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# Liberty Mutual Holding Company Inc.

# FQ2 2022 Earnings Call Transcripts

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S&P Global Market Intelligence Estimates**

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# Table of Contents

# Call Participants

## EXECUTIVES

**Christopher Locke Peirce**
*Executive VP & CFO*

**David Henry Long**
*Chairman & CEO*

**James Michael MacPhee**
*Executive VP, President of Global Retail Markets & Director*

**Neeti Bhalla Johnson**
*Executive VP, President of Global Risk Solutions & Director*

**Nik Vasilakos**

**Timothy Michael Sweeney**
*EVP, President & President of Global Retail Markets*

## ANALYSTS

**Chad Stogel**
*Spectrum Asset Management, Inc.*

**Jeffrey Bernstein**

**Ravi Prakriya**

# Presentation

**Operator**

Good morning, ladies and gentlemen, and welcome to the Liberty Mutual Insurance Second Quarter 2022 Earnings Conference Call. While this call is available online at the URL included in the Liberty Mutual Insurance press release, analysts should participate by phone in order to ask a question. I'd now like to turn the call over to Mr. Nik Vasilakos, Executive Vice President and Treasurer. Mr. Vasilakos, please go ahead.

**Nik Vasilakos**

Good morning, and welcome to Liberty Mutual's Second Quarter 2022 Earnings Call. Hopefully, you've all seen the earnings release and the financial statements posted on our website. Speaking today will be David Long, Chairman and Chief Executive Officer; Tim Sweeney, President; and Chris Peirce, Chief Financial Officer. They will provide an overview of our results in the quarter and over the first half of the year and discuss current market trends.

Also participating on today's call are Damon Hart, Chief Legal Officer; Jim MacPhee, President, Global Retail Markets; Neeti Bhalla Johnson, President, Global Risk Solutions; and Vlad Barbalat, Chief Investment Officer.

Also, as a reminder, today's discussion may contain forward-looking statements that represent the company's beliefs concerning future operations, strategies, financial results and other developments. Actual results may differ materially from those expressed or implied. Please refer to our website for a complete discussion of the risk factors related to this presentation and the company. The company does not intend to and does not undertake any obligation to update these forward-looking statements, which speak only as of today's date. I will now turn the call over to David for his opening remarks.

**David Henry Long**
*Chairman & CEO*

Thanks, Nik, and good morning, everybody. Historically elevated inflation, a multitude of economic headwinds and a rising loss trend environment all contributed to a $343 million net loss for Liberty Mutual Holding Company in the quarter. Inflation continues to weigh on repair and replacement costs for auto and property lines. As such, we're taking a cautious approach to growth for the rest of the year and we'll continue to push for rate.

Pretax operating loss before limited partnership income for the quarter was $263 million compared to income of $448 million in Q2 2021. This loss reflects the inflationary impacts I just discussed as well as a $445 million increase in catastrophe losses to $1.1 billion, largely from major wind and hail events across the Midwest. This was partially offset by reserve releases of $152 million compared to $14 million in 2021.

Net investment income in the quarter totaled $977 million, down from $1.4 billion in Q2 2021. The decrease reflects less favorable valuations across limited partnership investments when compared to the exceptional returns we experienced in the second quarter last year. Excluding limited partnership income, net investment income increased by $57 million as a result of higher new money rates compared to the year ago. Net realized losses in the quarter were $671 million, down $480 million from Q2 2021, primarily driven by unrealized losses on equity holdings, and Tim will touch on investment results in more detail shortly.

Turning to top line. Net written premium was $12.5 billion in the quarter, up over 15% from 2021. The significant increase in the quarter was driven primarily by rate actions within U.S. personal lines and the impact of the State Auto acquisition. This also includes the negative impact of foreign exchange as many international currencies weakened versus the U.S. dollar. The combined ratio for the quarter came in at 105%, up from 98.1% in the prior year quarter, reflecting the aforementioned PTOI drivers. On an underlying basis, the combined ratio deteriorated 5 points to 96.8%. This increase is due to higher non-catastrophe losses within U.S. personal lines due to inflationary pressures on loss costs. The expense ratio decreased 0.2 points to [ 28.7 ] given higher earned premium in both GRM and GRS.

And before I turn the call over to Tim, we do have a couple of updates on the M&A front. In early March, we closed on our acquisition of State Auto. Integration efforts are underway and we're very excited to bring the State Auto team on board. And in addition, a week ago, we also closed on our acquisition of Malaysian insurer, AmGeneral, making us the largest auto insurer and the second largest P&C insurer in Malaysia. And with that, I'll turn it over to Tim for a discussion of business results.

