY CASUALTY CORPORATION, ET AL. was filed in New Britain, Connecticut Superior Court against the Company, its parent corporation, certain of the Company's affiliates (collectively TLA), and the Company's former affiliate, Travelers Property Casualty Corporation. The amended complaint alleges Travelers Property Casualty Corporation purchased structured settlement annuities from the Company and spent less on the purchase of those structured settlement annuities than agreed with claimants; and that commissions paid to brokers of structured settlement annuities, including an affiliate of the Company, were paid, in part, to Travelers Property Casualty Corporation. The amended complaint was dismissed and following an appeal by plaintiff in September 2002 the Connecticut Supreme Court reversed the dismissal of several of the plaintiff's claims. On May 26, 2004, the Connecticut Superior Court certified a nationwide class action. The class action claims against TLA are

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

violation of the Connecticut Unfair Trade Practice Statute, unjust enrichment and civil conspiracy. On June 15, 2004, the Defendants, including TLA, appealed the Connecticut Superior Court's May 26, 2004 class certification order.

In 2003 and 2004, several issues in the mutual fund and variable insurance product industries have come under the scrutiny of federal and state regulators. Like many other companies in our industry, the Company has received a request for information from the Securities and Exchange Commission (SEC) and a subpoena from the New York Attorney General regarding market timing and late trading. During 2004 the SEC requested additional information about the Company's variable product operations on market timing, late trading and revenue sharing, and the SEC, the National Association of Securities Dealers and the New York Insurance Department have made inquiries into these issues and other matters associated with the sale and distribution of insurance products. In addition, like many insurance companies and agencies, in 2004 and 2005 the Company received inquiries from certain state Departments of Insurance regarding producer compensation and bidding practices. The Company is cooperating fully with all of these requests and is not able to predict their outcomes.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Omitted pursuant to General Instruction I(2)(c) of Form 10-K.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS.

The Company has 40,000,000 authorized shares of common stock, all of which are issued and outstanding as of December 31, 2004. All shares are held by an indirect subsidiary of Citigroup, and there exists no established public trading market for the common equity of the Company. The Company paid dividends to its parent of \$773 million and \$545 million in 2004 and 2003, respectively. See Note 8 of Notes to Consolidated Financial Statements for certain information regarding dividend restrictions.

ITEM 6. SELECTED FINANCIAL DATA.

Omitted pursuant to General Instruction I(2)(a) of Form 10-K.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

ITEM 7. 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 I(2)(a) of Form 10-K.

Additional information about the Company is available on the Citigroup website at [HTTP://WWW.TRAVELERSLIFE.COM](http://www.travelerslife.com) by selecting the "Financial Information" page and selecting "SEC Filings."

SEGMENTS

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

CRITICAL ACCOUNTING POLICIES

The Notes to Consolidated Financial Statements contain a summary of the Company's significant accounting policies, including a discussion of recently issued accounting pronouncements. Certain of these policies are considered to be critical to the portrayal of the Company's financial condition, since they require management to make difficult, complex or subjective judgments, some of which may relate to matters that are inherently uncertain.

DEFERRED ACQUISITION COSTS

Deferred acquisition costs (DAC) represent costs that are deferred and amortized over the estimated life of the related insurance policies. DAC principally includes commissions and certain expenses related to policy issuance, underwriting and marketing, all of which vary with and are primarily related to the production of new business. The method for determining amortization of deferred acquisition costs varies by product type based upon three different accounting pronouncements: Statement of Financial Accounting Standards (SFAS) No. 60, "Accounting and Reporting by Insurance Enterprises" (SFAS 60), SFAS No. 91, "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases" (SFAS 91) and SFAS No. 97, "Accounting and Reporting by Insurance Enterprises for Certain Long Duration Contracts and for Realized Gains and Losses from the Sale of Investments" (SFAS 97).

DAC for deferred annuities, both fixed and variable, and payout annuities is amortized employing a level effective yield methodology per SFAS 91 as indicated by AICPA Practice Bulletin 8, generally over 10-15 years. An amortization rate is developed using the outstanding DAC balance and projected account balances. This rate is applied to actual account balances to determine the amount of DAC amortization. The projected account balances are derived using a model that contains assumptions related to investment returns and persistency. The model rate is evaluated at least annually, and changes in underlying lapse and interest rate assumptions are to be treated retrospectively. Variances in expected equity market returns versus actual returns are treated prospectively and a new amortization pattern is developed so that the DAC balances will be amortized over the remaining estimated life of the business.

DAC for universal life and COLI is amortized in relation to estimated gross profits from surrender charges, investment, mortality, and expense margins per SFAS 97, generally over 16-25 years. Actual profits can vary from management's estimates, resulting in increases or decreases in the rate of amortization. Re-estimates of gross profits, performed at least annually, result in retrospective adjustments to earnings by a cumulative charge or credit to income.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

DAC relating to traditional life, including term insurance, and health insurance is amortized in relation to anticipated premiums per SFAS 60, generally over 5-20 years. Assumptions as to the anticipated premiums are made at the date of policy issuance or acquisition and are consistently applied over the life of the policy.

All DAC is reviewed at least annually to determine if it is recoverable from future income, including investment income, and, if not recoverable, is charged to expense. All other acquisition expenses are charged to operations as incurred.

FUTURE POLICY BENEFITS

Future policy benefits represent liabilities for future insurance policy benefits for payout annuities and traditional life products and are prepared in accordance with industry standards and accounting principles generally accepted in the United States of America (GAAP). The annuity payout reserves are calculated using the mortality and interest assumptions used in the actual pricing of the benefit. Mortality assumptions are based on the Company's experience and are adjusted to reflect deviations such as substandard mortality in structured settlement benefits. The interest rates range from 1.7% to 8.7%, with a weighted average rate of 6.5% for these annuity products. Traditional life products include whole life and term insurance. Future policy benefits for traditional life products are estimated on the basis of actuarial assumptions as to mortality, persistency and interest, established at policy issue. Actuarial and interest assumptions include a margin for adverse deviation and are based on the Company's experience. Interest assumptions applicable to traditional life products range from 2.5% to 7.0%, with a weighted average of 5.3%.

INVESTMENTS IN FIXED MATURITIES

Fixed maturities, which comprise 78% and 75% of total investments at December 31, 2004 and 2003, respectively, include bonds, notes and redeemable preferred stocks. Fixed maturities, including instruments subject to securities lending agreements (see Note 3 of Notes to Consolidated Financial Statements), are classified as "available for sale" and are reported at fair value, with unrealized investment gains and losses, net of income taxes, credited or charged directly to shareholder's equity. Fair values of investments in fixed maturities are based on quoted market prices or dealer quotes. If quoted market prices are not available, discounted expected cash flows using market rates commensurate with the credit quality and maturity of the investment are used to determine fair value. Changes in assumptions could affect the fair values of fixed maturities. Impairments are realized when investment losses in value are deemed other-than-temporary. The Company conducts a rigorous review each quarter to identify and evaluate investments that have possible indications of impairment. An investment in a debt or equity security is impaired if its fair value falls below its cost and the decline is considered other-than-temporary. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair value has been below cost; the financial condition and near-term prospects of the issuer; and the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. Changing economic conditions - global, regional, or related to specific issuers or industries - could result in other-than-temporary losses.

PREMIUMS

Premium income is reported for individual payout annuities, group close-out annuities, whole life and term insurance. The annuities premiums are recognized as revenue when collected. The life premiums are recognized as revenues when due. Premiums for contracts with a limited number of premium payments, due over a significantly shorter period than the period over which benefits are provided, are considered revenue when due. The portion of premium which is not required to provide for benefits and expenses is deferred and recognized in revenues in a constant relationship to insurance benefits in force.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

CONSOLIDATED OVERVIEW

FOR THE YEARS ENDED DECEMBER 31, ----- (\$ IN MILLIONS)	2004 -----	2003 -----
Revenues	\$6,495	\$6,139
Insurance benefits and interest credited	3,276	3,350
Operating expenses	1,136 -----	960 -----
Income before taxes	2,083	1,829
Income taxes	602 -----	471 -----
Net income	\$1,481 =====	\$1,358 =====

Net income in 2004 increased 9% from 2003, primarily attributable to increased revenues due to earnings from business volume growth and improved retained investment margins. These increases were partially offset by higher operating expenses and higher DAC amortization and lower investment yields. See the detailed description of each business segment for additional information.

TRAVELERS LIFE & ANNUITY

FOR THE YEARS ENDED DECEMBER 31, ----- (\$ IN MILLIONS)	2004 -----	2003 -----
Revenues	\$4,725	\$4,479
Insurance benefits and interest credited	2,716	2,816
Operating expenses	658 -----	505 -----
Income before taxes	1,351	1,158
Income taxes	361 -----	240 -----
Net income	\$ 990 =====	\$ 918 =====

Net income of \$990 million in 2004, which increased 8% from \$918 million in 2003, was primarily attributable to earnings from higher fee revenues and net investment income (NII) from increased business volumes. These increases were partially offset by higher operating expenses, higher DAC amortization and lower investment yields, as well as a \$30 million Dividends Received Deduction (DRD) tax benefit related to prior periods in 2004, versus a \$50 million DRD tax benefit relating to prior periods in 2003.

TLA revenues increased to \$4.7 billion in 2004, 5% higher than 2003. This increased revenue was driven by NII and fee revenue, partially offset by a decline in premiums.

TLA NII increased 10% to \$3,012 million in 2004 from \$2,743 million in 2003. The increase was driven by a larger invested asset base from higher business volumes and favorable equity and real estate returns.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

The following table shows net written premiums and deposits by product line for each of the years ended December 31, 2004 and 2003. 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 a statistic used for measuring business volumes, which management of the Company uses to manage the life insurance and annuities operations, and may not be comparable to similarly captioned measurements used by other life insurance companies.

(\$ IN MILLIONS)	2004		2003	
	Premiums	Deposits	Premiums	Deposits
Retail annuities				
Fixed	\$ --	\$ 582	\$ --	\$ 535
Variable	--	4,977	--	3,983
Individual payout	69	36	26	28
	-----	-----	-----	-----
Total retail annuities	69	5,595	26	4,546
Institutional annuities	707	7,284	908	6,494
Individual life insurance:				
Direct periodic premiums & deposits	136	865	140	686
Single premium deposits	--	745	--	405
Reinsurance	(51)	(112)	(40)	(99)
	-----	-----	-----	-----
Total individual life insurance	85	1,498	100	992
Other	50	--	48	--
	-----	-----	-----	-----
Total	\$ 911	\$ 14,377	\$ 1,082	\$ 12,032
	=====	=====	=====	=====

Retail annuity deposits increased 23% in 2004 to \$5.6 billion from \$4.5 billion in 2003, reflecting strong variable annuity sales due to improved equity market conditions in 2004 and sales of the guaranteed minimum withdrawal benefit feature of the variable annuity product. Retail annuity account balances and benefit reserves were \$37.2 billion at December 31, 2004, up from \$32.9 billion at December 31, 2003. This increase reflects equity market growth in variable annuity investments of \$2.3 billion in 2004 and \$2.1 billion of net sales from good in-force retention.

Institutional annuities deposits (excluding the Company's employee pension plan deposits) in 2004 increased 12% to \$7.3 billion from 2003, reflecting higher fixed and variable rate guaranteed investment contracts (GIC) sales. 2003 included a total of \$1.0 billion fixed rate GIC sales to The Federal Home Loan Bank of Boston. Institutional annuities premiums decreased 22% to \$707 million in 2004, primarily related to a one-time group close-out sale of \$290 million in 2003. Group annuity account balances and benefit reserves reached \$27.9 billion at December 31, 2004, an increase of \$2.7 billion, or 11%, from \$25.2 billion at December 31, 2003, reflecting continued strong GIC sales.

Deposits for the life insurance business increased 51% to \$1.5 billion from 2003. This increase was related to an 84% increase in single premium sales and higher direct periodic deposits for individual life insurance in 2004, driven by independent agent high-end estate planning, partially offset by a 54% decrease in COLI sales. Life insurance in force was \$100.8 billion at December 31, 2004 up from \$89.5 billion at December 31, 2003.

During 2004, TLA expenses increased primarily due to higher DAC amortization and volume-related insurance expenses.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

The amortization of capitalized DAC is a significant component of TLA expenses. TLA's recording of DAC amortization varies based upon product type. DAC for deferred annuities, both fixed and variable, and payout annuities employs a level yield methodology as described in SFAS 91. DAC for universal life (UL) and COLI is amortized in relation to estimated gross profits as described in SFAS 97, with traditional life, including term insurance and other products amortized in relation to anticipated premiums as per SFAS 60. The following is a summary of capitalized DAC by type:

(\$ IN MILLIONS)	Deferred & Payout Annuities	UL & COLI	Traditional Life & Other	Total
Balance January 1, 2003	\$ 1,353	\$ 578	\$ 113	\$ 2,044
Commissions and expenses deferred	340	221	22	583
Amortization expense	(212)	(33)	(21)	(266)
Balance December 31, 2003	1,481	766	114	2,361
Commissions and expenses deferred	448	342	20	810
Amortization expense	(273)	(51)	(20)	(344)
Underlying lapse and interest rate adjustment	(17)	--	--	(17)
Pattern of estimated gross profit adjustment	--	(39)	--	(39)
Balance December 31, 2004	\$ 1,639	\$ 1,018	\$ 114	\$ 2,771

DAC capitalization increased \$227 million or 39% in 2004 over 2003 driven by the \$121 million or 55% increase in UL and COLI, and the \$108 million or 32% increase in deferred and payout annuities, which is consistent with the increase in premiums and deposits for those lines of business. The increase in amortization expense in 2004 was primarily driven by business volume growth in deferred annuities and UL, and also included a one-time adjustment for the change in pattern in the estimated gross profits on the UL business and a one-time increase in deferred annuities DAC amortization due to changes in underlying lapse and expense adjustments.

TLA OUTLOOK

TLA should benefit from growth in the aging population which is becoming more focused on the need to accumulate adequate savings for retirement, to protect these savings and to plan for the transfer of wealth to the next generation. TLA is well positioned to take advantage of the favorable long-term demographic trends through its strong financial position, widespread brand name recognition and broad array of competitive life, annuity, retirement and estate planning products sold through established distribution channels.

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 annuity products. Declines in credit quality of issuers will have a negative effect on earnings. The retail annuities business is interest rate and equity market sensitive. TLA's variable annuities offer products with guaranteed features that are equity market sensitive. The guaranteed minimum death benefit feature pays benefits when at the time of death of a contractholder the account value is below the guaranteed amount. Another guaranteed feature offered is a guaranteed minimum withdrawal benefit, which is considered an embedded derivative. Exposure increases with the decline in equity markets and exposure decreases with equity market growth. This creates earnings volatility because the embedded derivative is marked to market through income. TLA has entered into an alternative hedging strategy to reduce the earnings volatility.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

Citigroup, the Company's ultimate parent, has agreed to sell its Life Insurance and Annuities business to MetLife, Inc. TIC and TLA are included in Citigroup's Life Insurance and Annuities business. The transaction is expected to close this summer. At that time TLA, after giving effect to certain dispositions to be effected prior to the closing, will become part of MetLife, Inc. See Note 17 of Notes to Consolidated Financial Statements.

Due to the proposed transaction, there may be a negative impact on institutional annuity sales in 2005, in particular fixed rate GICs, as potential customers assess the concentration risk associated with the combination of MetLife, Inc. and TLA.

Federal and state regulators have focused on, and continue to devote substantial attention to, the mutual fund and variable insurance product industries. As a result of publicity relating to widespread perceptions of industry abuses, there have been numerous proposals for legislative and regulatory reforms, including mutual fund governance, new disclosure requirements concerning mutual fund share classes, commission breakpoints, revenue sharing, advisory fees, market timing, late trading, portfolio pricing, annuity products, hedge funds, producer compensation and other issues. It is difficult to predict at this time whether changes resulting from new laws and regulations will affect the industries or the Company's businesses, and, if so, to what degree.

The statements above are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 16.

PRIMERICA

FOR THE YEARS ENDED DECEMBER 31, ----- (\$ IN MILLIONS)	2004 -----	2003 -----
Revenues	\$1,770	\$1,660
Insurance benefits	560	534
Operating expenses	478 -----	455 -----
Income before taxes	732	671
Income taxes	241 -----	231 -----
Net income	\$ 491 =====	\$ 440 =====

Net income increased 12% to \$491 million from \$440 million in 2003. The increase in net income reflects growth in life insurance in force from \$503.6 billion at December 31, 2003 to \$545.4 billion at December 31, 2004 and higher NII from a larger invested capital base. These were partially offset by volume-related increases in DAC amortization. Other general expense increased slightly, consistent with the increase of life insurance in-force. Mortality experience was favorable in 2004, compared to 2003, however, there was an increase in incurred claims. This increase is provided for by growth in the in-force, associated premium revenues and policyholders reserve balances.

