

Liberty Mutual Insurance Reports Third Quarter 2024 Results

BOSTON, Mass., November 7, 2024 – Liberty Mutual Holding Company Inc. and its subsidiaries (collectively “LMHC” or the “Company”) reported net income attributable to LMHC of \$892 million and \$3.144 billion for the three and nine months ended September 30, 2024, versus income of \$219 million and a net loss attributable to LMHC of \$441 million for the same periods in 2023.

“For the third quarter, we reported net income attributable to LMHC of \$892 million, reflecting strong underwriting performance in both our US Retail Markets and Global Risk Solutions businesses as well as solid investment results,” said Tim Sweeney, Liberty Mutual President & Chief Executive Officer. “Our targeted underwriting strategies continue to drive strong financial results, with a 4.0-point improvement in the underlying combined ratio to 88.1%. The total combined ratio, including catastrophes and prior year development, was 96.7% for the quarter, a 5.9-point reduction over prior year. We continue to make particularly significant progress in US Retail Markets, where our total combined ratio dropped 13.8 points to 94.9%, as earned rate, underwriting actions and improved frequency trends positively impacted the underlying loss ratio, which improved 10.2 points from prior year. Catastrophe losses remained elevated, with consolidated pre-tax net catastrophe losses in the quarter of \$1.1 billion including \$458 million from Hurricane Helene. Investment results in the quarter were strong, driven by higher fixed income yields and favorable private equity valuations, which contributed to \$1.2 billion of pre-tax net investment income. Overall, we remain focused on achieving our 95% target combined ratio in 2025 as the foundation for sustained, profitable growth.”

The tables below outline highlights of LMHC’s consolidated financial results for the three and nine months ended September 30, 2024.

Net Written Premium (“NWP”) by Business:

Consolidated NWP by business was as follows:

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
US Retail Markets	\$7,619	\$8,043	(5.3%)	\$21,579	\$22,790	(5.3%)
Global Risk Solutions	4,134	4,208	(1.8)	12,572	12,506	0.5
Corporate and Other	274	(91)	NM	261	(144)	NM
Total NWP	12,027	\$12,160	(1.1%)	\$34,412	\$35,152	(2.1%)
Foreign exchange effect on growth			(0.1)			(0.1)
NWP growth excluding foreign exchange ¹			(1.0%)			(2.0%)

¹ Determined by assuming constant foreign exchange rates between periods.
NM = Not Meaningful

Consolidated Results of Operations:

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
Revenues	\$12,727	\$12,564	1.3%	\$38,000	\$36,845	3.1%
Underlying PTOI before limited partnerships income	2,104	1,456	44.5	6,477	3,415	89.7
Catastrophes	(1,087)	(1,110)	(2.1)	(3,656)	(4,451)	(17.9)
Net incurred losses attributable to prior years:						
- Asbestos and environmental ¹	-	-	-	-	-	-
- All other ²	95	56	69.6	77	548	(85.9)
Current accident year re-estimation ³	-	(192)	(100.0)	-	-	-
Pre-tax operating income (loss) before limited partnerships income	1,112	210	NM	2,898	(488)	NM
Limited partnerships income ⁴	261	62	NM	886	85	NM
Pre-tax operating income (loss)	1,373	272	NM	3,784	(403)	NM
Net realized (losses) gains	(164)	87	NM	(418)	(25)	NM
Acquisition & integration costs	(22)	(33)	(33.3)	(62)	(58)	6.9
Restructuring costs	(30)	(26)	15.4	(55)	(66)	(16.7)
Pre-tax income (loss)	1,157	300	NM	3,249	(552)	NM
Income tax expense (benefit)	278	133	109.0	780	(67)	NM
Consolidated net income (loss) from continuing operations	879	167	NM	2,469	(485)	NM
Discontinued operations, net of tax	18	48	(62.5)	691	50	NM
Consolidated net income (loss)	897	215	NM	3,160	(435)	NM
Less: Net income attributable to non-controlling interest	5	(4)	NM	16	6	166.7
Net income (loss) attributable to LMHC	892	219	NM	3,144	(441)	NM
Net income (loss) attributable to LMHC excluding unrealized impact ⁵	863	132	NM	3,123	(554)	NM
Cash flow provided by continuing operations	\$ 2,587	\$1,798	43.9%	\$4,902	\$2,222	120.6%

1 Asbestos and environmental is gross of the related adverse development reinsurance (the "NICO Reinsurance Transaction", which is described further in Reinsurance).

2 Net of earned premium and reinstatement premium attributable to prior years of (\$35) million and \$77 million for the three and nine months ended September 30, 2024, and \$20 million and \$40 million for the same periods in 2023.

3 Re-estimation of the current accident year loss reserves for the six months ended June 30, 2023.

4 Limited partnerships income includes LP, LLC and other equity method income within net investment income in the accompanying Consolidated Statements of Operations and revenue and expenses from direct investments in natural resources.