**Timothy Michael Sweeney**
*EVP, President & President of Global Retail Markets*

Thank you, David. I'll start by covering our business results in GRM. As we continue navigating a challenging economic environment, we remain cautious regarding elevated loss cost trends and focused on balancing growth and profitability. To combat adverse trends, we are taking significant rate and implementing underwriting actions such as nonrenewals and leveraging state- and segment-level analytics to strategically slow new business growth, where appropriate, across our regions.

Elevated auto loss trends persist in the U.S., driven by increases in part prices and labor costs that impact claims that are repairable, and used car prices remain significantly elevated, impacting total loss claim severities. These heightened severity pressures have resulted in increased U.S. personal lines auto physical damage trends of over 20% year-over-year. Bodily injury severity also remained elevated in Q2 with annual trends of 6% to 8% for U.S. personal lines.

Attorney involvement in claims continues to rise while distracted driving and fatality rates remain above pre-pandemic levels. Collision frequency is in line with pre-pandemic levels, while bodily injury and physical damage frequency continue to be slightly more favorable as roads are less congested during commuting hours. Personal property loss trends were also elevated in Q2, driven by cost increases for materials and labor.

For U.S. business lines, frequency has generally stayed below pre-pandemic levels while severity remains elevated. We are seeing similar inflationary pressures across Latin American markets with elevated severity from used car prices and spare parts. Europe is also experiencing increases in general inflation, and there's the potential for economic impacts as the war in Ukraine continues to evolve. In our East markets, we have seen rising severity in some markets, largely offset by frequency benefits from temporary COVID-related lockdowns.

Moving on to premium growth. Net written premium in the quarter was $8.9 billion, an increase of $1.4 billion or 18.5% from prior year. Excluding the acquisition of State Auto and the impact of foreign exchange, GRM net written premium increased by $756 million or 10.1%. This increase was primarily driven by the U.S., which grew $692 million in the quarter, driven by personal lines. In the U.S., our actions to address adverse loss trends have resulted in 10.7% net written premium growth over prior year. U.S. personal lines core auto and homeowners premiums increased by 7.8% and 19.3%, respectively, from renewal rate increases of 6.4% and 4.8% and impacts of inflation protection mechanisms embedded in our property pricing. U.S. business lines net written premium was up 3.2% over prior year, primarily driven by rate as well as increased exposure and endorsement activity.

In our international operations, organic net written premium increased by $68 million with the West region up $71 million, driven by significant rate in auto lines in Brazil. In Latin America and Europe, we have been first movers in taking significant rate actions. The East region is in line with prior year, largely due to uneven economic recoveries and pandemic-related policies across markets. Across the region, we will continue leveraging our capabilities in data, analytics and pricing sophistication to better segment the market, improving the underlying quality of our risk and profitably grow our business.

GRM had a pretax operating loss in the quarter of $643 million compared to income of $274 million in the prior year, primarily driven by elevated catastrophe losses and the aforementioned non-cat loss trends. Catastrophe losses in the quarter were $1.1 billion, up $565 million, driven by elevated cat activity in the Midwest and incremental State Auto exposure. Partially offsetting these results were releases to U.S. prior year non-catastrophe personal auto liability reserves of $160 million. The combined ratio in the quarter was 108.9%, up 10.5 points from the prior year quarter. The underlying combined ratio was up 6.8 points to 97.9%, driven by the loss trends I have mentioned. The expense ratio improved 1.3 points, primarily driven by the scale benefits of our top line growth and our focus on expense management.

Moving on to Global Risk Solutions. GRS net written premium was $3.7 billion in the second quarter, an increase of $337 million or 10% over the prior year. The aggregate renewal premium rate increase in the quarter was 7.1%, excluding workers' compensation, and 6.0% in total. We continue to see rates exceeding loss trends in most lines, except workers' compensation and casualty where rates are close to even with loss trends.

As I noted with GRM, we are seeing macroeconomic challenges worldwide, causing loss trends to elevate, with trends averaging 6.5% and 3.0% for North America and international, respectively. We faced headwinds from social and monetary inflation, supply chain disruption, catastrophe and emerging risks and the uncertainty of the market, including the threat of recession. We will continue to implement needed actions, whether it's further rate taking, derisking our portfolio where needed or reviewing terms and conditions to ensure we deliver target profitability. And while we have seen some deceleration in the pace of rate increases, we expect the aggregate rate increase to exceed the aggregate loss trend for the remainder of the year.