The amortization of capitalized DAC is a significant component of Primerica's expenses. All of Primerica's DAC is associated with traditional life products. DAC is amortized in relation to anticipated premiums as per SFAS 60. Amortized DAC has remained level as a percentage of direct premiums. DAC amortization increased from \$235 million in 2003 to \$249 in 2004, due to growth in sales and in-force business.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

The following is a summary of capitalized DAC:

(\$ IN MILLIONS)	
Balance January 1, 2003	\$ 1,892
Deferred expenses and other	377
Amortization expense	(235)
Balance December 31, 2003	2,034
Deferred expenses and other	393
Amortization expense	(249)
Balance December 31, 2004	\$ 2,178

EARNED PREMIUMS, NET OF REINSURANCE

FOR THE YEARS ENDED DECEMBER 31,	2004	2003
-----	-----	-----
(\$ IN MILLIONS)		
Individual term life	\$1,243	\$1,179
Other	72	66
	-----	-----
	\$1,315	\$1,245
	=====	=====

The total face amount of term life insurance issued was \$91.4 billion in 2004 compared to \$82.2 billion in 2003. This increase in term life production resulted from the increase in the productivity of licensed life representatives. Life insurance in force at year-end 2004 reached \$545.4 billion, up from \$503.6 billion at year-end 2003, reflecting consistent in-force policy retention and higher volume of sales.

PRIMERICA OUTLOOK

Over the last few years, training programs, primarily sales and product training, have been developed and deployed to maintain high compliance standards, increase the number of producing agents and customer contacts and, ultimately, increase production levels. A continuation of these trends could positively influence future operations. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 16.

Citigroup, the Company's ultimate parent, has agreed to sell its Life Insurance and Annuities business to MetLife, Inc. TIC, Primerica's direct parent, is included in Citigroup's Life Insurance and Annuities business. Primerica and its subsidiaries, through a dividend, will remain part of Citigroup.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

FUTURE APPLICATION OF ACCOUNTING STANDARDS

See Note 1 of Notes to Consolidated Financial Statements for Future Application of Accounting Standards.

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, the resolution of legal proceedings, the impact that the proposed sale to MetLife, Inc., and the transactions to be effected before that sale, may have on the Company and its prospects, the potential impact of a decline in credit quality of investments on earnings; the Company's market risk and the discussions of the Company's prospects under "Outlook" on the previous pages.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates, and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. The following is a discussion of the Company's primary market risk exposures and how those exposures are currently managed as of December 31, 2004.

MARKET RISK SENSITIVE INSTRUMENTS ENTERED INTO FOR PURPOSES OTHER THAN TRADING

The primary market risk to the Company's investment portfolio is interest rate risk associated with investments. The Company's exposure to equity price risk and foreign exchange risk is not significant. The Company has no direct commodity risk.

The interest rate risk taken in the investment portfolio is managed relative to the duration of the liabilities. The portfolio is differentiated by product line, with each product line's portfolio structured to meet its particular needs. Potential liquidity needs of the business are also key factors in managing the investment portfolio. The portfolio duration relative to the liabilities' duration is primarily managed through cash market transactions. For additional information regarding the Company's investment portfolio see Note 3 of Notes to Consolidated Financial Statements.

There were no significant changes in the Company's primary market risk exposures or in how those exposures are managed compared to the year ended December 31, 2003. The Company does not anticipate significant changes in the Company's primary market risk exposures or in how those exposures are managed in future reporting periods based upon what is known or expected to be in effect in future reporting periods. The statements above are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" above.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

SENSITIVITY ANALYSIS

Sensitivity analysis is defined as the measurement of potential loss in future earnings, fair values or cash flows of market-sensitive instruments resulting from one or more selected hypothetical changes in interest rates and other market rates or prices over a selected time. In the Company's sensitivity analysis model, a hypothetical change in market rates is selected that is expected to reflect reasonably possible near-term changes in those rates. The term "near-term" means a period of time going forward up to one year from the date of the financial statements.

Actual results may differ from the hypothetical change in market rates assumed in this report, especially since this sensitivity analysis does not reflect the results of any actions that would be taken by the Company to mitigate such hypothetical losses in fair value.

In this sensitivity analysis model, the Company uses fair values to measure its potential loss. The sensitivity analysis model includes the following financial instruments: fixed maturities, interest-bearing non-redeemable preferred stock, mortgage loans, short-term securities, cash, investment income accrued, policy loans, contractholder funds, guaranteed separate account assets and liabilities and derivative financial instruments. In addition, certain non-financial instrument liabilities have been included in the sensitivity analysis model. These non-financial instruments include future policy benefits and policy and contract claims. The primary market risk to the Company's market-sensitive instruments is interest rate risk. The sensitivity analysis model uses a 100 basis point change in interest rates to measure the hypothetical change in fair value of financial instruments and the non-financial instruments included in the model.

For invested assets, duration modeling is used to calculate changes in fair values. Durations on invested assets are adjusted for call, put and reset features. Portfolio durations are calculated on a market value weighted basis, including accrued investment income, using trade date holdings as of December 31, 2004 and 2003. The current duration of invested assets as of December 31, 2004 is 4.6 years. The sensitivity analysis model used by the Company produces a loss in fair value of interest rate sensitive invested assets of approximately \$2.4 billion and \$2.2 billion based on a 100 basis point increase in interest rates as of December 31, 2004 and 2003, respectively.

Liability durations are determined consistently with the determination of liability fair values. Where fair values are determined by discounting expected cash flows, the duration is the percentage change in the fair value for a 100 basis point change in the discount rate. Where liability fair values are set equal to surrender values, option-adjusted duration techniques are used to calculate changes in fair values. The duration of liabilities as of December 31, 2004 is 5.1 years. The sensitivity analysis model used by the Company produces a decrease in fair value of interest rate sensitive insurance policy and claims reserves of approximately \$1.9 billion and \$1.7 billion based on a 100 basis point increase in interest rates as of December 31, 2004 and 2003, respectively. Based on the sensitivity analysis model used by the Company, the net loss in fair value of market sensitive instruments, including non-financial instrument liabilities, as a result of a 100 basis point increase in interest rates as of December 31, 2004 and 2003 is not material.

MARKET RISK SENSITIVE INSTRUMENTS ENTERED INTO FOR TRADING PURPOSES

The Company maintains a trading portfolio consisting primarily of convertible bonds and common stocks with carrying values of \$1,360 million and \$1,707 million as of December 31, 2004 and 2003, respectively, and \$473 million and \$637 million of liabilities resulting from common stocks sold not yet purchased (referred to as short sales) as of December 31, 2004 and 2003, respectively. The primary market risk to the trading portfolio is equity risk. Assets are reported as trading securities and liabilities are reported as trading securities sold not yet purchased.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K

The Company's primary investment strategy is convertible bond arbitrage where convertible bonds are paired with short sales of the common stocks of companies issuing the convertible bonds. These positions are established and maintained so that general changes in equity markets and interest rates should not materially impact the value of the portfolio.

TABULAR PRESENTATION

The table below provides information about the trading portfolio's financial instruments that are primarily exposed to equity price risk. This table presents the fair values of these instruments as of December 31, 2004 and 2003. Fair values are based upon quoted market prices.

(\$ IN MILLIONS)	Fair value as of	Fair value as of
-----	December 31, 2004	December 31, 2003
	-----	-----
ASSETS		
Trading securities		
Convertible bond arbitrage	\$1,110	\$1,447
Other	250	260
	-----	-----
	\$1,360	\$1,707
	=====	=====
LIABILITIES		
Trading securities sold not yet purchased		
Convertible bond arbitrage	\$ 460	\$ 629
Other	13	8
	-----	-----
	\$ 473	\$ 637
	=====	=====

The Company's trading portfolio investments and related liabilities are normally held for periods less than six months. Therefore, expected future cash flows for these assets and liabilities are expected to be realized in less than one year.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

	PAGE
Report of Independent Registered Public Accounting Firm.....	20
Consolidated Financial Statements:	
Consolidated Statements of Income for the years ended December 31, 2004, 2003 and 2002.....	21
Consolidated Balance Sheets - December 31, 2004 and 2003.....	22
Consolidated Statements of Changes in Shareholder's Equity for the years ended December 31, 2004, 2003 and 2002.....	23
Consolidated Statements of Cash Flows for the years ended December 31, 2004, 2003 and 2002.....	24
Notes to Consolidated Financial Statements.....	25-66

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholder
The Travelers Insurance Company:

We have audited the accompanying consolidated balance sheets of The Travelers Insurance Company and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in shareholder's equity, and cash flows for each of the years in the three-year period ended December 31, 2004. 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 Insurance Company and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company changed its methods of accounting and reporting for certain nontraditional long-duration contracts and for separate accounts in 2004, variable interest entities in 2003, and for goodwill and intangible assets in 2002.

/s/KPMG LLP

Hartford, Connecticut
March 28, 2005

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(\$ IN MILLIONS)

FOR THE YEAR ENDED DECEMBER 31,	2004	2003	2002
	-----	-----	-----
REVENUES			
Premiums	\$2,226	\$2,327	\$ 1,924
Net investment income	3,348	3,058	2,936
Realized investment gains (losses)	16	37	(322)
Fee income	781	606	560
Other revenues	124	111	136

Total Revenues	6,495	6,139	5,234

BENEFITS AND EXPENSES			
Current and future insurance benefits	1,971	2,102	1,711
Interest credited to contractholders	1,305	1,248	1,220
Amortization of deferred acquisition costs	649	501	393
General and administrative expenses	487	459	407

Total Benefits and Expenses	4,412	4,310	3,731

Income from operations before federal income taxes	2,083	1,829	1,503

Federal income taxes			
Current	563	360	236
Deferred	39	111	185

Total Federal Income Taxes	602	471	421

Net Income	\$1,481	\$1,358	\$ 1,082
	=====		

See Notes to Consolidated Financial Statements.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(\$ IN MILLIONS)

AT DECEMBER 31,	2004	2003
ASSETS		
Fixed maturities, available for sale at fair value (including \$2,468 and \$2,170 subject to securities lending agreements) (cost \$45,314; \$40,119)	\$ 47,715	\$42,323
Equity securities, at fair value (cost \$322; \$323)	367	362
Mortgage loans	2,124	1,886
Policy loans	1,121	1,135
Short-term securities	3,731	3,603
Trading securities, at fair value	1,360	1,707
Other invested assets	5,005	5,188
Total Investments	61,423	56,204
Cash and Other Assets		
Cash	246	149
Investment income accrued	606	567
Premium balances receivable	177	165
Reinsurance recoverables	4,667	4,470
Deferred acquisition costs	4,949	4,395
Separate and variable accounts	31,327	26,972
Other assets	2,448	2,426
Total Assets	\$105,843	\$95,348
LIABILITIES		
Contractholder funds	\$ 34,101	\$30,252
Future policy benefits and claims	16,808	15,964
Separate and variable accounts	31,327	26,972
Deferred federal income taxes	2,220	2,030
Trading securities sold not yet purchased, at fair value	473	637
Other liabilities	6,609	6,136
Total Liabilities	91,538	81,991
SHAREHOLDER'S EQUITY		
Common stock, par value \$2.50; 40 million shares authorized, issued and outstanding	100	100
Additional paid-in capital	5,449	5,446
Retained earnings	7,159	6,451
Accumulated other changes in equity from nonowner sources	1,597	1,360
Total Shareholder's Equity	14,305	13,357
Total Liabilities and Shareholder's Equity	\$105,843	\$95,348

See Notes to Consolidated Financial Statements.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(\$ IN MILLIONS)

FOR THE YEAR ENDED DECEMBER 31,

COMMON STOCK	2004	2003	2002
Balance, beginning of year	\$ 100	\$ 100	\$ 100
Changes in common stock	--	--	--
Balance, end of year	\$ 100	\$ 100	\$ 100

ADDITIONAL PAID-IN CAPITAL			
Balance, beginning of year	\$ 5,446	\$ 5,443	\$ 3,864
Stock option tax benefit (expense)	3	3	(17)
Capital contributed by parent	--	--	1,596
Balance, end of year	\$ 5,449	\$ 5,446	\$ 5,443

RETAINED EARNINGS			
Balance, beginning of year	\$ 6,451	\$ 5,638	\$ 5,142
Net income	1,481	1,358	1,082
Dividends to parent	(773)	(545)	(586)
Balance, end of year	\$ 7,159	\$ 6,451	\$ 5,638

ACCUMULATED OTHER CHANGES IN EQUITY FROM NONOWNER SOURCES			
Balance, beginning of year	\$ 1,360	\$ 454	\$ 74
Unrealized gains, net of tax	138	817	452
Foreign currency translation, net of tax	1	4	3
Derivative instrument hedging activity gains (losses), net of tax	98	85	(75)
Balance, end of year	\$ 1,597	\$ 1,360	\$ 454

SUMMARY OF CHANGES IN EQUITY FROM NONOWNER SOURCES			
Net income	\$ 1,481	\$ 1,358	\$ 1,082
Other changes in equity from nonowner sources	237	906	380
Total changes in equity from nonowner sources	\$ 1,718	\$ 2,264	\$ 1,462

TOTAL SHAREHOLDER'S EQUITY			
Changes in total shareholder's equity	\$ 948	\$ 1,722	\$ 2,455
Balance, beginning of year	13,357	11,635	9,180
Balance, end of year	\$14,305	\$13,357	\$11,635

See Notes to Consolidated Financial Statements.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH
(\$ IN MILLIONS)

FOR THE YEAR ENDED DECEMBER 31,	2004	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES			
Premiums collected	\$ 2,218	\$ 2,335	\$ 1,917
Net investment income received	3,228	2,787	2,741
Other revenues received	901	335	384
Benefits and claims paid	(1,367)	(1,270)	(1,218)
Interest paid to contractholders	(1,294)	(1,226)	(1,220)
Operating expenses paid	(1,646)	(1,375)	(1,310)
Income taxes paid	(262)	(456)	(197)
Trading account investments (purchases), sales, net	226	(232)	76
Other	(479)	(84)	(105)
Net Cash Provided by Operating Activities	1,525	814	1,068
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturities of investments			
Fixed maturities	6,833	7,446	4,459
Mortgage loans	655	358	374
Proceeds from sales of investments			
Fixed maturities	7,796	15,078	15,472
Equity securities	78	124	212
Mortgage loans	52	--	--
Real estate held for sale	55	5	26
Purchases of investments			
Fixed maturities	(19,164)	(26,766)	(23,623)
Equity securities	(157)	(144)	(134)
Mortgage loans	(944)	(317)	(355)
Policy loans, net	14	34	39
Short-term securities (purchases) sales, net	(116)	814	(1,320)
Other investments (purchases) sales, net	50	108	(69)
Securities transactions in course of settlement, net	699	(618)	529
Net Cash Used in Investing Activities	(4,149)	(3,878)	(4,390)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contractholder fund deposits	9,619	8,326	8,505
Contractholder fund withdrawals	(6,125)	(4,754)	(4,729)
Capital contribution by parent	--	--	172
Dividends to parent company	(773)	(545)	(586)
Net Cash Provided by Financing Activities	2,721	3,027	3,362
Net increase (decrease) in cash	97	(37)	40
Cash at December 31, previous year	149	186	146
Cash at December 31, current year	\$ 246	\$ 149	\$ 186

See Notes to Consolidated Financial Statements.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies used in the preparation of the accompanying financial statements follow.

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), 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 consolidated financial statements include the accounts of the Company and its insurance and non-insurance subsidiaries on a fully consolidated basis. The primary insurance entities of the Company are TIC and its subsidiaries, The Travelers Life and Annuity Company (TLAC), 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). Significant intercompany transactions and balances have been eliminated. The Company consolidates entities deemed to be variable interest entities when the Company is determined to be the primary beneficiary under Financial Accounting Standards Board (FASB) Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46).

On January 31, 2005, Citigroup announced its intention to sell its Life Insurance and Annuities business, which includes TIC, TLAC and certain other businesses, to MetLife, Inc. Primerica Life and its subsidiaries will remain part of Citigroup. See Note 17.

The financial statements and accompanying footnotes of the Company are prepared in conformity with U.S. generally accepted accounting principles (GAAP). 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.

Certain prior year amounts have been reclassified to conform to the 2004 presentation.

ACCOUNTING CHANGES

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

On January 1, 2004, the Company adopted the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants Statement of Position 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts" (SOP 03-1). The main components of SOP 03-1 provide 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.

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

The following summarizes the more significant aspects of the Company's adoption of SOP 03-1:

SEPARATE ACCOUNT PRESENTATION. SOP 03-1 requires separate account products to meet certain criteria in order to be treated as separate account products. For products not meeting the specified criteria, these assets and liabilities are included in the reporting entities' general account.

The Company's adoption of SOP 03-1 resulted in the consolidation on the Company's balance sheet of approximately \$500 million of investments previously held in separate and variable account assets and approximately \$500 million of contractholder funds previously held in separate and variable account liabilities.

VARIABLE ANNUITY CONTRACTS WITH GUARANTEED MINIMUM DEATH BENEFIT FEATURES. For variable annuity contracts with guaranteed minimum death benefit (GMDB) features, SOP 03-1 requires the reporting entity to categorize the contract as either an insurance or investment contract based upon the significance of mortality or morbidity risk. SOP 03-1 provides explicit guidance for calculating a reserve for insurance contracts, and provides that the reporting entity does not hold reserves for investment contracts (i.e., there is no significant mortality risk).

