



**Management's Discussion & Analysis of
Financial Condition and Results of Operations**

Quarter Ended September 30, 2024

Management's Discussion & Analysis of Financial Condition and Results of Operations

The following discussion highlights significant factors influencing results of operations and changes in financial position of Liberty Mutual Holding Company Inc., the parent corporation of the Liberty Mutual Insurance group of entities (the "Company" or "LMHC"), for the three and nine months ended September 30, 2024 and 2023. This Management's Discussion & Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the Company's December 31, 2023 Audited Consolidated Financial Statements and September 30, 2024 Unaudited Consolidated Financial Statements located on the Company's Investor Relations website at www.libertymutualgroup.com/investors. The Company's discussions related to net income are presented in conformity with US generally accepted accounting principles ("GAAP") on an after-tax basis. All other discussions are presented on a pre-tax GAAP basis, unless otherwise noted. Further, the Company notes that it may make material information regarding the Company available to the public, from time to time, via the Company's Investor Relations website at www.libertymutualgroup.com/investors (or any successor site).

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Cautionary Statement Regarding Forward Looking Statements

This report contains forward looking statements that are intended to enhance the reader's ability to assess the Company's future financial and business performance. Forward looking statements include, but are not limited to, statements that represent the Company's beliefs concerning future operations, strategies, financial results 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.

Some of the factors that could cause actual results to differ include, but are not limited to the following: the occurrence of catastrophic events (including terrorist acts, war or conflicts, civil unrest, hurricanes, hail, tornadoes, tsunamis, earthquakes, floods, snowfall and winter conditions, cyber attacks, epidemics, and pandemics); the current Russia-Ukraine conflict; inadequacy of loss reserves; adverse developments involving asbestos, environmental or toxic tort claims and litigation; emerging risks and liability theories; adverse developments in the cost, availability or ability to collect reinsurance; disruptions to the Company's relationships with its independent agents and brokers; financial disruption or a prolonged economic downturn; the performance of the Company's investment portfolios; changes in interest rates; risks inherent in the Company's alternative investments in private limited partnerships ("LP"), limited liability companies ("LLC"), commercial mortgages and direct investments in natural resources; difficulty in valuing certain of the Company's investments; subjectivity in the determination of the amount of impairments taken on the Company's investments; unfavorable outcomes from litigation and other legal proceedings, including the effects of emerging claim and coverage issues and investigations by state and federal authorities; the Company's exposure to credit risk in certain of its business operations; the Company's inability to obtain price increases or maintain market share due to competition or otherwise; inadequacy of the Company's pricing models; changes to insurance laws and regulations; changes in the amount of statutory capital that the Company must hold to maintain its financial strength and credit ratings; regulatory restrictions on the Company's ability to change its methods of marketing and underwriting in certain areas; assessments for guaranty funds and mandatory pooling arrangements; a downgrade in the Company's claims-paying and financial strength ratings; the ability of LMHC's direct and indirect subsidiaries to pay dividends to the Company; inflation, including inflation in medical costs and automobile and home repair costs; the cyclical nature of the property and casualty insurance industry; political, legal, operational and other risks faced by the Company's international business; potentially high severity losses involving the Company's surety products; loss or significant restriction on the Company's ability to use credit scoring in the pricing and underwriting of personal lines policies; inadequacy of the Company's controls to ensure compliance with legal and regulatory standards; changes in US federal, foreign or state tax laws; risks arising out of the Company's securities lending program; the Company's utilization of information technology systems and its implementation of technology innovations; difficulties with technology or data security; insufficiency of the Company's business continuity plan in the event of a disaster; the Company's ability to successfully integrate operations, personnel and technology from its acquisitions; insufficiency of the Company's enterprise risk management models and modeling techniques; the Company's ability to identify and accurately assess complex and emerging risks, and changing climate conditions; compliance with Environmental, Social, and Governance laws and related reactions from the Company's stakeholders; and disruptions to the banking system.

The Company may also describe estimated impacts as a result of dispositions and acquisitions on the Company's financial results and condition, including to GAAP equity, which are deemed forward-looking statements and represent the Company's best estimates based on information available to us at this time. However, because these estimates involve making assumptions, including about future events, they are subject to business, economic and competitive uncertainties, many of which are beyond the Company's control, and are subject to change based on closing adjustments. Consequently, the actual impact on the Company's results could be materially different from those described herein. Some of the important factors that could cause actual results and outcomes to differ materially from those indicated in the forward-looking statements include, among others, the following: (i) the occurrence of any event, change, or other circumstances that could give rise to the termination of the signed transaction agreements; (ii) the inability of the parties to complete the proposed transaction, including due to failure to obtain certain regulatory approvals, or satisfy other conditions to closing the agreements; (iii) the possibility that the expected benefits of the sales are not realized when expected or at all; and (iv) any of the aforementioned risk factors listed in the above paragraphs that may also result in variability in possible outcomes.

The Company's forward-looking statements speak only as of the date of this report or as of the date they are made and should be regarded solely as the Company's current plans, estimates and beliefs. For a detailed discussion of these and other cautionary statements, visit the Company's Investor Relations website at www.libertymutualgroup.com/investors. The Company undertakes no obligation to update these forward-looking statements.

EXECUTIVE SUMMARY

The following highlights do not address all of the matters covered in the other sections of Management's Discussion & Analysis of Financial Condition and Results of Operations or contain all of the information that may be important to the investing public. This summary should be read in conjunction with the other sections of Management's Discussion & Analysis of Financial Condition and Results of Operations and the Company's 2024 Unaudited Consolidated Financial Statements.

Consolidated Results of Operations

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
Net written premium	\$12,027	\$12,160	(1.1%)	\$34,412	\$35,152	(2.1%)
Pre-tax operating income (loss) before limited partnerships income ¹	1,112	210	NM	2,898	(488)	NM
Limited partnerships income	261	62	NM	886	85	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)
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 (loss) 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 ²	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 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.

2 Excludes unrealized gains on equity securities and the corresponding tax impact.
NM = Not Meaningful

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change (Points)	2024	2023	Change (Points)
Underlying combined ratio ¹	88.1%	92.1%	(4.0)	86.9%	93.9%	(7.0)
Combined ratio ²	96.7%	102.6%	(5.9)	97.3%	105.4%	(8.1)

1 The underlying combined ratio is computed as the combined ratio excluding the impact of catastrophes and prior accident year development. Catastrophes are defined as a natural catastrophe, civil unrest, terror event, war or conflict exceeding \$25 million in estimated ultimate losses, net of reinsurance, and before taxes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums. Net incurred losses attributable to prior years is defined as incurred losses attributable to prior years (including prior year losses related to catastrophes, prior year catastrophe reinstatement premium, and prior year commission expense) including earned premium attributable to prior years.

2 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.

	As of September 30,	As of December 31,	
\$ in Millions	2024	2023	Change
Short-term debt	\$140	\$552	(74.6%)
Long-term debt	8,951	9,607	(6.8)
Total debt	\$9,091	\$10,159	(10.5%)
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.

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

CONSOLIDATED RESULTS OF OPERATIONS

The Company has identified consolidated pre-tax operating income (“PTOI”), and PTOI before limited partnerships income as non-GAAP financial measures. PTOI is defined by the Company as pre-tax income excluding net realized gains (losses), loss on extinguishment of debt, discontinued operations, integration, other acquisition and restructuring related costs and cumulative effects of changes in accounting principles. Underlying PTOI is defined as PTOI excluding the impact of catastrophes and prior accident year development. Catastrophes are defined as a natural catastrophe, civil unrest, terror event, war or conflict exceeding \$25 million in estimated ultimate losses, net of reinsurance, and before taxes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums. Net incurred losses attributable to prior years is defined as incurred losses attributable to prior years (including prior year losses related to catastrophes, prior year catastrophe reinstatement premium, and prior year commission expense) including earned premium attributable to prior years. PTOI before limited partnerships income is defined as PTOI excluding LP and LLC results recognized on the equity method and revenue and expenses from direct investments in natural resources. PTOI before limited partnerships income and PTOI are considered by the Company to be appropriate indicators of underwriting and operating results and are consistent with the way the Company internally evaluates performance. Net realized gains/(losses) and limited partnerships income results are significantly impacted by both discretionary and economic factors and are not necessarily indicative of operating results, and the timing and amount of integration, other acquisition and restructuring related costs and the extinguishment of debt are not connected to the management of the insurance and underwriting aspects of the Company’s business. Income taxes are impacted by permanent differences. References to Net Written Premium (“NWP”) represent the amount of premium recorded for policies issued during a fiscal period including audits, retrospectively rated premium related to loss sensitive policies, and assumed premium, less ceded premium. Assumed and ceded reinsurance premiums include premium adjustments for reinstatement of coverage when a loss has used some portion of the reinsurance provided, generally under catastrophe treaties (“reinstatement premium”), and changes in estimated premium. In addition, the majority of workers compensation premium is adjusted to the “booked as billed” method through the Corporate and Other segment. The Company believes that NWP is a performance measure useful to investors as it generally reflects current trends in the Company’s sale of its insurance products. 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. The combined ratio, expressed as a percentage, is a measure of underwriting profitability. The underlying combined ratio is computed as the combined ratio excluding the impact of catastrophes and prior accident year development. 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 Company’s discussions related to net income are presented on an after-tax GAAP basis. All other discussions are presented on a pre-tax GAAP basis, unless otherwise noted.

On July 19, 2024, the Company announced it had signed an agreement with Markerstudy Group to sell Hughes Insurance in Northern Ireland. The transaction is expected to close in the fourth quarter, subject to regulatory approval and customary closing conditions.

On May 23, 2024, €500 million of Liberty Mutual Group Inc. (“LMGI”) 3.625% Jr. Subordinated Notes due 2059 were redeemed at the initial call date. On February 28, 2024, the Company announced its intention to redeem the notes on May 23, 2024, at the redemption price.

In April 2024, Global Risk Solutions announced a single unified strategy in Asia Pacific, critical to seize the significant opportunity in the region. This includes the introduction of Liberty International Insurance (“LI”), a single demand pillar incorporating Liberty Specialty Markets (“LSM”) and Asia Retail Markets (“ARM”) businesses to drive our strategy. The prior periods have been restated to reflect this change.

On March 27, 2024, €500 million of Liberty Mutual Finance Europe DAC (“LMFE DAC”) 1.75% Notes were paid at maturity.

On July 13, 2023, the Company announced the realignment of its businesses to enhance focus on long-term strategic markets, while better leveraging scale advantages to drive improved profitability and faster innovation. The Company’s realignment, effective August 1, 2023, featured the following changes:

- Global Risk Solutions (“GRS”) formed the new ARM business unit by aligning the business segment previously known as Global Retail Markets East (“GRM East”) with GRS, combining the full suite of capabilities, and leveraging our collective expertise, relationships, and scale in a region where we see potential for profitable growth.
- US Retail Markets (“USRM”) consists of the US Personal Lines and Small Commercial (formerly known as Business Lines) markets of the former Global Retail Markets business.

On June 15, 2023, the Company announced the sale of Liberty Seguros’ personal and small commercial business operations in Ireland, Northern Ireland, Portugal, and Spain (collectively, the “WEM transaction”) to Generali Group. The WEM transaction closed on January 31, 2024.

On June 15, 2023, \$547 million of LMGI’s 4.25% Notes were paid at maturity.

On May 27, 2023, the Company announced the sale of Liberty Seguros’ personal and small commercial business in Brazil (the “Brazil transaction”), Chile, Colombia, and Ecuador (collectively, the “Andes transaction”) to Talanx Group. The Brazil transaction closed on November 22, 2023. The Andes transaction closed on March 1, 2024.

The Company’s two businesses are as follows:

- USRM consists of Personal Lines and Small Commercial. US Personal Lines sells automobile, homeowners and other types of property and casualty insurance coverage to individuals in the United States.
- GRS offers a wide array of property, casualty, automobile, specialty, life and health and reinsurance products distributed through multiple channels globally. GRS is organized into the following market segments: LII, Liberty Mutual Reinsurance, North America, Global Surety, and Other GRS.

Refer back to the additional risk factors that may impact the Company’s financial results and condition are discussed in the section entitled “Cautionary Statement Regarding Forward Looking Statements”. We undertake no obligation to update the estimated impact of these transactions after the date hereof. The Company does not obligate itself generally to make any other forward-looking statements in the future.

Overview – Consolidated

Consolidated NWP by significant line of business was as follows:

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023 ⁶	Change	2024	2023 ⁶	Change
Private passenger automobile	\$3,231	\$3,760	(14.1%)	\$9,716	\$10,788	(9.9%)
Homeowners	2,992	2,766	8.2	7,563	7,200	5.0
GRS specialty insurance ¹	885	950	(6.8)	2,622	2,929	(10.5)
GRS reinsurance	511	512	(0.2)	2,530	2,357	7.3
Commercial property	817	891	(8.3)	2,203	2,066	6.6
Commercial automobile	431	477	(9.6)	1,555	1,669	(6.8)
Commercial multiple-peril	536	569	(5.8)	1,538	1,726	(10.9)
GRS casualty ²	535	616	(13.1)	1,405	1,485	(5.4)
Surety	388	378	2.6	1,201	1,107	8.5
Workers compensation	363	431	(15.8)	1,167	1,384	(15.7)
USRM general liability	265	293	(9.6)	800	902	(11.3)
GRS inland marine ³	167	146	14.4	458	445	2.9
Corporate reinsurance ⁴	284	(81)	NM	261	(148)	NM
GRS other reinsurance	111	(24)	NM	(40)	(151)	(73.5)
Other ⁵	511	476	7.4	1,433	1,393	2.9
Total NWP	\$12,027	\$12,160	(1.1%)	\$34,412	\$35,152	(2.1%)

1 GRS specialty insurance includes marine, energy, construction, aviation, warranty and indemnity, directors and officers, errors and omissions, trade credit, contingent lines and other.

2 GRS casualty primarily includes general liability, excess & umbrella and environmental lines of business.

3 GRS inland marine includes handset protection coverage for lost or damaged wireless devices.

4 NWP associated with internal reinsurance assumed into Corporate, net of corporate external placements.

5 Primarily includes NWP from allied lines, domestic inland marine, internal reinsurance, and life and health.

6 Lines of business may be restated in the prior period due to reclassification or updated definitions.

NM = Not Meaningful

NWP for the three months ended September 30, 2024 was \$12.027 billion, a decrease of \$133 million from the same period in 2023.