Liberty Specialty Markets net written premium for the quarter decreased $29 million or 1.9% lower than the prior year. Retention was lower by approximately 6.5 points due to targeted derisking of the portfolio in unprofitable and economically challenging products, which was offset by renewal rate increases of 5%. GRS North America's net written premium increased $308 million or 22.5% over the prior year. Renewal rates increased approximately 6.5% overall and 8.5%, excluding workers' compensation, which was basically flat. Retention improved approximately 4 points over the prior year as North America is retaining more of its improved portfolio.

In addition to rate retention favorability, North America has seen exposure growth through project-based business, lines with inflation-sensitive exposure bases and premium audits. Global Surety's net written premium increased $55 million or 20% over the prior year due to a significant increase in large bonds in our contract business. In the quarter, GRS underlying pretax operating income was $530 million, a $20 million or 4% improvement over the prior year. Pretax operating income was $418 million, a $57 million or 15.8% improvement over the prior year.

The underlying combined ratio was 91.2%, a reduction of 0.6 points from the prior year. This reflects a 1.1 point reduction in the underlying loss ratio and a 0.5 point increase in the underwriting expense ratio. The loss ratio improvement reflects an improved current accident year loss ratio due to rate in excess of trend, along with favorable current accident year losses. The underwriting expense ratio deterioration reflects investments in infrastructure to support profitable growth and an increase in employee-related costs, partially offset by business growth.

The total combined ratio decreased 1.9 points to 94.4%. The catastrophe ratio decreased in the quarter, driven by significant cat activity in 2021 that did not reoccur. Offsetting this was higher net incurred losses attributable to prior years in 2022, primarily due to development related to prior significant cat and large loss events.

Moving on to investments. Results for the quarter reflected broad geopolitical and macroeconomic uncertainty with the portfolio generating $977 million of net investment income in the second quarter, driven by higher reinvestment yields. Partnership income, a component of net investment income, has slowed, generating $469 million of income in Q2 2022 compared to historic highs in Q2 of 2021 of $954 million. Positive net investment income was partially offset by $587 million of unrealized losses and $84 million of realized losses primarily due to broader equity market declines.

Inflation, rapid global monetary tightening and geopolitics are exerting substantial pressure on the global economy. Valuations in fixed income continue to be impacted by the large inflationary pressures in the U.S., which led to a continued rise in both rates and credit spreads in the second quarter. With these movements, all-in yields and intermediate investment-grade corporate credit are the highest we have seen in more than a decade and offer strong return potential.

During the second quarter, we focused on positioning our fixed income portfolio to take advantage of this attractive yield environment. We believe our portfolio is well positioned to navigate through this volatile market environment. The fixed income portfolio, which represents the majority of our asset base saw a slight increase to corporate bonds during the quarter as we currently favor intermediate corporate credits and other investment-grade products over equity and shorter-term fixed income. Despite interest rate volatility, due to our active portfolio management approach, portfolio duration remains at our liability-aware target.

Overall, Liberty's partnerships were in line with expectations, given current market dynamics. As a reminder, these investments are reported on a quarter lag and do not reflect the full volatility seen in the first half of 2022 in the public markets, which was particularly evident in the technology sector. Partnership performance for the quarter also reflects the importance of diversification as the private equity portfolio, which has historically provided the majority of our returns, was flat while real estate investments accounted for $200 million of income compared to only $109 million in the prior year quarter.

We remain confident in our ability to execute within the private capital space and continue to actively deploy through the cycle. And now Chris will discuss year-to-date results.

**Christopher Locke Peirce**
*Executive VP & CFO*

Thanks, Tim, and good morning, everyone. Results through the first half of the year were heavily impacted by a challenging economic environment as my colleagues have alluded to already. Net income attributable to LMHC was $155 million, down $1.5 billion compared to prior year, driven by less favorable limited partnership's income, equity unrealized losses and weaker underwriting results in GRM.

Limited partnership's income continues to contribute meaningfully to net income, although less so compared to the exceptional returns we experienced last year. Year-to-date, this portfolio has produced $834 million in pretax operating income, down from $1.8 billion in the prior year, driven by lower returns in private equity investments, partially offset by more favorable valuations in energy and real estate investments.