The Company determined that the mortality risk on its GMDB features was not a significant component of the overall variable annuity product, and accordingly continued to classify these products as investment contracts. Prior to the adoption of SOP 03-1, the Company held a reserve of approximately \$8 million to cover potential GMDB exposure. This reserve was released during the first quarter of 2004 as part of the implementation of SOP 03-1.

RESERVING FOR UNIVERSAL LIFE AND VARIABLE UNIVERSAL LIFE CONTRACTS. SOP 03-1 requires that a reserve, in addition to the account balance, be established for certain insurance benefit features provided under universal life (UL) and variable universal life (VUL) products if the amounts assessed against the contract holder each period for the insurance benefit feature are assessed in a manner that is expected to result in profits in earlier years and losses in subsequent years from the insurance benefit function.

The Company's UL and VUL products were reviewed to determine if an additional reserve is required under SOP 03-1. The Company determined that SOP 03-1 applied to some of its UL and VUL contracts with these features and established an additional reserve of approximately \$1 million.

SALES INDUCEMENTS TO CONTRACT HOLDERS. SOP 03-1 provides, prospectively, that sales inducements provided to contract holders meeting certain criteria are capitalized and amortized over the expected life of the contract as a component of benefit expense. During 2004, the Company capitalized sales inducements of approximately \$50.6 million in accordance with SOP 03-1. These inducements relate to bonuses on certain products offered by the Company. For 2004, amortization of these capitalized amounts was insignificant.

CONSOLIDATION OF VARIABLE INTEREST ENTITIES

On January 1, 2004, the Company adopted Financial Accounting Standards Board (FASB) Interpretation No. 46, "Consolidation of Variable Interest Entities (revised December 2003)," (FIN 46-R), which includes substantial changes from the original FIN 46. Included in these changes, the calculation of expected losses and expected residual returns has been altered to reduce the impact of decision maker and guarantor fees in the calculation of expected residual returns and expected losses. In addition, the definition of a variable interest has been changed in the revised guidance. FIN 46 and FIN 46-R change the method of determining

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

whether certain entities should be included in the Company's consolidated financial statements. The Company has evaluated the impact of applying FIN 46-R to existing VIEs in which it has variable interests. The effect of adopting FIN 46-R on the Company's consolidated balance sheet is immaterial. See Note 3.

An entity is subject to FIN 46 and FIN 46-R 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 Statement of Financial Accounting Standards (SFAS) No. 94, "Consolidation of All Majority-Owned Subsidiaries" (SFAS 94). 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.

For any VIEs that must be consolidated under FIN 46 that were created before February 1, 2003, the assets, liabilities, and noncontrolling interests of the VIE are 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 carrying amounts is not practicable, fair value at the date FIN 46 first applies may be used to measure the assets, liabilities, and noncontrolling interests of the VIE. In October 2003, the FASB announced that the effective date of FIN 46 was deferred from July 1, 2003 to periods ending after December 15, 2003 for VIEs created prior to February 1, 2003. TIC elected to implement the provisions of FIN 46 in the 2003 third quarter, resulting in the consolidation of VIEs increasing both total assets and total liabilities by approximately \$407 million. The implementation of FIN 46 encompassed a review of numerous entities to determine the impact of adoption and considerable judgment was used in evaluating whether or not a VIE should be consolidated.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" (SFAS 149). SFAS 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 did not have a significant impact on the Company's consolidated financial statements.

COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES

On January 1, 2003, the Company adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (SFAS 146). SFAS 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, SFAS 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 disposal activities initiated after December 31, 2002. The adoption of SFAS 146 did not affect the Company's consolidated financial statements.

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

STOCK-BASED COMPENSATION

On January 1, 2003, the Company adopted the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), prospectively for all awards granted, modified, or settled after December 31, 2002. The prospective method is one of the adoption methods provided for under SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," issued in December 2002. SFAS 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" (APB 25), the alternative method of accounting, an offsetting increase to stockholders' equity under SFAS 123 is recorded equal to the amount of compensation expense charged. During the 2004 first quarter, the Company changed its option valuation from the Black-Scholes model to the Binomial Method. The impact of this change was immaterial.

Had the Company applied SFAS 123 prior to 2003 in accounting for Citigroup stock options, net income would have been the pro forma amounts indicated below:

YEAR ENDED DECEMBER 31, (\$ IN MILLIONS)		2004	2003	2002
Compensation expense related to stock option plans, net of tax	As reported	\$2	\$2	\$--
	Pro forma	5	7	9
Net income	As reported	\$1,481	\$1,358	\$1,082
	Pro forma	1,478	1,353	1,073

BUSINESS COMBINATIONS, GOODWILL AND OTHER INTANGIBLE ASSETS

Effective January 1, 2002, the Company adopted the FASB SFAS No. 141, "Business Combinations" (SFAS 141) and No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). These standards change the accounting for business combinations by, among other things, prohibiting the prospective use of pooling-of-interests accounting and requiring companies to stop amortizing goodwill and certain intangible assets with an indefinite useful life created by business combinations accounted for using the purchase method of accounting. Instead, goodwill and intangible assets deemed to have an indefinite useful life will be subject to an annual review for impairment. Other intangible assets that are not deemed to have an indefinite useful life will continue to be amortized over their useful lives. See Note 5.

FUTURE APPLICATION OF ACCOUNTING STANDARDS

OTHER-THAN-TEMPORARY IMPAIRMENTS OF CERTAIN INVESTMENTS

On September 30, 2004, the FASB voted unanimously to delay the effective date of Emerging Issues Task Force (EITF) No. 03-1, "The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments" (EITF 03-1). The delay applies to both debt and equity securities and specifically applies to impairments caused by interest rate and sector spreads. In addition, the provisions of EITF 03-1 that have been delayed relate to the requirements that a company declare its intent to hold the security to recovery and designate a recovery period in order to avoid recognizing an other-than-temporary impairment charge through earnings.

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

The FASB will be issuing implementation guidance related to this topic. Once issued, the Company will evaluate the impact of adopting EITF 03-1. The disclosures required by EITF 03-1 are included in Note 3 to the Consolidated Financial Statements.

STOCK-BASED COMPENSATION

In December 2004, the FASB issued SFAS No. 123 (Revised 2004), "Share-Based Payment" (SFAS 123-R), which replaces the existing SFAS 123 and supersedes APB 25. SFAS 123-R requires companies to measure and record compensation expense for stock options and other share-based payment based on the instruments' fair value. SFAS 123-R is effective for interim and annual reporting periods beginning after June 15, 2005. The Company will adopt SFAS 123-R on July 1, 2005 by using a modified prospective approach. For unvested stock-based awards granted before January 1, 2003 (APB 25 awards), the Company will expense the fair value of the awards as at the grant date over the remaining vesting period. The impact of recognizing compensation expense for the unvested APB 25 awards will be immaterial in the third and fourth quarters of 2005. In addition, the amount of additional compensation expense that will be disclosed as the impact in the first and second quarters of 2005, as if the standard had been adopted as of January 1, 2005, but will not be recognized in earnings, will be immaterial. The Company continues to evaluate other aspects of adopting SFAS 123-R.

ACCOUNTING POLICIES

INVESTMENTS

Fixed maturities include bonds, notes and redeemable preferred stocks. Fixed maturities, including instruments subject to securities lending agreements (see Note 3), are classified as "available for sale" and are reported at fair value, with unrealized investment gains and losses, net of income taxes, credited or charged directly to shareholder's equity. Fair values of investments in fixed maturities are based on quoted market prices or dealer quotes. If quoted market prices are not available, discounted expected cash flows using market rates commensurate with the credit quality and maturity of the investment are used to determine fair value. Impairments are realized when investment losses in value are deemed other-than-temporary. The Company conducts a rigorous review each quarter to identify and evaluate investments that have possible indications of impairment. An investment in a debt or equity security is impaired if its fair value falls below its cost and the decline is considered other-than-temporary. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair value has been below cost; the financial condition and near-term prospects of the issuer; and the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. Changing economic conditions - global, regional, or related to specific issuers or industries - could result in other-than-temporary losses.

Also included in fixed maturities are loan-backed and structured securities (including beneficial interests in securitized financial assets). Beneficial interests in securitized financial assets that are rated "A" and below are accounted for under the prospective method in accordance with EITF 99-20. Under the prospective method of accounting, the investments effective yield is based upon projected future cash flows. All other loan-backed and structured securities are amortized using the retrospective method. The effective yield used to determine amortization is calculated based upon actual and projected future cash flows.

Equity securities, which include common and non-redeemable preferred stocks, are classified as "available for sale" and carried at fair value based primarily on quoted market prices. Changes in fair values of equity securities are charged or credited directly to shareholder's equity, net of income taxes.

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

Mortgage loans are carried at amortized cost. A mortgage loan is considered impaired when it is probable that the Company will be unable to collect principal and interest amounts due. For mortgage loans that are determined to be impaired, a reserve is established for the difference between the amortized cost and fair market value of the underlying collateral. Cash received on impaired loans is reported as income. In estimating fair value, the Company uses interest rates reflecting the higher returns required in the current real estate financing market.

Policy loans are carried at the amount of the unpaid balances that are not in excess of the net cash surrender values of the related insurance policies. The carrying value of policy loans, which have no defined maturities, is considered to be fair value.

Short-term securities, consisting primarily of money market instruments and other debt issues purchased with a maturity of less than one year, are carried at amortized cost, which approximates fair value.

Cash includes certificates of deposits and other time deposits with original maturities of less than 90 days.

Trading securities and related liabilities are normally held for periods less than six months. These investments are marked to market with the change recognized in net investment income during the current period.

Other invested assets include limited partnership and limited liability company interests in investment funds and real estate joint ventures accounted for on the equity method of accounting. Undistributed income is reported in net investment income. Also included in other invested assets is real estate held for sale, which is carried at the lower of cost or fair value less estimated cost to sell. Fair value of foreclosed properties is established at the time of foreclosure by internal analysis or external appraisers, using discounted cash flow analyses and other accepted techniques. Thereafter, an impairment for losses on real estate held for sale is established if the carrying value of the property exceeds its current fair value less estimated costs to sell. Also included in other invested assets is an investment in Citigroup Preferred Stock, which is recorded at cost. See Notes 13 and 17.

Accrual of investment income is suspended on fixed maturities or mortgage loans that are in default, or on which it is likely that future payments will not be made as scheduled. Interest income on investments in default is recognized only as payment is received.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments, including financial futures contracts, swaps, interest rate caps, options and forward contracts, as a means of hedging exposure to interest rate changes, equity price changes, credit and foreign currency risk. The Company also uses derivative financial instruments to enhance portfolio income and replicate cash market investments. The Company, through Tribeca Citigroup Investments Ltd., holds and issues derivative instruments in conjunction with investment strategies designed to enhance portfolio returns. (See Note 11 for a more detailed description of the Company's derivative use.) Derivative financial instruments in a gain position are reported in the consolidated balance sheet in other assets, derivative financial instruments in a loss position are reported in the consolidated balance sheet in other liabilities and derivatives purchased to offset embedded derivatives on variable annuity contracts are reported in other invested assets.

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

To qualify for hedge accounting, the hedge relationship is designated and formally documented at inception detailing the particular risk management objective and strategy for the hedge. This documentation includes the item and risk that is being hedged, the derivative that is being used, as well as how effectiveness is being assessed.

A derivative must be highly effective in accomplishing the objective of offsetting either changes in fair value or cash flows for the risk being hedged.

For fair value hedges, in which derivatives hedge the fair value of assets and liabilities, changes in the fair value of derivatives are reflected in realized investment gains and losses, together with changes in the fair value of the related hedged item. The Company primarily hedges available-for-sale securities.

For cash flow hedges, the accounting treatment depends on the effectiveness of the hedge. To the extent that derivatives are effective in offsetting the variability of the hedged cash flows, changes in the derivatives' fair value will be reported in accumulated other changes in equity from nonowner sources in shareholder's equity. These changes in fair value will be included in earnings of future periods when earnings are also affected by the variability of the hedged cash flows. To the extent these derivatives are not effective, the ineffective portion of the change in fair value is immediately included in realized investment gains and losses.

For net investment hedges, in which derivatives hedge the foreign currency exposure of a net investment in a foreign operation, the accounting treatment will similarly depend on the effectiveness of the hedge. The effective portion of the change in fair value of the derivative, including any premium or discount, is reflected in the accumulated other changes in equity from nonowner sources as part of the foreign currency translation adjustment in shareholder's equity. The ineffective portion is reflected in realized investment gains and losses.

The effectiveness of these hedging relationships is evaluated on a retrospective and prospective basis using quantitative measures of effectiveness. If a hedge relationship is found to be ineffective, it no longer qualifies for hedge accounting and any gains or losses attributable to such ineffectiveness as well as subsequent changes in fair value are recognized in realized investment gains and losses.

For those fair value and cash flow hedge relationships that are terminated, hedge designations removed, or forecasted transactions that are no longer expected to occur, the hedge accounting treatment described in the paragraphs above will no longer apply. For fair value hedges, any changes to the hedged item remain as part of the basis of the asset or liability and are ultimately reflected as an element of the yield. For cash flow hedges, any changes in fair value of the derivative remains in the accumulated other changes in equity from nonowner sources in shareholder's equity and are included in earnings of future periods when earnings are also affected by the variability of the hedged cash flow. If the hedged relationship is discontinued because a forecasted transaction will not occur when scheduled, the accumulated changes in fair value of the derivative recorded in shareholder's equity are immediately reflected in realized investment gains and losses.

The Company enters into derivative contracts that are economic hedges but do not qualify or are not designated as hedges for accounting purposes. These derivative contracts are carried at fair value, with changes in value reflected in realized investment gains and losses.

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

FINANCIAL INSTRUMENTS WITH EMBEDDED DERIVATIVES

The Company bifurcates an embedded derivative from the host contract where the economic characteristics and risks of the embedded instrument are not clearly and closely related to the economic characteristics and risks of the host contract, the entire instrument would not otherwise be remeasured at fair value and a separate instrument with the same terms of the embedded instrument would meet the definition of a derivative under SFAS 133.

The Company purchases investments that have embedded derivatives, primarily convertible debt securities. These embedded derivatives are carried at fair value with changes in value reflected in realized investment gains and losses. Derivatives embedded in convertible debt securities are classified in the consolidated balance sheet as fixed maturity securities, consistent with the host instruments.

The Company markets certain investment contracts that have embedded derivatives, primarily variable annuity contracts. These embedded derivatives are carried at fair value, with changes in value reflected in realized investment gains and losses. Derivatives embedded in variable annuity contracts are classified in the consolidated balance sheet as future policy benefits and claims.

The Company may enter into derivative contracts to hedge the exposures represented by these embedded derivatives. These are economic hedges, however they do not qualify for hedge accounting. These derivatives are carried at fair value, with the changes in value reflected in realized gains and losses.

INVESTMENT GAINS AND LOSSES

Realized investment gains and losses are included as a component of pre-tax revenues based upon specific identification of the investments sold on the trade date. Realized gains and losses also result from fair value changes in derivative contracts that do not qualify, or are not designated, as hedging instruments, and the application of fair value hedges under SFAS 133. Impairments are recognized as realized losses when investment losses in value are deemed other-than-temporary. The Company conducts regular reviews to assess whether other-than-temporary losses exist. Also included in pre-tax revenues are gains and losses arising from the remeasurement of the local currency value of foreign investments to U.S. dollars, the functional currency of the Company. The foreign exchange effects of Canadian operations are included in unrealized gains and losses.

DEFERRED ACQUISITION COSTS

Deferred acquisition costs (DAC) represent costs that are deferred and amortized over the estimated life of the related insurance policies. DAC principally includes commissions and certain expenses related to policy issuance, underwriting and marketing, all of which vary with and are primarily related to the production of new business. The method for determining amortization of deferred acquisition costs varies by product type based upon three different accounting pronouncements: SFAS No. 60, "Accounting and Reporting by Insurance Enterprises" (SFAS 60), SFAS No. 91, "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases" (SFAS 91) and SFAS No. 97, "Accounting and Reporting by Insurance Enterprises for Certain Long Duration Contracts and for Realized Gains and Losses from the Sale of Investments" (SFAS 97).

DAC for deferred annuities, both fixed and variable, and payout annuities is amortized employing a level effective yield methodology per SFAS 91 as indicated by AICPA Practice Bulletin 8, generally over 10-15

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

years. An amortization rate is developed using the outstanding DAC balance and projected account balances and is applied to actual account balances to determine the amount of DAC amortization. The projected account balances are derived using a model that contains assumptions related to investment returns and persistency. The model rate is evaluated at least annually, and changes in underlying lapse and interest rate assumptions are to be treated retrospectively. Variances in expected equity market returns versus actual returns are treated prospectively and a new amortization pattern is developed so that the DAC balances will be amortized over the remaining estimated life of the business.

DAC for universal life and COLI is amortized in relation to estimated gross profits from surrender charges, investment, mortality, and expense margins per SFAS 97, generally over 16-25 years. Actual profits can vary from management's estimates, resulting in increases or decreases in the rate of amortization. Re-estimates of gross profits, performed at least annually, result in retrospective adjustments to earnings by a cumulative charge or credit to income.

DAC relating to traditional life, including term insurance, and health insurance is amortized in relation to anticipated premiums per SFAS 60, generally over 5-20 years. Assumptions as to the anticipated premiums are made at the date of policy issuance or acquisition and are consistently applied over the life of the policy.

