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

Quarter Ended December 31, 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 twelve months ended December 31, 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, 2024 Audited 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 cyclicality 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 Audited Consolidated Financial Statements.

Consolidated Results of Operations

	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Net written premium	$10,551	$11,330	(6.9%)	$44,963	$46,482	(3.3%)
Pre-tax operating income before limited partnerships income[1]	1,760	1,110	58.6	4,658	622	NM
Limited partnerships income	380	4	NM	1,266	89	NM
Net realized losses	(623)	(271)	129.9	(1,041)	(296)	NM
Acquisition & integration costs	(25)	(32)	(21.9)	(87)	(90)	(3.3)
Restructuring costs	(4)	(55)	(92.7)	(59)	(121)	(51.2)
Discontinued operations, net of tax	34	9	NM	725	59	NM
Consolidated net income	1,242	663	87.3	4,402	228	NM
Less: Net income attributable to non-controlling interest	3	9	(66.7)	19	15	26.7
Net income attributable to LMHC	1,239	654	89.4	4,383	213	NM
Net income attributable to LMHC excluding unrealized impact[2]	1,126	697	61.5	4,249	143	NM
Cash flow provided by continuing operations	$1,567	$1,328	18.0%	$6,469	$3,550	82.2%

1 Limited partnerships income includes LP, LLC and other equity method income within net investment income in the accompanying Consolidated Statements of Income 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 December 31,			Twelve Months Ended December 31,		
	2024	**2023**	**Change (Points)**	**2024**	**2023**	**Change (Points)**
Underlying combined ratio[1]	81.2%	91.1%	(9.9)	85.5%	93.4%	(7.9)
Combined ratio[2]	91.5%	95.1%	(3.6)	95.9%	102.7%	(6.8)

1 The underlying combined ratio is computed as the combined ratio excluding the impact of catastrophes, prior accident year development and current accident year re-estimation. 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.

$ in Millions	As of December 31, 2024	As of December 31, 2023	Change
Short-term debt	$140	$552	(74.6%)
Long-term debt	8,856	9,607	(7.8)
Total debt	$8,996	$10,159	(11.4%)
Unassigned equity	$34,374	$29,991	14.6%
Accumulated other comprehensive loss	(3,928)	(5,127)	(23.4)
Non-controlling interest	206	196	5.1
Total equity	$30,652	$25,060	22.3%

Subsequent Events

On March 2, 2025, the Company announced the agreement to sell its operations in Thailand and Vietnam to Chubb Limited. The Thailand transaction is expected to close by the second quarter of 2025 and the Vietnam transaction is expected to close in 2026, subject to certain closing conditions and regulatory approvals.

There were a series of severe wildfires that impacted areas of Southern California in January 2025. The Company's preliminary pre-tax estimate of catastrophe losses relating to these California wildfires is $1.2 billion. The preliminary amount includes estimated assessments from the California FAIR Plan and reinsurance recoveries net of reinstatement premium. These values do not consider any subrogation. The catastrophe losses will be recorded in the Company's Q1 2025 financial statements.

Management has assessed material subsequent events through March 5, 2025, 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 November 5, 2024, the Company entered into a 30-year facility agreement with Beacon Funding Trust, 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. In return, the Company agreed to pay a semi-annual facility fee to the trust at a rate of 1.7787% per annum applied to the maximum amount of senior notes that the Company could issue and sell to the trust. The Company will not issue the senior notes unless and until it exercises its issuance right under such facility agreement.

On July 29, 2024, the Company announced it had signed an agreement with Markerstudy Group to sell Hughes Insurance in Northern Ireland. The transaction closed November 4, 2024.

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.

In April 2024, Global Risk Solutions (“GRS”) 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 (“LII”), 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:

- 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. 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.

- 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: North America, LII, Liberty Mutual Reinsurance, 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:

	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023[6]**	**Change**	**2024**	**2023[6]**	**Change**
Private passenger automobile	$2,889	$3,344	(13.6%)	$12,605	$14,132	(10.8%)
Homeowners	2,446	2,287	7.0	10,009	9,487	5.5
GRS specialty insurance[1]	881	1,004	(12.3)	3,503	3,933	(10.9)
Commercial property	721	769	(6.2)	2,924	2,835	3.1
GRS reinsurance	390	526	(25.9)	2,920	2,883	1.3
Commercial automobile	648	610	6.2	2,203	2,279	(3.3)
Commercial multiple-peril	486	527	(7.8)	2,024	2,253	(10.2)
GRS casualty[2]	494	673	(26.6)	1,899	2,158	(12.0)
Surety	403	418	(3.6)	1,604	1,525	5.2
Workers compensation	329	373	(11.8)	1,496	1,757	(14.9)
USRM general liability	235	263	(10.6)	1,035	1,165	(11.2)
GRS inland marine[3]	155	147	5.4	613	592	3.5
Corporate reinsurance[4]	5	(33)	NM	266	(181)	NM
GRS other reinsurance	17	(12)	NM	(23)	(163)	(85.9)
Other[5]	452	434	4.1	1,885	1,827	3.2
Total NWP	$10,551	$11,330	(6.9%)	$44,963	$46,482	(3.3%)

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 December 31, 2024 was $10.551 billion, a decrease of $779 million from the same period in 2023.

Significant changes by major line of business for the three months ended December 31, 2024 include:

- Private passenger automobile NWP decreased $455 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 loss trends.
- Homeowners NWP increased $159 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 loss trends.
- GRS specialty insurance NWP decreased $123 million. The decrease reflects re-estimation of premium assessments.
- GRS reinsurance NWP decreased $136 million. The decrease reflects re-estimation of premium assessments.
- GRS casualty NWP decreased $179 million. The decrease reflects de-risking of the portfolio in less profitable products and lower loss portfolio transfer premium.

NWP for the twelve months ended December 31, 2024 was $44.963 billion, a decrease of $1.519 billion from the same period in 2023.

Significant changes by major line of business for the twelve months ended December 31, 2024 include:

- Private passenger automobile NWP decreased $1.527 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 loss trends.
- Homeowners NWP increased $522 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 loss trends.
- GRS specialty insurance NWP decreased $430 million. The decrease reflects re-estimation of premium assessments, higher cessions due to additional reinsurance coverage being purchased as well as internal reinsurance changes which create offsetting differences amongst lines.
- GRS casualty NWP decreased $259 million. The decrease reflects de-risking of the portfolio in less profitable products.
- Commercial multiple-peril NWP decreased $229 million. The decrease reflects targeted actions to align new business growth in response to persistent loss trends.

Consolidated NWP by business was as follows:

	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
USRM	$6,700	$7,069	(5.2%)	$28,279	$29,859	(5.3%)
GRS	3,844	4,294	(10.5)	16,416	16,800	(2.3)
Corporate and Other	7	(33)	NM	268	(177)	NM
Total NWP	$10,551	$11,330	(6.9%)	$44,963	$46,482	(3.3%)
Foreign exchange effect on growth			0.5			0.1
NWP growth excluding foreign exchange[1]			(7.4%)			(3.4%)

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

Consolidated NWP by geographic distribution channels was as follows:

	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
US	$9,205	$9,876	(6.8%)	$38,921	$40,465	(3.8%)
International excluding foreign exchange[1]	1,294	1,454	(11.0)	6,008	6,017	(0.1)
Foreign exchange[1]	52	-	NM	34	-	NM
Total NWP	$10,551	$11,330	(6.9%)	$44,963	$46,482	(3.3%)

