



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

Quarter Ended March 31, 2025

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 months ended March 31, 2025 and 2024. 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 and March 31, 2025 Unaudited Consolidated Financial Statements located on the Company's Investor Relations website at www.libertymutualgroup.com/investors. The Company's discussions related to net income are presented in conformity with US generally accepted accounting principles ("GAAP") on an after-tax basis. All other discussions are presented on a pre-tax GAAP basis, unless otherwise noted. Further, the Company notes that it may make material information regarding the Company available to the public, from time to time, via the Company's Investor Relations website at www.libertymutualgroup.com/investors (or any successor site).

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Cautionary Statement Regarding Forward Looking Statements

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

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

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

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

EXECUTIVE SUMMARY

The following highlights do not address all of the matters covered in the other sections of Management's Discussion & Analysis of Financial Condition and Results of Operations or contain all of the information that may be important to the investing public. This summary should be read in conjunction with the other sections of Management's Discussion & Analysis of Financial Condition and Results of Operations and the Company's 2025 Unaudited Consolidated Financial Statements.

Consolidated Results of Operations

\$ in Millions	Three Months Ended March 31,		
	2025	2024	Change
Net written premium	\$10,759	\$10,958	(1.8%)
Pre-tax operating income before limited partnerships income ¹	1,086	1,108	(2.0)
Limited partnerships income	367	159	130.8
Net realized losses	(70)	(92)	(23.9)
Acquisition & integration costs	(24)	(21)	14.3
Restructuring costs	(15)	(6)	150.0
Discontinued operations, net of tax	-	663	(100.0)
Consolidated net income	1,029	1,541	(33.2)
Less: Net income attributable to non-controlling interest	4	6	(33.3)
Net income attributable to LMHC	1,025	1,535	(33.2)
Net income attributable to LMHC excluding unrealized impact ²	1,141	1,543	(26.1)
Cash flow provided by continuing operations	\$439	\$901	(51.3%)

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

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

	Three Months Ended March 31,		
	2025	2024	Change (Points)
Underlying combined ratio ¹	81.9%	88.4%	(6.5)
Combined ratio ²	96.6%	95.8%	0.8

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.

	As of March 31,	As of December 31,	
\$ in Millions	2025	2024	Change
Short-term debt	\$140	\$140	-
Long-term debt	8,917	8,856	0.7
Total debt	\$9,057	\$8,996	0.7%
Unassigned equity	\$35,399	\$34,374	3.0%
Accumulated other comprehensive loss	(3,256)	(3,928)	(17.1)
Non-controlling interest	212	206	2.9
Total equity	\$32,355	\$30,652	5.6%

Subsequent Events

On April 11, 2025 the Company completed the acquisition of JMalucelli Travelers Seguros in Colombia.

Management has assessed material subsequent events through May 8, 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 March 2, 2025, the Company announced the agreement to sell its operations in Thailand (the “Thailand transaction”) and Vietnam (the “Vietnam transaction”) to Chubb Limited. The Thailand transaction closed on March 31, 2025, resulting in a gain of \$151 million. The Vietnam transaction is subject to certain closing conditions and regulatory approval, which is expected by the first half of 2026. The Company met the criteria for held-for-sale accounting in Q1 2025 for the Vietnam transaction, and as a result, a loss of (\$29) million was recorded.

There were a series of severe wildfires that impacted areas of Southern California in January 2025. The Company’s 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.

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 pre-capitalized 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 US 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 US 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.