All DAC is reviewed at least annually to determine if it is recoverable from future income, including investment income, and if not recoverable, is charged to expenses. All other acquisition expenses are charged to operations as incurred. See Note 5.

VALUE OF INSURANCE IN FORCE

The value of insurance in force is an asset that represents the actuarially determined present value of anticipated profits to be realized from life insurance and annuities contracts at the date of acquisition using the same assumptions that were used for computing related liabilities where appropriate. The value of insurance in force was the actuarially determined present value of the projected future profits discounted at interest rates ranging from 14% to 18%. Traditional life insurance is amortized in relation to anticipated premiums; universal life is amortized in relation to estimated gross profits; and annuity contracts are amortized employing a level yield method. The value of insurance in force, which is included in other assets, is reviewed periodically for recoverability to determine if any adjustment is required. Adjustments, if any, are charged to income. See Note 5.

SEPARATE AND VARIABLE ACCOUNTS

Separate and variable accounts primarily represent funds for which investment income and investment gains and losses accrue directly to, and investment risk is borne by, the contractholders. Each account has specific investment objectives. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the Company. The assets of these accounts are carried at fair value.

Amounts assessed to the separate account contractholders for management services are included in revenues. Deposits, net investment income and realized investment gains and losses for these accounts are excluded from revenues, and related liability increases are excluded from benefits and expenses.

VARIABLE ANNUITY CONTRACTS WITH GUARANTEED MINIMUM DEATH BENEFIT FEATURES. For variable annuity contracts with GMDB features, SOP 03-1 requires the reporting entity to categorize the contract as either an insurance or investment contract based upon the significance of mortality or morbidity risk. SOP 03-1

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

provides explicit guidance for calculating a reserve for insurance contracts, and provides that the reporting entity does not hold reserves for investment contracts (i.e., there is no significant mortality risk).

The Company determined that the mortality risk on its GMDB features was not a significant component of the overall variable annuity product, and accordingly continued to classify these products as investment contracts. Prior to the adoption of SOP 03-1, the Company held a reserve of approximately \$8 million to cover potential GMDB exposure. This reserve was released during the first quarter of 2004 as part of the implementation of SOP 03-1.

GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets are included in other assets. The carrying amount of goodwill and other intangible assets is reviewed at least annually for indication of impairment in value that in the view of management would be other-than-temporary. If it is determined that goodwill and other intangible assets are unlikely to be recovered, impairment is recognized on a discounted cash flow basis.

Upon adoption of SFAS 141 and SFAS 142, as of January 1, 2002, the Company stopped amortizing goodwill and intangible assets deemed to have an infinite useful life. Instead, these assets are subject to an annual review for impairment. Other intangible assets that are not deemed to have an indefinite useful life will continue to be amortized over their useful lives. See Note 5.

CONTRACTHOLDER FUNDS

Contractholder funds represent receipts from the issuance of universal life, COLI, pension investment, guaranteed investment contracts (GICs), and certain deferred annuity contracts. For universal life and COLI contracts, contractholder fund balances are increased by receipts for mortality coverage, contract administration, surrender charges and interest accrued, where one or more of these elements are not fixed or guaranteed. These balances are decreased by withdrawals, mortality charges and administrative expenses charged to the contractholder. Interest rates credited to contractholder funds related to universal life and COLI range from 3.5% to 5.4%, with a weighted average interest rate of 4.7%.

Pension investment, GICs and certain annuity contracts do not contain significant insurance risks and are considered investment-type contracts. Contractholder fund balances are increased by receipts and credited interest, and reduced by withdrawals and administrative expenses charged to the contractholder. Interest rates credited to those investment-type contracts range from less than 1.0% to 8.0% with a weighted average interest rate of 4.2%.

RESERVING FOR UNIVERSAL LIFE AND VARIABLE UNIVERSAL LIFE CONTRACTS. SOP 03-1 requires that a reserve, in addition to the account balance, be established for certain insurance benefit features provided under UL and VUL products if the amounts assessed against the contract holder each period for the insurance benefit feature are assessed in a manner that is expected to result in profits in earlier years and losses in subsequent years from the insurance benefit function.

The Company's UL and VUL products were reviewed to determine if an additional reserve is required under SOP 03-1. The Company determined that SOP 03-1 applied to some of its UL and VUL contracts with these features and established an additional reserve of approximately \$1 million.

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

FUTURE POLICY BENEFITS

Future policy benefits represent liabilities for future insurance policy benefits for payout annuities and traditional life products and are prepared in accordance with industry standards and U.S. GAAP. The annuity payout reserves are calculated using the mortality and interest assumptions used in the actual pricing of the benefit. Mortality assumptions are based on Company experience and are adjusted to reflect deviations such as substandard mortality in structured settlement benefits. The interest rates range from 1.7% to 8.7% with a weighted average of 6.5% for these products. Traditional life products include whole life and term insurance. Future policy benefits for traditional life products are estimated on the basis of actuarial assumptions as to mortality, persistency and interest, established at policy issue. Interest assumptions applicable to traditional life products range from 2.5% to 7.0%, with a weighted average of 5.3%. Assumptions established at policy issue as to mortality and persistency are based on the Company's experience, which, together with interest assumptions, include a margin for adverse deviation. Appropriate recognition has been given to experience rating and reinsurance.

GUARANTY FUND AND OTHER INSURANCE RELATED ASSESSMENTS

Included in other liabilities is the Company's estimate of its liability for guaranty fund and other insurance-related assessments. State guaranty fund assessments are based upon the Company's share of premium written or received in one or more years prior to an insolvency occurring in the industry. Once an insolvency has occurred, the Company recognizes a liability for such assessments if it is probable that an assessment will be imposed and the amount of the assessment can be reasonably estimated. At December 31, 2004 and 2003, the Company had a liability of \$22.6 million and \$22.5 million, respectively, for guaranty fund assessments and a related premium tax offset recoverable of \$4.8 million and \$4.6 million, respectively. The assessments are expected to be paid over a period of three to five years and the premium tax offsets are expected to be realized over a period of 10 to 15 years.

PERMITTED STATUTORY ACCOUNTING PRACTICES

The Company's insurance subsidiaries, domiciled principally in Connecticut and Massachusetts, prepare statutory financial statements in accordance with the accounting practices prescribed or permitted by the insurance departments of the states of domicile. Prescribed statutory accounting practices are those practices that are incorporated directly or by reference in state laws, regulations, and general administrative rules applicable to all insurance enterprises domiciled in a particular state. Permitted statutory accounting practices include practices not prescribed by the domiciliary state, but allowed by the domiciliary state regulatory authority. The Company does not have any permitted statutory accounting practices.

PREMIUMS

Premium income is reported for individual payout annuities, group close-out annuities, whole life and term insurance. The annuities premiums are recognized as revenue when collected. The life premiums are recognized as revenue when due. Premiums for contracts with a limited number of premium payments, due over a significantly shorter period than the period over which benefits are provided, are considered revenue when due. The portion of premium which is not required to provide for benefits and expenses is deferred and recognized in revenues in a constant relationship to insurance benefits in force.

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

FEE INCOME

Fee income is recognized on deferred annuity and universal life contracts for mortality, administrative and equity protection charges according to contract due dates. Fee income is recognized on variable annuity and universal life separate accounts either daily, monthly, quarterly or annually as per contract terms.

OTHER REVENUES

Other revenues include surrender penalties collected at the time of a contract surrender, and other miscellaneous charges related to annuity and universal life contracts recognized when received. Also included are revenues from unconsolidated non-insurance subsidiaries. Amortization of deferred income related to reinsured blocks of business are recognized in relation to anticipated premiums and are reported in other revenues.

CURRENT AND FUTURE INSURANCE BENEFITS

Current and future insurance benefits represent charges for mortality and morbidity related to fixed annuities, universal life, term life and health insurance benefits.

INTEREST CREDITED TO CONTRACTHOLDERS

Interest credited to contractholders represents amounts earned by universal life, COLI, pension investment, GICs and certain deferred annuity contracts in accordance with contract provisions.

FEDERAL INCOME TAXES

The provision for federal income taxes is comprised of two components, current income taxes and deferred income taxes. Deferred federal income taxes arise from changes during the year in cumulative temporary differences between the tax basis and book basis of assets and liabilities.

2. 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 common ultimate parent, Citigroup Inc. These business segments are Travelers Life & Annuity (TLA) and Primerica Life Insurance (Primerica).

TRAVELERS LIFE & ANNUITY (TLA) core offerings include individual annuity, individual life, 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 deferred fixed and variable 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 GICs, payout annuities, group annuities sold to employer-sponsored retirement and savings plans, structured settlements and funding agreements.

The PRIMERICA business segment consolidates the businesses of Primerica Life, Primerica Life Insurance Company of Canada, CitiLife and NBL. The Primerica business segment offers individual life products,

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

primarily term insurance, to customers through a sales force of approximately 106,000 representatives. A great majority of the domestic licensed sales force works on a part-time basis.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see Note 1). The amount of investments in equity method investees and total expenditures for additions to long-lived assets other than financial instruments, long-term customer relationships of a financial institution, mortgage and other servicing rights, and deferred tax assets, were not material.

(\$ IN MILLIONS)			
REVENUES BY SEGMENT	2004	2003	2002
-----	-----	-----	-----
TLA	\$ 4,725	\$ 4,479	\$ 3,653
Primerica	1,770	1,660	1,581
Total Revenues	\$ 6,495	\$ 6,139	\$ 5,234
	=====	=====	=====
NET INCOME BY SEGMENT			
TLA	\$ 990	\$ 918	\$ 673
Primerica	491	440	409
Net Income	\$ 1,481	\$ 1,358	\$ 1,082
	=====	=====	=====
ASSETS BY SEGMENT			
TLA	\$ 95,824	\$85,881	\$74,562
Primerica	10,019	9,467	8,433
Total segments	\$105,843	\$95,348	\$82,995
	=====	=====	=====

The following tables contain key segment measurements.

BUSINESS SEGMENT INFORMATION:

FOR THE YEAR		
ENDED DECEMBER 31, 2004		
(\$ IN MILLIONS)	TLA	PRIMERICA
-----	-----	-----
Premiums	\$911	\$1,315
Net investment income	3,012	336
Interest credited to contractholders	1,305	-
Amortization of deferred acquisition costs	400	249
Expenditures for deferred acquisition costs	810	393
Federal income taxes	361	241

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

BUSINESS SEGMENT INFORMATION:

FOR THE YEAR ENDED DECEMBER 31, 2003 (\$ IN MILLIONS)		
	TLA	PRIMERICA
Premiums	\$1,082	\$1,245
Net investment income	2,743	315
Interest credited to contractholders	1,248	--
Amortization of deferred acquisition costs	266	235
Expenditures for deferred acquisition costs	583	377
Federal income taxes	240	231

BUSINESS SEGMENT INFORMATION:

FOR THE YEAR ENDED DECEMBER 31, 2002 (\$ IN MILLIONS)		
	TLA	PRIMERICA
Premiums	\$ 730	\$1,194
Net investment income	2,646	290
Interest credited to contractholders	1,220	--
Amortization of deferred acquisition costs	174	219
Expenditures for deferred acquisition costs	556	323
Federal income taxes	212	209

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 a 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 years ended December 31, 2004, 2003 and 2002, deposits collected amounted to \$14.4 billion, \$12.0 billion and \$11.9 billion, respectively.

The Company's revenue was derived almost entirely from U.S. domestic business. Revenue attributable to foreign countries was insignificant.

The Company had no transactions with a single customer representing 10% or more of its revenue.

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

3. INVESTMENTS

FIXED MATURITIES

The amortized cost and fair value of investments in fixed maturities were as follows:

DECEMBER 31, 2004 (\$ IN MILLIONS)	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
AVAILABLE FOR SALE:				
Mortgage-backed securities - CMOs and pass-through securities	\$8,568	\$311	\$9	\$8,870
U.S. Treasury securities and obligations of U.S. Government and government agencies and authorities	2,143	106	--	2,249
Obligations of states, municipalities and political subdivisions	364	41	1	404
Debt securities issued by foreign governments	847	81	1	927
All other corporate bonds	25,603	1,466	40	27,029
Other debt securities	7,613	421	14	8,020
Redeemable preferred stock	176	41	1	216
Total Available For Sale	\$45,314	\$2,467	\$66	\$47,715

DECEMBER 31, 2003 (\$ IN MILLIONS)	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
AVAILABLE FOR SALE:				
Mortgage-backed securities - CMOs and pass-through securities	\$8,061	\$326	\$18	\$8,369
U.S. Treasury securities and obligations of U.S. Government and government agencies and authorities	2,035	22	12	2,045
Obligations of states, municipalities and political subdivisions	379	21	2	398
Debt securities issued by foreign governments	690	51	1	740
All other corporate bonds	23,098	1,507	64	24,541
Other debt securities	5,701	377	22	6,056
Redeemable preferred stock	155	20	1	174
Total Available For Sale	\$40,119	\$2,324	\$120	\$42,323

Proceeds from sales of fixed maturities classified as available for sale were \$7.8 billion, \$15.1 billion and \$15.5 billion in 2004, 2003 and 2002, respectively. Gross gains of \$246 million, \$476 million and \$741

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

million and gross losses of \$263 million, \$394 million and \$309 million in 2004, 2003 and 2002, respectively, were realized on those sales. Additional losses of \$40 million, \$110 million and \$639 million in 2004, 2003 and 2002, respectively, were realized due to other-than-temporary losses in value. Impairments in 2002 were concentrated in telecommunication and energy company investments.

The amortized cost and fair value of fixed maturities at December 31, 2004, by contractual maturity, are shown below. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(\$ IN MILLIONS)	AMORTIZED COST	FAIR VALUE

MATURITY:		
Due in one year or less	\$2,634	\$2,679
Due after 1 year through 5 years	13,015	13,514
Due after 5 years through 10 years	13,262	14,034
Due after 10 years	7,835	8,618
	-----	-----
	36,746	38,845

Mortgage-backed securities	8,568	8,870

Total Maturity	\$45,314	\$47,715

The Company makes investments in collateralized mortgage obligations (CMOs). CMOs typically have high credit quality, offer good liquidity, and provide a significant advantage in yield and total return compared to U.S. Treasury securities. The Company's investment strategy is to purchase CMO tranches which are protected against prepayment risk, including planned amortization class and last cash flow tranches. Prepayment protected tranches are preferred because they provide stable cash flows in a variety of interest rate scenarios. The Company does invest in other types of CMO tranches if a careful assessment indicates a favorable risk/return tradeoff. The Company does not purchase residual interests in CMOs.

At December 31, 2004 and 2003, the Company held CMOs classified as available for sale with a fair value of \$6.0 billion and \$5.2 billion, respectively. Approximately 28% and 30%, respectively, of the Company's CMO holdings are fully collateralized by GNMA, FNMA or FHLMC securities at December 31, 2004 and 2003. In addition, the Company held \$2.9 billion and \$3.0 billion of GNMA, FNMA or FHLMC mortgage-backed pass-through securities at December 31, 2004 and 2003, respectively. All of these securities are rated AAA.

The Company engages in securities lending transactions whereby certain securities from its portfolio are loaned to other institutions for short periods of time. The Company generally receives cash collateral from the borrower, equal to at least the market value of the loaned securities plus accrued interest, and invests it in the Company's short-term money market pool (See Note 13). The loaned securities remain a recorded asset of the Company, however, the Company records a liability for the amount of the cash collateral held, representing its obligation to return the cash collateral, and reports that liability as part of other liabilities in the consolidated balance sheet. At December 31, 2004 and 2003, the Company held cash collateral of \$2.2 billion and \$2.4 billion, respectively. The Company also had \$382.7 million of investments held as collateral with a third party at December 31, 2004. The Company does not have the right to sell or pledge this collateral and it is not recorded on the consolidated balance sheet. No such collateral existed at December 31, 2003.

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

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. These transactions are recorded as secured borrowings. 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 liability is classified as other liabilities in the consolidated balance sheets and fluctuates based upon the timing of the repayments. The balances were insignificant at December 31, 2004 and 2003.

EQUITY SECURITIES

The cost and fair values of investments in equity securities were as follows:

EQUITY SECURITIES: (\$ IN MILLIONS)	COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
DECEMBER 31, 2004				
Common stocks	\$153	\$42	\$1	\$194
Non-redeemable preferred stocks	169	6	2	173
Total Equity Securities	\$322	\$48	\$3	\$367
DECEMBER 31, 2003				
Common stocks	\$109	\$27	\$2	\$134
Non-redeemable preferred stocks	214	14	-	228
Total Equity Securities	\$323	\$41	\$2	\$362

Proceeds from sales of equity securities were \$78 million, \$124 million and \$212 million in 2004, 2003 and 2002, respectively. Gross gains of \$29 million, \$23 million and \$8 million and gross losses of \$10 million, \$2 million and \$4 million in 2004, 2003 and 2002, respectively, were realized on those sales. Additional losses of \$5 million, \$11 million and \$19 million in 2004, 2003 and 2002, respectively, were realized due to other-than-temporary losses in value.