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

	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Revenues	$12,218	$12,567	(2.8%)	$50,218	$49,412	1.6%
Underlying PTOI before limited partnerships income	2,949	1,553	89.9	9,406	4,895	92.2
Catastrophes	(234)	(233)	0.4	(3,890)	(4,684)	(17.0)
Net incurred losses attributable to prior years:						
- Asbestos and environmental[1]	(175)	(110)	59.1	(175)	(110)	59.1
- All other[2]	(760)	(40)	NM	(683)	521	NM
Current accident year re-estimation[3]	(20)	(60)	(66.7)	-	-	-
Pre-tax operating income before limited partnerships income	1,760	1,110	58.6	4,658	622	NM
Limited partnerships income[4]	380	4	NM	1,266	89	NM
Pre-tax operating income	2,140	1,114	92.1	5,924	711	NM
Net realized losses	(623)	(271)	129.9	(1,041)	(296)	NM
Acquisition & integration costs	(25)	(32)	(21.9)	(87)	(90)	(3.3)
Restructuring costs	(4)	(55)	(92.7)	(59)	(121)	(51.2)
Pre-tax income	1,488	756	96.8	4,737	204	NM
Income tax expense	280	102	174.5	1,060	35	NM
Consolidated net income from continuing operations	1,208	654	84.7	3,677	169	NM
Discontinued operations, net of tax	34	9	NM	725	59	NM
Consolidated net income	1,242	663	87.3	4,402	228	NM
Less: Net income attributable to non-controlling interest	3	9	(66.7)	19	15	26.7
Net income attributable to LMHC	1,239	654	89.4	4,383	213	NM
Net income attributable to LMHC excluding unrealized impact[5]	1,126	697	61.5	4,249	143	NM
Cash flow provided by continuing operations	$1,567	$1,328	18.0%	$6,469	$3,550	82.2%

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 $46 million and $123 million for the three and twelve months ended December 31, 2024, and $300 million and $340 million for the same periods in 2023.

3 Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2024 and September 30, 2023.

4 Limited partnerships income includes LP, LLC and other equity method income within net investment income in the accompanying Consolidated Statements of Income 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 December 31,		Twelve Months Ended December 31,	
$ in Millions	2024	2023	2024	2023
Taxable interest income	$823	$707	$3,114	$2,710
Tax-exempt interest income	25	29	96	118
Dividends	16	14	54	36
Limited partnerships income	382	8	1,273	99
Mortgage loans	47	51	209	216
Other investment income	115	88	423	193
Gross investment income	1,408	897	5,169	3,372
Investment expenses[2]	(116)	(117)	(427)	(414)
Total net investment income	$1,292	$780	$4,742	$2,958

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 December 31,			Twelve Months Ended December 31,		
$ in Millions	2024	2023	Change	2024	2023	Change
Limited partnerships income[1]	$382	$8	NM	$1,273	$99	NM
Direct investment in natural resources revenues[2]	4	4	0.0	7	8	(12.5)
Direct investment in natural resources expenses[3]	(6)	(8)	(25.0)	(14)	(18)	(22.2)
Total limited partnerships income	$380	$4	NM	$1,266	$89	NM

1 Included within net investment income in the accompanying Consolidated Statements of Income.
2 Included within fee & other revenues in the accompanying Consolidated Statements of Income.
3 Included within operating costs and expenses in the accompanying Consolidated Statements of Income.
NM = Not Meaningful

Net Realized (Losses) Gains $ in Millions	Sales & Settlements	Impairments	Unrealized (Losses) Gains	Total
Three Months Ended December 31, 2024:				
Fixed maturities	($580)	$-	$-	($580)
Equities	14	-	(12)	2
Derivatives	(61)	-	8	(53)
Other	(8)	(133)	149	8
Total	($635)	($133)	$145	($623)
Three Months Ended December 31, 2023:				
Fixed maturities	($142)	$ -	$ -	($142)
Equities	(12)	-	19	7
Derivatives	-	-	(80)	(80)
Other	(13)	(60)	17	(56)
Total	($167)	($60)	($44)	($271)

Net Realized (Losses) Gains $ in Millions	Sales & Settlements	Impairments	Unrealized (Losses) Gains	Total
Twelve Months Ended December 31, 2024:				
Fixed maturities	($971)	$-	$-	($971)
Equities	5	-	45	50
Derivatives	54	-	26	80
Other	(125)	(176)	101	(200)
Total	($1,037)	($176)	$172	($1,041)
Twelve Months Ended December 31, 2023:				
Fixed maturities	($333)	($12)	$ -	($345)
Equities	(6)	-	29	23
Derivatives	33	-	(3)	30
Other	3	(66)	59	(4)
Total	($303)	($78)	$85	($296)

Unrealized Gains Related to Equity Securities[1]	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Net gains recognized during the period on equity securities	$137	$36	NM	$146	$88	65.9%
Less: Net gains recognized during the period on equity securities sold during the period	-	-	-	-	16	(100%)
Unrealized gains recognized during the reporting period on equity securities still held at the reporting date	$137	$36	NM	$146	$72	102.8%

1 Includes equities and equity like securities classified as other.
NM = Not Meaningful

Fourth Quarter Results:

Pre-tax operating income before limited partnerships income for the three months ended December 31, 2024 was $1.760 billion, an increase of $650 million over the same period in 2023. Underlying pre-tax operating income before limited partnerships income was $2.949 billion, an increase of $1.396 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 continued underwriting actions to address persistent loss trends in USRM and improved loss experience related to risk selection and portfolio shifts in GRS.
- Favorable expenses compared to prior year driven by lower employee related costs due to disciplined staffing decisions, and lower variable expenses in USRM.
- Increased personal lines average written premium per policy.
- Higher net investment income.
- Favorable foreign exchange in GRS.

Partially offset by:

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

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

- The changes to underlying PTOI mentioned above.
- Lower current year catastrophes in GRS.
- Current accident year re-estimation strengthening in Q4 2023 that did not recur in GRS.

Partially offset by:

- Unfavorable incurred losses attributable to prior years in the current period versus the prior period, due to reserve strengthening.

- Higher catastrophe losses as compared to prior year which experienced elevated frequency of events in USRM.
- Current accident year re-estimation due to adverse development on long-tail lines in Q4 2024 that did not occur during the same period in 2023 in USRM.

Limited partnership income, including operating income from direct investments in natural resources, for the three months ended December 31, 2024 was $380 million, an increase of $376 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 December 31, 2024 were $12.218 billion, a decrease of $349 million from 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 December 31, 2024 was $11.299 billion, a decrease of $528 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 December 31, 2024 was $1.292 billion, an increase of $512 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 for the three months ended December 31, 2024 were $623 million, an increase of $352 million over the same period in 2023. The net realized losses in the current period were primarily impacted by:

- $580 million of net losses on fixed maturity sales.
- $127 million impairments from the Safeco trade name intangible asset.
- $61 million of net losses on derivatives.
- $12 million net change in equity unrealized losses.

Partially offsetting losses was

- $142 million net change in unrealized gains on energy holdings.
- $14 million of net gains on equities sales.
- $8 million net change in unrealized gains on derivatives.

The prior period was impacted by:

- $142 million of net losses on fixed maturity sales.
- $80 million of net losses on derivatives.
- $60 million of impairments.
- $25 million of net losses on equity and other sales.

Partially offsetting losses was:

- $19 million net change in equity unrealized gains.
- $28 million net change in unrealized gains on energy holdings.

Claims and expenses for the three months ended December 31, 2024 were $10.701 billion, a decrease of $1.023 billion from the same period in 2023. The decrease primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and continued underwriting actions to address persistent loss trends in USRM and improved loss experience related to risk selection and portfolio shifts in GRS.
- Favorable expenses compared to prior year driven by lower employee related costs due to disciplined staffing decisions, and variable expenses in USRM.
- Favorable foreign exchange in GRS.
- Lower current year catastrophes in GRS.

Partially offset by:

- Unfavorable catastrophe losses compared to prior year in USRM.

- Unfavorable incurred losses attributable to prior years in the current period versus the prior period, due to reserve strengthening.
- Higher employee related costs in GRS and Corporate.

Income tax expense on continuing operations for the three months ended December 31, 2024 was $280 million, an increase of $178 million over the same period in 2023. The Company's effective tax rate for the three months ended December 31, 2024 was 18.8% compared to 13.5% 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 in the relevant period.