Significant changes by major line of business for the three months ended September 30, 2024 include:

- Private passenger automobile NWP decreased \$529 million. The decrease reflects targeted actions to align new business growth in response to persistent loss trends. This is partially offset by an increase in average written premium due to rate actions to offset previously mentioned unfavorable trends.
- Homeowners NWP increased \$226 million. The increase reflects an increase in average written premium due to rate actions to offset persistent loss trends. This is partially offset by targeted actions to align new business growth in response to previously mentioned unfavorable trends.
- GRS specialty insurance NWP decreased \$65 million. The decrease reflects changing market conditions.
- Commercial property NWP decreased \$74 million. The decrease reflects higher ceded premium due to internal reinsurance changes which create offsetting differences amongst lines.
- GRS casualty NWP decreased \$81 million. The decrease reflects de-risking of the portfolio in less profitable products.

NWP for the nine months ended September 30, 2024 was \$34.412 billion, a decrease of \$740 million from the same period in 2023.

Significant changes by major line of business for the nine months ended September 30, 2024 include:

- Private passenger automobile NWP decreased \$1.072 billion. The decrease reflects targeted actions to align new business growth in response to persistent loss trends. This is partially offset by an increase in average written premium due to rate actions to offset previously mentioned unfavorable trends.
- Homeowners NWP increased \$363 million. The increase reflects an increase in average written premium due to rate actions to offset persistent loss trends. This is partially offset by targeted actions to align new business growth in profit challenged states in response to previously mentioned unfavorable trends.
- GRS specialty insurance NWP decreased \$307 million. The decrease reflects changing market conditions, higher cessions due to additional reinsurance coverage being purchased as well as internal reinsurance changes which create offsetting differences amongst lines.
- GRS reinsurance NWP increased \$173 million. The increase reflects renewal rate increases and higher reinstatement premiums.
- Commercial property NWP increased \$137 million. The increase reflects renewal rate increases.
- Commercial multiple-peril NWP decreased \$188 million. The decrease reflects targeted actions to align new business growth in response to persistent loss trends.

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
USRM	\$7,619	\$8,043	(5.3%)	\$21,579	\$22,790	(5.3%)
GRS	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 NWP by geographic distribution channels was as follows:

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
US	\$10,647	\$10,756	(1.0%)	\$29,716	\$30,590	(2.9%)
International excluding foreign exchange ¹	1,392	1,404	(0.9)	4,714	4,562	3.3
Foreign exchange ¹	(12)	-	NM	(18)	-	NM
Total NWP	\$12,027	\$12,160	(1.1%)	\$34,412	\$35,152	(2.1%)

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

For a more complete description of the Company's business operations, products and distribution channels, and other material information, please visit the Company's Investor Relations web site at www.libertymutualgroup.com/investors.

Results of Operations – Consolidated

\$ 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

Net Investment Income ¹	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
\$ in Millions				
Taxable interest income	\$791	\$620	\$2,291	\$2,002
Tax-exempt interest income	23	28	71	89
Dividends	13	7	38	22
Limited partnerships income	263	67	891	91
Mortgage loans	54	54	162	166
Other investment income	114	117	308	105
Gross investment income	1,258	\$893	3,761	2,475
Investment expenses ²	(105)	(96)	(311)	(297)
Total net investment income	\$1,153	\$797	\$3,450	\$2,178

1 Includes limited partnership income.

2 Fees paid to external managers are included within the components of gross investment income.

Limited Partnerships Income	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
\$ in Millions						
Limited partnerships income ¹	\$263	\$67	NM	\$891	\$91	NM
Direct investment in natural resources revenues ²	2	(1)	NM	3	4	(25.0)
Direct investment in natural resources expenses ³	(4)	(4)	0.0	(8)	(10)	(20.0)
Total limited partnerships income	\$261	\$62	NM	\$886	\$85	NM

1 Included within net investment income in the accompanying Consolidated Statements of Operations.

2 Included within fee & other revenues in the accompanying Consolidated Statements of Operations.

3 Included within operating costs and expenses in the accompanying Consolidated Statements of Operations.

NM = Not Meaningful

Net Realized (Losses) Gains \$ in Millions	Sales & Settlements	Impairments	Unrealized Gains (Losses)	Total
Three Months Ended September 30, 2024:				
Fixed maturities	(\$268)	\$-	\$-	(\$268)
Equities	10	-	52	62
Derivatives	100	-	(5)	95
Other	(29)	(12)	(12)	(53)
Total	(\$187)	(\$12)	\$35	(\$164)
Three Months Ended September 30, 2023:				
Fixed maturities	(\$68)	\$-	\$-	(\$68)
Equities	2	-	-	2
Derivatives	3	-	78	81
Other	(9)	2	79	72
Total	(\$72)	\$2	\$157	\$87

Net Realized (Losses) Gains \$ in Millions	Sales & Settlements	Impairments	Unrealized Gains (Losses)	Total
<u>Nine Months Ended September 30, 2024:</u>				
Fixed maturities	(\$391)	\$-	\$-	(\$391)
Equities	(9)	-	57	48
Derivatives	115	-	18	133
Other	(117)	(43)	(48)	(208)
Total	(\$402)	(\$43)	\$27	(\$418)
<u>Nine Months Ended September 30, 2023:</u>				
Fixed maturities	(\$191)	(\$12)	\$-	(\$203)
Equities	6	-	10	16
Derivatives	33	-	77	110
Other	16	(6)	42	52
Total	(\$136)	(\$18)	\$129	(\$25)

Unrealized Gains (Losses) Related to Equity Securities ¹ \$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
Net gains recognized during the period on equity securities	\$40	\$79	(49.4%)	\$9	\$52	(82.7%)
Less: Net (losses) gains recognized during the period on equity securities sold during the period	-	(1)	100.0%	-	16	(100.0%)
Unrealized gains recognized during the reporting period on equity securities still held at the reporting date	\$40	\$80	(50.0%)	\$9	\$36	(75.0%)

¹ Includes equities and equity like securities classified as other.

Third Quarter Results:

Pre-tax operating income before limited partnerships income for the three months ended September 30, 2024 was \$1.112 billion, an increase of \$902 million over the same period in 2023. Underlying pre-tax operating income before limited partnerships income was \$2.104 billion, an increase of \$840 billion over the same period in 2023. The increase in underlying pre-tax operating income primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and our continued underwriting actions to limit risk exposure in USRM.
- Favorable expenses compared to prior year driven by reduced advertising spend, and lower variable expenses as a result of new business reductions in USRM.
- Higher net investment income.
- Lower commissions in GRS.

Partially offset by:

- Higher expenses due to an increase in employee related costs.
- Unfavorable foreign exchange in GRS.

Including the impact of catastrophes, and net incurred losses attributable to prior years, the increase in pre-tax operating income before limited partnerships income primarily reflects:

- The changes to underlying PTOI mentioned above.
- Lower catastrophe losses as compared to prior year which experienced elevated event frequency, primarily due to heightened severe convective storm activity in USRM.
- Current accident year re-estimation due to adverse development on long-tail lines in US personal lines in Q3 2023 that did not reoccur in USRM.
- Favorable prior accident year activity due to reserve releases in Q3 2024 in GRS.

Partially offset by:

- Unfavorable net incurred losses attributed to prior years driven by 2023 reserve releases in the same period in USRM.
- Higher current year catastrophes in GRS.

Limited partnership income, including operating income from direct investments in natural resources, for the three months ended September 30, 2024 was \$261 million, an increase of \$199 million over the same period in 2023. The change primarily reflects:

- Increased favorable valuations driven by private capital and energy investments.

Revenues for the three months ended September 30, 2024 were \$12.727 billion, an increase of \$163 million over the same period in 2023. The major components of revenues are net premium earned, net investment income, net realized gains (losses), and fee and other revenues.

Net premium earned for the three months ended September 30, 2024 was \$11.438 billion, a decrease of \$83 million from the same period in 2023. The decrease primarily reflects the premium earned associated with the changes in NWP previously discussed.

Net investment income for the three months ended September 30, 2024 was \$1.153 billion, an increase of \$356 million over the same period in 2023. The increase, excluding the impact of limited partnerships, primarily reflects:

- Taxable fixed maturity investments attributing to higher book yields.
- Favorable other investment income.

Net realized (losses) gains for the three months ended September 30, 2024 were (\$164) million, versus \$87 million for the same period in 2023. The net realized losses in the current period were primarily impacted by:

- \$268 million of net losses on fixed maturity sales.
- \$12 million impairments on software.
- \$26 million net change in unrealized losses on energy holdings.

Partially offsetting losses was:

- \$52 million of net change on equities.
- \$100 million of net gains on derivatives.

The prior period was impacted by:

- \$89 million net change in unrealized gains on energy holdings.
- \$81 million of net gains on derivatives.

Partially offsetting gains was:

- \$68 million net losses on fixed maturity sales.

Fee and other revenues for the three months ended September 30, 2024 were \$300 million, an increase of \$141 million over the same period in 2023. The increase primarily reflects:

- Non-traditional revenue
- Real estate income

Claims, benefits and expenses for the three months ended September 30, 2024 were \$11.518 billion, a decrease of \$687 billion from the same period in 2023. The decrease primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and our continued underwriting actions to limit risk exposure in USRM.
- Favorable catastrophe losses compared to prior year which experienced elevated frequency of events in USRM.
- Lower advertising spend, employee related costs and variable expenses as a result of disciplined staffing decisions and strategic actions taken to limit new business production in USRM.
- Lower commissions in GRS.

Partially offset by:

- Unfavorable net incurred losses attributed to prior years driven by 2023 reserve releases in the same period that did not reoccur in USRM.
- Higher employee related costs in Corporate and GRS.

- Higher current year catastrophes in GRS.
- Unfavorable foreign exchange in GRS.

Income tax expense on continuing operations for the three months ended September 30, 2024 was \$278 million, an increase of \$145 million over the same period in 2023. The Company's effective tax rate for the three months ended September 30, 2024 was 24.0% compared to 44.4% for the same period in 2023. The decrease in the effective tax rate primarily reflects:

- The tax impact of permanent book-to-tax differences and non-US operations as compared to the pre-tax income (loss) in the relevant period.

Discontinued operations, net of tax, for the three months ended September 30, 2024 were \$18 million, a decrease of \$30 million from the same period in 2023.

Net income attributable to LMHC for the three months ended September 30, 2024 was \$892 million, an increase of \$673 million over the same period in 2023.

Cash flow provided by continuing operations for the three months ended September 30, 2024 was \$2.587 billion, an increase of \$789 million over the same period in 2023. The increase reflects favorable paid loss activity and premium collections.

Year-to-date Results:

Pre-tax operating income (loss) before limited partnerships income for the nine months ended September 30, 2024 was \$2.898 billion, versus (\$488) million for the same period in 2023. Underlying pre-tax operating income before limited partnerships income was \$6.477 billion, an increase of \$3.062 billion over the same period in 2023. The increase in underlying pre-tax operating income primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and our continued underwriting actions to limit risk exposure in USRM.
- Favorable expenses compared to prior year driven by reduced advertising spend, lower employee related costs due to disciplined staffing decisions, and lower variable expenses as a result of new business reductions in USRM.
- Higher net investment income.
- Profit margin on higher earned premium in GRS.
- Lower commissions in GRS.

Partially offset by:

- Higher expenses due to increase in employee related costs in GRS and Corporate.

Including the impact of catastrophes, and net incurred losses attributable to prior years, the increase in pre-tax operating income (loss) before limited partnerships income primarily reflects:

- The changes to underlying PTOI mentioned above.
- Lower catastrophe losses as compared to prior year which experienced elevated severity and frequency of events, primarily due to heightened severe convective storm activity in USRM and lower current year catastrophes in GRS.
- Favorable prior accident year activity due to reserve releases in 2024 in GRS.

Partially offset by:

- Unfavorable net incurred losses attributed to prior years driven by 2023 reserve releases in the same period that did not reoccur in USRM.

Limited partnership income, including operating income from direct investments in natural resources, for the nine months ended September 30, 2024 was \$886 million, an increase of \$801 million over the same period in 2023. The change primarily reflects:

- Increased favorable valuations driven by private capital and energy investments.

Revenues for the nine months ended September 30, 2024 were \$38.000 billion, an increase of \$1.155 billion over the same period in 2023. The major components of revenues are net premium earned, net investment income, net realized gains (losses), and fee and other revenues.

Net premium earned for the nine months ended September 30, 2024 was \$34.216 billion, an increase of \$166 million over the same period in 2023. The increase primarily reflects the premium earned associated with the changes in NWP previously discussed.

Net investment income for the nine months ended September 30, 2024 was \$3.450 billion, an increase of \$1.272 billion over the same period in 2023. The increase, excluding the impact of limited partnerships, primarily reflects:

- Taxable fixed maturity investments attributing to higher book yields.
- Favorable other investment income.

Net realized losses for the nine months ended September 30, 2024 were (\$418) million, an increase of \$393 million over the same period in 2023. The net realized losses in the current period were primarily impacted by:

- \$391 million net losses on fixed maturity sales.
- \$43 million impairments on software and real estate.
- \$61 million net change in unrealized losses on energy holdings.

Partially offsetting losses were:

- \$115 million net gains on derivatives.

The prior period was impacted by:

- \$191 million net losses on fixed maturity sales.
- \$12 million impairments on fixed maturity holdings.

Partially offsetting losses were:

- \$110 million net gains on derivatives.
- \$45 million of net change in unrealized gains on energy holdings.

Fee and other revenues for the nine months ended September 30, 2024 were \$752 million, an increase of \$110 million over the same period in 2023. The increase primarily reflects:

- Non-traditional revenue
- Real estate income

Claims, benefits and expenses for the nine months ended September 30, 2024 were \$34.634 billion, a decrease of \$2.639 billion from the same period in 2023. The decrease primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and our continued underwriting actions to limit risk exposure in USRM.
- Favorable catastrophe losses compared to prior year which experienced elevated severity and frequency of events, primarily due to heightened severe convective storm activity in USRM and lower current year catastrophes in GRS.
- Lower advertising spend and employee related costs due to disciplined staffing decisions, and lower variable expenses as a result of targeted new business reductions in USRM.
- Lower commissions in GRS.
- Favorable prior accident year activity due to reserve releases in GRS.