OTHER-THAN-TEMPORARY LOSSES ON INVESTMENTS

Management has determined that the unrealized losses on the Company's investments in fixed maturity and equity securities at December 31, 2004 are temporary in nature. The Company conducts a periodic review to identify and evaluate investments that have indications of possible impairment. An investment in a debt or equity security is impaired if its fair value falls below its cost and the decline is considered other-than-temporary. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair value has been below cost; the financial condition and near-term prospects of the issuer;

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

and the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. The Company's review for impairment generally entails:

- o Identification and evaluation of investments that have possible indications of impairment;
- o Analysis of individual investments that have fair values less than 80% of amortized cost, including consideration of the length of time the investment has been in an unrealized loss position;
- o Discussion of evidential matter, including an evaluation of factors or triggers that would or could cause individual investments to qualify as having other-than-temporary impairments and those that would not support other-than-temporary impairment;
- o Documentation of the results of these analyses, as required under business policies.

The table below shows the fair value of investments in fixed maturities and equity securities that are available for sale and have been in an unrealized loss position at December 31, 2004:

(\$ IN MILLIONS)	Gross Unrealized Losses					
	Less Than One Year		One Year or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fixed maturity securities available-for-sale:						
Mortgage-backed securities-CMOs and pass-through securities	\$955	\$7	\$82	\$2	\$1,037	\$9
U.S. Treasury securities and obligations of U.S. Government and government agencies and authorities	66	--	11	--	77	--
Obligations of states, municipalities and political subdivisions	4	--	11	1	15	1
Debt securities issued by foreign governments	24	1	2	--	26	1
All other corporate bonds	3,494	32	269	8	3,763	40
Other debt securities	1,072	10	199	4	1,271	14
Redeemable preferred stock	15	--	7	1	22	1
Total fixed maturities	\$5,630	\$50	\$581	\$16	\$6,211	\$66
Equity securities	\$39	\$2	\$14	\$1	\$53	\$3

At December 31, 2004, the cost of approximately 825 investments in fixed maturity and equity securities exceeded their fair value by \$69 million. Of the \$69 million, \$50 million represents fixed maturity investments that have been in a gross unrealized loss position for less than a year and of these 93% are rated investment grade. Fixed maturity investments that have been in a gross unrealized loss position for a year or more total \$16 million and 89% of these investments are rated investment grade. The gross unrealized loss on equity securities was \$3 million at December 31, 2004.

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

The table below shows the fair value of investments in fixed maturities and equity securities in an unrealized loss position at December 31, 2003:

(\$ IN MILLIONS)	Gross Unrealized Losses				Total	
	Less Than One Year		One Year or Longer			
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fixed maturity securities available-for-sale:						
Mortgage-backed securities-CMOs and pass-through securities	\$1,182	\$18	\$17	\$--	\$1,199	\$18
U.S. Treasury securities and obligations of U.S. Government and government agencies and authorities	1,180	12	--	--	1,180	12
Obligations of states, municipalities and political subdivisions	45	2	--	--	45	2
Debt securities issued by foreign governments	55	1	--	--	55	1
All other corporate bonds	1,793	39	503	25	2,296	64
Other debt securities	755	18	89	3	844	22
Redeemable preferred stock	12	1	11	1	23	1
Total fixed maturities	\$5,022	\$91	\$620	\$29	\$5,642	\$120
Equity securities	\$25	\$1	\$5	\$1	\$30	\$2

At December 31, 2003, the cost of approximately 670 investments in fixed maturity and equity securities exceeded their fair value by \$122 million. Of the \$122 million, \$91 million represents fixed maturity investments that have been in a gross unrealized loss position for less than a year and of these 78% are rated investment grade. Fixed maturity investments that have been in a gross unrealized loss position for a year or more total \$29 million and 38% of these investments are rated investment grade. The gross unrealized loss on equity securities was \$2 million at December 31, 2003.

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

AGING OF GROSS UNREALIZED LOSSES ON AVAILABLE FOR SALE

The aging of gross unrealized losses on fixed maturity investments is as follows:

DECEMBER 31, 2004 (\$ IN MILLIONS)	TOTAL FIXED MATURITIES		TOTAL FIXED MATURITIES WITH UNREALIZED LOSS TOTALING 20% OR MORE	
	AMORTIZED COST	UNREALIZED LOSS	AMORTIZED COST	UNREALIZED LOSS
Six months or less	\$4,435	\$31	\$1	\$--
Greater than six months to nine months	1,029	14	--	--
Greater than nine months to twelve months	215	5	--	--
Greater than twelve months	597	16	--	--
	-----	---	--	---
Total	\$6,276	\$66	\$1	\$--
	=====	===	==	==

DECEMBER 31, 2003 (\$ IN MILLIONS)	TOTAL FIXED MATURITIES		TOTAL FIXED MATURITIES WITH UNREALIZED LOSS TOTALING 20% OR MORE	
	AMORTIZED COST	UNREALIZED LOSS	AMORTIZED COST	UNREALIZED LOSS
Six months or less	\$4,356	\$68	\$24	\$7
Greater than six months to nine months	558	17	--	--
Greater than nine months to twelve months	199	6	2	--
Greater than twelve months	650	29	3	1
	-----	---	---	---
Total	\$5,763	\$120	\$29	\$8
	=====	====	===	==

Fair values of investments in fixed maturities and equity securities are based on quoted market prices or dealer quotes or, if these are not available, discounted expected cash flows using market rates commensurate with the credit quality and maturity of the investment. The fair value of investments for which quoted market prices, third-party broker quotations or validated model prices are not available amounted to \$345.0 million and \$1,058.4 million at December 31, 2004 and 2003, respectively.

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

MORTGAGE LOANS

At December 31, 2004 and 2003, the Company's mortgage loan portfolios consisted of the following:

(\$ IN MILLIONS)	2004	2003
Current Mortgage Loans	\$2,070	\$1,841
Underperforming Mortgage Loans	54	45
Total Mortgage Loans	\$2,124	\$1,886

Underperforming mortgage loans include delinquent mortgage loans over 90 days past due, loans in the process of foreclosure and loans modified at interest rates below market.

Aggregate annual maturities on mortgage loans at December 31, 2004 are shown below. Actual maturities will differ from contractual maturities because borrowers may have the right to prepay obligations with or without prepayment penalties.

YEAR ENDING DECEMBER 31, (\$ IN MILLIONS)	
2005	\$ 122
2006	308
2007	249
2008	93
2009	252
Thereafter	1,100
Total	\$2,124

TRADING SECURITIES

Trading securities of the Company are held primarily in Tribeca Citigroup Investments Ltd. The assets and liabilities are valued at fair value as follows:

(\$ IN MILLIONS)	Fair value as of December 31, 2004	Fair value as of December 31, 2003
ASSETS		
Trading securities		
Convertible bond arbitrage	\$1,110	\$1,447
Other	250	260
	\$1,360	\$1,707
	=====	=====
LIABILITIES		
Trading securities sold not yet purchased		
Convertible bond arbitrage	\$460	\$629
Other	13	8
	\$473	\$637
	=====	=====

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

The Company's trading portfolio investments and related liabilities are normally held for periods less than six months. See Note 11.

OTHER INVESTED ASSETS

Other invested assets are composed of the following:

----- (\$ IN MILLIONS) -----	2004	2003
Investment in Citigroup Preferred Stock	\$3,212	\$3,212
Private equity and arbitrage investments	1,235	1,315
Real estate joint ventures	230	327
Derivatives	192	182
Real estate - Investment	28	33
Real estate - Foreclosed	9	63
Other	99	56
Total	\$5,005	\$5,188

CONCENTRATIONS

At December 31, 2004 and 2003, the Company had an investment in Citigroup Preferred Stock of \$3.2 billion. See Note 13.

The Company both maintains and participates in a short-term investment pool for its insurance affiliates. See Note 13.

The Company had concentrations of investments, excluding those in federal and government agencies, primarily fixed maturities at fair value, in the following industries:

----- (\$ IN MILLIONS) -----	2004	2003
Finance	\$6,917	\$5,056
Banking	3,474	2,830
Electric Utilities	3,258	3,552

The Company held investments in foreign banks in the amount of \$1,321 million and \$1,018 million at December 31, 2004 and 2003, respectively, which are included in the table above.

The Company defines its below investment grade assets as those securities rated Ba1 by Moody's Investor Services (or its equivalent) or below by external rating agencies, or the equivalent by internal analysts when a public rating does not exist. Such assets include publicly traded below investment grade bonds and certain other privately issued bonds and notes that are classified as below investment grade. Below investment grade assets included in the categories of the preceding table include \$918 million and \$1,118 million in Electric Utilities at December 31, 2004 and 2003, respectively. Below investment grade assets in Finance and Banking were insignificant at December 31, 2004 and 2003. Total below investment grade assets were \$5.4 billion and \$5.2 billion at December 31, 2004 and 2003, respectively.

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

Included in mortgage loans were the following group concentrations:

(\$ IN MILLIONS)	2004	2003
STATE		
California	\$788	\$732
PROPERTY TYPE		
Agricultural	\$1,177	\$1,025

The Company monitors creditworthiness of counterparties to all financial instruments by using controls that include credit approvals, credit limits and other monitoring procedures. Collateral for fixed maturities often includes pledges of assets, including stock and other assets, guarantees and letters of credit. The Company's underwriting standards with respect to new mortgage loans generally require loan to value ratios of 75% or less at the time of mortgage origination.

NON-INCOME PRODUCING INVESTMENTS

Investments included in the consolidated balance sheets that were non-income producing amounted to \$105.3 million and \$104.4 million at December 31, 2004 and 2003, respectively.

RESTRUCTURED INVESTMENTS

The Company had mortgage loans and debt securities that were restructured at below market terms at December 31, 2004 and 2003. The balances of the restructured investments were insignificant. The new terms typically defer a portion of contract interest payments to varying future periods. Gross interest income on restructured assets that would have been recorded in accordance with the original terms of such loans was insignificant in 2004, 2003 and 2002. Interest on these assets, included in net investment income, was also insignificant in 2004, 2003 and 2002.

NET INVESTMENT INCOME

FOR THE YEAR ENDED DECEMBER 31, (\$ IN MILLIONS)	2004	2003	2002
GROSS INVESTMENT INCOME			
Fixed maturities	\$2,615	\$2,465	\$2,359
Mortgage loans	184	158	167
Trading	41	222	9
Other invested assets	303	58	203
Citigroup Preferred Stock	203	203	178
Other, including policy loans	108	82	104
Total gross investment income	3,454	3,188	3,020
Investment expenses	106	130	84
Net Investment Income	\$3,348	\$3,058	\$2,936

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

REALIZED AND UNREALIZED INVESTMENT GAINS (LOSSES)

Net realized investment gains (losses) for the periods were as follows:

FOR THE YEAR ENDED DECEMBER 31, (\$ IN MILLIONS)	2004	2003	2002
REALIZED INVESTMENT GAINS (LOSSES)			
Fixed maturities	(17)	\$(28)	\$(207)
Equity securities	19	10	(15)
Mortgage loans	1	(14)	-
Real estate held for sale	(4)	1	8
Other invested assets	5	49	(19)
Derivatives:			
Guaranteed minimum withdrawal benefit derivatives, net	30	--	--
Other derivatives	(14)	19	(87)
Other	(4)	--	(2)
Total realized investment gains (losses)	\$16	\$37	\$(322)

Changes in net unrealized investment gains (losses) that are reported in accumulated other changes in equity from nonowner sources were as follows:

FOR THE YEAR ENDED DECEMBER 31, (\$ IN MILLIONS)	2004	2003	2002
UNREALIZED INVESTMENT GAINS (LOSSES)			
Fixed maturities	\$197	\$1,198	\$664
Equity securities	6	35	3
Other	12	6	31
Total unrealized investment gains	215	1,239	698
Related taxes	77	421	243
Change in unrealized investment gains	138	818	455
Balance beginning of year	1,444	626	171
Balance end of year	\$1,582	\$1,444	\$626

VARIABLE INTEREST ENTITIES

The following table represents the carrying amounts and classification of consolidated assets that are collateral for VIE obligations. The assets in this table represent two investment vehicles that the Company was involved with prior to February 1, 2003. These two VIEs are a collateralized debt obligation and a real estate joint venture:

\$ IN MILLIONS	DECEMBER 31, 2004	DECEMBER 31, 2003
Investments	\$386	\$ 400
Cash	9	11
Other	2	4
Total assets of consolidated VIEs	\$397	\$415

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

The debt holders of these VIEs have no recourse to the Company. The Company's maximum exposure to loss is limited to its investment of approximately \$8 million. The Company regularly becomes involved with VIEs through its investment activities. This involvement is generally restricted to small passive debt and equity investments.

4. REINSURANCE

Reinsurance is used in order to limit losses, minimize exposure to large risks, provide additional capacity for future growth and to effect business-sharing arrangements. Reinsurance is accomplished through various plans of reinsurance, primarily yearly renewable term (YRT), coinsurance and modified coinsurance. Reinsurance involves credit risk and the Company monitors the financial condition of these reinsurers on an ongoing basis. The Company remains primarily liable as the direct insurer on all risks reinsured.

For TLA, since 1997 the majority of universal life business has been reinsured under an 80% ceded/20% retained YRT quota share reinsurance program and term life business has been reinsured under a 90%/10% YRT quota share reinsurance program. Beginning June 1, 2002, COLI business has been reinsured under a 90%/10% quota share reinsurance program. Beginning in September 2002, newly issued term life business has been reinsured under a 90%/10% coinsurance quota share reinsurance program. Subsequently, portions of this term coinsurance has reverted to YRT for new business. Generally, the maximum retention on an ordinary life risk is \$2.5 million. Maximum retention of \$2.5 million is generally reached on policies in excess of \$12.5 million for universal life and \$25.0 million for term insurance. For other plans of insurance, it is the policy of the Company to obtain reinsurance for amounts above certain retention limits on individual life policies, which limits vary with age and underwriting classification. Total in-force business ceded under reinsurance contracts is \$397.4 billion and \$356.3 billion at December 31, 2004 and 2003, respectively.

For Primerica Life, business sold prior to 1991 was reinsured under a coinsurance arrangement with approximately 50% of the face amount being ceded. For business sold from 1991 through June 1994, only amounts over the company retention of \$1.0 million were reinsured through an excess loss YRT treaty. In June 1994, Primerica Life began reinsuring almost all business under a 1st dollar quota share YRT treaty with 80% being ceded. Beginning with business sold in January 1997, the amount ceded was increased from 80% to 90%.

Business sold in Canada is not included in the U.S. YRT quota share treaties. In Canada, the business sold from April 2000 through December 2003, was reinsured under a separate 1st dollar quota share YRT arrangement, with the ceding amount ranging from 70% to 90%. Beginning with business sold in January 2004, Canada began reinsuring only amounts above their company retention of \$500,000.

Primerica has also entered into several reinsurance assumed treaties with Reinsurance Group of America, Inc. The reinsurance assumed treaties generated a \$79 million pre-tax loss in 2001 and a \$95 million pre-tax loss in 2002. The pre-tax impact from these reinsurance assumed treaties has been minor for 2003 and 2004.

During 2004, The Travelers Life and Annuity Reinsurance Company (TLARC) was formed as a pure captive insurer in order to permit the Company to cede 100% of its statutory based risk associated with the death benefit guarantee rider on certain universal life contracts. The reinsurance transaction related to statutory-only reserves, and had no impact on GAAP premiums and benefits. TLARC is a direct subsidiary of CIHC, the Company's parent. See Note 13.

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

Effective July 1, 2000 the Company sold 90% of its individual long-term care insurance business to General Electric Capital Assurance Company and its subsidiary in the form of indemnity reinsurance arrangements. Written premiums ceded per these arrangements were \$224.2 million, \$226.8 million and \$231.8 million in 2004, 2003 and 2002, respectively, and earned premiums ceded were \$224.3 million, \$226.7 million and \$233.8 million in 2004, 2003 and 2002, respectively.

On January 3, 1995, the Company sold its group life business to The Metropolitan Life Insurance Company (MetLife) under the form of an indemnity insurance arrangement. Premiums written and earned in 2004, 2003 and 2002 were insignificant.

Prior to April 1, 2001, the Company also reinsured substantially all of the GMDB on its variable annuity product. Total variable annuity account balances with GMDB were \$26.7 billion, of which \$12.0 billion, or 45%, was reinsured, and \$23.5 billion, of which \$12.9 billion, or 55%, was reinsured at December 31, 2004 and 2003, respectively. GMDB is payable upon the death of a contractholder. When the benefit payable is greater than the account value of the variable annuity, the difference is called the net amount at risk (NAR). NAR totals \$1.1 billion, of which \$.9 billion, or 84%, is reinsured and \$1.7 billion, of which \$1.4 billion, or 81%, is reinsured at December 31, 2004 and 2003, respectively.

TIC writes workers' compensation business. This business is reinsured through a 100% quota-share agreement with The Travelers Indemnity Company, an insurance subsidiary of St. Paul Travelers. See Note 14.