Discontinued operations, net of tax, for the three months ended December 31, 2024 were $34 million, an increase of $25 million over the same period in 2023. The increase primarily reflects the sale of WEM, partially offset by sale of Hughes.

Net income attributable to LMHC for the three months ended December 31, 2024 was $1.239 billion, an increase of $585 million over the same period in 2023.

Cash flow provided by continuing operations for the three months ended December 31, 2024 was $1.567 billion, an increase of $239 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 before limited partnerships income for the twelve months ended December 31, 2024 was $4.658 billion, an increase of $4.036 billion over the same period in 2023. Underlying pre-tax operating income before limited partnerships income was $9.406 billion, an increase of $4.511 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 continued underwriting actions to address persistent loss trends in USRM and improved loss experience related to risk selection and portfolio shifts in GRS.
- Favorable expenses compared to prior year driven by lower employee related costs due to disciplined staffing decisions, and lower variable expenses in USRM.
- Higher net investment income.
- Lower commissions in GRS.
- Favorable foreign exchange 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 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.

Partially offset by:

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

Limited partnership income, including operating income from direct investments in natural resources, for the twelve months ended December 31, 2024 was $1.266 billion, an increase of $1.177 billion over the same period in 2023. The change primarily reflects:

- Increased favorable valuations driven primarily by private equity and real estate within private capital.

Revenues for the twelve months ended December 31, 2024 were $50.218 billion, an increase of $806 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 twelve months ended December 31, 2024 was $45.515 billion, a decrease of $362 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 twelve months ended December 31, 2024 was $4.742 billion, an increase of $1.784 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 twelve months ended December 31, 2024 were $1.041 billion, an increase of $745 million over the same period in 2023. The net realized losses in the current period were primarily impacted by:

- $971 million net losses on fixed maturity sales.
- $176 million impairments on the Safeco trade name intangible asset, real estate and software.
- $125 million net losses on other investments.

Partially offsetting losses were:

- $81 million net change in unrealized gains on energy holdings.
- $80 million net gains on derivatives.
- $45 million net change in equity unrealized gains.

The prior period was impacted by:

- $333 million net losses on fixed maturities sales.
- $78 million of impairments.
- $17 million net change in derivative and other unrealized losses.

Partially offsetting losses were:

- $73 million net change in unrealized gains on energy holdings.
- $30 million net gains on derivatives sales.
- $29 million net change in equity unrealized gains.

Fee and other revenues for the twelve months ended December 31, 2024 were $1.002 billion, an increase of $129 million over the same period in 2023. The increase primarily reflects:

- Non-traditional revenue
- Real estate income

Claims and expenses for the twelve months ended December 31, 2024 were $45.335 billion, a decrease of $3.662 billion from the same period in 2023. The decrease primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and continued underwriting actions to address persistent loss trends in USRM and improved loss experience related to risk selection and portfolio shifts in GRS.
- 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.
- Favorable expenses compared to prior year driven by lower employee related costs due to disciplined staffing decisions, and lower variable expenses in USRM.
- Favorable foreign exchange in GRS.
- Lower commissions in GRS.

Partially offset by:

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

Income tax expense on continuing operations for the twelve months ended December 31, 2024 was $1,060 million, an increase of $1,025 million over the same period in 2023. The Company's effective tax rate for the twelve months ended December 31, 2024 was 22.4% compared to 17.2% 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 in the relevant period.

Discontinued operations, net of tax, for the twelve months ended December 31, 2024 were $725 million, an increase of $666 million over the same period in 2023. The increase primarily reflects the sale of WEM.

Net income attributable to LMHC for the twelve months ended December 31, 2024 was $4.383 billion, an increase of $4.170 billion over the same period in 2023.

Cash flow provided by continuing operations for the twelve months ended December 31, 2024 was $6.469 billion, an increase of $2.919 billion over the same period in 2023. The increase reflects favorable paid loss activity and premium collections.

	Three Months Ended December 31,			Twelve Months Ended December 31,		
CONSOLIDATED	**2024**	**2023**	**Change (Points)**	**2024**	**2023**	**Change (Points)**
Combined ratio						
Claims and claim adjustment expense ratio	52.5%	62.4%	(9.9)	57.9%	65.3%	(7.4)
Underwriting expense ratio	28.7	28.7	-	27.6	28.1	(0.5)
Underlying combined ratio	81.2	91.1	(9.9)	85.5	93.4	(7.9)
Catastrophes	2.1	2.0	0.1	8.6	10.3	(1.7)
Net incurred losses attributable to prior years:						
- Asbestos and environmental	1.6	0.9	0.7	0.4	0.2	0.2
- All other[1]	6.8	0.6	6.2	1.4	(1.2)	2.6
Current accident year re-estimation[2]	(0.2)	0.5	(0.7)	-	-	-
Total combined ratio	91.5%	95.1%	(3.6)	95.9%	102.7%	(6.8)

1 Net of earned premium and reinstatement premium attributable to prior years.
2 Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2024 and September 30, 2023.

Fourth Quarter Results:

The consolidated underlying combined ratio for the three months ended December 31, 2024 was 81.2%, a decrease of 9.9 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 and improved loss experience related to risk selection and portfolio shifts in GRS.

Partially offset by:

- Higher expenses due to an increase in employee related costs.
- The impact of lower earned premium.

Including the impact of catastrophes, and net incurred losses attributable to prior years, and current accident year re-estimation, the total combined ratio for the three months ended December 31, 2024 was 91.5%, a decrease of 3.6 points from the same period in 2023. The decrease primarily reflects:

- The changes to the underlying combined ratio mentioned above.
- Lower current year catastrophes in GRS.
- Current accident year re-estimation strengthening in Q4 2023 that did not recur in GRS.

Partially offset by:

- Unfavorable catastrophe losses compared to prior year in USRM.
- Current accident year re-estimation due to adverse development on long-tail lines in Q4 2024 that did not occur in 2023 in USRM.
- Unfavorable incurred losses attributable to prior years in the current period versus the prior period, due to reserve strengthening.

Year-to-date Results:

The consolidated underlying combined ratio for the twelve months ended December 31, 2024 was 85.5%, a decrease of 7.9 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 and improved loss experience related to risk selection and portfolio shifts in GRS.
- Decrease in the underwriting expense ratio driven by reduced employee related costs and variable expenses in USRM and 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 twelve months ended December 31, 2024 was 95.9%, a decrease of 6.8 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 in USRM and GRS.

Partially offset by:

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

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 1,371 licensed employee Comparion agents, 744 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 State Auto Mutual Insurance Company ("SAM"), a super-regional insurance holding company headquartered in Columbus, Ohio. With this acquisition, USRM began including US Personal and Small Commercial Lines, coverages sold under the recently acquired SAM brand.