Partially offset by:

- Unfavorable net incurred losses attributed to prior years driven by 2023 reserve releases in the same period that did not reoccur in USRM.
- Higher employee related costs in Corporate and GRS.

Income tax expense (benefit) on continuing operations for the nine months ended September 30, 2024, was \$780 million, versus (\$67) million for the same period in 2023. The Company's effective tax rate for the nine months ended September 30, 2024, was 24.0% compared to 12.1% for the same period in 2023. The increase in the effective tax rate primarily reflects:

- The tax impact of permanent book-to-tax differences and non-US operations as compared to the pre-tax income (loss) in the relevant period.

Discontinued operations, net of tax, for the nine months ended September 30, 2024 were \$691 million, an increase of \$641 million over the same period in 2023.

Net income (loss) attributable to LMHC for the nine months ended September 30, 2024 was \$3.144 billion, versus (\$441) million for the same period in 2023.

Cash flow provided by continuing operations for the nine months ended September 30, 2024 was \$4.902 billion, an increase of \$2.680 billion over the same period in 2023. The increase reflects favorable paid loss activity and premium collections.

CONSOLIDATED	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change (Points)	2024	2023	Change (Points)
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	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.

Third Quarter Results:

The consolidated underlying combined ratio for the three months ended September 30, 2024 was 88.1%, a decrease of 4.0 points from the same period in 2023. The decrease primarily reflects:

- Decrease in claims and claim adjustment expense ratio primarily driven by favorable non-catastrophe loss ratio over prior year due to improved frequency trends in USRM.
- Lower commissions in GRS.

Partially offset by:

- Higher expenses due to an increase in employee related costs in GRS.

Including the impact of catastrophes, and net incurred losses attributable to prior years, the total combined ratio for the three months ended September 30, 2024 was 96.7%, a decrease of 5.9 points from the same period in 2023. The decrease primarily reflects:

- The changes to the underlying combined ratio mentioned above.
- Favorable catastrophe losses compared to prior year in USRM.
- Current accident year re-estimation due to adverse development on long-tail lines in US personal lines in Q3 2023 that did not reoccur in USRM.
- Favorable prior accident year activity due to reserve releases in Q3 2024 in GRS.

Partially offset by:

- Unfavorable net incurred losses attributed to prior years driven by 2023 reserve releases in the same period that did not reoccur in USRM.
- Higher current year catastrophes in GRS.

Year-to-date Results:

The consolidated underlying combined ratio for the nine months ended September 30, 2024 was 86.9%, a decrease of 7.0 points from the same period in 2023. The decrease primarily reflects:

- Decrease in claims and claim adjustment expense ratio primarily driven by favorable non-catastrophe loss ratio over prior year due to improved frequency trends in USRM.
- Decrease in the underwriting expense ratio driven by reduced advertising spend, employee related costs and variable expenses in USRM and lower commissions in GRS.
- Higher earned premium in GRS.

Partially offset by:

- Higher expenses due to an increase in employee related costs in GRS.

Including the impact of catastrophes, and net incurred losses attributable to prior years, the total combined ratio for the nine months ended September 30, 2024 was 97.3%, a decrease of 8.1 points from the same period in 2023. The decrease primarily reflects:

- The changes to the underlying combined ratio mentioned above.
- Favorable catastrophe losses compared to prior year in USRM and GRS.
- Favorable prior accident year activity due to reserve releases in 2024 in GRS.

Partially offset by:

- Unfavorable net incurred losses attributed to prior years driven by 2023 reserve releases in the same period that did not reoccur in USRM.

US RETAIL MARKETS

Overview – USRM

USRM consists of Personal Lines and Small Commercial Lines. US Personal Lines sells automobile, homeowners and other types of property and casualty insurance coverage to individuals in the United States. These products are distributed through approximately 1,322 licensed employee Comparison agents, 743 licensed telesales counselors, independent agents, third-party producers, online, and sponsored affinity groups. US Small Commercial Lines serves customers through an operating model that combines local underwriting, market knowledge and service with the scale advantages of a national company. On March 1, 2022, the Company completed the acquisition of SAM, a super-regional insurance holding company headquartered in Columbus, Ohio. With this acquisition, the US began including US Personal and Small Commercial Lines, coverages sold under the recently acquired SAM brand.

USRM NWP by market segment was as follows:

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
Personal lines	\$6,417	\$6,730	(4.7%)	\$17,801	\$18,539	(4.0%)
Small Commercial lines ¹	1,202	1,313	(8.5)	3,778	4,251	(11.1)
Total USRM NWP	\$7,619	\$8,043	(5.3%)	\$21,579	\$22,790	(5.3%)

¹ In Q2 2024, USRM Business Lines was renamed to USRM Small Commercial to align with our agents and partners, and better reflect our market appetite.

USRM NWP by line of business was as follows:

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
Private passenger automobile	\$2,956	\$3,497	(15.5%)	\$8,922	\$10,020	(11.0%)
Homeowners	2,992	2,766	8.2	7,563	7,200	5.0
Commercial multiple-peril	505	534	(5.4)	1,443	1,638	(11.9)
Commercial automobile	238	276	(13.8)	924	1,035	(10.7)
General liability	265	293	(9.6)	800	902	(11.3)
Commercial property	185	177	4.5	554	528	4.9
Workers compensation	78	116	(32.8)	265	387	(31.5)
Life and health	-	-	-	-	1	(100.0)
Other ¹	400	384	4.2	1,108	1,079	2.7
Total NWP	\$7,619	\$8,043	(5.3%)	\$21,579	\$22,790	(5.3%)

¹ Premium related to other personal and commercial lines including personal accident, bonds, small and medium enterprise, and marine and cargo lines of business.

Third Quarter Results:

NWP for the three months ended September 30, 2024 was \$7.619 billion, a decrease of \$424 million from the same period in 2023. The decrease primarily reflects:

- Strategic actions in both personal and small commercial lines to align new business growth with targeted underwriting actions taken to address persistent loss trends.

Partially offset by:

- US personal lines increase in average written premium due to rate actions to offset elevated loss trends.

Year-to-date Results:

NWP for the nine months ended September 30, 2024 was \$21.579 billion, a decrease of \$1.211 billion from the same period in 2023. The decrease primarily reflects:

- Strategic actions in both personal and small commercial lines to align new business growth with targeted underwriting actions taken to address persistent loss trends.

Partially offset by:

- US personal lines increase in average written premium due to rate actions to offset elevated loss trends.

Results of Operations – USRM

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
Revenues	\$7,798	\$7,764	0.4%	\$23,369	\$23,005	1.6%
Underlying PTOI	1,540	608	153.3	4,626	1,569	194.8
Catastrophes	(865)	(1,006)	14.0	(3,190)	(3,915)	18.5
Net incurred losses attributable to prior years ¹	(13)	52	NM	(22)	509	NM
Current accident year re-estimation ²	-	(192)	(100.0)	-	-	-
Pre-tax operating income (loss)	\$662	(\$538)	NM	\$1,414	(\$1,837)	NM

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.

NM = Not Meaningful

Third Quarter Results:

Pre-tax operating income (loss) for the three months ended September 30, 2024 was \$662 million, versus (\$538) million for the same period in 2023. Underlying pre-tax operating income was \$1.540 billion, an increase of \$932 million over the same period in 2023. The change in underlying pre-tax operating income primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and our continued underwriting actions to limit risk exposure.
- Favorable expenses compared to prior year driven by reduced advertising spend, lower employee related costs due to disciplined staffing decisions, and lower variable expenses as a result of targeted new business reductions.
- Increased personal lines average written premium per policy.

Including the impact of catastrophes and net incurred losses attributable to prior years, the increase in pre-tax operating income primarily reflects:

- Previously mentioned increase in underlying pre-tax operating income.
- Lower catastrophe losses as compared to the prior year which experienced elevated event frequency, primarily due to heightened severe convective storm activity.
- Current accident year re-estimation due to adverse development on long-tail lines in US personal lines in Q3 2023 that did not reoccur.

Partially offset by:

- Unfavorable net incurred losses attributed to prior years driven by 2023 reserve releases in the same period.

Revenues for the three months ended September 30, 2024 were \$7.798 billion, an increase of \$34 million over the same period in 2023. The increase primarily reflects:

- Higher net investment income than the same period last year.
- Increased personal lines average written premium per policy.

Claims, benefits, and expenses for the three months ended September 30, 2024 were \$7.136 billion, a decrease of \$1.163 billion from the same period in 2023. The decrease primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and our continued underwriting actions to limit risk exposure.
- Favorable catastrophe losses compared to prior year.
- Reductions in advertising spend, employee related costs, and variable expenses as a result of disciplined staffing decisions and strategic actions taken to limit new business production.

Partially offset by:

- Unfavorable net incurred losses attributed to prior years driven by 2023 reserve releases in the same period.

Year-to-date Results:

Pre-tax operating income (loss) for the nine months ended September 30, 2024 was \$1.414 billion, versus (\$1.837) billion for the same period in 2023. Underlying pre-tax operating income was \$4.626 billion, an increase of \$3.057 billion over the same period in 2023. The change in underlying pre-tax operating income primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and our continued underwriting actions to limit risk exposure.
- Favorable expenses compared to prior year driven by reduced advertising spend, lower employee related costs due to disciplined staffing decisions, and lower variable expenses as a result of targeted new business reductions.

Including the impact of catastrophes and net incurred losses attributable to prior years, the increase in pre-tax operating income primarily reflects:

- Previously mentioned drivers of increase in underlying pre-tax operating income.
- Lower catastrophe losses as compared to prior year which experienced elevated severity and frequency of events, primarily due to heightened severe convective storm activity.

Partially offset by:

- Unfavorable net incurred losses attributed to prior years driven by 2023 reserve releases in the same period that did not reoccur.

Revenues for the nine months ended September 30, 2024 were \$23.369 billion, an increase of \$364 million over the same period in 2023. The increase primarily reflects:

- Higher net investment income than the same period last year.

Claims, benefits, and expenses for the nine months ended September 30, 2024 were \$21.955 billion, a decrease of \$2.886 billion from the same period in 2023. The decrease primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and our continued underwriting actions to limit risk exposure.
- Favorable catastrophe losses compared to prior year.
- Reductions in advertising spend, lower employee related costs due to disciplined staffing decisions, and lower variable expenses as a result of targeted new business reductions.

Partially offset by:

- Unfavorable net incurred losses attributed to prior years driven by 2023 reserve releases in the same period that did not reoccur.

USRM	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change (Points)	2024	2023	Change (Points)
Combined ratio						
Claims and claim adjustment expense ratio	58.8%	69.0%	(10.2)	59.4%	69.0%	(9.6)
Underwriting expense ratio	24.2	24.3	(0.1)	23.5	25.3	(1.8)
Underlying combined ratio	83.0	93.3	(10.3)	82.9	94.3	(11.4)
Catastrophes	11.8	13.5	(1.7)	14.5	17.7	(3.2)
Net incurred losses attributable to prior years ¹	0.1	(0.7)	0.8	0.1	(2.3)	2.4
Current accident year re-estimation ²	-	2.6	(2.6)	-	-	-
Total combined ratio	94.9%	108.7%	(13.8)	97.5%	109.7%	(12.2)

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.

Third Quarter Results:

The USRM underlying combined ratio for the three months ended September 30, 2024 was 83.0%, a decrease of 10.3 points from the same period in 2023. This decrease primarily reflects:

- Decrease in claims and claim adjustment expense ratio primarily driven by favorable non-catastrophe loss ratio over prior year due to improved frequency trends.

Including the impact of catastrophes and net incurred losses attributable to prior years, the total combined ratio for the three months ended September 30, 2024 was 94.9%, a decrease of 13.8 points from the same period in 2023. The decrease primarily reflects:

- The changes to the underlying combined ratio mentioned above.
- Favorable catastrophe losses compared to prior year.
- Current accident year re-estimation due to adverse development on long-tail lines in US personal lines in Q3 2023 that did not reoccur.

Partially offset by:

- Unfavorable net incurred losses attributed to prior years driven by 2023 reserve releases in the same period that did not reoccur.

Year-to-date Results:

The USRM underlying combined ratio for the nine months ended September 30, 2024 was 82.9%, a decrease of 11.4 points from the same period in 2023. The decrease primarily reflects:

- Decrease in claims and claim adjustment expense ratio primarily driven by favorable non-catastrophe loss ratio over prior year due to improved frequency trends.
- Decrease in the underwriting expense ratio driven by reduced advertising spend, employee related costs and variable expenses.

Including the impact of catastrophes and net incurred losses attributable to prior years, the total combined ratio for the nine months ended September 30, 2024 was 97.5%, a decrease of 12.2 points from the same period in 2023. The decrease primarily reflects:

- The changes to the underlying combined ratio mentioned above.
- Favorable catastrophe losses compared to prior year.

Partially offset by:

- Unfavorable net incurred losses attributed to prior years driven by 2023 reserve releases in the same period that did not reoccur.

GLOBAL RISK SOLUTIONS

Overview – GRS

GRS offers a wide array of property, casualty, automobile, specialty, life and health and reinsurance products and services distributed through multiple channels globally. The segments for GRS are as follows:

- LII – includes retail, commercial and specialty insurance businesses outside of GRS North America.
- Liberty Mutual Reinsurance (“LM Re”) - Sells insurance for (Re)/insurers to transfer risk away from (Re)/insurance companies.
- North America (“NA”) – North America includes admitted and non-admitted property and casualty.
- Global Surety – A global leader providing surety guarantees to businesses ranging from multinational to local in most industry segments.
- Other GRS primarily consists of internal reinsurance programs, certain run off business activity, and a large global inland marine program.

Effective August 1, 2023, GRS formed the new ARM business unit by aligning the business segment previously known as GRM East within GRS. This year, as part of the launch of a single unified strategy for Asia Pacific, we have incorporated LSM and ARM into a single demand pillar called LII. The prior periods have been restated to reflect this change.