A summary of reinsurance financial data reflected within the consolidated statements of income and balance sheets is presented below (\$ in millions):

WRITTEN PREMIUMS	FOR THE YEARS ENDING DECEMBER 31,		
	2004	2003	2002
Direct	\$2,908	\$2,979	\$2,610
Assumed	1	1	-
Ceded to:			
The Travelers Indemnity Company	(4)	2	(83)
Other companies	(684)	(638)	(614)
Total Net Written Premiums	\$2,221	\$2,344	\$1,913
=====			
EARNED PREMIUMS	FOR THE YEARS ENDING DECEMBER 31,		
	2004	2003	2002
Direct	\$2,916	\$3,001	\$2,652
Assumed	1	1	-
Ceded to:			
The Travelers Indemnity Company	(1)	(21)	(109)
Other companies	(690)	(654)	(619)
Total Net Earned Premiums	\$2,226	\$2,327	\$1,924
=====			

The Travelers Indemnity Company was an affiliate for part of 2002.

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

Reinsurance recoverables at December 31, 2004 and 2003 include amounts recoverable on unpaid and paid losses and were as follows (\$ in millions):

REINSURANCE RECOVERABLES	2004	2003
Life and accident and health business	\$3,178	\$2,885
Property-casualty business:		
The Travelers Indemnity Company	1,489	1,585
Total Reinsurance Recoverables	\$4,667	\$4,470

Reinsurance recoverables for the life and accident and health business include \$1,876 million and \$1,617 million at December 31, 2004 and 2003, respectively, from General Electric Capital Assurance Company. Assets collateralizing these receivables in the amount of \$1,894 million and \$1,632 million at December 31, 2004 and 2003, respectively, were held in trust for the purpose of paying Company claims.

Reinsurance recoverables also include \$409 million and \$435 million at December 31, 2004 and 2003, respectively, from MetLife.

5. INTANGIBLE ASSETS

The Company's intangible assets are DAC, goodwill and the value of insurance in force. DAC and the value of insurance in force are amortizable.

DAC

(\$ IN MILLIONS)	Deferred & Payout Annuities	UL & COLI	Traditional Life & Other	Total
Balance January 1, 2003	\$1,353	\$578	\$2,005	\$3,936
Deferred expenses & other	340	221	399	960
Amortization expense	(212)	(33)	(256)	(501)
Balance December 31, 2003	1,481	766	2,148	4,395
Deferred expenses & other	448	342	413	1,203
Amortization expense	(273)	(51)	(269)	(593)
Underlying lapse and interest rate adjustment	(17)	--	--	(17)
Pattern of estimated gross profit adjustment	--	(39)	--	(39)
Balance December 31, 2004	\$1,639	\$1,018	\$2,292	\$4,949

VALUE OF INSURANCE IN FORCE

The value of insurance in force totaled \$97 million and \$112 million at December 31, 2004 and 2003, respectively, and is included in other assets. Amortization expense on the value of insurance in force was \$14 million, \$18 million and \$25 million for the year ended December 31, 2004, 2003 and 2002, respectively. Amortization expense related to the value of insurance in force is estimated to be \$16 million in 2005, \$15 million in 2006, \$13 million in 2007, \$9 million in 2008 and \$7 million in 2009.

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

6. DEPOSIT FUNDS AND RESERVES

At December 31, 2004 and December 31, 2003, the Company had \$48.2 billion and \$43.5 billion of life and annuity deposit funds and reserves, respectively, as follows:

(\$ IN MILLIONS)	December 31, 2004	December 31, 2003
Subject to discretionary withdrawal:		
With fair value adjustments	\$7,541	\$6,974
Subject to surrender charges	4,852	6,057
Surrenderable without charge	8,105	5,756
	-----	-----
Total	\$20,498	\$18,787
Not subject to discretionary withdrawal:	\$27,730	\$24,693
	-----	-----
Total	\$48,228	\$43,480
	=====	=====

Average surrender charges included in the subject to surrender charge category above are 6.5% and 5.0%, respectively. In addition, during the payout phase, these funds are credited at significantly reduced interest rates. There are \$519 million and \$550 million of life insurance reserves included in surrenderable without charge at December 31, 2004 and December 31, 2003, respectively. The life insurance risks would have to be underwritten again if transferred to another carrier, which is considered a significant deterrent for long-term policyholders. Insurance liabilities that are surrendered or withdrawn from the Company are reduced by outstanding policy loans and related accrued interest prior to payout.

Included in contractholder funds and in the preceding paragraph are GICs totaling \$14.2 billion. These GICs have a weighted average interest rate of 4.23% and scheduled maturities are as follows:

(\$ IN MILLIONS)	FIXED GIC	VARIABLE GIC	TOTAL
	-----	-----	-----
2005	\$1,237	\$4,006	\$5,243
2006	1,862	--	1,862
2007	1,561	--	1,561
2008	1,343	--	1,343
2009	1,393	--	1,393
2010 and thereafter	2,835	--	2,835
	-----	-----	-----
Total	\$10,231	\$4,006	\$14,237
	=====	=====	=====

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

7. FEDERAL INCOME TAXES

EFFECTIVE TAX RATE
(\$ IN MILLIONS)

FOR THE YEAR ENDED DECEMBER 31,	2004	2003	2002
Income before federal income taxes	\$2,083	\$1,829	\$1,503
Statutory tax rate	35%	35%	35%
Expected federal income taxes	729	640	526
Tax effect of:			
Non-taxable investment income	(93)	(62)	(91)
Tax reserve release	(23)	(43)	(79)
Other, net	(11)	1	--
Federal income taxes	\$602	\$471	\$421
Effective tax rate	29%	26%	28%

COMPOSITION OF FEDERAL INCOME TAXES

Current:			
United States	\$530	\$330	\$217
Foreign	33	30	19
Total	563	360	236
Deferred:			
United States	40	108	182
Foreign	(1)	3	3
Total	39	111	185
Federal income taxes	\$602	\$471	\$421

Additional tax benefits (expense) attributable to employee stock plans allocated directly to shareholder's equity for the years ended December 31, 2004, 2003 and 2002 were \$3 million, \$3 million and \$(17) million, respectively.

The net deferred tax liability at December 31, 2004 and 2003 was comprised of the tax effects of temporary differences related to the following assets and liabilities:

(\$ IN MILLIONS)	2004	2003
Deferred Tax Assets:		
Benefit, reinsurance and other reserves	\$629	\$574
Operating lease reserves	47	52
Employee benefits	195	201
Other	232	392
Total	1,103	1,219
Deferred Tax Liabilities:		
Deferred acquisition costs and value of insurance in force	(1,365)	(1,225)
Investments, net	(1,809)	(1,795)
Other	(149)	(229)
Total	(3,323)	(3,249)
Net Deferred Tax Liability	\$(2,220)	\$(2,030)

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

The Company and its subsidiaries file a consolidated federal income tax return with Citigroup. Federal income taxes are allocated to each member of the consolidated group, according to a Tax Sharing Agreement (the Agreement), on a separate return basis adjusted for credits and other amounts required by the Agreement.

TIC had \$325 million and \$52 million payable to Citigroup at December 31, 2004 and 2003, respectively, related to the Agreement.

At December 31, 2004 and 2003, the Company had no ordinary or capital loss carryforwards.

The policyholders' surplus account, which arose under prior tax law, is generally that portion of the gain from operations that has not been subjected to tax, plus certain deductions. The balance of this account is approximately \$932 million. At current rates the maximum amount of such tax would be approximately \$326 million. Income taxes are not provided for on this amount because under current U.S. tax rules such taxes will become payable only to the extent such amounts are distributed as a dividend or exceed limits prescribed by federal law. The 2004 Tax Act provides that this account can be reduced directly by distributions made by the life insurance subsidiaries in 2005 and 2006. The Company intends to make sufficient distributions to eliminate this account within the timeframe permitted under the Act.

8. SHAREHOLDER'S EQUITY

SHAREHOLDER'S EQUITY AND DIVIDEND AVAILABILITY

The Company's statutory net income, which includes the statutory net income of all insurance subsidiaries, was \$842 million, \$1,104 million and \$256 million for the years ended December 31, 2004, 2003 and 2002, respectively. The Company's statutory capital and surplus was \$7.9 billion and \$7.6 billion at December 31, 2004 and 2003, respectively.

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 \$908 million is available by the end of the year 2005 for such dividends without prior approval of the State of Connecticut Insurance Department, depending upon the amount and timing of the payments. TIC has requested approval to effect certain of the distributions described in Note 17 as an extraordinary dividend. See Note 17. In accordance with the Connecticut statute, TLAC may not pay dividends during 2005 without prior approval of the State of Connecticut Insurance Department. Primerica may pay up to \$263 million to TIC in 2005 without prior approval of the Commonwealth of Massachusetts Insurance Department. The Company paid dividends of \$773 million, \$545 million and \$586 million in 2004, 2003 and 2002, respectively.

The Company's 2004 dividends were paid in the following amounts: \$467.5 million on March 30; \$152.5 million on June 30; and \$152.5 million on September 30. Due to the timing of the payments, these dividends were considered extraordinary.

In addition to the aforementioned quarterly dividends, the Company also made a dividend consisting of all the issued and outstanding shares of TLARC on December 15, 2004. TLARC was valued at \$250,000 and was considered to be an ordinary dividend. See Notes 4 and 13 for further discussion of TLARC.

In December 2004, the Company requested and received prior approval from the State of Connecticut Insurance Department to pay an extraordinary dividend on January 3, 2005. Under Connecticut law, the ordinary dividend limitation amount is based upon the cumulative total of all dividend payments made within

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

the preceding twelve months. The Company's proposed dividend payment of \$302.5 million payable on January 3, 2005 exceeded the ordinary dividend limitation by approximately \$167 million, based on the 2005 dividend limit of \$908 million. The State of Connecticut Insurance Department approved the request on December 19, 2004. TIC paid the dividend to its parent on January 3, 2005.

ACCUMULATED OTHER CHANGES IN EQUITY FROM NONOWNER SOURCES, NET OF TAX

Changes in each component of Accumulated Other Changes in Equity from Nonowner Sources were as follows:

(\$ IN MILLIONS)	NET UNREALIZED GAIN/LOSS ON INVESTMENT SECURITIES	FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES	ACCUMULATED OTHER CHANGES IN EQUITY FROM NONOWNER SOURCES

BALANCE, JANUARY 1, 2002	\$186	\$(3)	\$(109)	\$74
Unrealized gains on investment securities, net of tax of \$167	308	--	--	308
Add: Reclassification adjustment for losses included in net income, net of tax of \$(78)	144	--	--	144
Foreign currency translation adjustment, net of tax of \$2	--	3	--	3
Less: Derivative instrument hedging activity losses, net of tax of \$(42)	--	--	(75)	(75)

PERIOD CHANGE	452	3	(75)	380

BALANCE, DECEMBER 31, 2002	638	--	(184)	454
Unrealized gains on investment securities, net of tax of \$414	805	--	--	805
Add: Reclassification adjustment for losses included in net income, net of tax of \$(6)	12	--	--	12
Foreign currency translation adjustment, net of tax of \$3	--	4	--	4
Add: Derivative instrument hedging activity gains, net of tax of \$46	--	--	85	85

PERIOD CHANGE	817	4	85	906

BALANCE, DECEMBER 31, 2003	1,455	4	(99)	1,360

Unrealized gains on investment securities, net of tax of \$58	139	--	--	139
Less: Reclassification adjustment for gains included in net income, net of tax of \$1	(1)	--	--	(1)
Foreign currency translation adjustment, net of tax of \$0	--	1	--	1
Add: Derivative instrument hedging activity gains, net of tax of \$53	--	--	98	98

PERIOD CHANGE	138	1	98	237

BALANCE, DECEMBER 31, 2004	\$1,593	\$5	\$ (1)	\$1,597

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

9. BENEFIT PLANS

PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company participates in a qualified, noncontributory defined benefit pension plan sponsored by Citigroup. The Company's share of the expense related to this plan was insignificant in 2004, 2003 and 2002.

The Company also participates in a non-qualified, noncontributory defined benefit pension plan sponsored by Citigroup. During 2002, the Company assumed Travelers Property Casualty Corporation's (TPC) share of the non-qualified pension plan related to inactive employees of the former Travelers Insurance entities as part of the TPC spin-off. See Note 14. The Company's share of net expense for this plan was insignificant for 2004, 2003 and 2002.

In addition, the Company provides certain other postretirement benefits to retired employees through a plan sponsored by Citigroup. The Company assumed TPC's share of the postretirement benefits related to inactive employees of the former Travelers Insurance entities during 2002 as part of the TPC spin-off. The Company's share of net expense for the other postretirement benefit plans was \$28 million in both 2004 and 2003 and \$18 million in 2002.

401(K) SAVINGS PLAN

Substantially all of the Company's employees are eligible to participate in a 401(k) savings plan sponsored by Citigroup. The Company's expenses in connection with the 401(k) savings plan were not significant in 2004, 2003 and 2002. See Note 13.

10. LEASES

Most leasing functions for the Company are administered by a Citigroup subsidiary. Net rent expense for the Company was \$22 million, \$21 million, and \$24 million in 2004, 2003 and 2002, respectively.

YEAR ENDING DECEMBER 31, (\$ IN MILLIONS)	MINIMUM OPERATING RENTAL PAYMENTS	MINIMUM CAPITAL RENTAL PAYMENTS
2005	\$ 51	\$ 5
2006	58	5
2007	58	6
2008	56	6
2009	48	6
Thereafter	31	12
Total Rental Payments	\$302	\$40

Future sublease rental income of approximately \$54 million will partially offset these commitments. Also, the Company will be reimbursed for 50%, totaling \$120 million through 2011, of the rental expense for a particular lease by an affiliate.

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

11. DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments, including financial futures contracts, swaps, interest rate caps, options and forward contracts, as a means of hedging exposure to interest rate changes, equity price changes, credit and foreign currency risk. The Company also uses derivative financial instruments to enhance portfolio income and replicate cash market investments. The Company, through Tribeca Citigroup Investments Ltd., holds and issues derivative instruments in conjunction with these investment strategies designed to enhance portfolio returns.

The Company uses exchange traded financial futures contracts to manage its exposure to changes in interest rates that arise from the sale of certain insurance and investment products, or the need to reinvest proceeds from the sale or maturity of investments. In addition, the Company enters into interest rate futures contracts in connection with macro hedges intended to reduce interest rate risk by adjusting portfolio duration. To hedge against adverse changes in interest rates, the Company enters long or short positions in financial futures contracts, which offset asset price changes resulting from changes in market interest rates until an investment is purchased, or a product is sold. Futures contracts are commitments to buy or sell at a future date a financial instrument, at a contracted price, and may be settled in cash or through delivery.

The Company uses equity option contracts to manage its exposure to changes in equity market prices that arise from the sale of certain insurance products. To hedge against adverse changes in the equity market prices, the Company enters long positions in equity option contracts with major financial institutions. These contracts allow the Company, for a fee, the right to receive a payment if the Standard and Poor's 500 Index falls below agreed upon strike prices.

Currency option contracts are used on an ongoing basis to hedge the Company's exposure to foreign currency exchange rates that result from the Company's direct foreign currency investments. To hedge against adverse changes in exchange rates, the Company enters into contracts that give it the right, but not the obligation, to sell the foreign currency within a limited time at a contracted price that may also be settled in cash, based on differentials in the foreign exchange rate. These contracts cannot be settled prior to maturity.

The Company enters into interest rate swaps in connection with other financial instruments to provide greater risk diversification and better match the cash flows from assets and related liabilities. In addition, the Company enters into interest rate swaps in connection with macro hedges intended to reduce interest rate risk by adjusting portfolio duration. Under interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed upon notional principal amount. The Company also enters into basis swaps in which both legs of the swap are floating with each based on a different index. Generally, no cash is exchanged at the outset of the contract and no principal payments are made by either party. A single net payment is usually made by one counterparty at each due date.

The Company enters into currency swaps in connection with other financial instruments to provide greater risk diversification and better match assets purchased in U.S. Dollars with a corresponding liability originated in a foreign currency. Under currency swaps, the Company agrees with other parties to exchange, at specified intervals, foreign currency for U.S. Dollars. Generally, there is an exchange of foreign currency for U.S. Dollars at the outset of the contract based upon prevailing foreign exchange rates. Swap agreements are not exchange traded so they are subject to the risk of default by the counterparty.

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

The Company enters into interest rate caps in connection with other financial instruments to provide greater risk diversification and better match assets and liabilities. In addition, the Company enters into interest rate caps in connection with macro hedges intended to reduce interest rate risk by adjusting portfolio duration. Under interest rate caps, the Company pays a premium and is entitled to receive cash payments equal to the excess of the market interest rates over the strike prices multiplied by the notional principal amount. Interest rate cap agreements are not exchange traded so they are subject to the risk of default by the counterparty.

Forward contracts are used on an ongoing basis to hedge the Company's exposure to foreign currency exchange rates that result from the net investment in the Company's Canadian operations as well as direct foreign currency investments. To hedge against adverse changes in exchange rates, the Company enters into contracts to exchange foreign currency for U.S. Dollars with major financial institutions. These contracts cannot be settled prior to maturity. At the maturity date the Company must purchase the foreign currency necessary to settle the contracts.

The Company enters into credit default swaps in conjunction with a fixed income investment to reproduce the investment characteristics of a different investment. The Company will also enter credit default swaps to reduce exposure to certain corporate debt security investment exposures that it holds. Under credit default swaps, the Company agrees with other parties to receive or pay, at specified intervals, fixed or floating rate interest amounts calculated by reference to an agreed notional principal amount in exchange for the credit default risk of a specified bond. Swap agreements are not exchange traded so they are subject to the risk of default by the counterparty.