USRM NWP by market segment was as follows:

	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Personal lines	$5,452	$5,753	(5.2%)	$23,253	$24,292	(4.3%)
Small Commercial lines[1]	1,248	1,316	(5.2%)	5,026	5,567	(9.7%)
Total USRM NWP	$6,700	$7,069	(5.2%)	$28,279	$29,859	(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:

	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Private passenger automobile	$2,582	$3,043	(15.1%)	$11,504	$13,063	(11.9%)
Homeowners	2,446	2,287	7.0	10,009	9,487	5.5
Commercial multiple-peril	454	496	(8.5)	1,897	2,134	(11.1)
Commercial automobile	365	361	1.1	1,289	1,396	(7.7)
General liability	235	263	(10.6)	1,035	1,165	(11.2)
Commercial property	182	166	9.6	736	694	6.1
Workers compensation	69	95	(27.4)	334	482	(30.7)
Other[1]	367	358	2.5	1,475	1,438	2.6
Total NWP	$6,700	$7,069	(5.2%)	$28,279	$29,859	(5.3%)

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

Fourth Quarter Results:

NWP for the three months ended December 31, 2024 was $6.700 billion, a decrease of $369 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 twelve months ended December 31, 2024 was $28.279 billion, a decrease of $1.580 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

	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Revenues	$7,536	$7,797	(3.3%)	$30,905	$30,802	0.3%
Underlying PTOI	$2,114	$1,093	93.4	$6,720	$2,662	152.4
Catastrophes	(171)	(118)	44.9	(3,361)	(4,033)	(16.7)
Net incurred losses attributable to prior years[1]	20	(309)	NM	(2)	200	NM
Current accident year re-estimation[2]	(20)	-	NM	-	-	-
Pre-tax operating income (loss)	$1,943	$666	191.7%	$3,357	($1,171)	NM

1 Net of earned premium and reinstatement premium attributable to prior years of zero for the three and twelve months ended December 31, 2024, and zero and ($4) million for the same periods in 2023.
2 Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2024.
NM = Not Meaningful

Fourth Quarter Results:

Pre-tax operating income for the three months ended December 31, 2024 was $1.943 billion, an increase of $1.277 billion over the same period in 2023. Underlying pre-tax operating income was $2.114 billion, an increase of $1.021 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 continued underwriting actions to address persistent loss trends.
- Favorable expenses compared to prior year driven by lower employee related costs due to disciplined staffing decisions, and lower variable expenses.
- Increased personal lines average written premium per policy.

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

- Previously mentioned increase in underlying pre-tax operating income.
- Favorable net incurred losses attributed to prior years driven by 2023 reserve strengthening in the same period that did not recur.

Partially offset by:

- Higher catastrophe losses as compared to the prior year driven by elevated frequency of events.
- Current accident year re-estimation due to adverse development on long-tail lines in Q4 2024 that did not occur during the same period in 2023.

Revenues for the three months ended December 31, 2024 were $7.536 billion, a decrease of $261 million from the same period in 2023. The decrease primarily reflects:

- Realized losses of $128 million, driven by the Company's strategic decision to rebrand its Independent Agent distribution channel from the Safeco brand to the "Liberty Mutual" brand, leading to the reclassification and impairment of the Safeco Trade name intangible asset.
- Lower premiums earned as previously mentioned NWP actions earn in.

Partially offset by:

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

- Increased personal lines average written premium per policy.

Claims and expenses for the three months ended December 31, 2024 were $5.721 billion, a decrease of $1.413 billion from the same period in 2023. The decrease primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and continued underwriting actions to address persistent loss trends.
- Favorable expenses compared to prior year driven by lower employee related costs due to disciplined staffing decisions, and lower variable expenses.
- Favorable net incurred losses attributed to prior years driven by 2023 reserve strengthening in the same period that did not recur.

Partially offset by:

- Unfavorable catastrophe losses compared to prior year

Year-to-date Results:

Pre-tax operating income (loss) for the twelve months ended December 31, 2024 was $3.357 billion, versus ($1.171) billion for the same period in 2023. Underlying pre-tax operating income was $6.720 billion, an increase of $4.058 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 continued underwriting actions to address persistent loss trends.
- Favorable expenses compared to prior year driven by lower employee related costs due to disciplined staffing decisions, and lower variable expenses.

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 recur.

Revenues for the twelve months ended December 31, 2024 were $30.905 billion, an increase of $103 million over the same period in 2023. The increase primarily reflects:

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

Partially offset by:

- Realized losses of $128 million, driven by the Company's strategic decision to rebrand its Personal Lines Independent Agent distribution channel from the Safeco brand to the "Liberty Mutual" brand, leading to the reclassification and impairment of the Safeco Tradename intangible asset.
- Lower premiums earned as previously mentioned NWP actions earn in.

Claims and expenses for the twelve months ended December 31, 2024 were $27.676 billion, a decrease of $4.299 billion from the same period in 2023. The decrease primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and continued underwriting actions to address persistent loss trends.
- Favorable catastrophe losses compared to prior year
- Favorable expenses compared to prior year driven by lower employee related costs due to disciplined staffing decisions, and lower variable expenses.

Partially offset by:

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

	Three Months Ended December 31,			Twelve Months Ended December 31,		
USRM	**2024**	**2023**	**Change (Points)**	**2024**	**2023**	**Change (Points)**
Combined ratio						
Claims and claim adjustment expense ratio	50.6%	63.1%	(12.5)	57.1%	67.6%	(10.5)
Underwriting expense ratio	24.7	24.2	0.5	23.8	25.0	(1.2)
Underlying combined ratio	75.3	87.3	(12.0)	80.9	92.6	(11.7)
Catastrophes	2.4	1.6	0.8	11.5	13.6	(2.1)
Net incurred losses attributable to prior years[1]	(0.3)	4.1	(4.4)	-	(0.7)	0.7
Current accident year re-estimation[2]	(0.3)	-	(0.3)	-	-	-
Total combined ratio	77.1%	93.0%	(15.9)	92.4%	105.5%	(13.1)

1 Net of earned premium and reinstatement premium attributable to prior years.
2 Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2024.

Fourth Quarter Results:

The USRM underlying combined ratio for the three months ended December 31, 2024 was 75.3%, a decrease of 12.0 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, net incurred losses attributable to prior years and current accident year re-estimation, the total combined ratio for the three months ended December 31, 2024 was 77.1%, a decrease of 15.9 points from the same period in 2023. The decrease primarily reflects:

- The changes to the underlying combined ratio mentioned above.
- Favorable net incurred losses attributed to prior years driven by 2023 reserve strengthening in the same period that did not recur.

Partially offset by:

- Unfavorable catastrophe losses compared to prior year.
- Current accident year re-estimation due to adverse development on long-tail lines in Q4 2024 that did not occur in 2023.

Year-to-date Results:

The USRM underlying combined ratio for the twelve months ended December 31, 2024 was 80.9%, a decrease of 11.7 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 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 twelve months ended December 31, 2024 was 92.4%, a decrease of 13.1 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.

Partially offset by

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

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 segment by aligning the business 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:

	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023[2]**	**Change**	**2024**	**2023[2]**	**Change**
North America	$1,564	$1,793	(12.8%)	$6,311	$6,762	(6.7%)
Liberty International Insurance	1,288	1,420	(9.3)	4,992	5,198	(4.0)
Liberty Mutual Reinsurance	390	526	(25.9)	2,920	2,883	1.3
Global Surety	401	417	(3.8)	1,598	1,517	5.3
Other GRS	201	138	45.7	595	440	35.2
Total NWP	$3,844	$4,294	(10.5%)	$16,416	$16,800	(2.3%)
Foreign exchange effect on growth			1.2			0.2
NWP growth excluding foreign exchange[1]			(11.7%)			(2.5%)

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:

	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023[5]**	**Change**	**2024**	**2023[5]**	**Change**
Specialty insurance[1]	$881	$1,004	(12.3%)	$3,503	$3,933	(10.9%)
Reinsurance	390	526	(25.9)	2,920	2,883	1.3
Commercial property	539	603	(10.6)	2,188	2,141	2.2
Casualty[2]	494	673	(26.6)	1,899	2,158	(12.0)
Surety	403	418	(3.6)	1,604	1,525	5.2
Workers Compensation	258	275	(6.2)	1,167	1,274	(8.4)
Private Passenger Auto	307	301	2.0	1,101	1,069	3.0
Commercial automobile	283	249	13.7	914	883	3.5
Inland marine[3]	155	147	5.4	613	592	3.5
Commercial multiple-peril	32	31	3.2	127	119	6.7
Other reinsurance	17	(12)	NM	(23)	(163)	(85.9)
Other[4]	85	79	7.6	403	386	4.4
Total NWP	$3,844	$4,294	(10.5%)	$16,416	$16,800	(2.3%)

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

Fourth Quarter Results:

NWP for the three months ended December 31, 2024, was $3.844 billion, a decrease of $450 million from the same period in 2023.