As Tim mentioned, these results are reported on a 1-quarter lag and thus do not reflect the level of volatility seen in public equity markets. Net realized losses were $815 million compared to $63 million of gains in the prior year, primarily due to $637 million of equity unrealized losses and $176 million of net losses on fixed maturity sales as we repositioned some of that portfolio to capture the benefit of rising yields.

Year-to-date, pretax operating income before limited partnerships income was $136 million, down from $524 million in 2021, primarily due to deterioration in personal lines' severity trends. This was partially offset by prior accident year reserve releases in private passenger auto liability and marginal improvement in GRS underwriting results. The underlying combined ratio increased 3.1 points to 94.8% through June, reflecting the deterioration in personal line severity trends we've discussed extensively, partially offset by a continued strong pricing environment in commercial lines, driving improvement for GRS.

The expense ratio improved 0.5 point to 28.7% as a result of earned rate increases and continued expense focus. The all-in combined ratio for the first half of the year was 102.0%, up 2.2 points from 2021, driven by the underlying loss ratio deterioration, partially offset by the expense ratio favorability, a 0.6 point improvement in the catastrophe ratio and 0.6 points of favorable development compared to 0.3 points last year.

We are pushing for significant rate increases to address concerns around the extraordinary inflation facing the industry. There are also pricing mechanics built into certain products where premium is based on payroll, sales or property values, which serves as a natural hedge against inflation. As a result of these pricing mechanics and the rate we're achieving in both businesses, combined with the acquisition of State Auto, growth has been robust.

Year-to-date, net written premium increased 13.4% to $24.1 billion with 15.6% growth in GRM and 10.5% growth in GRS. Cash flow provided by continuing operations was $1.8 billion, down from $2.9 billion over the same period in 2021, reflecting unfavorable paid loss activity and expenses paid in GRM, partially offset by premium collections in both businesses. We ended the second quarter with financial leverage of 25.6%, well within the requirements for our ratings.

On June 1, we issued $1 billion of senior notes due 2052 with a 5.5% coupon. The proceeds will be used to pay $547 million of notes maturing next year and for general corporate purposes. GAAP equity as of June 30 was $23.5 billion, a decrease of $3.4 billion over the prior year end, driven by $5.1 billion of after-tax unrealized losses on fixed maturities due to the rise in interest rates and widening of spreads since the start of the year.
Statutory surplus was $25.6 billion at the end of the quarter, down from $26.5 billion at year end, primarily driven by a combined $1.5 billion of net affiliated and unaffiliated unrealized losses, partially offset by an increase from the consolidation of State Auto. With that, we're happy to take your questions.

# Question and Answer

**Operator**

[Operator Instructions]

And we'll go first to Ravi Prakriya with Junto Capital.

**Ravi Prakriya**

I wonder if I could ask a couple of quick questions on GRM and private passenger auto, in particular. I don't know if you touched on this in the comments, and skimming through the materials, I don't think I saw this. I wonder if you could share with us the core loss ratio progression this quarter versus last quarter on an accident year ex cat basis. And you mentioned some of the pricing action being taken to offset the severity that the industry is experiencing. Maybe as a second question, could you also discuss a little bit your growth posture. I think the -- if I saw it right, 3.9% year-over-year PIF growth is actually quite strong relative to some of the other folks that we can see.

**James Michael MacPhee**
*Executive VP, President of Global Retail Markets & Director*

This is Jim from GRM. I'll take that question. The loss ratio deteriorated in the second quarter, and we did talk in the opening comments about the drivers of those, which are really the short tail lines, if you think about total losses and the impact of the used car prices, if you think of our losses and the impact of rising parts prices, rising labor. And if you think of home, it's the same thing, labor prices and the cost of components to repair homes.

So we are in a period of rising inflation, which is impacting the core loss ratios. I think you asked about like the rate activity we're taking and the growth we're experiencing. And what I would say is, we have a very detailed understanding state by state of the rate we need to get to target loss ratios by line by state. And we have our state product managers working market by market to get our rates to where they need to be.

Beyond rate activity, which has been growing over each of the last several quarters, we are taking nonrate actions so we are increasing nonrenewals, particularly in states where we see an extended time to rate adequacy. And we're reducing growth, in particular, by lowering our acquisition marketing spend. Again, we can target that and we target that mostly to states that have further time line to target profitability.

In terms of growth, the numbers that we include in the chart are 12-month moving numbers so that they match the retentions we show there. But the rate actions that we're taking are increasing quarter-over-quarter and the changes at renewal exceed the rate changes that are shown on the chart there, with homeowners rate changes at renewal over 20% and auto rate changes at about 10% and growing.