Several of the Company's hedging strategies do not qualify or are not designated as hedges for accounting purposes. This can occur when the hedged item is carried at fair value with changes in fair value recorded in earnings, the derivative contracts are used in a macro hedging strategy, the hedge is not expected to be highly effective, or structuring the hedge to qualify for hedge accounting is too costly or time consuming.

The Company monitors the creditworthiness of counterparties to these financial instruments by using criteria of acceptable risk that are consistent with on-balance sheet financial instruments. The controls include credit approvals, credit limits and other monitoring procedures. Additionally, the Company enters into collateral agreements with its derivative counterparties. As of December 31, 2004, the Company held collateral under these contracts amounting to approximately \$813.0 million.

The table below provides a summary of the notional and fair value of derivatives by type:

DERIVATIVE TYPE	DECEMBER 31, 2004			DECEMBER 31, 2003		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Interest rate, equity and currency swaps	\$8,926.0	\$910.4	\$158.7	\$7,422.3	\$685.7	\$178.9
Financial futures	1,421.0	--	--	790.2	--	--
Interest rate and equity options	1,354.8	189.1	--	754.4	182.1	--
Currency forwards	510.1	--	8.9	352.4	0.3	7.3
Credit derivatives	427.4	4.1	3.4	209.5	5.2	0.6
Interest rate caps	117.5	3.1	--	--	--	--
TOTAL	\$12,756.8	\$1,106.7	\$171.0	\$9,528.8	\$873.3	\$186.8

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

The following table summarizes certain information related to the Company's hedging activities for the years ended December 31, 2004 and 2003:

In millions of dollars	Year Ended December 31, 2004	Year Ended December 31, 2003
Hedge ineffectiveness recognized related to fair value hedges	\$(33.2)	\$(23.2)
Hedge ineffectiveness recognized related to cash flow hedges	6.1	(3.4)
Net loss recorded in accumulated other changes in equity from nonowner sources related to net investment hedges	(0.6)	(33.6)
Net loss from economic hedges recognized in earnings	(20.1)	(1.6)

During the years ended December 31, 2004 and 2003 there were no discontinued forecasted transactions. The amount expected to be reclassified from accumulated other changes in equity from nonowner sources into pre-tax earnings within twelve months from December 31, 2004 is \$(76.1) million.

FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Company issues fixed and variable rate loan commitments and has unfunded commitments to partnerships and joint ventures. All of these commitments are to unaffiliated entities. The off-balance sheet risk of fixed and variable rate loan commitments was \$375.5 million and \$253.5 million at December 31, 2004 and 2003, respectively. The Company had unfunded commitments of \$1,075.8 million and \$527.8 million to these partnerships at December 31, 2004 and 2003, respectively.

FAIR VALUE OF CERTAIN FINANCIAL INSTRUMENTS

The Company uses various financial instruments in the normal course of its business. Certain insurance contracts are excluded by SFAS No. 107, "Disclosure about Fair Value of Financial Instruments," and therefore are not included in the amounts discussed.

At December 31, 2004 and 2003, investments in fixed maturities had a carrying value and a fair value of \$47.7 billion and \$42.3 billion, respectively. See Notes 1 and 3.

At December 31, 2004, mortgage loans had a carrying value of \$2.1 billion and a fair value of \$2.2 billion and at year-end 2003 had a carrying value of \$1.9 billion and a fair value of \$2.0 billion. In estimating fair value, the Company used interest rates reflecting the current real estate financing market.

Included in other invested assets are 2,225 shares of Citigroup Cumulative Preferred Stock Series YYY, carried at cost of \$2,225 million at December 31, 2004 and 2003, acquired as a contribution from TPC. This Series YYY Preferred Stock pays cumulative dividends at 6.767%, has a liquidation value of \$1 million per

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

share and has perpetual duration, is not subject to a sinking fund or mandatory redemption but may be optionally redeemed by Citigroup at any time on or after February 27, 2022. Dividends totaling \$150 million were received in both 2004 and 2003 and \$125 million was received in 2002. There is no established market for this investment and it is not practicable to estimate the fair value of the preferred stock.

Included in other invested assets are 987 shares of Citigroup Cumulative Preferred Stock Series YY, carried at cost of \$987 million at December 31, 2004 and 2003. This Series YY Preferred Stock pays cumulative dividends at 5.321%, has a liquidation value of \$1 million per share, and has perpetual duration, is not subject to a sinking fund or mandatory redemption but may be optionally redeemed by Citigroup at any time on or after December 22, 2018. Dividends totaling \$53 million were received during each of 2004, 2003 and 2002. There is no established market for this investment and it is not practicable to estimate the fair value of the preferred stock.

At December 31, 2004, contractholder funds with defined maturities had a carrying value of \$15.2 billion and a fair value of \$15.6 billion, compared with a carrying value and a fair value of \$13.5 billion and \$13.7 billion at December 31, 2003. The fair value of these contracts is determined by discounting expected cash flows at an interest rate commensurate with the Company's credit risk and the expected timing of cash flows. Contractholder funds without defined maturities had a carrying value of \$14.4 billion and a fair value of \$14.1 billion at December 31, 2004, compared with a carrying value of \$13.1 billion and a fair value of \$12.8 billion at December 31, 2003. These contracts generally are valued at surrender value.

The carrying values of \$567 million and \$698 million of financial instruments classified as other assets approximated their fair values at December 31, 2004 and 2003, respectively. The carrying value of \$3.0 billion and \$2.5 billion of financial instruments classified as other liabilities at December 31, 2004 and 2003 also approximated their fair values at both December 31, 2004 and 2003. Fair value is determined using various methods, including discounted cash flows, as appropriate for the various financial instruments.

Both the assets and liabilities of separate accounts providing a guaranteed return had a carrying value and a fair value of \$350 million at December 31, 2003. This separate account was fully consolidated in 2004 per the adoption of SOP 03-1. See Note 1.

The carrying values of cash, trading securities and trading securities sold not yet purchased are carried at fair value. The carrying values of short-term securities and investment income accrued approximated their fair values. The carrying value of policy loans, which have no defined maturities, is considered to be fair value.

12. COMMITMENTS AND CONTINGENCIES

LITIGATION

In August 1999, an amended putative class action complaint captioned LISA MACOMBER, ET AL. VS. TRAVELERS PROPERTY CASUALTY CORPORATION, ET AL. was filed in New Britain, Connecticut Superior Court against the Company, its parent corporation, certain of the Company's affiliates (collectively TLA), and the Company's former affiliate, Travelers Property Casualty Corporation. The amended complaint alleges Travelers Property Casualty Corporation purchased structured settlement annuities from the Company and spent less on the purchase of those structured settlement annuities than agreed with claimants; and that commissions paid to brokers of structured settlement annuities, including an affiliate of the Company, were paid, in part, to Travelers Property Casualty Corporation. The amended complaint was dismissed and following an appeal by plaintiff in September 2002 the Connecticut Supreme Court reversed the dismissal of several of the plaintiff's

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

claims. On May 26, 2004, the Connecticut Superior Court certified a nation wide class action. The class action claims against TLA are violation of the Connecticut Unfair Trade Practice Statute, unjust enrichment and civil conspiracy. On June 15, 2004, the Defendants, including TLA, appealed the Connecticut Superior Court's May 26, 2004 class certification order.

In 2003 and 2004, several issues in the mutual fund and variable insurance product industries have come under the scrutiny of federal and state regulators. Like many other companies in our industry, the Company has received a request for information from the Securities and Exchange Commission (SEC) and a subpoena from the New York Attorney General regarding market timing and late trading. During 2004 the SEC requested additional information about the Company's variable product operations on market timing, late trading and revenue sharing, and the SEC, the National Association of Securities Dealers and the New York Insurance Department have made inquiries into these issues and other matters associated with the sale and distribution of insurance products. In addition, like many insurance companies and agencies, in 2004 and 2005 the Company received inquiries from certain state Departments of Insurance regarding producer compensation and bidding practices. The Company is cooperating fully with all of these requests and is not able to predict their outcomes.

In addition, the Company is a defendant or co-defendant in various other 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 and regulatory proceedings would not be likely to have a material adverse effect on the Company's consolidated financial condition or liquidity, but, if involving monetary liability, may be material to the Company's operating results for any particular period.

OTHER

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 December 31, 2004 is \$1.1 billion, included in contractholder funds. The Company holds \$60.3 million of common stock of the Bank, included in equity securities.

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

The Company has provided a guarantee on behalf of Citicorp International Life Insurance Company, Ltd. (CILIC), an affiliate. The Company has guaranteed to pay claims up to \$1 billion of life insurance coverage for CILIC. This guarantee takes effect if CILIC cannot pay claims because of insolvency, liquidation or rehabilitation. Life insurance coverage in force under this guarantee at December 31, 2004 is \$466 million. The Company does not hold any collateral related to this guarantee.

13. RELATED PARTY TRANSACTIONS

Citigroup and certain of its subsidiaries provide investment management and accounting services, payroll, internal auditing, benefit management and administration, property management and investment technology services to the Company as of December 31, 2004. The Company paid Citigroup and its subsidiaries \$41.0 million, \$55.3 million and \$56.9 million in 2004, 2003 and 2002, respectively, for these services. The amounts due to affiliates related to these services, included in other liabilities at December 31, 2004 and 2003, were insignificant.

The Company has received reimbursements from Citigroup and its affiliates related to the Company's increased benefit and lease expenses after the TPC spin-off. See Note 14. These reimbursements totaled \$27.4 million, \$34.3 million and \$15.5 million in 2004, 2003 and 2002, respectively.

The Company maintains a short-term investment pool in which its insurance affiliates participate. The position of each company participating in the pool is calculated and adjusted daily. At December 31, 2004 and 2003, the pool totaled approximately \$4.1 billion and \$3.8 billion, respectively. The Company's share of the pool amounted to \$3.3 billion at both December 31, 2004 and 2003, and is included in short-term securities in the consolidated balance sheets.

At December 31, 2004 and 2003, the Company had outstanding loaned securities to an affiliate, Citigroup Global Markets, Inc. (CGMI), of \$361.5 million and \$238.5 million, respectively.

Included in other invested assets is a \$3.2 billion investment in Citigroup Preferred Stock at December 31, 2004 and 2003, carried at cost. Dividends received on these investments were \$203 million in both 2004 and 2003 and \$178 million in 2002. See Notes 11 and 17.

The Company had investments in an affiliated joint venture, Tishman Speyer, in the amount of \$92.9 million and \$166.3 million at December 31, 2004 and 2003, respectively. Income of \$54.2 million, \$18.6 million and \$99.7 million was earned on these investments in 2004, 2003 and 2002, respectively.

The Company also had an investment in Greenwich Street Capital Partners I, an affiliated private equity investment, in the amount of \$45.3 million and \$48.3 million at December 31, 2004 and 2003, respectively. Income of \$4.5 million, \$33.9 million and \$0 were earned on this investment in 2004, 2003 and 2002, respectively.

In the ordinary course of business, the Company purchases and sells securities through affiliated broker-dealers, including SB. These transactions are conducted on an arm's-length basis. Amounts due to SB were \$363.7 million and \$134.4 million at December 31, 2004 and 2003, respectively.

The Company markets deferred annuity products and life insurance through its affiliate, Smith Barney (SB), a division of CGMI. Annuity deposits related to these products were \$877 million, \$835 million, and \$1.0 billion in 2004, 2003 and 2002, respectively. Life

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

premiums were \$137.5 million, \$114.9 million and \$109.7 million in 2004, 2003 and 2002, respectively. Commissions and fees paid to SB were \$71.9 million, \$70.3 million and \$77.0 million in 2004, 2003 and 2002, respectively.

The Company also markets individual annuity and life insurance through CitiStreet Retirement Services, a division of CitiStreet LLC, (CitiStreet), a joint venture between Citigroup and State Street Bank. Deposits received from CitiStreet were \$1.5 billion, \$1.4 billion and \$1.6 billion in 2004, 2003 and 2002, respectively. Commissions and fees paid to CitiStreet were \$45.9 million, \$52.9 million and \$54.0 million in 2004, 2003 and 2002, respectively.

The Company markets individual annuity products through an affiliate Citibank, N.A. (together with its subsidiaries, Citibank). Deposits received from Citibank were \$525 million, \$357 million and \$321 million in 2004, 2003 and 2002, respectively. Commissions and fees paid to Citibank were \$44.3 million, \$29.8 million and \$24.0 million in 2004, 2003 and 2002, respectively.

Primerica Financial Services, Inc. (PFS), an affiliate, is a distributor of products for TLA. PFS or its affiliates sold \$983 million, \$714 million and \$787 million of individual annuities in 2004, 2003 and 2002, respectively. Commissions and fees paid to PFS were \$75.4 million, \$58.1 million and \$60.4 million in 2004, 2003 and 2002, respectively.

Primerica Life has entered into a General Agency Agreement with PFS that provides that PFS will be Primerica Life's general agent for marketing all insurance of Primerica Life. In consideration of such services, Primerica Life agreed to pay PFS marketing fees of no less than \$10 million per year based upon U.S. gross direct premiums received by Primerica Life. The fees paid by Primerica Life were \$15 million in 2004 and \$12.5 million in each of 2003 and 2002.

During 2004 TLARC was established as a pure captive to reinsure 100% of the statutory based risk associated with universal life contracts. Statutory premiums paid by the Company to TLARC totaled \$1,071 million in 2004. Ceding commissions and experience refunds paid by TLARC to the Company totaled \$1,054 million in 2004. The net amount paid was \$17 million and reported as a reduction of other income. See Note 4.

TIC has made a solvency guarantee for an affiliate, CILIC. See Note 12.

The Company participates in a stock option plan sponsored by Citigroup that provides for the granting of stock options in Citigroup common stock to officers and other employees. To further encourage employee stock ownership, Citigroup introduced the WealthBuilder stock option program during 1997 and the Citigroup Ownership Program in 2001. Under these programs, all employees meeting established requirements have been granted Citigroup stock options. During 2001, Citigroup introduced the Citigroup 2001 Stock Purchase Program for new employees, which allowed eligible employees of Citigroup, including the Company's employees, to enter into fixed subscription agreements to purchase shares at the market value on the date of the agreements. During 2003 Citigroup introduced the Citigroup 2003 Stock Purchase Program, which allowed eligible employees of Citigroup, including the Company's employees, to enter into fixed subscription agreements to purchase shares at the lesser of the market value on the first date of the offering period or the market value at the close of the offering period. Enrolled employees are permitted to make one purchase prior to the expiration date. The Company's charge to income for these plans was insignificant in 2004, 2003 and 2002.

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

The Company also participates in the Citigroup Capital Accumulation Program. Participating officers and other employees receive a restricted stock award in the form of Citigroup common stock. These restricted stock awards generally vest after a three-year period and, except under limited circumstances, the stock can not be sold or transferred during the restricted period by the participant, who is required to render service to the Company during the restricted period. The Company's charge to income for this program was insignificant in 2004, 2003 and 2002.

Unearned compensation expense associated with the Citigroup restricted common stock grants, which represents the market value of Citigroup's common stock at the date of grant, is included in other assets in the consolidated balance sheet and is recognized as a charge to income ratably over the vesting period. The Company's charge to income was insignificant during 2004, 2003 and 2002.

14. TRAVELERS PROPERTY CASUALTY SPIN-OFF

On April 1, 2004 TPC merged with a subsidiary of The St. Paul Companies to form St. Paul Travelers.

On March 27, 2002, TPC, the Company's parent at December 31, 2001, completed its IPO. On August 20, 2002, Citigroup made a tax-free distribution to its stockholders of a majority portion of its remaining interest in TPC. In 2002, prior to the IPO the following transactions occurred:

- o The common stock of the Company was distributed by TPC to CIHC so the Company would remain an indirect wholly owned subsidiary of Citigroup.
- o The Company sold its home office buildings in Hartford, Connecticut and a building housing TPC's information systems in Norcross, Georgia to TPC for \$68 million.
- o TLA Holdings LLC, a non-insurance subsidiary valued at \$142 million, was contributed to the Company by TPC.
- o The Company assumed pension, postretirement and post employment benefits payable to all inactive employees of the former Travelers Insurance entities and received \$189 million of cash and other assets from TPC to offset these benefit liabilities. In March 2003, TPC paid the Company \$22.6 million as a settlement for these benefit-related liabilities.
- o The Company received 2,225 shares of Citigroup's 6.767% Cumulative Preferred Stock, Series YYY, with a par value of \$1.00 per share and a liquidation value of \$1 million per share as a contribution from TPC.

In connection with the TPC IPO and distribution, the Company's additional paid-in capital increased \$1,596 million during 2002 as follows:

(\$ IN MILLIONS)	
Citigroup Series YYY Preferred Stock	\$2,225
TLA Holdings LLC	142
Cash and other assets	189
Pension, postretirement, and post-employment benefits payable	(279)
Deferred tax assets	98
Deferred tax liabilities	(779)

	\$1,596
	=====

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

At December 31, 2001, TPC and its subsidiaries were affiliates of the Company and provided certain services to the Company. These services included data processing, facilities management, banking and financial functions, benefits administration and others. During 2002, the Company began phasing out these services. The Company paid TPC \$4.9 million and \$33.6 million in 2003 and 2002, respectively, for these services. In 2004, The Company did not receive these services.