GRS NWP by market segment was as follows:

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023 ²	Change	2024	2023 ²	Change
North America	\$1,698	\$1,881	(9.7%)	\$4,747	\$4,969	(4.5%)
Liberty International Insurance	1,287	1,313	(2.0)	3,704	3,778	(2.0)
Liberty Mutual Reinsurance	511	512	(0.2)	2,530	2,357	7.3
Global Surety	388	376	3.2	1,197	1,100	8.8
Other GRS	250	126	98.4	394	302	30.5
Total NWP	\$4,134	\$4,208	(1.8%)	\$12,572	\$12,506	0.5%
Foreign exchange effect on growth			(0.3)			(0.1)
NWP growth excluding foreign exchange ¹			(1.5%)			0.6%

1 Determined by assuming constant foreign exchange rates between periods.

2 Segments may be restated in the prior period due to re-organization.

GRS NWP by line of business was as follows:

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023 ⁵	Change	2024	2023 ⁵	Change
Specialty insurance ¹	\$885	\$950	(6.8%)	\$2,622	\$2,929	(10.5%)
Reinsurance	511	512	(0.2)	2,530	2,357	7.3
Commercial property	632	714	(11.5)	1,649	1,538	7.2
Casualty ²	535	616	(13.1)	1,405	1,485	(5.4)
Surety	388	378	2.6	1,201	1,107	8.5
Workers Compensation	294	334	(12.0)	909	999	(9.0)
Private Passenger Auto	275	263	4.6	794	768	3.4
Commercial automobile	193	201	(4.0)	631	634	(0.5)
Inland marine ³	167	146	14.4	458	445	2.9
Commercial multiple-peril	31	35	(11.4)	95	88	8.0
Other reinsurance	111	(24)	NM	(40)	(151)	(73.5)
Other ⁴	112	83	34.9	318	307	3.6
Total NWP	\$4,134	\$4,208	(1.8%)	\$12,572	\$12,506	0.5%

1 Includes marine, energy, construction, aviation, warranty and indemnity, directors and officers, errors and omissions, trade credit, contingent lines and other.

2 Primarily includes general liability, excess & umbrella and environmental lines of business.

3 Includes handset protection coverage for lost or damaged wireless devices.

4 Primarily includes life & health, as well as other small lines of business.

5 Lines of business may be restated in the prior period due to reclassification or updated definitions.

NM = Not Meaningful

Third Quarter Results:

NWP for the three months ended September 30, 2024, was \$4.134 billion, a decrease of \$74 million from the same period in 2023.

The decrease primarily reflects:

- De-risking of the portfolio in less profitable products, primarily across Casualty; and the associated impacts of that across other lines, primarily Workers Compensation.
- Changing market conditions, primarily impacting Specialty.
- Unfavorable foreign exchange.

Partially offset by:

- Renewal rate increases across most lines of business, totaling 4.0%.
- Growth in lines with project-based business, particularly Surety lines, partially offset by a reinsurance transaction related to the sale of Latin America entities.

Additionally, internal reinsurance changes in 2024 created offsetting differences amongst segments and lines of business.

Year-to-date Results:

NWP for the nine months ended September 30, 2024, was \$12.572 billion, an increase of \$66 million over the same period in 2023.

The increase primarily reflects:

- Renewal rate increases across most lines of business, totaling 4.2%
- Growth in lines with project-based business, particularly Surety lines
- Favorable loss portfolio transfer premium within Casualty
- Favorable reinstatement premium within Reinsurance

Partially offset by:

- Higher cessions due to additional reinsurance coverage being purchased

- Changing market conditions, primarily impacting Specialty
- De-risking of the portfolio in less profitable products, primarily across Casualty; and the associated impacts of that across other lines, primarily Workers Compensation

Additionally, internal reinsurance changes in 2024 created offsetting differences amongst segments and lines of business.

Results of Operations – GRS

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
Revenues	\$4,592	\$4,431	3.6%	\$13,785	\$13,135	4.9%
Underlying PTOI	731	645	13.3	2,253	1,736	29.8
Catastrophes	(221)	(122)	81.1	(505)	(602)	(16.1)
Net incurred losses attributable to prior years ¹	100	8	NM	100	54	85.2
Pre-tax operating income	\$610	\$531	14.9%	\$1,848	\$1,188	55.6%

¹ 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 \$44 million for the same periods in 2023.

NM = Not Meaningful

Third Quarter Results:

Pre-tax operating income for the three months ended September 30, 2024 was \$610 million, an increase of \$79 million over the same period in 2023. Underlying pre-tax operating income for the three months ended September 30, 2024 was \$731 million, an increase of \$86 million over the same period in 2023. The increase in underlying pre-tax operating income primarily reflects:

- Higher net investment income
- Lower commissions

Partially offset by:

- Unfavorable foreign exchange
- Higher expenses due to an increase in employee related costs
- Unfavorable current year loss activity

Including the impact of catastrophes and net incurred losses attributable to prior years, the change in pre-tax operating income primarily reflects:

- Favorable prior accident year activity due to reserve releases in Q3 2024
- The changes to underlying PTOI mentioned above

Partially offset by:

- Higher current year catastrophes

Revenues for the three months ended September 30, 2024 were \$4.592 billion, an increase of \$161 million over the same period in 2023. The increase primarily reflects:

- Higher net investment income

Claims, benefits and expenses for the three months ended September 30, 2024 were \$3.981 billion, an increase of \$80 million over the same period in 2023. The increase primarily reflects:

- Higher current year catastrophes
- Unfavorable foreign exchange
- Higher expenses due to an increase in employee related costs

Partially offset by:

- Lower commissions

Year-to-date Results:

Pre-tax operating income for the nine months ended September 30, 2024 was \$1.848 billion, an increase of \$660 million over the same period in 2023. Underlying pre-tax operating income for the nine months ended September 30, 2024 was \$2.253 billion, an increase of \$517 million over the same period in 2023. The increase in underlying pre-tax operating income primarily reflects:

- Higher net investment income
- Profit margin on higher earned premium
- Lower commissions

Partially offset by:

- Higher expenses due to an increase in employee related costs

Including the impact of catastrophes and net incurred losses attributable to prior years, the change in pre-tax operating income primarily reflects:

- The changes to underlying PTOI mentioned above
- Lower current year catastrophe losses due to large international events in 2023
- Favorable prior accident year activity due to reserve releases in 2024

Revenues for the nine months ended September 30, 2024 were \$13.785 billion, an increase of \$650 million over the same period in 2023. The increase primarily reflects:

- Higher net investment income
- The changes to NWP mentioned above

Claims, benefits and expenses for the nine months ended September 30, 2024 were \$11.943 billion, an increase of \$41 million over the same period in 2023. The increase primarily reflects:

- Higher expenses due to an increase in employee related costs

Partially offset by:

- Lower current year catastrophe losses due to large international events in 2023
- Lower commissions
- Favorable prior accident year activity due to reserve releases in 2024

GRS	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change (Points)	2024	2023	Change (Points)
Combined Ratio						
Claims and claim adjustment expense ratio	58.8%	58.5%	0.3	59.6%	59.5%	0.1
Underwriting expense ratio	32.1	31.6	0.5	31.3	31.6	(0.3)
Dividend ratio	-	0.1	(0.1)	0.1	0.1	-
Underlying combined ratio	90.9	90.2	0.7	91.0	91.2	(0.2)
Catastrophes	5.3	3.0	2.3	4.1	5.0	(0.9)
Net incurred losses attributable to prior years ¹	(2.4)	-	(2.4)	(0.8)	(0.3)	(0.5)
Total combined ratio	93.8%	93.2%	0.6	94.3%	95.9%	(1.6)

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

Third Quarter Results:

The GRS underlying combined ratio for the three months ended September 30, 2024 was 90.9%, an increase of 0.7 points over the same period in 2023. The increase primarily reflects:

- Higher expenses due to an increase in employee related costs
- Unfavorable current year loss activity

Partially offset by:

- Favorable commissions

Including the impact of catastrophes and net incurred losses attributable to prior years, the total combined ratio for the three months ended September 30, 2024 was 93.8%, an increase of 0.6 points over the same period in 2023. The increase primarily reflects:

- Higher current year catastrophes
- The changes to the underlying combined ratio mentioned above

Partially offset by:

- Favorable prior accident year activity due to reserve releases in Q3 2024

Year-to-date Results:

The GRS underlying combined ratio for the nine months ended September 30, 2024 was 91.0%, a decrease of 0.2 points from the same period in 2023. The decrease primarily reflects:

- Higher premium earned
- Lower commissions

Partially offset by:

- Higher expenses due to an increase in employee related costs

Including the impact of catastrophes and net incurred losses attributable to prior years, the total combined ratio for the nine months ended September 30, 2024 was 94.3%, a decrease of 1.6 points from the same period in 2023. The decrease primarily reflects:

- Lower current year catastrophe losses due to large international events in 2023
- Favorable prior accident year activity due to reserve releases in 2024
- The changes to the underlying combined ratio mentioned above

CORPORATE AND OTHER

Overview – Corporate and Other

Corporate and Other includes the following significant items:

- Certain internal discontinued operations, which comprises: the run-off of certain commercial lines business, the run-off of the California workers compensation business of Golden Eagle Insurance Corporation and certain distribution channels related to Prudential Property and Casualty Insurance Company, Prudential General Insurance Company and Prudential Commercial Insurance Company (together, “PruPac”) and Liberty Re annuity business.
- Cessions related to certain retroactive reinsurance agreements, including the NICO Reinsurance Transaction and NICO Casualty Reinsurance Transaction, which are described further in “Reinsurance”.
- Effective January 1, 2015, Corporate began assuming certain pre-2014 voluntary and involuntary workers compensation claims from the businesses. The covered business materially aligns with the workers compensation business covered by the retroactive reinsurance agreement defined as the NICO Reinsurance Transaction, which is described further in “Reinsurance”.
- Effective January 1, 2019, Corporate began assuming certain US workers compensation, commercial auto, and general liability claims from the businesses. The covered business materially aligns with the casualty business covered by the retroactive reinsurance agreement defined as the NICO Casualty Reinsurance Transaction, which is described further in “Reinsurance,” with two notable differences: 1) the internal treaty attaches at held reserves at inception and does not include a loss corridor, and 2) the internal treaty includes umbrella claims related to Small Commercial within USRM.
- Effective September 30, 2020, Corporate began assuming certain pre-2018 construction defect liabilities from GRS.
- Reserve changes on certain other casualty and property lines of business.
- Interest expense on the Company’s outstanding debt.
- Certain risks of its businesses that the Company reinsures as part of its risk management program including externally ceded catastrophe and non-catastrophe reinsurance treaties which are described further in “Reinsurance”.
- The Company reports its written premium on workers compensation contracts on the "booked as billed" method. The businesses report workers compensation written premium on the "booked at inception" method. Corporate and Other results reflect the difference between these two methods.
- Costs associated with certain long-term compensation plans and other corporate costs not fully allocated to the businesses.
- Property and casualty operations’ investment income is allocated to the businesses based on planned ordinary investment income returns by investment category. The difference between allocated net investment income and actual net investment income is included in Corporate and Other.
- Investment-related realized gains (losses), real estate impairments and sale of immaterial business segments.
- Income related to limited partnership investments.
- Fee and other revenues include revenues from certain non-insurance subsidiaries, including Liberty Energy, Liberty Metals and Mining and Liberty Mutual Agriculture and Timber. These subsidiaries generate revenue from the production and sale of oil, gas, and other natural resources and related limited partnership investments.

Corporate and Other NWP by line of business was as follows:

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
Reinsurance, net	\$284	(\$81)	NM	\$261	(\$148)	NM
Workers compensation ¹	(9)	(19)	(52.6)	(7)	(2)	NM
Other	(1)	9	NM	7	6	16.7
Total NWP	\$274	(\$91)	NM	\$261	(\$144)	NM

1 Booked as billed adjustment.
NM = Not Meaningful

Third Quarter Results:

NWP for the three months ended September 30, 2024 was \$274 million, versus (\$91) million for the same period in 2023. The increase primarily reflects:

- Non-renewal of external ceded treaties
- The workers compensation booked as billed adjustment

Partially offset by:

- 2024 exposure adjustments on the internal/external treaties

Year-to-date Results:

NWP for the nine months ended September 30, 2024 was \$261 million, versus (\$144) million for the same period in 2023. The increase primarily reflects:

- Non-renewal of external ceded treaties
- Lower spend on external ceded treaties

Partially offset by:

- Lower assumed on internal reinsurance treaties
- The workers compensation booked as billed adjustment

Results of Operations – Corporate and Other

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
Revenues	\$337	\$369	(8.7%)	\$846	\$705	20.0%
Underlying pre-tax operating (loss) income before limited partnerships income	(167)	203	NM	(402)	110	NM
Catastrophes	(1)	18	NM	39	66	(40.9)
Net incurred losses attributable to prior years:						
-Asbestos and environmental ¹	-	-	-	-	(4)	(100.0)
-All other ²	8	(4)	NM	(1)	(11)	(90.9)
Pre-tax operating (loss) income before limited partnerships income	(160)	217	NM	(364)	161	NM
Limited partnership income ³	261	62	NM	886	85	NM
Pre-tax operating income	\$101	\$279	(63.8%)	\$522	\$246	112.2%

1 Asbestos and environmental is gross of the NICO Reinsurance Transaction, which is described further in "Reinsurance".

2 Net of earned premium attributable to prior years of zero for the three and nine months ended September 30, 2024 and 2023.

3 Partnerships, LLC and other equity method 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.

NM = Not Meaningful

Third Quarter Results:

Revenues for the three months ended September 30, 2024 were \$337 million, a decrease of \$32 million from the same period in 2023. The major components of revenues are net premium earned, net investment income (including limited partnerships income), net realized gains (losses), and fee and other revenues.

Pre-tax operating income for the three months ended September 30, 2024 was \$101 million, a decrease of \$178 million from the same period in 2023.

Underlying pre-tax operating (loss) income before limited partnerships income was (\$167) million, versus \$203 million for the same period in 2023. The increase in underlying pre-tax operating loss primarily reflects:

- Higher employee related costs
- Lower net investment income (excluding limited partnership income), retained in Corporate

Including the impact of catastrophes, net incurred losses attributable to prior years, and limited partnerships income, the decrease in pre-tax operating income primarily reflects:

- The changes to underlying PTOI mentioned above
- Partially offset by:

- Higher limited partnerships income

Net premium earned for the three months ended September 30, 2024 was (\$8) million, an increase of \$33 million over the same period in 2023.