**Timothy Michael Sweeney**
*EVP, President & President of Global Retail Markets*

I would just add, Jim, that specific to PIF, our month-over-month PIF has gone negative the last 2 months. And so as we go through the course of the year, with deceleration of the year-over-year but we're also -- we're already seeing month-over-month negative PIF growth, and that will start to show in the subsequent quarters this year.

**James Michael MacPhee**
*Executive VP, President of Global Retail Markets & Director*

Yes, our position is that we're prioritizing driving to target profitability at the expense of unit growth, to your point, Tim.

**Operator**

[Operator Instructions]

We'll go next to Jeff Bernstein with Stonebridge Advisor.

**Jeffrey Bernstein**

Chris, I heard that you've prefunded your maturity for next year. The only question I had was, how do you think about your capacity to issue hybrids?

**Christopher Locke Peirce**
*Executive VP & CFO*

Yes, Jeff so we're -- obviously, we've done a lot of work on that, on the overall capital stack over the last 4 or 5 years and sort of positioning it where we felt very comfortable with the mix. I would say at this point, we're not expecting any changes. The 1 caveat I would say is obviously the final S&P guidance is still pending. So we'll wait and see what the final rules are from them and continue to evaluate. But at this point, I think we feel, overall, comfortable with where we are.

**Operator**

[Operator Instructions] We'll go next to Chad Stogel with Spectrum Asset Management.

**Chad Stogel**
*Spectrum Asset Management, Inc.*

Just a question. I think you mentioned some loss cost figures earlier. Can you just reiterate those? Maybe I got it wrong. There was a [ 4 and a 6 ] number. Were those in GRM or GRS? Can you go back to that?

**Neeti Bhalla Johnson**
*Executive VP, President of Global Risk Solutions & Director*

Why don't I take that to start with GRS? We have loss cost projections of about 6% and we've increased those actually. And so maybe underlying your question, what I would say is, Chris, in his opening remarks, touched on the fact that you've got sort of a number of things happening here. One, we're still seeing positive rate across the bulk of the portfolio at this point. You also have rates exceeding loss cost trends across the bulk of the portfolio.

And the third thing is that the majority of our business actually has an inflation-sensitive exposure base where premium naturally increases with inflation. So it's also really important to analyze renewal premium pricing versus those loss cost trends. So what I would say to the point about sort of that 6-ish percent trend number, the loss cost trend number, there are a number of things to think about here and that we spend a lot of time thinking about.

You all know this. We see this rate peaked -- the rate increases peaked at the end of 2020 and have been decelerating since then, though, of course, more slowly than I think most people expected. Like I said, we do continue to see rate increases in most lines exceed loss cost trends and expect this will continue through the rest of the year. But this was noted in Tim's comments. In comp and casualty lines, we're seeing loss trends are now starting to catch up to rate.

And I think workers' comp has been the line that has been the gift that I think has been giving across most insured portfolios. And what we're seeing is that comp severity is expected to rise. You're starting to see workers' comp medical inflation pick up. We're also starting to see utilization rates return to more normal levels. And so we're watching this very, very closely.

At the end of the day, I think the question is, is 6%, 6.5% the right number? Is it higher? Is it lower? And I think it's fair to say that the confluence of loss cost drivers that we're seeing today, like social and monetary inflation, supply chain, lingering COVID effects, cat, central bank policy, I mean, we all can list the things here, really do make for a very unique and unprecedented [indiscernible]

So we're very humble. We're in a risk business, which is inherently unforecastable. We believe there's greater uncertainty and therefore, a larger variation in the potential range of outcomes here on loss cost trends. And so we ask ourselves, should rates be decelerating at the pace it is? And you can tell yourself in some lines, you're at adequacy, and so that's appropriate. Across others, you could say it's reflecting exposure changes, so maybe.

But you could also say possibly not, just given where we are. So similar to Jim, what I would say is we believe we're at the point in the cycle where a rising rate tide is not going to lift all boats anymore. So we're laser-focused on risk selection, understanding where each line is in the cycle and working to identify parts of our books that are rate-adequate versus loss cost trends and parts where they may not be when you take a forward view on loss trends. And so we will not pursue opportunities in the market where we feel that loss costs exceed our ability to maintain adequate pricing.

**Chad Stogel**

*Spectrum Asset Management, Inc.*

That's helpful -- I'm sorry.