The decrease primarily reflects:

- Re-estimation of premium assessments, primarily impacting Specialty and Reinsurance
- Lower loss portfolio transfer premium within Casualty
- An intercompany reinsurance transaction within Surety in 2023 that did not recur
- De-risking of the portfolio in less profitable products, primarily across Casualty; and the associated impacts of that across other lines, particularly Workers Compensation

Partially offset by:

- Renewal rate increases across most lines of business, totaling 6.7%, driven by Commercial Automobile.
- Growth in lines with project-based business, particularly Surety lines
- Favorable foreign exchange.

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

Year-to-date Results:

NWP for the twelve months ended December 31, 2024, was $16.416 billion, a decrease of $384 million from the same period in 2023.

The decrease primarily reflects:

- Higher cessions due to additional reinsurance coverage being purchased
- De-risking of the portfolio in less profitable products, primarily across Casualty; and the associated impacts of that across other lines, primarily Workers Compensation
- Re-estimation of premium assessments, primarily impacting Specialty

- The impact of a Surety reinsurance agreement, resulting in lower premium in 2024 due to the sale of Latin American Entities, as compared to higher premium in 2023 due to an intercompany transaction

Partially offset by:

- Renewal rate increases across most lines of business, totaling 4.8%
- Growth in lines with project-based business, particularly Surety lines

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

Results of Operations – GRS

	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Revenues	$4,587	$4,805	(4.5%)	$18,372	$17,940	2.4%
Underlying PTOI	915	459	99.3	3,168	2,114	49.9
Catastrophes	(63)	(117)	(46.2)	(568)	(719)	(21.0)
Net incurred losses attributable to prior years[1]	(8)	191	NM	92	266	(65.4)
Current accident year re-estimation[2]	-	(60)	(100.0)	-	-	-
Pre-tax operating income	$844	$473	78.4%	$2,692	$1,661	62.1%

1 Net of earned premium and reinstatement premium attributable to prior years of $46 million and $123 million for the three and twelve months ended December 31, 2024, and $300 million and $344 million for the same periods in 2023.

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

NM = Not Meaningful

Fourth Quarter Results:

Pre-tax operating income for the three months ended December 31, 2024 was $844 million, an increase of $371 million over the same period in 2023. Underlying pre-tax operating income for the three months ended December 31, 2024 was $915 million, an increase of $456 million over the same period in 2023. The increase in underlying pre-tax operating income primarily reflects:

- Favorable current year loss activity due to improved loss experience related to risk selection and portfolio shifts
- Higher net investment income
- Favorable foreign exchange

Partially offset by:

- Higher expenses due to an increase in employee related costs

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

- The changes to underlying PTOI mentioned above
- Lower current year catastrophes
- Current accident year re-estimation strengthening in Q4 2023 that did not recur

Partially offset by:

- Prior accident year releases in Q4 2023 versus strengthening in Q4 2024

Revenues for the three months ended December 31, 2024 were $4.587 billion, a decrease of $218 million from the same period in 2023. The decrease primarily reflects:

- Lower earned premium due to the changes to NWP mentioned above

Partially offset by:

- Higher net investment income

Claims and expenses for the three months ended December 31, 2024 were $3.744 billion, a decrease of $588 million from the same period in 2023. The decrease primarily reflects:

- Favorable current year loss activity due to improved loss experience related to risk selection and portfolio shifts
- Favorable foreign exchange
- Lower current year catastrophes

Partially offset by:

- Prior accident year releases in Q4 2023 versus strengthening in Q4 2024
- Higher expenses due to an increase in employee related costs

Year-to-date Results:

Pre-tax operating income for the twelve months ended December 31, 2024 was $2.692 billion, an increase of $1.031 billion over the same period in 2023. Underlying pre-tax operating income for the twelve months ended December 31, 2024 was $3.168 billion, an increase of $1.054 billion over the same period in 2023. The increase in underlying pre-tax operating income primarily reflects:

- Higher net investment income
- Favorable current year loss activity due to improved loss experience related to risk selection and portfolio shifts
- Lower commissions
- Favorable foreign exchange

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

Partially offset by:

- Lower prior accident year releases

Revenues for the twelve months ended December 31, 2024 were $18.372 billion, an increase of $432 million over the same period in 2023. The increase primarily reflects:

- Higher net investment income

Partially offset by:

- Lower earned premium due to the changes to NWP mentioned above

Claims and expenses for the twelve months ended December 31, 2024 were $15.687 billion, a decrease of $547 million from the same period in 2023. The decrease primarily reflects:

- Favorable current year loss activity due to improved loss experience related to risk selection and portfolio shifts Favorable foreign exchange
- Lower commissions
- Lower current year catastrophe losses

Partially offset by:

- Higher expenses due to an increase in employee related costs
- Lower prior accident year releases

GRS	Three Months Ended December 31, 2024	2023	Change (Points)	Twelve Months Ended December 31, 2024	2023	Change (Points)
Combined Ratio						
Claims and claim adjustment expense ratio	56.0%	62.6%	(6.6)	58.7%	60.8%	(2.1)
Underwriting expense ratio	32.3	31.0	1.3	31.5	31.4	0.1
Dividend ratio	0.1	0.1	-	0.1	0.1	-
Underlying combined ratio	88.4	93.7	(5.3)	90.3	92.3	(2.0)
Catastrophes	1.6	2.8	(1.2)	3.5	4.4	(0.9)
Net incurred losses attributable to prior years[1]	0.3	(4.0)	4.3	(0.5)	(1.4)	0.9
Current accident year re-estimation[2]	-	1.4	(1.4)	-	-	-
Total combined ratio	90.3%	93.9%	(3.6)	93.3%	95.3%	(2.0)

1 Net of earned premium and reinstatement premium attributable to prior years.
2 Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2023

Fourth Quarter Results:

The GRS underlying combined ratio for the three months ended December 31, 2024 was 88.4%, a decrease of 5.3 points from the same period in 2023. The decrease primarily reflects:

- Lower current year loss activity due to improved loss experience related to risk selection and portfolio shifts

Partially offset by:

- Higher expenses due to an increase in employee related costs
- The impact of lower earned premium

Including the impact of catastrophes, net incurred losses attributable to prior years and current accident year re-estimation, the total combined ratio for the three months ended December 31, 2024 was 90.3%, a decrease of 3.6 points from the same period in 2023. The decrease primarily reflects:

- The changes to the underlying combined ratio mentioned above
- Lower current year catastrophes
- Current accident year re-estimation strengthening in Q4 2023 that did not recur

Partially offset by:

- Prior accident year releases in Q4 2023 versus strengthening in Q4 2024

Year-to-date Results:

The GRS underlying combined ratio for the twelve months ended December 31, 2024 was 90.3%, a decrease of 2.0 points from the same period in 2023. The decrease primarily reflects:

- Lower current year loss activity due to improved loss experience related to risk selection and portfolio shifts
- 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 twelve months ended December 31, 2024 was 93.3%, a decrease of 2.0 points from the same period in 2023. The decrease primarily reflects:

- The changes to the underlying combined ratio mentioned above
- Lower current year catastrophe losses

Partially offset by:

- Lower prior accident year releases

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:

	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Reinsurance, net	$5	($33)	NM	$266	($181)	NM
Workers compensation[1]	2	3	(33.3)	(5)	1	NM
Other	-	(3)	(100.0)	7	3	133.3
Total NWP	$7	($33)	NM	$268	($177)	NM

1 Booked as billed adjustment.
NM = Not Meaningful

Fourth Quarter Results:

NWP for the three months ended December 31, 2024 was $7 million, versus ($33) million for the same period in 2023. The increase primarily reflects:

- Timing of the 2024 exposure adjustments on the internal/external treaties

Year-to-date Results:

NWP for the twelve months ended December 31, 2024 was $268 million, versus ($177) 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

Results of Operations – Corporate and Other

	Three Months Ended December 31,			Twelve Months Ended December 31,		
$ in Millions	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Revenues	$95	($35)	NM	$941	$670	40.4%
Underlying pre-tax operating (loss) income before limited partnerships income	(80)	1	NM	(482)	119	NM
Catastrophes	-	2	(100.0)	39	68	(42.6)
Net incurred losses attributable to prior years:						
-Asbestos and environmental[1]	(175)	(110)	59.1	(175)	(110)	59.1
-All other[2]	(772)	78	NM	(773)	55	NM
Pre-tax operating (loss) income before limited partnerships income	(1,027)	(29)	NM	(1,391)	132	NM
Limited partnership income[3]	380	4	NM	1,266	89	NM
Pre-tax operating (loss) income	($647)	($25)	NM	($125)	$221	NM

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 twelve months ended December 31, 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 Income and revenue and expenses from direct investments in natural resources.
NM = Not Meaningful

Fourth Quarter Results:

Revenues for the three months ended December 31, 2024 were $95 million, versus ($35) million for 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 loss for the three months ended December 31, 2024 was ($647) million, an increase of $622 million over the same period in 2023.