Net investment income including limited partnerships income for the three months ended September 30, 2024 was \$420 million, an increase of \$69 million over the same period in 2023. The increase primarily reflects:

- Taxable fixed maturity investments as a result of improving market conditions.
- Favorable investment income.

Net realized losses for the three months ended September 30, 2024 were (\$165) million, an increase of \$250 million over the same period in 2023. The net realized losses in the current period were primarily impacted by:

- \$268 million of net losses on fixed maturity sales.
- \$12 million impairments on software.
- \$26 million net change in unrealized losses on energy holdings.

Partially offsetting losses was:

- \$52 million of net change on equities.
- \$100 million of net gains on derivatives.

The prior period was impacted by:

- \$89 million net change in unrealized gains on energy holdings.
- \$81 million of net gains on derivatives.

Partially offsetting gains was:

- \$68 million net losses on fixed maturity sales.

Claims, benefits, and expenses for the three months ended September 30, 2024 were \$401 million, an increase of \$398 million over the same period in 2023. The increase primarily reflects:

- Higher employee related costs

Year-to-date Results:

Revenues for the nine months ended September 30, 2024 were \$846 million, an increase of \$141 million over the same period in 2023. The major components of revenues are net premium earned, net investment income (including limited partnerships income), net realized gains (losses), and fee and other revenues.

Pre-tax operating income for the nine months ended September 30, 2024 was \$522 million, an increase of \$276 million over the same period in 2023.

Underlying pre-tax operating (loss) income before limited partnerships income was (\$402) million, versus \$110 million for the same period in 2023. The increase in underlying pre-tax operating loss primarily reflects:

- Lower net investment income (excluding limited partnership income), retained in Corporate
- Higher employee related costs

Including the impact of catastrophes, net incurred losses attributable to prior years, and limited partnerships income, the increase in pre-tax operating income primarily reflects:

- Higher limited partnerships income

Net premium earned for the nine months ended September 30, 2024 was (\$115) million, an increase of \$5 million over the same period in 2023.

Net investment income including limited partnerships income for the nine months ended September 30, 2024 was \$1.253 billion, an increase of \$412 million over the same period in 2023. The increase primarily reflects:

- Taxable fixed maturity investments as a result of improving market conditions.
- Favorable investment income.

Net realized losses for the nine months ended September 30, 2024 were (\$412) million, an increase of \$341 million over the same period in 2023. The net realized losses in the current period were primarily impacted by:

- \$391 million net losses on fixed maturity sales.
- \$43 million impairments on software and real estate.
- \$61 million net change in unrealized losses on energy holdings.

Partially offsetting losses were:

- \$115 million net gains on derivatives.

The prior period was impacted by:

- \$191 million net losses on fixed maturity sales.
- \$12 million impairments on fixed maturity holdings.

Partially offsetting losses were:

- \$110 million net gains on derivatives.
- \$45 million of net change in unrealized gains on energy holdings.

Claims, benefits, and expenses for the nine months ended September 30, 2024 were \$736 million, an increase of \$206 million over the period in 2023. The increase primarily reflects:

- Higher employee related costs

INVESTMENTS

General

The Company's investment strategy seeks long-term returns through disciplined security selection, portfolio diversity and an integrated approach to risk management. The Company selects and monitors investments to balance the goals of safety, stability, liquidity, growth and after-tax total return with its need to comply with regulatory investment requirements. A relatively safe and stable income stream is achieved by maintaining a broadly-based portfolio of investment grade bonds. These holdings are supplemented by investments in additional asset types with the objective of further enhancing the portfolio's diversification and expected returns. These additional asset types include commercial mortgages and other real estate financing investments, non-investment grade bonds, including leveraged loans, common and preferred stock, private equity and direct investments in natural resource ventures. Risk management is accomplished through asset liability management (including both interest rate risk and foreign currency risk), diversification, credit limits and a careful analytical review of each investment decision.

The Company's investment policy and strategy are reviewed and approved by the Investment Committee of its Board of Directors, which meets on a regular basis to review and consider investment activities, tactics and new investment classes. In addition, the Company predominantly uses a subsidiary investment advisor for managing and administering the investment portfolios of its domestic and foreign insurance operations.

Invested Assets (including cash and cash equivalents)

The following table summarizes the Company's invested assets by asset category as of September 30, 2024 and December 31, 2023:

Invested Assets by Type	As of September 30, 2024		As of December 31, 2023	
	Carrying Value	% of Total	Carrying Value	% of Total
\$ in Millions				
Fixed maturities, available for sale, at fair value	\$72,580	65.0%	\$68,901	68.1%
Equity securities	1,478	1.3	996	1.0
Limited partnership investments	15,546	13.9	13,764	13.6
Mortgage loans	3,066	2.7	3,348	3.3
Short-term investments	450	0.4	340	0.3
Other investments	5,220	4.8	4,375	4.3
Cash and cash equivalents	13,318	11.9	9,518	9.4
Total invested assets	\$111,658	100.0%	\$101,242	100.0%

Total invested assets as of September 30, 2024 were \$111.658 billion, an increase of \$10.416 billion or 10.3% over December 31, 2023. The increase was primarily related to an increase in fixed maturities and cash and cash equivalents, partially offset by a decrease in mortgage loans.

Fixed maturities as of September 30, 2024 were \$72.580 billion, an increase of \$3.679 billion or 5.3% over December 31, 2023. The increase was primarily driven by additional investments in corporate bonds and agency RMBS securities, partially offset by the unfavorable impact of the increase in treasury rates. As of September 30, 2024, included in fixed maturities are commitments to purchase various residential mortgage-backed securities at a cost and fair value of \$27 million and \$35 million, respectively.

Equity securities as of September 30, 2024 were \$1.478 billion (\$1.478 billion common stock) versus \$996 million as of December 31, 2023 (\$996 million common stock), an increase of \$482 million or 48.4% over December 31, 2023. The increase in equity holdings is being driven by an increase in Exchange Traded Funds (ETF).

The following table summarizes the Company's limited partnership investments as of September 30, 2024 and December 31, 2023:

Limited partnership investments \$ in Millions	As of September 30, 2024		As of December 31, 2023	
	Carrying Value	% of Total	Carrying Value	% of Total
Traditional private equity	\$6,273	40.3%	\$5,644	41.0%
Real estate	4,072	26.2	3,399	24.7
Private credit	2,199	14.1	1,877	13.6
Natural resources – Energy	571	3.7	753	5.5
Natural resources – Other ¹	1,938	12.5	1,599	11.6
Other	493	3.2	492	3.6
Total limited partnership investments ²	\$15,546	100%	\$13,764	100%

1 Included in Natural Resources – \$17 million and \$20 million of investments in agriculture and timber as of September 30, 2024 and December 31, 2023, and \$1.921 billion and \$1.578 billion of investments in energy transition and infrastructure as of September 30, 2024 and December 31, 2023, respectively.

2 Included in total limited partnership investments are \$481 million and \$556 million of limited partnership investments where the Company has elected fair value option of as of September 30, 2024 and December 31, 2023, respectively.

Mortgage loans as of September 30, 2024 were \$3.066 billion (net of \$30 million of mortgage loan allowances or 1% of the outstanding loan portfolio), a decrease of \$282 million or 8.4% from December 31, 2023. The decrease is primarily driven by \$579 million in principal reduction partially offset by \$282 million in less funding. The entire mortgage loan portfolio is US-based. The number of loans in the portfolio decreased from 2,431 at December 31, 2023 to 2,229 at September 30, 2024.

Cash and cash equivalents as of September 30, 2024 were \$13.318 billion, an increase of \$3.800 billion or 39.9% over December 31, 2023. The increase was driven by:

- Increase in cash from investing, financing, and operating activities, primarily attributed to cash provided by the disposition of the Liberty Seguros – Latin America and Western Europe operations.

The following tables summarize the Company's available for sale portfolio by security type as of September 30, 2024 and December 31, 2023:

\$ in Millions	As of September 30, 2024				
	Amortized Cost	Credit Allowance	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
US government and agency securities	\$9,169	\$-	\$49	(\$343)	\$8,875
Residential MBS ¹	6,807	-	42	(380)	6,469
Commercial MBS	5,162	-	51	(162)	5,051
Other MBS and ABS ²	5,794	-	53	(136)	5,711
US state and municipal	5,381	-	39	(232)	5,188
Corporate and other	36,655	(27)	584	(1,178)	36,034
Foreign government securities	5,066	-	53	(126)	4,993
Redeemable Preferred Stock	256	-	3	-	259
Total securities available for sale	\$74,290	(\$27)	\$874	(\$2,557)	\$72,580

1 Mortgage-backed securities ("MBS")

2 Asset-backed securities ("ABS")

\$ in Millions	As of December 31, 2023				
	Amortized Cost	Credit Allowance	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
US government and agency securities	\$9,294	\$-	\$22	(\$583)	\$8,733
Residential MBS ¹	6,473	-	20	(524)	5,969
Commercial MBS	5,132	-	35	(268)	4,899
Other MBS and ABS ²	5,162	-	15	(261)	4,916
US state and municipal	6,619	-	43	(362)	6,300
Corporate and other	34,978	(37)	301	(2,039)	33,203
Foreign government securities	4,923	-	30	(225)	4,728
Redeemable Preferred Stock	148	-	5	-	153
Total securities available for sale	\$72,729	(\$37)	\$471	(\$4,262)	\$68,901

1 Mortgage-backed securities ("MBS")

2 Asset-backed securities ("ABS")

The following table summarizes the Company's mortgage and asset-backed fixed maturity portfolio by credit quality as of September 30, 2024:

Mortgage & Asset-Backed Fixed Maturities by Credit Quality ¹	As of September 30, 2024							
	AAA	AA	A	BBB	BB	B or Lower	Total	% of Total
\$ in Millions								
Residential MBS	\$340	\$6,127	\$-	\$-	\$-	\$2	\$6,469	37.6%
Commercial MBS	1,375	3,278	190	174	17	17	5,051	29.3
Other MBS and ABS	2,166	1,138	1,248	899	205	55	5,711	33.1
Total	\$3,881	\$10,543	\$1,438	\$1,073	\$222	\$74	\$17,231	100%
% of Total	22.5%	61.3%	8.3%	6.2%	1.3%	0.4%	100%	

1 For purposes of this disclosure, credit quality is primarily based upon average credit ratings.

Approximately 61.5% of the Company's mortgage and asset-backed fixed maturity portfolio is explicitly backed by the US government (SBA and GNMA) or by government-sponsored entities (FNMA and FHLMC). Approximately 98.3% of the holdings have investment grade ratings. Included in the commercial mortgage-backed securities on September 30, 2024, were \$4.0 billion in Agency CMBS and \$1.1 billion Non-agency CMBS. Included in the Other MBS and ABS on September 30, 2024 were \$361 million AA rated SBA Loans. The commercial mortgage-backed securities portfolio is well diversified and of high quality with approximately 95.9% rated A or above.

The following table summarizes the Company's US state and municipal fixed maturity portfolio of securities which are obligations of states, municipalities, and political subdivisions (collectively referred to as US state and municipal bonds) by credit quality as of September 30, 2024 and December 31, 2023:

US State and Municipal by Credit Quality ¹	As of September 30, 2024			As of December 31, 2023		
	Fair Value	% of Total	Average Credit Rating	Fair Value	% of Total	Average Credit Rating
\$ in Millions						
State general obligation	\$906	17.5%	AA	\$1,173	18.6%	AA
Local general obligation	773	14.9	AA	971	15.4	AA
Revenue	3,373	65.0	A	3,991	63.4	A
Pre-refunded	136	2.6	AA	165	2.6	AAA
Total US state and municipal	\$5,188	100%	AA	\$6,300	100%	AA

1 For purposes of this disclosure, credit quality is primarily based upon average credit ratings.

The municipal bond portfolio (taxable and tax-exempt) includes general obligation and revenue bonds issued by states, cities, counties, school districts, hospitals, educational institutions, and similar issuers. Included in the municipal bond portfolio at September 30, 2024 and December 31, 2023 were \$136 million and \$165 million, respectively, of pre-refunded bonds, which are bonds for which states or municipalities have established irrevocable trusts, which were created to satisfy their responsibility for payments of principal and interest.

The following table summarizes the Company's allocation of fixed maturities by credit quality as of September 30, 2024 and December 31, 2023:

Fixed Maturities by Credit Quality ¹	As of September 30, 2024		As of December 31, 2023	
	Fair Value	% of Total	Fair Value	% of Total
\$ in Millions				
AAA/AA/A	\$51,788	71.4%	\$48,873	71.1%
BBB	16,220	22.3	15,235	22.0
Total investment grade	68,008	93.7	64,108	93.1
BB	1,651	2.3	1,953	2.8
B	2,407	3.3	2,301	3.3
CCC or lower	431	0.6	301	0.4
Unrated ²	83	0.1	238	0.4
Total below-investment grade	4,572	6.3	4,793	6.9
Total fixed maturities	\$72,580	100.0%	\$68,901	100.0%

1 For purposes of this disclosure, credit quality is primarily based upon average credit ratings.

2 Includes bank loans acquired as part of the Ironshore acquisition and externally managed convertible securities.

The Company's holdings of below investment grade securities primarily consist of an actively managed diversified portfolio of high yield securities and leveraged loans within the domestic insurance portfolios and investments in emerging market sovereign and corporate debt primarily in support of the Company's international insurance operations. Overall, the average credit quality rating stands at A as of September 30, 2024.

The following table summarizes available for sale fixed maturity securities by contractual maturity at September 30, 2024 and December 31, 2023. Actual maturities may differ from contractual maturities because certain securities may be called or prepaid with or without call or prepayment penalties. Due to the potential for prepayment on MBS and ABS, they are not categorized by contractual maturity.

Fixed Maturities by Maturity Date	As of September 30, 2024		As of December 31, 2023	
	Fair Value	% of Total	Fair Value	% of Total
\$ in Millions				
One year or less	\$4,500	6.3%	\$2,559	3.7%
Over one year through five years	25,054	34.5	24,949	36.2
Over five years through ten years	18,946	26.1	18,227	26.5
Over ten years	6,849	9.4	7,382	10.7
MBS and ABS	17,231	23.7	15,784	22.9
Total fixed maturities	\$72,580	100.0%	\$68,901	100.0%

During 2024, after taking into consideration changes in investment opportunities and its view of the current and prospective business and economic environment, the Company has made only minor adjustments to the average duration of its investment portfolio. The average duration of the investment portfolio as of September 30, 2024 was 3.8 years versus 4.0 years as of December 31, 2023.