The Company has a license from St. Paul Travelers to use the names "Travelers Life & Annuity," "The Travelers Insurance Company," "The Travelers Life and Annuity Company" and related names in connection with the Company's business.

15. RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

The following table reconciles net income to net cash provided by operating activities:

FOR THE YEAR ENDED DECEMBER 31, (\$ IN MILLIONS)	2004	2003	2002
Net Income	\$1,481	\$1,358	\$1,082
Adjustments to reconcile net income to net cash provided by operating activities:			
Realized (gains) losses	(16)	(37)	322
Deferred federal income taxes	(9)	58	185
Amortization of deferred policy acquisition costs	649	501	393
Additions to deferred policy acquisition costs	(1,203)	(960)	(879)
Investment income	106	(503)	(119)
Premium balances	8		
Insurance reserves and accrued expenses		(8)	(7)
		604	832
			493
Other	(79)	(443)	(402)
Net cash provided by operations	\$1,525	\$814	\$1,068

16. NON-CASH INVESTING AND FINANCING ACTIVITIES

In 2004, significant non-cash investing and financing activities include the minority interest reversal of joint ventures held by TPC in the amount of \$(58) million. In 2003, these activities include the acquisition of real estate through foreclosures of mortgage loans amounting to \$53 million and the inclusion of the TPC minority interest in joint ventures in the amount of \$63 million. In 2002, these activities include the contribution of \$2,225 million of Citigroup YYY Preferred Stock and related deferred tax liability of \$779 million; a \$17 million COLI asset and \$98 million deferred tax asset related to the transfer of \$279 million of pension and postretirement benefits, transferred for \$172 million cash; and the contribution of a non-insurance company, TLA Holdings, LLC, for \$142 million.

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

17. SUBSEQUENT EVENT

On January 31, 2005, Citigroup announced that it had agreed to sell TIC, including TLAC and certain other domestic and international insurance businesses (the Life Insurance and Annuity Businesses) to MetLife, Inc. (MetLife) pursuant to an Acquisition Agreement (the Agreement). The transaction is subject to certain regulatory approvals, as well as other customary conditions to closing. Citigroup currently anticipates that the intended sale would be completed during this summer.

The Company's Primerica segment and certain other assets will remain with Citigroup. Accordingly, prior to the closing, TIC will distribute to its parent company by way of dividend (i) all of the outstanding shares of common stock of the Company's 100% owned subsidiary, Primerica Life Insurance Company (Primerica Life), (ii) all shares of Citigroup's Series YYY and Series YY preferred stock held by the Company and (iii) certain other assets, including certain assets and liabilities related to the Company's share of the non-qualified pension plan, and post retirement benefits related to inactive employees of the former Travelers Insurance entities, assumed during Citigroup's 2002 spin-off of the Travelers Property Casualty operations (collectively, the Dispositions). The Dispositions require certain regulatory approvals.

Subject to closing adjustments described in the Agreement, the contemplated sale price would be \$11.5 billion.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. 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 ended December 31, 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not Applicable

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Omitted pursuant to General Instruction I(2)(c) of Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION.

Omitted pursuant to General Instruction I(2)(c) of Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Omitted pursuant to General Instruction I(2)(c) of Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Omitted pursuant to General Instruction I(2)(c) of Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following is a description of the fees earned by KPMG for services rendered to the Company for the years ended December 31, 2004 and 2003:

AUDIT FEES: Audit fees include fees paid by the Company to KPMG in connection with the annual audit of the Company's consolidated financial statements, KPMG's audits of subsidiary financial statements and KPMG's review of the Company's interim financial statements. Audit fees also include fees for services performed by KPMG that are closely related to the audit and in many cases could only be provided by the Company's independent registered public accounting firm. Such services include comfort letters and consents related to SEC registration statements and other capital raising activities and certain reports relating to the Company's regulatory filings, reports on internal control reviews required by regulators, due diligence on completed acquisitions, and accounting advice on completed transactions. The aggregate fees earned by KPMG for audit services rendered to the Company and its subsidiaries for the years ended December 31, 2004 and December 31, 2003 totaled approximately \$2.3 million and \$1.3 million, respectively.

AUDIT RELATED FEES: Audit related services include due diligence services related to contemplated mergers and acquisitions, accounting consultations, internal control reviews not required by regulators, securitization related services, employee benefit plan audits and certain attestation services as well as certain agreed upon procedures. The aggregate fees earned by KPMG for audit related services rendered to the Company and its subsidiaries for the years ended December 31, 2004 and December 31, 2003 were \$42 thousand and \$37 thousand, respectively.

TAX FEES: Tax fees include corporate tax compliance, counsel and advisory services as well as expatriate tax services. The aggregate fees earned by KPMG for tax related services rendered to the Company and its subsidiaries for the years ended December 31, 2004 and December 31, 2003 totaled approximately \$46,000 and \$0, respectively.

ALL OTHER FEES: The Company did not incur any charges from KPMG for other services rendered to the Company and its subsidiaries for matters such as general consulting for the years ended December 31, 2004 and December 31, 2003.

The Company did not engage KPMG for any additional non-audit services other than those permitted under its policy, unless such services were individually approved by the Citigroup audit and risk management committee.

Approval of Independent Registered Public Accounting Firm Services and Fees
Citigroup's audit and risk management committee has reviewed and approved all fees charged by Citigroup's independent registered public accounting firm, and actively monitored the relationship between audit and non-audit services provided. The audit and risk management committee has concluded that the provision of services by KPMG was consistent with the maintenance of the external auditors' independence in the conduct of its auditing functions. Effective January 1, 2003, Citigroup adopted a policy that it and its subsidiaries would no longer engage its primary independent registered public accounting firm for non-audit services other than "audit related services," as defined by the SEC, certain tax services, and other permissible non-audit services as specifically approved by the chair of the audit and risk management committee and presented to the full committee at its next regular meeting. The policy also includes limitations on the hiring of KPMG partners and other professionals to ensure that the Company satisfies the SEC's auditor independence rules.

During 2004, the following changes were made in Citigroup's policy for approval of audit fees and services. Pre-approval of the audit and risk management committee is required for all internal control engagements and, effective December 31, 2004, Citigroup further restricted the scope of tax services that may be provided by KPMG and determined that it will no longer use KPMG for tax advisory services, including consulting and tax planning, except as related to tax compliance services.

Under the Citigroup policy approved by the audit and risk management committee, the committee must pre-approve all services provided by Citigroup's independent registered public accounting firm and fees charged. The committee will consider annually the provision of audit services and, if appropriate, pre-approve certain defined audit fees, audit related fees, tax fees and other fees with specific dollar value limits for each category of service. The audit and risk management committee will also consider on a case by case basis and, if appropriate,

approve specific engagements that are not otherwise pre-approved. Any proposed engagement that does not fit within the definition of a pre-approved service may be presented to the chair of the audit and risk management committee for approval and to the full audit and risk management committee at its next regular meeting. The policy includes limitations on hiring of partners or other professional employees of KPMG that require adjustments to KPMG 's audit approach if there is any apparent conflict, and at all times the Company is mindful of the independence requirements of the SEC in considering employment of these individuals.

Administration of the policy is centralized within, and monitored by, Citigroup senior corporate financial management, which reports throughout the year to the audit and risk management committee.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Documents filed:

- (1) Financial Statements. See index on page 19 of this report.
- (2) Financial Statement Schedules. See index on page 72 of this report.
- (3) Exhibits. See Exhibit Index on page 70.

EXHIBIT INDEX

EXHIBIT
NO.

DESCRIPTION

- 2. Acquisition Agreement, dated as of January 31, 2005, by and between Citigroup Inc. and MetLife, Inc., incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Citigroup Inc. dated January 31, 2005 and filed February 4, 2005 (File No. 1-9924).
- 3. Articles of Incorporation and By-Laws
 - a) 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").
 - b) 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.
- 10.01 Lease for office space in Hartford, Connecticut dated as of April 2, 1996, by and between the Company and The Travelers Indemnity Company, incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-K of Travelers Property Casualty Corp. for the fiscal year ended December 31, 1996 (File No. 1-14328).
- 10.02 Trademark License Agreement between Travelers Property Casualty Corp. and The Travelers Insurance Company, effective as of August 20, 2002, incorporated by reference to Exhibit 10.01 to the Company's Quarterly Report on form 10-Q for the fiscal quarter ended September 30, 2002.
- 10.03 Lease for office space at Cityplace, Hartford, Connecticut, dated March 28, 1996, by and between Aetna Life and Casualty Company and The Travelers Indemnity Company, (the "Cityplace Lease"), incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-1 of Travelers Insurance Group Holdings Inc. (then known as Travelers/Aetna Property Casualty Corp.) on April 22, 1996 (File No. 333-2254).
- 10.04 First Amendment, dated May 15, 2001, by and between Aetna Inc. (formerly Aetna Life and Casualty Company) as Landlord and The Travelers Indemnity Company, as Tenant, with respect to the Cityplace Lease, incorporated by reference to Exhibit 10.04 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.
- 10.05 Assignment and Assumption Agreement dated as of August 19, 2002, by and between The Travelers Indemnity Company as Assignor and the Company as Assignee, with respect to the Cityplace Lease, incorporated by reference to Exhibit 10.05 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.
- 14.01 Citigroup Code of Ethics for Financial Professionals, incorporated by reference to Exhibit 14.01 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.
- 21. Subsidiaries of the Registrant:
Omitted pursuant to General Instruction I (2)(b) of Form 10-K.
- 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 USC Section 1350.

- -----
+Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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, on the 30th day of March, 2004.

THE TRAVELERS INSURANCE COMPANY
(Registrant)

By: /s/ GLENN D. LAMMEY
Glenn D. Lamme
Executive Vice President,
Chief Financial Officer and Chief Accounting Officer
(Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on the 30th day of March, 2004.

SIGNATURE	CAPACITY
/s/ GEORGE C. KOKULIS ----- (George C. Kokulis)	Director and Chief Executive Officer (Principal Executive Officer)
/s/ GLENN D. LAMMEY ----- (Glenn D. Lamme)	Director, Chief Financial Officer and Chief Accounting Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ KATHLEEN L. PRESTON ----- (Kathleen L. Preston)	Director
/s/ MARLA BERMAN LEWITUS ----- (Marla Berman Lewitus)	Director
/s/ EDWARD W. CASSIDY ----- (Edward W. Cassidy)	Director
/s/ WILLIAM P. KRIVOSHIK ----- (William P. Krivoshik)	Director

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants Which Have Not Registered Securities pursuant to Section 12 of the Act: NONE

No Annual Report to Security Holders covering the registrant's last fiscal year or proxy material with respect to any meeting of security holders has been sent, or will be sent, to security holders.

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

	PAGE
The Travelers Insurance Company and Subsidiaries	
Report of Independent Registered Public Accounting Firm	*
Consolidated Statements of Income	*
Consolidated Balance Sheets	*
Consolidated Statements of Changes In Shareholder's Equity	*
Consolidated Statements of Cash Flows	*
Notes to Consolidated Financial Statements	*
Report of Independent Registered Public Accounting Firm	73
Schedule I - Summary of Investments - Other than Investments in Related Parties 2004	74
Schedule III - Supplementary Insurance Information 2002-2004	75
Schedule IV - Reinsurance 2002-2004	76
All other schedules are inapplicable for this filing	
* See index on page 19	

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholder
The Travelers Insurance Company:

Under date of March 28, 2005, we reported on the consolidated balance sheets of The Travelers Insurance Company and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in shareholder's equity and cash flows for each of the years in the three-year period ended December 31, 2004, which are included in the Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedules as listed in the accompanying index. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Company changed its methods of accounting and reporting for certain nontraditional long-duration contracts and for separate accounts in 2004, variable interest entities in 2003, and for goodwill and intangible assets in 2002.

/s/KPMG LLP

Hartford, Connecticut
March 28, 2005

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

SCHEDULE I
SUMMARY OF INVESTMENTS - OTHER THAN INVESTMENTS IN RELATED PARTIES
DECEMBER 31, 2004
(\$ IN MILLIONS)

TYPE OF INVESTMENT	COST	VALUE	AMOUNT SHOWN IN BALANCE SHEET(1)
Fixed Maturities:			
Bonds:			
U.S. Government and government agencies and authorities States, municipalities and political subdivisions	\$6,582	\$6,840	\$6,840
Foreign governments	364	404	404
Public utilities	847	927	927
Convertible bonds and bonds with warrants attached	2,516	2,710	2,710
All other corporate bonds	228	245	245
	34,601	36,373	36,373
Total Bonds	45,138	47,499	47,499
Redeemable preferred stocks	176	216	216
Total Fixed Maturities	45,314	47,715	47,715
Equity Securities:			
Common Stocks:			
Banks, trust and insurance companies	13	17	17
Industrial, miscellaneous and all other	140	177	177
Total Common Stocks	153	194	194
Nonredeemable preferred stocks	169	173	173
Total Equity Securities	322	367	367
Mortgage Loans	2,124		2,124
Real Estate Held For Sale	37		37
Policy Loans	1,121		1,121
Short-Term Securities	3,731		3,731
Trading Securities	1,360		1,360
Other Investments (2)(3)(4)	1,341		1,341
Total Investments	\$55,350		\$57,796

(1) Determined in accordance with methods described in Notes 1 and 3 of the Notes to Consolidated Financial Statements.

(2) Excludes \$3.2 billion of Citigroup Inc. preferred stock. See Note 13 of Notes to Consolidated Financial Statements.

(3) Also excludes \$415 million fair value of investment in affiliated partnership interests.

(4) Includes derivatives marked to market and recorded at fair value in the balance sheet.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

SCHEDULE III
 SUPPLEMENTARY INSURANCE INFORMATION
 (\$ IN MILLIONS)

	DEFERRED POLICY ACQUISITION COSTS	FUTURE POLICY BENEFITS, LOSSES, CLAIMS AND LOSS EXPENSES(1)	OTHER POLICY CLAIMS AND BENEFITS PAYABLE	PREMIUM REVENUE	NET INVEST- MENT INCOME	BENEFITS, CLAIMS AND LOSSES(2)	AMORTIZATION OF DEFERRED POLICY ACQUISITION COSTS	OTHER OPERATING EXPENSES	PREMIUMS WRITTEN

2004									

Travelers Life & Annuity	\$2,771	\$46,452	\$581	\$911	\$3,012	\$2,716	\$400	\$259	\$911
Primerica	2,178	3,696	180	1,315	336	560	249	228	1,310

Total	\$4,949	\$50,148	\$761	\$2,226	\$3,348	\$3,276	\$649	\$487	\$2,221
=====									
2003									

Travelers Life & Annuity	\$2,361	\$42,023	\$532	\$1,082	\$2,743	\$2,816	\$266	\$240	\$1,093
Primerica	2,034	3,500	161	1,245	315	534	235	219	1,251

Total	\$4,395	\$45,523	\$693	\$2,327	\$3,058	\$3,350	\$501	\$459	\$2,344
=====									
2002									

Travelers Life & Annuity	\$2,043	\$37,774	\$461	\$ 730	\$2,646	\$2,404	\$174	\$190	\$ 729
Primerica	1,893	3,261	147	1,194	290	527	219	217	1,184

Total	\$3,936	\$41,035	\$608	\$1,924	\$2,936	\$2,931	\$393	\$407	\$1,913
=====									

(1) Includes contractholder funds.

(2) Includes interest credited to contractholders.

THE TRAVELERS INSURANCE COMPANY AND SUBSIDIARIES

SCHEDULE IV
REINSURANCE
(\$ IN MILLIONS)

	GROSS AMOUNT	CEDED TO OTHER COMPANIES	ASSUMED FROM OTHER COMPANIES	NET AMOUNT	PERCENTAGE OF AMOUNT ASSUMED TO NET
2004					
Life Insurance In Force	\$646,184	\$397,411	\$ 3,470	\$252,243	1.4%
Premiums:					
Life insurance	\$ 2,609	\$ 460	\$ 1	\$ 2,150	--
Accident and health insurance	305	229	--	76	--
Property casualty	1	1	--	--	--
Total Premiums	\$ 2,915	\$ 690	\$ 1	\$ 2,226	--
2003					
Life Insurance In Force	\$593,006	\$356,298	\$ 3,519	\$240,227	1.4%
Premiums:					
Life insurance	\$ 2,672	\$ 419	\$ 1	\$ 2,254	--
Accident and health insurance	308	235	--	73	--
Property casualty	21	21	--	--	--
Total Premiums	\$ 3,001	\$ 675	\$ 1	\$ 2,327	--
2002					
Life Insurance In Force	\$549,066	\$321,940	\$ 3,568	\$230,694	1.5%
Premiums:					
Life insurance	\$ 2,227	\$ 377	\$ --	\$ 1,850	--
Accident and health insurance	316	242	--	74	--
Property casualty	109	109	--	--	--
Total Premiums	\$ 2,652	\$ 728	\$ --	\$ 1,924	--

THE TRAVELERS INSURANCE COMPANY
FIXED ANNUITY

L-23159

05/2005