Underlying pre-tax operating (loss) income before limited partnerships income was ($80) million, versus $1 million for the same period in 2023. The increase in underlying pre-tax operating loss primarily reflects:

- Higher employee related costs and variable expenses

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

- Unfavorable incurred losses attributable to prior years in the current period versus the prior period, due to reserve strengthening.
- The changes to underlying PTOI mentioned above

Partially offset by:

- Higher limited partnerships income

Net premium earned for the three months ended December 31, 2024 was $1 million, versus ($124) million for the same period in 2023.

Net investment income including limited partnerships income for the three months ended December 31, 2024 was $558 million, an increase of $222 million over the same period in 2023. The increase primarily reflects:

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

Net realized losses for the three months ended December 31, 2024 were ($494) million, an increase of $226 million over the same period in 2023. The net realized losses in the current period were primarily impacted by:

- $580 million of net losses on fixed maturity sales.
- $127 million impairments from the Safeco trade name intangible asset.
- $61 million of net losses on derivatives.
- $12 million net change in equity unrealized losses.

Partially offsetting losses was

- $142 million net change in unrealized gains on energy holdings.
- $14 million of net gains on equities sales.
- $8 million net change in unrealized gains on derivatives.

The prior period was impacted by:

- $142 million of net losses on fixed maturity sales.
- $80 million of net losses on derivatives.
- $60 million of impairments.
- $25 million of net losses on equity and other sales.

Partially offsetting losses was:

- $19 million net change in equity unrealized gains.
- $28 million net change in unrealized gains on energy holdings.

Claims and expenses for the three months ended December 31, 2024 were $1.236 billion, an increase of $978 million over the same period in 2023. The increase primarily reflects:

- Unfavorable loss activity driven by reserve strengthening in 2024
- Higher employee related costs and variable expenses

Year-to-date Results:

Revenues for the twelve months ended December 31, 2024 were $941 million, an increase of $271 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 loss for the twelve months ended December 31, 2024 was ($125) million, versus income of $221 million for the same period in 2023.

Underlying pre-tax operating (loss) income before limited partnerships income was ($482) million, versus $119 million for the same period in 2023. The increase in underlying pre-tax operating loss primarily reflects:

- Higher employee related costs and variable expenses

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

- Unfavorable incurred losses attributable to prior years in the current period versus the prior period, due to reserve strengthening.

Partially offset by:

- Higher limited partnerships income

Net premium earned for the twelve months ended December 31, 2024 was ($114) million, an increase of $130 million over the same period in 2023.

Net investment income including limited partnerships income for the twelve months ended December 31, 2024 was $1.811 billion, an increase of $634 million over the same period in 2023. The increase primarily reflects:

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

Net realized losses for the twelve months ended December 31, 2024 were ($906) million, an increase of $567 million over the same period in 2023. The net realized losses in the current period were primarily impacted by:

- $971 million net losses on fixed maturity sales.
- $176 million impairments on the Safeco trade name intangible asset, real estate and software.
- $125 million net losses on other investments.

Partially offsetting losses were:

- $81 million net change in unrealized gains on energy holdings.
- $80 million net gains on derivatives.
- $45 million net change in equity unrealized gains.

The prior period was impacted by:

- $333 million net losses on fixed maturities sales.
- $78 million of impairments.
- $17 million net change in derivative and other unrealized losses.

Partially offsetting losses were:

- $73 million net change in unrealized gains on energy holdings.
- $30 million net gains on derivatives sales.
- $29 million net change in equity unrealized gains.

Claims and expenses for the twelve months ended December 31, 2024 were $1.972 billion, an increase of $1.184 billion over the same period in 2023. The increase primarily reflects:

- Unfavorable loss activity driven by reserve strengthening in 2024
- Higher employee related costs and variable expenses

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 December 31, 2024 and December 31, 2023:

Invested Assets by Type	**As of December 31, 2024**		**As of December 31, 2023**	
$ in Millions	**Carrying Value**	**% of Total**	**Carrying Value**	**% of Total**
Fixed maturities, available for sale, at fair value	$70,759	64.1%	$68,901	68.1%
Equity securities	1,326	1.2	996	1.0
Limited partnership investments	16,359	14.8	13,764	13.6
Mortgage loans	3,117	2.8	3,348	3.3
Short-term investments	499	0.5	340	0.3
Other investments	6,010	5.4	4,375	4.3
Cash and cash equivalents	12,396	11.2	9,518	9.4
Total invested assets	$110,466	100.0%	$101,242	100.0%

Total invested assets as of December 31, 2024 were $110.466 billion, an increase of $9.224 billion or 9.1% over December 31, 2023. The increase was primarily related to an increase in limited partnership investments, fixed maturities and cash and cash equivalents, partially offset by a decrease in mortgage loans.

Fixed maturities as of December 31, 2024 were $70.759 billion, an increase of $1.858 billion or 2.7% over December 31, 2023. The increase was primarily driven by additional investments in treasury, corporate bonds, and agency RMBS securities. As of December 31, 2024, included in fixed maturities are commitments to purchase various residential mortgage-backed securities at a cost and fair value of zero and $1 million, respectively.

Equity securities as of December 31, 2024 were $1.326 billion ($1.326 billion common stock) versus $996 million as of December 31, 2023 ($996 million common stock), an increase of $330 million or 33.1% 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 December 31, 2024 and December 31, 2023:

Limited partnership investments	As of December 31, 2024		As of December 31, 2023	
$ in Millions	**Carrying Value**	**% of Total**	**Carrying Value**	**% of Total**
Traditional private equity	$6,435	39.3%	$5,644	41.0%
Real estate	4,375	26.7	3,399	24.7
Private credit	2,281	13.9	1,877	13.6
Natural resources – Energy	701	4.3	753	5.5
Natural resources – Other[1]	2,027	12.4	1,599	11.6
Other	540	3.4	492	3.6
Total limited partnership investments[2]	$16,359	100%	$13,764	100%

1 Included in Natural Resources – $16 million and $20 million of investments in agriculture and timber as of December 31, 2024 and December 31, 2023, and $2.010 billion and $1.578 billion of investments in energy transition and infrastructure as of December 31, 2024 and December 31, 2023, respectively.

2 Included in total limited partnership investments are $616 million and $556 million of limited partnership investments where the Company has elected fair value option of as of December 31, 2024 and December 31, 2023, respectively.

Mortgage loans as of December 31, 2024 were $3.117 billion (net of $29 million of mortgage loan allowances or 0.9% of the outstanding loan portfolio), a decrease of $231 million or 6.9% from December 31, 2023. The decrease is primarily driven by $724 million in principal reduction partially offset by $478 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 2,165 at December 31, 2024.