The following tables summarize the Company's gross unrealized losses and fair value of fixed income securities by the length of time that individual securities have been in a continuous unrealized loss position as of September 30, 2024 and December 31, 2023 that are not deemed to be other-than-temporarily impaired:

\$ in Millions	As of September 30, 2024			
	Less Than 12 Months		12 Months or Longer	
	Unrealized Losses	Fair Value of Investments with Unrealized Losses	Unrealized Losses	Fair Value of Investments with Unrealized Losses
US Government and agency securities	(\$2)	\$188	(\$341)	\$6,070
Residential MBS	(1)	219	(379)	4,690
Commercial MBS	(2)	147	(160)	3,519
Other MBS and ABS	(1)	771	(135)	1,988
US state and municipal	(2)	249	(230)	3,258
Corporate and other	(17)	1,517	(1,161)	16,657
Foreign government securities	(2)	323	(124)	2,163
Total securities available for sale	(\$27)	\$3,414	(\$2,530)	\$38,345

\$ in Millions	As of December 31, 2023			
	Less Than 12 Months		12 Months or Longer	
	Unrealized Losses	Fair Value of Investments with Unrealized Losses	Unrealized Losses	Fair Value of Investments with Unrealized Losses
US Government and agency securities	(\$43)	\$803	(\$540)	\$6,772
Residential MBS	(52)	488	(472)	4,723
Commercial MBS	(10)	172	(258)	3,789
Other MBS and ABS	(2)	199	(259)	3,853
US state and municipal	(5)	351	(357)	4,118
Corporate and other	(269)	3,258	(1,770)	19,816
Foreign government securities	(8)	562	(217)	2,890
Total securities available for sale	(\$389)	\$5,833	(\$3,873)	\$45,961

Unrealized losses for fixed maturity securities decreased from \$4.262 billion as of December 31, 2023 to \$2.557 billion as of September 30, 2024. The Company monitors the difference between the amortized cost and estimated fair value of fixed maturity securities to ascertain whether declines in value are temporary in nature. The Company currently does not have the intent to sell these securities and has determined it is not more likely than not that it would be required to sell these fixed maturity securities before they recover their fair value. The Company has concluded that the gross unrealized losses of fixed maturity securities as of September 30, 2024 are temporary.

The following tables summarize the Company's issuer and sector exposure¹ as of September 30, 2024:

Top 10 Issuers	As of September 30, 2024				
\$ in Millions	Fixed Maturity	Equity	Short-Term	Total Exposure	% of Invested Assets
JP Morgan Chase & Co	\$723	\$-	\$-	\$723	0.64%
Bank of America Corp	717	-	-	717	0.64
Morgan Stanley	665	-	-	665	0.60
Government of Canada	605	-	15	620	0.56
Government of United Kingdom	582	-	-	582	0.52
Citigroup Inc	551	-	-	551	0.49
Wells Fargo & Co	516	-	-	516	0.46
Government of Australia	479	-	9	488	0.44
Goldman Sachs Group Inc	436	-	-	436	0.39
Duke Energy Corp	288	-	-	288	0.26
Total	\$5,562	\$-	\$24	\$5,586	5.00%

Top 10 Sectors	As of September 30, 2024				
\$ in Millions	Fixed Maturity	Equity	Short-Term	Total Exposure	% of Invested Assets
Banking	\$8,342	\$5	\$298	\$8,645	7.74%
Real Estate	668	4,377	-	5,045	4.52
Electric Utility	2,573	804	-	3,377	3.02
Foreign Government	3,119	-	104	3,223	2.89
Technology	2,193	761	-	2,954	2.65
Insurance	2,080	181	-	2,261	2.02
Healthcare	1,308	399	-	1,707	1.53
Food and Beverage	1,343	45	-	1,388	1.24
Automotive	1,250	43	-	1,293	1.16
Midstream	1,268	3	-	1,271	1.14
Total	\$24,144	\$6,618	\$402	\$31,164	27.91%

¹ Tables exclude US Treasury and agency securities, mortgage-backed securities, ETFs, and municipal obligations that are pre-refunded or escrowed to maturity.

As of September 30, 2024, investments in the energy sector accounted for \$3.156 billion or 2.8% of total invested assets. The energy sector is comprised of investments in the following sub-sectors: independent energy, integrated energy, midstream, oil field services, and refining (*classification per Bloomberg Barclays Industry Groups*). Energy investments consist of investment grade bonds of \$2.177 billion, bonds that were rated below investment grade of \$401 million, publicly traded equity securities of \$3 million, and natural resources partnerships and other equity method investments of \$575 million. Agriculture and timber investments consist of natural resource partnerships of \$17 million. In addition, the Company has direct investments in agriculture and timber of \$180 million and oil and gas wells of \$2 million which are included in other assets on the Consolidated Balance Sheets.

The following table summarizes the Company's unfunded commitments as of September 30, 2024 and December 31, 2023:

Unfunded Commitments	As of September 30, 2024		As of December 31, 2023	
	Total	% of Total	Total	% of Total
\$ in Millions				
Traditional private equity	\$2,736	26.7%	\$2,566	27.0%
Real Estate	2,414	23.5	2,698	28.3
Private Credit	3,580	34.9	2,945	30.9
Natural resources – Energy	15	0.1	16	0.2
Natural resources – Energy transition and infrastructure	1,358	13.2	1,192	12.5
Natural resources – Timber and agriculture	19	0.2	18	0.2
Other	132	1.3	82	0.9
Total unfunded commitments	\$10,254	100%	\$9,517	100%

Unfunded commitments as of September 30, 2024 were \$10.254 billion, an increase of \$737 million over December 31, 2023. The increase is primarily driven by new commitments net of contributions related to private credit and traditional private equity investments. The unfunded energy investment commitments at September 30, 2024 and December 31, 2023 of \$15 million and \$16 million, respectively, related to energy partnerships.

The Company holds unfunded commitments related to commercial mortgage loans. The liability for expected credit losses related to these unfunded commitments is reported in Other Liabilities and is measured in a manner consistent with the approach of the funded mortgage loan portfolio. As of September 30, 2024 the amount of the liability for expected credit losses of unfunded commitments was \$27 million.

LIQUIDITY AND CAPITAL RESOURCES

The liquidity requirements of the insurance subsidiaries are met primarily by funds generated from operations, asset maturities and income received on investments. Cash provided from these sources is used primarily for claims, claim adjustment expenses and operating expenses (underwriting and corporate benefit costs). There are certain cash outflows such as catastrophes and continued settlements of asbestos reserves that are unpredictable in nature and could create increased liquidity needs. The Company believes that the insurance subsidiaries' future business liquidity needs will be met from all the above sources. However, the Company maintains back-up borrowing facilities as an additional contingent source of funds. These include:

Liberty Mutual Insurance Company ("LMIC"), Peerless Insurance Company ("PIC"), Liberty Mutual Fire Insurance Company ("LMFIC"), Employers Insurance Company of Wausau ("EICOW"), Safeco Insurance Company of America ("SICOA"), Ohio Casualty Insurance Company ("OCIC") are members of the Federal Home Loan Bank ("FHLB"). The Company has \$300 million of FHLB borrowings with maturity dates through 2032. As of September 30, 2024 the outstanding FHLB borrowings are fully collateralized.

State Auto Mutual Insurance Company ("SAM"), State Auto Property & Casualty Insurance Company ("SPC") and Rockhill Insurance Company ("RIC") memberships were cancelled on August 25, 2023. Final cancellation of FHLB memberships have a five-year waiting period, so final membership expiration dates are August 25, 2028. Ironshore Indemnity Insurance ("III") and Ironshore Specialty Insurance Company ("ISIC") memberships were cancelled on February 24th and 25th, 2020, respectively. III's five-year waiting period was waived by FHLB, so final membership cancellation was effective on February 9, 2022. For ISIC, the effective date of its final membership cancellation will be February 25, 2025.

Net cash flows are generally invested in marketable securities while keeping a certain amount in cash and short-term investments to meet unpredictable cash obligations. The Company monitors the duration of these investments, and purchases and sales are executed with the objective of having adequate cash available to satisfy its maturing liabilities. As the Company's investment strategy focuses on overall asset and liability durations, and not specific cash flows, asset sales may be required to satisfy obligations or rebalance asset portfolios. The Company's invested assets as of September 30, 2024 (including cash and cash equivalents) totaled \$111.658 billion.

Debt outstanding as of September 30, 2024 and December 31, 2023 was as follows:

Short-term debt:

\$ in Millions	As of September 30, 2024	As of December 31, 2023
1.75% €500 Million Notes, due 2024	\$-	\$552
8.50% Surplus notes, due 2025	140	-
Total short-term debt	\$140	\$552

Long-term debt:

\$ in Millions	As of September 30, 2024	As of December 31, 2023
8.50% Surplus notes, due 2025	\$-	\$140
2.75% €750 Million Notes, due 2026	837	828
7.875% Surplus notes, due 2026	227	227
7.625% Notes, due 2028	3	3
4.569% Notes, due 2029	1,000	1,000
4.625% €500 Million Notes, due 2030	557	552
3.91% - 4.25% Federal Home Loan Bank Borrowings, due 2032	300	300
7.00% Notes, due 2034	124	124
6.50% Notes, due 2035	271	271
7.50% Notes, due 2036	19	19
6.50% Notes, due 2042	250	250
4.85% Notes, due 2044	564	564
4.50% Notes, due 2049	232	232
3.951% Notes, due 2050	1,248	1,248
4.125% Junior Subordinated notes, due 2051 ¹	500	500
5.50% Notes, due 2052	1,000	1,000
3.625% €500 Million Junior Subordinated notes, due 2059 ²	-	552
3.95% Notes, due 2060	746	746
4.30% Junior Subordinated notes, due 2061 ³	800	800
7.80% Junior Subordinated notes, due 2087 ⁴	437	437
10.75% Junior Subordinated notes, due 2088 ⁵	35	35
7.697% Surplus notes, due 2097	260	260
Subtotal	9,410	10,088
Unamortized costs	(459)	(481)
Total long-term debt	\$8,951	\$9,607

(1) The par value call date is three months prior to and on December 15, 2026, after which the notes are callable at par during the three-month period prior to and on each succeeding interest reset date.

(2) The par value call date and final fixed rate interest payment date is May 23, 2024, subject to certain requirements.

(3) The par value call date is February 1, 2026 after which the notes are callable at par on each subsequent interest payment date.

(4) The par value call date and final fixed rate interest payment date is March 15, 2037, subject to certain requirements.

(5) The par value call date and final fixed rate interest payment date is June 15, 2038, subject to certain requirements.

As part of its overall capital strategy, the Company previously announced that it may issue, repurchase or exchange debt depending on market conditions. Debt repurchases may be executed through open market or other appropriate transactions. The Company continues to evaluate market conditions and may periodically affect transactions in its debt, subject to applicable limitations.

Debt Transactions

On May 23, 2024, €500 million of LMGI 3.625% Jr. Subordinated Notes due 2059 were redeemed at the initial call date. On February 28, 2024, the Company announced its intention to redeem the notes on May 23, 2024, at the redemption price.

On March 27, 2024, €500 million of LMFE DAC 1.75% Notes were paid at maturity.

On June 15, 2023, \$547 million of LMGI 4.25% Notes were paid at maturity.

Interest Expense

Consolidated interest expense for the three and nine months ended September 30, 2024 was \$121 million and \$379 million, respectively, a decrease of \$7 million and \$20 million from the same periods in 2023.

Holding Company Liquidity and Capital Resources

The Company conducts substantially all of its operations through its wholly owned insurance and service company subsidiaries, and therefore is primarily dependent on dividends, distributions, loans or other payments of funds from these entities to meet its current and future obligations. However, the subsidiaries are separate and distinct legal entities and have no obligation to make funds available to the Company, whether in the form of loans, dividends, or other distributions. As of September 30, 2024, the Company, through its downstream subsidiary LMGI had \$8.6 billion of debt outstanding, excluding discount and issuance costs.

The insurance subsidiaries' ability to pay dividends is restricted under applicable insurance law and regulations and may only be paid from unassigned surplus. Under the insurance laws of the domiciliary states of the insurance subsidiaries, an insurer may make an ordinary dividend payment if its surplus as regards to policyholders, following such dividend, is reasonable in relation to its outstanding liabilities, is adequate to its financial needs and does not exceed the insurer's unassigned surplus. However, no insurer may pay an extraordinary dividend without the approval or non disapproval of the domiciliary insurance regulatory authority. Insurance subsidiaries owned directly by LMGI are LMIC, Liberty Mutual Personal Insurance Company ("LMPICO"), LMFIC, EICOW and SAM. Under the insurance laws of Massachusetts, the domiciliary state of LMIC, an extraordinary dividend is defined as a dividend whose fair market value, together with other dividends made within the preceding 12 months, exceeds the greater of 10% of the insurer's surplus as regards policyholders as of the preceding December 31, or the insurer's net income for the 12-month period ending on the preceding December 31. Under the insurance laws of New Hampshire, the domiciliary state of LMPICO, an extraordinary dividend is defined as (1) a dividend whose fair market value, together with other dividends paid within the preceding 12 months, exceeds the lesser of (a) 10% of the insurer's surplus as regards policyholders as of the preceding December 31, or (b) the insurer's net income, excluding realized capital gains, for the calendar year preceding the date of the dividend, but not including pro rata distributions of any class of the insurer's own securities, or (2) the aggregate of the insurer's net income from the previous two calendar years that has not already been paid out as dividends, excluding realized capital gains and any dividends paid in the previous two calendar years. Under the insurance laws of Wisconsin, the domiciliary state of LMFIC and EICOW, an extraordinary dividend is defined as a dividend whose fair market value, together with other dividends paid within the preceding 12 months, exceeds the lesser of (a) 10% of the insurer's surplus with regard to policyholders as of the preceding December 31, or (b) the greater of (1) the insurer's net income for the calendar year preceding the date of the dividend, minus realized capital gains for that calendar year, or (2) the aggregate of the insurer's net income for the three calendar years preceding the date of the dividend, minus realized capital gains for those calendar years and minus dividends paid within the first two of the preceding three calendar years. Under the insurance laws of Ohio, the domiciliary state of SAM, an extraordinary dividend is defined as a dividend whose fair market value, together with other dividends made within the preceding 12 months, exceeds the greater of 10% of the insurer's surplus as regards policyholders as of the preceding December 31 or the insurer's net income for the 12-month period ending on the preceding December 31. Changes in the extraordinary dividend regulation of the domiciliary states of LMIC, LMPICO, LMFIC, EICOW and SAM could negatively affect LMGI's ability to pay principal and interest on its debt, as could a redomestication or merger of LMIC, LMPICO, LMFIC, EICOW or SAM to a different domiciliary state. The authorized control level risk-based capital (as of December 31, 2023) and 2024 available dividend capacity prior to needing regulatory approval for LMIC, LMFIC, EICOW and SAM were as follows:

\$ in Millions	RBC Ratio¹		Dividend Capacity²	Dividends Paid³
RBC Ratios and Dividend Capacity	2023	2022	2024	2024
LMIC	362%	361%	\$2,078	\$49
LMFIC	382%	397%	\$19	\$11
EICOW	395%	400%	\$44	\$-
SAM	2,746%	2,178%	\$53	\$-

1 Authorized control level risk-based capital as defined by the NAIC.

2 Represents the estimated maximum allowable dividend without prior regulatory approval in the state of domicile.

3 Dividends paid represent amounts paid during the nine months ended September 30, 2024. Available dividend capacity as of September 30, 2024 is calculated as 2024 dividend capacity less dividends paid for the preceding 12 months. Dividends paid October 1, 2023 through September 30, 2024 for LMIC, LMFIC, EICOW and SAM were \$65 million, \$15 million, zero and \$510 million respectively.