**James Michael MacPhee**
*Executive VP, President of Global Retail Markets & Director*

No. Chad, I was going to comment on personal lines, this is Jim. I think in the opening remarks, Tim mentioned that for auto damage claims, we're seeing loss cost up 20% quarter-over-quarter prior year. And that's really a function of the factors we mentioned, liability in personal lines of about 6% to 8%. And that's -- that is the reason you see us moving so aggressively with rate to counterbalance those.

You have to expect at some point, loss trends will revert sort of to their more historic levels, perhaps with a slight uptick. But until we see that, we're full steam ahead on taking rates so that we can get ahead of these loss trends. On homeowners, like Neeti mentioned, we have an inflation protection component to that. And Tim mentioned the loss trends were up -- the severities were up at about 15% and inflation protection program will cover that for us. In addition to that, we're taking rate to make sure we get to target combined ratios overall.

**Chad Stogel**
*Spectrum Asset Management, Inc.*

That's quite helpful. Just a follow-up on the auto damage and liability claims. Your ability to get rate at such a highly regulated pocket of the market, are you finding that the conversations with regulators are constructive? Are you in certain states that are less constructive? Is that specifically where the nonrenewals have been coming from? Any color you could provide there in terms of like the rate adequacy across the country.

**James Michael MacPhee**
*Executive VP, President of Global Retail Markets & Director*

Yes. We do -- we have assessments state by state, line by line of our current rate adequacy, therefore the rate we need and when we think we can get to target returns based on our outlook for the regulatory environment in each state. And then we have state product managers that are working collaboratively with the Department of Insurance literally every day.

And there are states that are more concerning than others. I think in some of the earnings calls, you've heard about New York and California being places where it's currently tougher to get rates in those. In any market where we think the time to get to target profitability is extended, we are taking -- those are the places that we have higher nonrenewal rates. Those are the places we've really reduced growth, particularly new business growth by dialing back on our marketing expense and evaluating what risk will return quotes for within the IA channel.

So definitely understand our rate need market by market, tailoring our solution to each market. We are working collaboratively with every Department of Insurance to move rates up to where they need to be.

**Timothy Michael Sweeney**
*EVP, President & President of Global Retail Markets*

This is Tim. Just to maybe put a bow on all of this. In GRS, across most lines, we're getting rate in excess of trend, and we feel pretty good and our results year-to-date reflect that. In GRM, particularly personal lines and particularly personal auto, we are still chasing loss trend with rate. We're taking a really aggressive rate. There are a couple of states that are problematic, but generally speaking, we believe we're going to get the rate that we need.

And then I would finally say, over the next 24 months, we are firmly headed to a mid-90s combined ratio. And if that means we sacrifice growth over the next couple of years, that's going to be just fine with us.

**Chad Stogel**
*Spectrum Asset Management, Inc.*

That was the mid-90s in personal lines, right?

**Timothy Michael Sweeney**
*EVP, President & President of Global Retail Markets*

Mid-90s overall, a bit lower than that in most GRS lines, a tad higher than that in personal lines is how we get to the double-digit returns that we're targeting. So think if it's helpful, think low 90s for GRS and think mid-90s for GRM, but GRM's 70% of the book so it leans us back toward the mid-90s overall.

**Operator**

[Operator Instructions] And Mr. Vasilakos, it appears there are no -- I do apologize. We'll go back to Chad Stogel with Spectrum Asset Management.

**Chad Stogel**
*Spectrum Asset Management, Inc.*

Last 1 for me since there were no other questions. Just any update on Russia-Ukraine. You had put up a provision in the first quarter. There's the specialty business in London. Anything there?

**Neeti Bhalla Johnson**
*Executive VP, President of Global Risk Solutions & Director*

Thanks, Chad. No, I would say our total loss exposure estimate that we put up in Q1 was $150 million and we booked this in Q1. No change in Q2. So that's where we're at.

**Operator**

And Mr. Vasilakos, it appears there are no further questions at this time. I'd like to turn the conference back over to you for any additional or closing comments.

**Nik Vasilakos**

Great. Thanks, Jennifer. So really appreciate folks dialing in, asking questions and those folks that dialed in to listen to the call. If people have additional questions that come up after today's call, feel free to reach out to myself and the Investor Relations team here. Thank you. Have a great day.

**Operator**
This concludes the Liberty Mutual Insurance Second Quarter 2022 Earnings Conference Call. Thank you for participating.