Cash and cash equivalents as of December 31, 2024 were $12.396 billion, an increase of $2.878 billion or 30.2% over December 31, 2023. The increase was driven by:

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

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

	As of December 31, 2024				
$ in Millions	**Amortized Cost**	**Credit Allowance**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
US government and agency securities	$10,600	$-	$5	($388)	$10,217
Residential MBS [1]	7,263	-	6	(546)	6,723
Commercial MBS	5,035	-	13	(202)	4,846
Other MBS and ABS [2]	6,233	-	34	(151)	6,116
US state and municipal	4,966	-	11	(292)	4,685
Corporate and other	34,290	(32)	199	(1,154)	33,303
Foreign government securities	4,679	-	24	(120)	4,583
Redeemable Preferred Stock	282	-	4	-	286
Total securities available for sale	$73,348	($32)	$296	($2,853)	$70,759

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 December 31, 2024:

Mortgage & Asset-Backed Fixed Maturities by Credit Quality[1]	As of December 31, 2024							
$ in Millions	AAA	AA	A	BBB	BB	B or Lower	Total	% of Total
Residential MBS	$353	$6,368	$-	$-	$-	$2	$6,723	38.0%
Commercial MBS	1,436	3,027	178	173	16	16	4,846	27.4
Other MBS and ABS	1,966	1,463	1,442	984	196	65	6,116	34.6
Total	$3,755	$10,858	$1,620	$1,157	$212	$83	$17,685	100%
% of Total	21.2%	61.4%	9.2%	6.5%	1.2%	0.5%	100%	

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

Approximately 59.4% 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 December 31, 2024, were $3.6 billion in Agency CMBS and $1.2 billion Non-agency CMBS. Included in the Other MBS and ABS on December 31, 2024 were $345 million AA rated SBA Loans. The commercial mortgage-backed securities portfolio is well diversified and of high quality with approximately 95.8% 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 December 31, 2024 and December 31, 2023:

US State and Municipal by Credit Quality[1]	As of December 31, 2024			As of December 31, 2023		
$ in Millions	Fair Value	% of Total	Average Credit Rating	Fair Value	% of Total	Average Credit Rating
State general obligation	$836	17.8%	AA	$1,173	18.6%	AA
Local general obligation	697	14.9	AA	971	15.4	AA
Revenue	3,044	65.0	A	3,991	63.4	A
Pre-refunded	108	2.3	AA	165	2.6	AAA
Total US state and municipal	$4,685	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 December 31, 2024 and December 31, 2023 were $108 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 December 31, 2024 and December 31, 2023:

Fixed Maturities by Credit Quality[1]	**As of December 31, 2024**		**As of December 31, 2023**	
$ in Millions	**Fair Value**	**% of Total**	**Fair Value**	**% of Total**
AAA/AA/A	$50,669	71.6%	$48,873	71.1%
BBB	15,524	21.9	15,235	22.0
Total investment grade	66,193	93.5	64,108	93.1
BB	1,672	2.4	1,953	2.8
B	2,314	3.3	2,301	3.3
CCC or lower	505	0.7	301	0.4
Unrated[2]	75	0.1	238	0.4
Total below-investment grade	4,566	6.5	4,793	6.9
Total fixed maturities	$70,759	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 December 31, 2024.

The following table summarizes available for sale fixed maturity securities by contractual maturity at December 31, 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 December 31, 2024**		**As of December 31, 2023**	
$ in Millions	**Fair Value**	**% of Total**	**Fair Value**	**% of Total**
One year or less	$4,494	6.4%	$2,559	3.7%
Over one year through five years	23,808	33.6	24,949	36.2
Over five years through ten years	18,759	26.5	18,227	26.5
Over ten years	6,013	8.5	7,382	10.7
MBS and ABS	17,685	25.0	15,784	22.9
Total fixed maturities	$70,759	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 December 31, 2024 was 3.7 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 December 31, 2024 and December 31, 2023 that are not deemed to be other-than-temporarily impaired:

	As of December 31, 2024			
$ in Millions	**Less Than 12 Months**		**12 Months or Longer**	
Unrealized Losses & Fair Value by Security Type	**Unrealized Losses**	**Fair Value of Investments with Unrealized Losses**	**Unrealized Losses**	**Fair Value of Investments with Unrealized Losses**
US Government and agency securities	($71)	$4,155	($317)	$4,300
Residential MBS	(39)	2,044	(507)	4,367
Commercial MBS	(11)	984	(191)	2,987
Other MBS and ABS	(6)	1,445	(145)	1,833
US state and municipal	(15)	1,158	(277)	3,029
Corporate and other	(160)	12,505	(994)	12,036
Foreign government securities	(16)	2,076	(104)	1,633
Total securities available for sale	($318)	$24,367	($2,535)	$30,185

	As of December 31, 2023			
$ in Millions	**Less Than 12 Months**		**12 Months or Longer**	
Unrealized Losses & Fair Value by Security Type	**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 $2.853 billion as of December 31, 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 December 31, 2024 are temporary.

The following tables summarize the Company's issuer and sector exposure[1] as of December 31, 2024:

Top 10 Issuers	**As of December 31, 2024**				
$ in Millions	**Fixed Maturity**	**Equity**	**Short- Term**	**Total Exposure**	**% of Invested Assets**
JP Morgan Chase & Co	$629	$-	$-	$629	0.57%
Government of Canada	603	-	19	622	0.56
Bank of America Corp	594	-	-	594	0.54
Government of United Kingdom	574	-	-	574	0.52
Citigroup Inc	523	-	-	523	0.47
Morgan Stanley	521	-	-	521	0.47
Government of Australia	422	-	21	443	0.40
Goldman Sachs Group Inc	388	-	-	388	0.35
Wells Fargo & Co	338	-	-	338	0.31
Toronto-Dominion Bank	273	-	-	273	0.25
Total	$4,865	$-	$40	$4,905	4.44%

Top 10 Sectors	**As of December 31, 2024**				
$ in Millions	**Fixed Maturity**	**Equity**	**Short- Term**	**Total Exposure**	**% of Invested Assets**
Banking	$7,324	$5	$319	$7,648	6.92%
Real Estate	593	4,607	-	5,200	4.71
Electric Utility	2,397	799	-	3,196	2.89
Technology	2,079	828	-	2,907	2.63
Foreign Government	2,788	-	116	2,904	2.63
Insurance	1,975	217	1	2,193	1.99
Healthcare	1,201	454	-	1,655	1.50
Independent Energy	688	701	-	1,389	1.26
Food and Beverage	1,272	45	-	1,317	1.19
Automotive	1,215	43	-	1,258	1.14
Total	$21,532	$7,699	$436	$29,667	26.86%

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 December 31, 2024, investments in the energy sector accounted for $3.168 billion or 2.9% 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 $2.096 billion, bonds that were rated below investment grade of $364 million, publicly traded equity securities of $3 million, and natural resources partnerships and other equity method investments of $705 million. Agriculture and timber investments consist of natural resource partnerships of $16 million. In addition, the Company has direct investments in agriculture and timber of $161 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 December 31, 2024 and December 31, 2023:

Unfunded Commitments	**As of December 31, 2024**		**As of December 31, 2023**	
$ in Millions	**Total**	**% of Total**	**Total**	**% of Total**
Traditional private equity	$3,120	27.7%	$2,566	27.0%
Real Estate	2,635	23.4	2,698	28.3
Private Credit	3,718	33.0	2,945	30.9
Natural resources – Energy	15	0.1	16	0.2
Natural resources – Energy transition and infrastructure	1,385	12.3	1,192	12.5
Natural resources – Timber and agriculture	19	0.2	18	0.2
Other	372	3.3	82	0.9
Total unfunded commitments	$11,264	100%	$9,517	100%

Unfunded commitments as of December 31, 2024 were $11.264 billion, an increase of $1.747 billion 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 December 31, 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 December 31, 2024 the amount of the liability for expected credit losses of unfunded commitments was $22 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:

On November 5, 2024, the Company entered into a 30-year facility agreement with Beacon Funding Trust, 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. In return, the Company agreed to pay a semi-annual facility fee to the trust at a rate of 1.7787% per annum applied to the maximum amount of senior notes that the Company could issue and sell to the trust. The Company will not issue the senior notes unless and until it exercises its issuance right under such facility agreement. For more information, see Note 7 of the "Notes to Consolidated Financial Statements" contained herein in Item 8 for further discussion of this agreement.