LMGI also has access to the following sources of funding:

- An unsecured revolving credit facility of \$1 billion with an expiration date of April 18, 2027. To date, no funds have been borrowed under the facility.
- A management services agreement with LMIC pursuant to which LMGI is entitled to collect certain costs plus a management fee for services rendered by LMGI employees.
- Investment management agreements with affiliated entities pursuant to which an LMGI subsidiary investment advisor is entitled to recover annual expenses for investment management services performed by its employees.
- Liberty Corporate Services LLC (“LCS”), which through its subsidiaries collects fees and other revenues, primarily for claims administration, independent policy sales commissions, agency and IT services rendered for affiliated and non-affiliated entities. For the three and nine months ended September 30, 2024, LCS recorded \$185 million and \$439 million, respectively, in pre-tax income.
- Approximately \$80 million of annual dividends related to non-redeemable perpetual preferred stock issuances by LMIC and LMFIC.

\$ in Millions	As of September 30, 2024	As of December 31, 2023
Total long-term debt	\$8,951	\$9,607
Unamortized discount and debt issuance costs	(459)	(481)
Total long-term debt excluding unamortized discount and debt issuance costs	\$9,410	\$10,088
Total equity excluding accumulated other comprehensive income (loss)	\$33,356	\$30,187
Total capital excluding accumulated other comprehensive income (loss) ¹	\$42,766	\$40,275
Debt-to-capital capitalization excluding accumulated other comprehensive income (loss) ¹	22.0%	25.0%
Statutory surplus	\$31,867	\$27,677

¹ Excludes unamortized discount and debt issuance costs

The total debt-to-capital capitalization ratio excluding accumulated other comprehensive loss is calculated by dividing (a) total debt excluding unamortized discount and debt issuance costs by (b) total capital excluding accumulated other comprehensive (loss) income. Net unrealized gains and losses on investments can be significantly impacted by both interest rate movements and other economic factors. Accordingly, in the opinion of the Company’s management, the debt-to-total capital ratio calculated on this basis provides another useful metric for investors to understand the Company’s financial leverage position. The Company’s ratio of debt-to-capital (excluding accumulated other comprehensive income (loss) of 22.0% at September 30, 2024 was within the Company’s target range.

REINSURANCE

Reinsurance Recoverables

The Company reported reinsurance recoverables of \$19.171 billion and \$19.080 billion at September 30, 2024 and December 31, 2023, respectively, net of allowance for credit losses of \$154 million and \$152 million, respectively. Included in these balances are \$1.212 billion and \$1.306 billion of paid recoverables and \$18.113 billion and \$17.926 billion of unpaid recoverables (including retroactive reinsurance), respectively.

S&P Rating ¹	As of December 31, 2023			
\$ in Millions	Gross Recoverables ²	Collateral Held ³	Net Recoverables ⁴	% of Total Net Recoverables
<u>Rated Entities</u>				
AAA	\$ -	\$ -	\$ -	\$ -
AA+, AA, AA-	8,006	7,207	2,761	25%
A+, A, A-	5,429	903	4,583	41%
BBB+, BBB, BBB-	-	-	-	-
BB+ or below	-	-	-	-
Subtotal	13,435	8,110	7,344	66%
<u>Pools & Associations</u>				
State mandated involuntary pools and associations	2,901	-	2,901	26%
Voluntary	164	124	160	1%
Subtotal	3,065	124	3,061	27%
<u>Non-Rated Entities⁵</u>				
Captives & fronting companies	1,771	2,534	437	4%
Other	961	2,201	363	3%
Subtotal	2,732	4,735	800	7%
Grand Total	\$19,232	\$12,969	\$11,205	100%

1 Standard & Poor's ratings are as of December 31, 2023.

2 Gross recoverables are defined as paid and unpaid claims and claim adjustment expense including IBNR and before both bad debt reserve set aside for potential uncollectible reinsurance and consideration of collateral.

3 Collateral refers to letters of credit, trust accounts, and funds held against outstanding and potential future claims and claim adjustment expenses related to reinsurance recoverable balances.

4 Net recoverables are defined as the difference between the amount of gross recoverables and collateral held for each reinsurer at the ceding entity level. If the collateral held for a reinsurer at a ceding entity level is greater than the gross recoverable, net recoverables are reported as \$0.

5 Reinsurers not rated by Standard & Poor's.

Reinsurance Groups ¹	As of December 31, 2023		
	\$ in Millions	Gross Recoverables ²	Collateral Held ³
1. Berkshire Hathaway Insurance Group	\$5,151	\$6,327	\$694
2. Swiss Re Group	1,579	634	958
3. Nationwide Group	1,124	1	1,123
4. Everest Re Group	862	247	624
5. Lloyd's of London	604	-	604
6. Partner Re Group	549	141	408
7. Munich Re Group	413	15	402
8. Renaissance Re Holdings Group	403	265	154
9. Talanx Group	339	90	270
10. CUMIS Insurance Society Group	302	-	302
11. Markel Corp	273	3	271
12. Enstar Group Ltd	272	316	4
13. Verizon	259	117	142
14. Builders Reinsurance S.A.	250	361	-
15. Chubb Ltd.	242	121	161
State Mandated Involuntary pools and associations	2,901	-	2,901
Voluntary pools and associations	164	124	160
All Other	3,545	4,207	2,027
Total Reinsurance Recoverables	\$19,232	\$12,969	\$11,205

1 Reinsurance Groups are defined as all reinsurance subsidiaries owned by a common parent.

2 Gross recoverables are defined as paid and unpaid claims and claim adjustment expense including IBNR and before both bad debt reserve set aside for potential uncollectible reinsurance and consideration of collateral.

3 Collateral refers to letters of credit, trust accounts, and funds held against outstanding and potential future claims and claim adjustment expenses related to reinsurance recoverable balances.

4 Net recoverables are defined as the difference between the amount of gross recoverables and collateral held for each reinsurer at the ceding entity level. If the collateral held for a reinsurer at a ceding entity level is greater than the gross recoverable, net recoverables are reported as \$0.

Approximately 93% of the Company's reinsurance recoverable balance, net of collateral held and including voluntary and involuntary pools and associations, was from reinsurers rated A- or better from A.M. Best and Standard & Poor's, respectively, at December 31, 2023. Collateral held against outstanding gross reinsurance recoverable balances was \$12.969 billion at December 31, 2023.

The remaining 7% of the Company's net reinsurance recoverable balance is well diversified. No single reinsurer rated below A- or not rated by A.M. Best or Standard & Poor's accounts for more than 1% of GAAP equity. In addition, the average net reinsurance recoverable balance from individual reinsurers rated below A- or not rated by A.M. Best and Standard & Poor's was approximately \$1 million as of December 31, 2023.

The reinsurance recoverables from state mandated involuntary pools and associations primarily represent the Company's servicing carrier business. As a servicing carrier, the Company retains no direct underwriting risk but instead cedes 100% of the involuntary market premium and losses back to the pool. Payment of losses is shared by the pool participants in proportion to their pool participation. Reinsurer credit risk with respect to any such involuntary pool or association is a function of the creditworthiness of all the pool participants.

The Company's reinsurance recoverables from Nationwide Indemnity Company have been fully guaranteed by its parent, Nationwide Mutual Insurance Company, which has a financial strength rating of A+ from Standard & Poor's and A from A.M. Best.

Adverse Development Reinsurance

On November 5, 2019, LMIC entered into a reinsurance transaction with National Indemnity Company (“NICO”), a subsidiary of Berkshire Hathaway Inc, on a combined aggregate excess of loss agreement for certain USRM Small Commercial and GRS National Insurance workers compensation, commercial auto liability and general liability excluding umbrella and warranty liabilities. The first layer of the contract attaches at \$300 million below applicable held reserves at inception of \$8.342 billion of combined aggregate reserves. The second layer of the contract provides adverse development coverage for \$1.000 billion above a retention equal to \$8.742 billion. The contract includes a sublimit of \$100 million for certain general liability liabilities. At the closing of the NICO Casualty Reinsurance Transaction, but effective as of January 1, 2019, the Company ceded \$300 million of existing undiscounted liabilities, paid NICO total consideration of \$462 million and recorded a pre-tax loss of \$173 million. This contract is accounted for on a retroactive basis.

In general terms, the covered business includes post December 31, 2018 development for USRM Small Commercial and GRS National Insurance segment on: (1) certain workers compensation liabilities arising under policies on the books as of December 31, 2018 as respects injuries or accidents occurring after December 31, 2013 and prior to January 1, 2019; (2) commercial auto liabilities arising under policies on the books as of December 31, 2018 as respects injuries or accidents occurring prior to January 1, 2019; and (3) general liability excluding umbrella and warranty arising under policies as of December 31, 2018 as respects injuries or accidents occurring prior to January 1, 2019.

Since the NICO Casualty Reinsurance Transaction is accounted for as retroactive reinsurance in the Company’s GAAP Consolidated Financial Statements, to the extent there is unfavorable development of losses covered by this reinsurance, an additional reinsurance benefit is recognized in the Consolidated Statements of Operations until those benefits exceed the loss on the transaction. Reinsurance benefits will be deferred and are amortized into earnings over the period when underlying claims are settled.

As the aggregate development on the contract has exceeded the original pre-tax loss of \$173 million, deferred gains are now being recorded. The Company reported deferred gain amortization of \$17 million and \$10 million for the nine months ended September 30, 2024 and September 30, 2023, respectively. As of September 30, 2024 and December 31, 2023, deferred gains were \$219 million and \$237 million. Limits remaining on the contract as of September 30, 2024 were \$508 million.

In conjunction with the Ironshore acquisition and effective May 1, 2017, the Company entered into a reinsurance transaction with NICO on a combined aggregate excess of loss agreement providing coverage for substantially all of Ironshore’s reserves related to losses occurring prior to January 1, 2017. The first layer of the contract transfers \$400 million of held reserves at inception, for which the Company established reinsurance recoverables on the Consolidated Balance Sheet. The second layer of the contract provides adverse development coverage for 95% of \$500 million above a retention equal to \$3.006 billion, minus paid losses between January 1, 2017 and May 1, 2017, which retention approximates the total held reserves on the covered business on Ironshore’s opening balance sheet. The contract includes a sublimit of \$277 million for certain construction liability liabilities. The Company paid NICO consideration of \$550 million, including interest accrued at the time of the settlement. The contract is accounted for on a prospective basis. Limits remaining on the contracts in total, and for construction liability liabilities, respectively, were \$424 million and zero as of September 30, 2024.

On July 17, 2014, LMIC entered into a reinsurance transaction with NICO on a combined aggregate excess of loss agreement for substantially all of the Company’s US workers compensation, asbestos and environmental liabilities, attaching at \$12.522 billion of combined aggregate reserves, with an aggregate limit of \$6.500 billion and sublimits of \$3.100 billion for asbestos and environmental liabilities and \$4.507 billion for certain workers compensation liabilities. At the closing of the NICO Reinsurance Transaction, but effective as of January 1, 2014, the Company ceded \$3.320 billion of existing undiscounted liabilities under this retroactive reinsurance agreement. NICO will provide \$3.180 billion of additional aggregate adverse development reinsurance. The Company paid NICO total consideration of \$3.046 billion and recorded a pre-tax loss of \$128 million. With respect to the ceded asbestos and environmental business, NICO has been given authority to handle claims, subject to the Company’s oversight and control. With respect to the ceded workers compensation business, the Company will continue to handle claims. This contract is accounted for on a retroactive basis.

In general terms, the covered business includes post December 31, 2013 development on: (1) asbestos and environmental liabilities arising under policies of insurance and reinsurance with effective dates prior to January 1, 2005; and (2) workers compensation liabilities arising out of policies on the books of the Company's former Commercial Insurance Strategic Business Unit as of December 31, 2013, as respects injuries or accidents occurring prior to January 1, 2014.

As the aggregate development on the contract has exceeded the original pre-tax loss of \$128 million, deferred gains are now being recorded. The Company reduced its deferred gain amortization of (\$4) million and (\$3) million for the nine months ended September 30, 2024 and September 30, 2023, respectively. As of September 30, 2024 and December 31, 2023, deferred gains were \$24 million and \$19 million. Limits remaining on the contract in total, and for asbestos and environmental liabilities, respectively, were \$3.204 billion and \$258 million as of September 30, 2024.