5 Excludes unrealized gains on equity securities and the corresponding tax impact.

NM = Not Meaningful

Combined Ratio:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change (Points)	2024	2023	Change (Points)
CONSOLIDATED						
Combined ratio						
Claims and claim adjustment expense ratio	59.0%	65.4%	(6.4)	59.6%	66.0%	(6.4)
Underwriting expense ratio	29.1	26.7	2.4	27.3	27.9	(0.6)
Underlying combined ratio	88.1	92.1	(4.0)	86.9	93.9	(7.0)
Catastrophes	9.5	9.6	(0.1)	10.7	13.1	(2.4)
Net incurred losses attributable to prior years:						
- Asbestos and environmental	-	-	-	-	-	-
- All other ¹	(0.9)	(0.8)	(0.1)	(0.3)	(1.6)	1.3
Current accident year re-estimation ²	-	1.7	(1.7)	-	-	-
Total combined ratio ³	96.7%	102.6%	(5.9)	97.3%	105.4%	(8.1)

1 Net of earned premium and reinstatement premium attributable to prior years.

2 Re-estimation of the current accident year loss reserves for the six months ended June 30, 2023.

3 The combined ratio, expressed as a percentage, is a measure of underwriting profitability. This measure should only be used in conjunction with, and not in lieu of, underwriting income and may not be comparable to other performance measures used by the Company's competitors. The combined ratio is computed as the sum of the following property and casualty ratios: the ratio of claims and claim adjustment expense less managed care income to earned premium; the ratio of insurance operating costs plus amortization of deferred policy acquisition costs less third-party administration income and fee income (primarily related to the Company's involuntary market servicing carrier operations) and installment charges to earned premium; and the ratio of policyholder dividends to earned premium. Provisions for uncollectible premium and reinsurance are not included in the combined ratio unless related to an asbestos and environmental commutation and certain other run off. Restructuring and acquisition and integration costs are not included in the combined ratio.

Equity:

	As of September 30,	As of December 31,	Change
	2024	2023	
\$ in Millions			
Unassigned equity	\$33,135	\$29,991	10.5%
Accumulated other comprehensive loss	(3,166)	(5,127)	(38.2)
Non-controlling interest	221	196	12.8
Total equity	\$30,190	\$25,060	20.5%

Subsequent Events

On November 5, 2024, the Company entered into a 30-year facility agreement with a Delaware trust in connection with the sale by the trust of \$1.250 billion of precapitalized trust securities in a Rule 144A private placement. The trust invested the proceeds from the sale of the trust securities in a portfolio of principal and/or interest strips of U.S. Treasury securities. The facility agreement provides the Company the right to issue and sell to the trust from time to time, up to \$1.250 billion of the Company's 6.266% Senior Notes due August 15, 2054 in exchange for a corresponding amount of U.S. Treasury securities held by the trust. The Company will not issue the senior notes unless and until it exercises its issuance right under such facility agreement.

On November 4, 2024, the Hughes Insurance transaction closed. For additional details, please refer to footnote 2 in the Company's September 30, 2024 Unaudited Consolidated Financial Statements.

Management has assessed material subsequent events through November 7, 2024, the date the financial statements were available to be issued.

Financial Information

The Company's financial results, management's discussion and analysis of operating results and financial condition, accompanying financial statements and other supplemental financial information for the three and nine months ended September 30, 2024 are available on the Company's Investor Relations website at www.libertymutualgroup.com/investors.

About Liberty Mutual Insurance

At Liberty Mutual, we believe progress happens when people feel secure. By providing protection for the unexpected and delivering it with care, we help people embrace today and confidently pursue tomorrow.

In business since 1912, and headquartered in Boston, today we are the eighth largest global property and casualty insurer based on 2023 gross written premium. We also rank 87th on the Fortune 100 list of largest corporations in the US based on 2023 revenue. As of December 31, 2023, we had \$49.4 billion in annual consolidated revenue.

We employ over 40,000 people in 29 countries and economies around the world. We offer a wide range of insurance products and services, including personal automobile, homeowners, specialty lines, reinsurance, commercial multiple-peril, workers compensation, commercial automobile, general liability, surety, and commercial property.

For more information, visit www.libertymutualinsurance.com.

Cautionary Statement Regarding Forward Looking Statements

This report contains forward looking statements that are intended to enhance the reader's ability to assess the future financial and business performance of the Company. Forward looking statements include, but are not limited to, statements that represent the Company's beliefs concerning future operations, strategies, financial results, investment market fluctuations, or other developments, and contain words and phrases such as "may," "expects," "should," "believes," "anticipates," "estimates," "intends" or similar expressions. Because these forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond the Company's control or are subject to change, actual results could be materially different.

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