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 December 31, 2024 the outstanding FHLB borrowings are fully collateralized.

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 December 31, 2024 (including cash and cash equivalents) totaled $110.466 billion.

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

Short-term debt:

$ in Millions	**As of December 31, 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 December 31, 2024	As of December 31, 2023
8.50% Surplus notes, due 2025	$-	$140
2.75% €750 Million Notes, due 2026	776	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	517	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	9,309	10,088
Unamortized costs	(453)	(481)
Total long-term debt	$8,856	$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 twelve months ended December 31, 2024 was $125 million and $504 million, respectively, a decrease of $5 million and $25 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 December 31, 2024, the Company, through its downstream subsidiary LMGI had $8.5 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 Ratio[1]**		**Dividend Capacity[2]**	**Dividends Paid[3]**
RBC Ratios and Dividend Capacity	**2024**	**2023**	**2025**	**2024**
LMIC	488%	362%	$3,175	$815
LMFIC	398%	382%	$148	$15
EICOW	413%	395%	$179	$-
SAM	3,247%	2,746%	$57	$-

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 twelve months ended December 31, 2024. Available dividend capacity as of December 31, 2024 is calculated as 2025 dividend capacity less dividends paid for the preceding 12 months. Dividends paid January 1, 2024 through December 31, 2024 for LMIC, LMFIC, EICOW and SAM were $815 million, $15 million, zero and zero 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 twelve months ended December 31, 2024, LCS recorded $142 million and $581 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 December 31, 2024**	**As of December 31, 2023**
Total long-term debt	$8,856	$9,607
Unamortized discount and debt issuance costs	(453)	(481)
Total long-term debt excluding unamortized discount and debt issuance costs	$9,309	$10,088
Total equity excluding accumulated other comprehensive income (loss)	$34,580	$30,187
Total capital excluding accumulated other comprehensive income (loss) [1]	$43,889	$40,275
Debt-to-capital capitalization excluding accumulated other comprehensive income (loss) [1]	21.2%	25.0%
Statutory surplus	$32,208	$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 21.2% at December 31, 2024 was within the Company's target range.

REINSURANCE

Reinsurance Recoverables

The Company reported reinsurance recoverables of $19.212 billion and $19.080 billion at December 31, 2024 and December 31, 2023, respectively, net of allowance for credit losses of $155 million and $152 million, respectively. Included in these balances are $1.423 billion and $1.306 billion of paid recoverables and $17.944 billion and $17.926 billion of unpaid recoverables (including retroactive reinsurance), respectively.

S&P Rating[1]	**As of December 31, 2024**			
$ in Millions	**Gross Recoverables[2]**	**Collateral Held[3]**	**Net Recoverables[4]**	**% of Total Net Recoverables**
Rated Entities				
AAA	$ -	$ -	$ -	-
AA+, AA, AA-	8,026	7,638	3,117	28%
A+, A, A-	5,144	978	4,171	37%
BBB+, BBB, BBB-	-	-	-	-
BB+ or below	-	-	-	-
Subtotal	13,170	8,616	7,288	65%
Pools & Associations				
State mandated involuntary pools and associations	2,940	-	2,940	26%
Voluntary	164	124	162	2%
Subtotal	3,104	124	3,102	28%
Non-Rated Entities[5]				
Captives & fronting companies	2,047	2,468	347	3%
Other	1,046	2,192	414	4%
Subtotal	3,093	4,660	761	7%
Grand Total	$19,367	$13,400	$11,151	100%

1 Standard & Poor's ratings are as of December 31, 2024.
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, 2024		
$ in Millions	Gross Recoverables[2]	Collateral Held[3]	Net Recoverables[4]
1. Berkshire Hathaway Insurance Group	$4,837	$6,860	$669
2. Swiss Re Group	1,500	555	946
3. Nationwide Group	999	1	998
4. Everest Re Group	971	301	670
5. Lloyd's of London	631	-	631
6. Partner Re Group	583	161	422
7. Renaissance Re Holdings Group	567	338	229
8. Pacific Valley Ins Co Inc.	391	498	-
9. Munich Re Group	367	28	340
10. Talanx Group	339	87	265
11. Markel Corp	337	2	335
12. CUMIS Insurance Society Group	287	-	287
13. ALEKA INSURANCE, INC	274	370	-
14. Verizon	272	118	154
15. Builders Reinsurance S.A.	258	365	-
State Mandated Involuntary pools and associations	2,940	-	2,940
Voluntary pools and associations	164	124	162
All Other	3,650	3,592	2,103
Total Reinsurance Recoverables	$19,367	$13,400	$11,151

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 94% and 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, 2024. Collateral held against outstanding gross reinsurance recoverable balances was $13.4 billion at December 31, 2024.

The remaining 6% and 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, 2024.

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 $21 million and $17 million for the twelve months ended December 31, 2024 and December 31, 2023, respectively. As of December 31, 2024 and December 31, 2023, deferred gains were $212 million and $237 million. Limits remaining on the contract as of December 31, 2024 were $511 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 $454 million and zero as of December 31, 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.

During 2024, the company had net reserve releases driven by favorable development in workers compensation, partially offset by unfavorable development in asbestos and environmental, including the impact of an updated estimate for discount held. This resulted in the net position of the contract changing from a gain of $33 million as of December 31, 2023 to a net zero position as of December 31, 2024.

The Company reported deferred gain amortization of zero and ($3) million for the twelve months ended December 31, 2024 and December 31, 2023, respectively. As of December 31, 2024 and December 31, 2023, deferred gains were zero and $19 million. Limits remaining on the contract in total, and for asbestos and environmental liabilities, respectively, were $3.216 billion and $82 million as of December 31, 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

For 2024, 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 (the initial $1.6 billion of this limit is available on an All Perils basis); 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 23, 2024, the Company entered into three multi-year property catastrophe reinsurance agreements, effective January 1, 2025, with Mystic Re IV Ltd. ("Mystic IV"), a Bermuda domiciled reinsurer, to provide a total of $325 million of reinsurance coverage for the Company and its affiliates for named storms covering the US, Canada, and Caribbean, and earthquakes covering the US, Canada, and Caribbean. The reinsurance agreements are fully collateralized. Such collateral is provided by Mystic IV using proceeds from the issuance of certain catastrophe bonds. Two of the reinsurance agreements provide per occurrence indemnity coverage (with Severe Weather and Fire excluded), and one of the reinsurance agreements provides annual aggregate indemnity coverage (inclusive of Severe Weather and Fire). The Company has not recorded any recoveries under this program.

On December 19, 2023, the Company entered into a multi-year property catastrophe reinsurance agreement, effective January 1, 2024, with Mystic IV, 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 the 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, 2024, 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, 2024 Audited Consolidated Financial Statements.

Unpaid Claims and Claim Adjustment Expenses

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, 2024 Audited 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, 2024 Audited 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, 2024 Audited 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 December 31, 2024, excluding other assets, the Company reflected $10.941 billion (14.6%) 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 December 31, 2024, the Company reported $60.859 billion (81.2%) as level 2, consisting primarily of fixed maturity securities. Finally, the Company reported $3.167 billion (4.2%) 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, 2024 Audited 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, 2024 Audited 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 December 31, 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.

In Q4 2024, the Safeco trade name intangible asset was reclassified from an indefinite-lived asset to a definite-lived asset, resulting in an impairment charge of ($127).

For additional discussion, please refer to footnote 1 in the Company's December 31, 2024 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, 2024 Audited 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, 2024, LMHC had $166.695 billion in consolidated assets, $136.043 billion in consolidated liabilities, and $50.2 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