Non Catastrophe Reinsurance

The Company purchases facultative and treaty reinsurance protection on a per risk, per policy, per loss and/or per occurrence basis. Treaty coverage is provided on a pro rata and excess of loss basis for portions of the Company's property, marine, terrorism, energy, third party motor, cyber, financial risk, surety, aviation and casualty lines portfolios.

Catastrophe Reinsurance

The Company has property catastrophe reinsurance coverage for its domestic business and certain specialty operations including: 1) hurricanes and earthquake reinsurance covering a substantial portion of \$3.6 billion of loss in excess of \$1.0 billion of retained loss in the United States, Canada, and the Caribbean, excluding certain reinsurance exposures; 2) per occurrence and aggregate excess of loss coverage targeting our reinsurance exposures; and 3) quota share reinsurance programs. These programs are structured to meet the Company's established tolerances under its Enterprise Risk Management Program.

The Company purchases property catastrophe reinsurance coverage for the international property books to protect against international catastrophe events.

The Company purchases workers compensation catastrophe reinsurance, including coverage for its domestic commercial operations and certain specialty operations' US exposures. This program provides significant reinsurance protection in excess of \$200 million per occurrence retention, including coverage for terrorism events and/or losses for a single event at a single insured location in excess of \$75 million.

Catastrophe Bond Reinsurance

On December 19, 2023, the Company entered into a multi-year property catastrophe reinsurance agreement, effective January 1, 2024, with Mystic Re IV Ltd. ("Mystic IV"), a Bermuda domiciled reinsurer, to provide a total of \$300 million of reinsurance coverage for the Company and its affiliates for named storms covering the US, Puerto Rico and US Virgin Islands, and earthquakes covering the US, Puerto Rico, US Virgin Islands and Canada. The reinsurance agreement is fully collateralized. Such collateral is provided by Mystic IV using proceeds from the issuance of certain catastrophe bonds. The reinsurance agreement provides per occurrence coverage based on a weighted industry insured loss index. The Company has not recorded any recoveries under this program.

On December 16, 2022, the Company entered into a multi-year property catastrophe reinsurance agreement, effective January 1, 2023, with Mystic IV to provide a total of \$150 million of reinsurance coverage for the Company and its affiliates for named storms and earthquakes covering US, Caribbean, and Canada. The reinsurance agreement is collateralized. Such collateral is provided by Mystic IV using proceeds from the issuance of certain catastrophe bonds. The reinsurance agreement provides per occurrence indemnity coverage. The Company has not recorded any recoveries under this program.

On June 16, 2021, the Company entered into a multi-year property catastrophe reinsurance agreement, effective July 1, 2021, with Mystic IV to provide a total of \$300 million of reinsurance coverage for the Company and its affiliates

for named storms and earthquakes covering US, Caribbean and Canada. The reinsurance agreement is collateralized. Such collateral is provided by Mystic IV using proceeds from the issuance of certain catastrophe bonds. The reinsurance agreement provides per occurrence indemnity coverage. The Company has not recorded any recoveries under this program.

Florida Hurricane Catastrophe Fund

The Company participates in the Florida Hurricane Catastrophe Fund (“FHCF”), a state-mandated catastrophe fund that provides reimbursement to insurers for a portion of their Florida hurricane losses. FHCF resources may be insufficient to meet the obligations of FHCF. Limits, premium and reimbursements from FHCF apply on a per company basis. If losses fall disproportionately on one insurance entity within the Company, recovery from FHCF could be less than anticipated. On June 1, 2023, the Company renewed coverage for 90% of approximately \$53 million excess of \$25 million. Recoveries from FHCF inure to the sole benefit of the Company. If the Company fails to recover as anticipated from FHCF there could be an adverse effect on the Company’s business, financial condition or results of operations.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with US 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 expenses during the reporting period. The Company's principal estimates include (1) unpaid claims and claim adjustment expense reserves, (2) reinsurance recoverables and associated credit loss allowance, (3) fair value determination of the investment portfolio, (4) impairment assessments of goodwill and intangible assets, (5) deferred income tax valuation allowance, and (6) pension and postretirement benefit obligations.

While the amounts included in the Consolidated Financial Statements reflect management's best estimates and assumptions, these amounts ultimately could vary.

For additional discussion, please refer to footnote 1 in the Company's December 31, 2023 Audited Consolidated Financial Statements and footnote 1 in the Company's September 30, 2024 Unaudited Consolidated Financial Statements.

Unpaid Claims and Claim Adjustment Expense Reserves

Property and casualty insurance unpaid claims and claim adjustment expenses represent the Company's best estimate of amounts necessary to settle all outstanding claims, including claims that are incurred but not reported as of the reporting date. The Company's reserve projections are based primarily on detailed analysis of the facts in each case, experience with similar cases and various historical development patterns. Consideration is given to such historical patterns as field reserving trends and claims settlement practices, loss payments, pending levels of unpaid claims and product mix, as well as court decisions, economic conditions and public attitudes. All of these factors can affect the estimation of reserves.

Establishing loss reserves, including loss reserves for catastrophic events that have occurred, is an estimation process. Many factors can ultimately affect the final settlement of a claim and, therefore, the necessary reserve.

For additional discussion, please refer to footnote 6 in the Company's December 31, 2023 Audited Consolidated Financial Statements and footnote 6 in the Company's September 30, 2024 Unaudited Consolidated Financial Statements.

Asbestos and Environmental

As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities and establishing related reserves, the amount of reserves required to adequately fund the Company's asbestos and environmental claims cannot be accurately estimated using conventional reserving methodologies based on historical data and trends. As a result, the use of conventional reserving methodologies frequently has to be supplemented by subjective considerations including managerial judgment. In that regard, the estimation of asbestos claims and associated liabilities and the analysis of environmental claims considered prevailing applicable law and certain inconsistencies of court decisions as to coverage, plaintiffs' expanded theories of liability, and the risks inherent in major litigation and other uncertainties. The Company believes that in future periods it is possible that the outcome of the continued uncertainties regarding asbestos and environmental related claims could result in an aggregate liability that differs from current reserves and would be covered under the NICO Reinsurance Transaction subject to treaty terms and conditions.

For additional discussion, please refer to footnote 6 in the Company's December 31, 2023 Audited Consolidated Financial Statements and footnote 6 in the Company's September 30, 2024 Unaudited Consolidated Financial Statements.

Reinsurance Recoverables and Associated Credit Loss Allowance

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured business. The Company evaluates and monitors the financial condition of its reinsurers under voluntary reinsurance arrangements to minimize its exposure to significant losses from reinsurer insolvencies. The Company reports its reinsurance recoverables net of an allowance for credit losses. The allowance is based upon the Company's ongoing review of amounts outstanding, length of collection periods, changes in reinsurer credit standing and other relevant factors, including information relating to past events, current conditions, and reasonable and supportable forecasts. The Company assesses allowance for credit losses by individual reinsurers and uses a probability-of-default method. Write-offs of reinsurance recoverable are recorded in the period in which they are deemed uncollectible and are recorded against allowance for credit losses. The establishment of reinsurance recoverables and the related allowance for credit losses is also an inherently uncertain process involving estimates. Changes in these estimates could result in additional charges to the accompanying Consolidated Statements of Operations.

Ceded transactions that transfer risk but are retroactive are included in reinsurance recoverables. The excess of estimated liabilities for claims and claim costs over the consideration paid net of experience adjustments is established as a deferred credit at inception. The deferred amounts are subsequently amortized using the effective interest method over the expected settlement period. The periodic amortization is reflected in the accompanying Consolidated Statements of Operations through benefits, claims and claim adjustment expenses. In transactions where the consideration paid exceeds the estimated liabilities for claims and claim costs a loss is recognized. If the adverse development net of experience adjustments exceeds the original loss, deferred gains are recorded. The deferred gains are subsequently recognized into earnings over the expected settlement period of the reserves.

For additional discussion, please refer to footnote 5 in the Company's December 31, 2023 Audited Consolidated Financial Statements and footnote 4 in the Company's September 30, 2024 Unaudited Consolidated Financial Statements.

Fair Value Determination of the Investment Portfolio

Fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company primarily uses the market approach, which generally utilizes market transaction data for identical or similar instruments.

The hierarchy level assigned to each security in the Company's investments portfolio is based on the Company's assessment of the transparency and reliability of the inputs used in the valuation of each instrument at the measurement date. Securities are classified into three hierarchy levels: Level 1, Level 2 or Level 3.

Regarding fair value measurements, as of September 30, 2024, excluding other assets, the Company reflected \$9.700 billion (12.7%) as level 1 (quoted prices in active markets) primarily consisting of US Treasuries and common equity securities. The majority of the Company's invested assets are reported as level 2 (quoted prices from other observable inputs). As of September 30, 2024, the Company reported \$63.862 billion (83.2%) as level 2, consisting primarily of fixed maturity securities. Finally, the Company reported \$3.113 billion (4.1%) as level 3 (unobservable inputs), primarily consisting of international and privately held securities for which a market price is not readily observable.

For additional discussion, please refer to footnote 10 in the Company's December 31, 2023 Audited Consolidated Financial Statements and footnote 9 in the Company's September 30, 2024 Unaudited Consolidated Financial Statements.

Impairment Losses on Investments

The Company reviews fixed maturity securities and other investments which include limited partnership and other equity method investments (primarily traditional private equity, natural resource and real estate) for impairment on a quarterly basis. (primarily traditional private equity, natural resource and real estate) for impairment on a quarterly basis. These investments are reviewed for both quantitative and qualitative considerations including, but not limited to: (a) the extent of the decline in fair value below book value, (b) the duration of the decline, (c) significant adverse changes in the financial condition or near term prospects of the investment or issuer, (d) significant change in the

business climate or credit ratings of the issuer, (e) general market conditions and volatility, (f) industry factors, (g) the past impairment of the security holding or the issuer, and (h) impact of foreign exchange rates on foreign currency denominated securities.

The Company adopted ASC 326 on January 1, 2023. In accordance with ASC 326, if the Company does not intend to sell the security and it is not more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis, the Company utilizes both qualitative and quantitative inputs to determine if a credit loss is expected.

The Company is required to review its natural resource and other equity method investments when facts and circumstances indicate that carrying values may not be recoverable. In performing a quarterly review, the fair value of the Company's investment is estimated using indicators including, but not limited to, market comparable and analyses, commodity prices, and discounted cash flows and a realized loss is recognized for the excess, if any, of the investment's carrying value over its estimated fair value.

For additional discussion, please refer to footnote 1 in the Company's December 31, 2023 Audited Consolidated Financial Statements and footnote 3 in the Company's September 30, 2024 Unaudited Consolidated Financial Statements.

Impairment Assessments of Goodwill and Intangible Assets

Goodwill is tested for impairment at least annually using either a qualitative or a quantitative process. Election of the approach can be made at the reporting unit level. The reporting unit has the option to skip the qualitative test and move directly to completion of the quantitative process. As of September 30, 2024, the Company has two reporting units – USRM and GRS.

Indefinite-lived intangible assets held by the Company are reviewed for impairment on at least an annual basis using a qualitative process. The classification of the asset as indefinite-lived is reassessed, and an impairment is recognized if the carrying amount of the asset exceeds its fair value.

The Company recognized no goodwill or intangible impairments in 2023.

For additional discussion, please refer to footnote 1 in the Company's December 31, 2023 Audited Consolidated Financial Statements.

Deferred Income Taxes

The income tax provision is calculated under the liability method of accounting. Deferred income tax assets and liabilities are recorded based upon the difference between the financial statement and tax bases of assets and liabilities at the enacted tax rates. The principal assets and liabilities giving rise to such differences are insurance loss reserves, unearned premiums, employee benefits, net unrealized gains and losses on investments, and deferred policy acquisition costs.

For additional discussion, please refer to footnote 8 in the Company's December 31, 2023 Audited Consolidated Financial Statements and footnote 7 in the Company's September 30, 2024 Unaudited Consolidated Financial Statements.

Pension and Postretirement Benefit Obligations

On an annual basis, the Company reviews the discount rate assumption used to determine the benefit obligations and the composition of various yield curves to ensure that the assumed discount rate reflects the Company's best estimate of the rate of return inherent in a portfolio of high-quality debt instruments that would provide the cash flows necessary to settle the Company's projected benefit payments.

The discount rate assumption used to determine the benefit obligations was based on a yield curve approach where the cash flows related to the benefit plans' liability stream were discounted at an interest rate specifically applicable

to the timing of the cash flows. The service cost is calculated by discounting the future cash flows attributable to the current year of service using spot rates specifically applicable to the timing of the cash flows. Interest cost is determined by multiplying each benefit obligation cash flow by the spot rate applicable to that timing of the cash flow.

In choosing the expected long-term rate of return on plan assets, the Company's Retirement Committee considered the historical returns of equity and fixed income markets in conjunction with current economic and financial market conditions.

For additional discussion, please refer to footnote 9 in the Company's December 31, 2023 Audited Consolidated Financial Statements.

ABOUT THE COMPANY

Boston-based LMHC, the parent corporation of the Liberty Mutual Insurance group of entities, is a diversified global insurer and eighth largest global property and casualty insurer based on 2023 gross written premium. The Company also ranks 87th on the Fortune 100 list of largest corporations in the US based on 2023 revenue. As of December 31, 2023, LMHC had \$165.208 billion in consolidated assets, \$140.148 billion in consolidated liabilities, and \$49.4 billion in annual consolidated revenue.

LMHC, through its subsidiaries and affiliated companies, offers a wide range of property and casualty insurance products and services to individuals and businesses alike. In 2001 and 2002, the Company formed a mutual holding company structure, whereby the three principal mutual insurance companies, LMIC, LMFIC and EICOW, each became separate stock insurance companies under the ownership of LMHC. In 2022, SAM, formerly a mutual insurance company, also became a stock insurance company under the ownership of LMHC.

Functionally, the Company conducts substantially all of its insurance business through two business units, with each operating independently of the other in certain areas such as sales, underwriting, and claims, but, as appropriate, collaborating in other areas such as actuarial and financial. Management believes this structure provides increased synergy to the Company and permits each business unit to execute its business strategy and/or to make acquisitions without impacting or disrupting the operations of the other business unit.

LMHC employs over 40,000 people in 29 countries and economies around the world. For a full description of the Company's business operations, products and distribution channels, please visit Liberty Mutual's Investor Relations website at www.libertymutualgroup.com/investors