The Company's two businesses are as follows:

- US Retail Markets ("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:

\$ in Millions	Three Months Ended		
	2025	2024 ⁶	Change
Private passenger automobile	\$2,857	\$3,338	(14.4%)
Homeowners	1,802	1,780	1.2
GRS reinsurance	1,300	1,286	1.1
GRS specialty insurance ¹	856	837	2.3
Commercial automobile	758	687	10.3
Commercial property	579	500	15.8
GRS casualty ²	560	460	21.7
Commercial multiple-peril	447	458	(2.4)
Surety	404	382	5.8
Workers compensation	362	410	(11.7)
USRM general liability	240	263	(8.7)
GRS inland marine ³	165	145	13.8
Corporate reinsurance ⁴	(1)	52	NM
GRS other reinsurance	(13)	(39)	(66.7)
Other ⁵	443	399	11.0
Total NWP	\$10,759	\$10,958	(1.8%)

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 March 31, 2025 was \$10.759 billion, a decrease of \$199 million from the same period in 2024.

Significant changes by major line of business for the three months ended March 31, 2025 include:

- Private passenger automobile NWP decreased \$481 million. The decrease reflects an increase in policyholder shopping.
- Homeowners NWP increased \$22 million. The increase reflects an increase in average written premium per policy.
- GRS specialty insurance NWP increased \$19 million. The increase reflects higher new business.
- Commercial property NWP increased \$79 million. The increase reflects internal reinsurance changes in 2025.
- GRS casualty NWP increased \$100 million. The increase reflects higher loss portfolio transfer premium and rate increases, partially offset by continued risk reduction strategies.

Consolidated NWP by business was as follows:

\$ in Millions	Three Months Ended March 31,		
	2025	2024	Change
USRM	\$6,061	\$6,545	(7.4%)
GRS	4,705	4,376	7.5
Corporate and Other	(7)	37	NM
Total NWP	\$10,759	\$10,958	(1.8%)
Foreign exchange effect on growth			(0.5)
NWP growth excluding foreign exchange ¹			(1.3%)

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

Consolidated NWP by geographic distribution channels was as follows:

\$ in Millions	Three Months Ended March 31,		
	2025	2024	Change
US	\$8,678	\$9,142	(5.1%)
International excluding foreign exchange ¹	2,131	1,816	17.3
Foreign exchange ¹	(50)	-	NM
Total NWP	\$10,759	\$10,958	(1.8%)

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

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

Results of Operations – Consolidated

\$ in Millions	Three Months Ended March 31,		
	2025	2024	Change
Revenues	\$12,486	\$12,475	0.1%
Underlying PTOI before limited partnerships income	2,711	1,926	40.8
Catastrophes	(1,821)	(824)	121.0
Net incurred losses attributable to prior years:			
- Asbestos and environmental ¹	-	-	-
- All other ²	196	6	NM
Pre-tax operating income before limited partnerships income	1,086	1,108	(2.0)
Limited partnerships income ³	367	159	130.8
Pre-tax operating income	1,453	1,267	14.7
Net realized losses	(70)	(92)	(23.9)
Acquisition & integration costs	(24)	(21)	14.3
Restructuring costs	(15)	(6)	150.0
Pre-tax income	1,344	1,148	17.1
Income tax expense	315	270	16.7
Consolidated net income from continuing operations	1,029	878	17.2
Discontinued operations, net of tax	-	663	(100.0)
Consolidated net income	1,029	1,541	(33.2)
Less: Net income attributable to non-controlling interest	4	6	(33.3)
Net income attributable to LMHC	1,025	1,535	(33.2)
Net income attributable to LMHC excluding unrealized impact ⁴	1,141	1,543	(26.1)
Cash flow provided by continuing operations	\$439	\$901	(51.3%)

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 \$91 million for the three months ended March 31, 2025, and \$8 million for the same periods in 2024.

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

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

NM = Not Meaningful

Net Investment Income¹	Three Months Ended March 31,	
	2025	2024
\$ in Millions		
Taxable interest income	\$862	\$723
Tax-exempt interest income	22	25
Dividends	17	10
Limited partnerships income	367	160
Mortgage loans	52	54
Other investment income	110	100
Gross investment income	1,430	1,072
Investment expenses ²	(115)	(101)
Total net investment income	\$1,315	\$971

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		
	March 31,		
\$ in Millions	2025	2024	Change
Limited partnerships income ¹	\$367	\$160	129.4%
Direct investment in natural resources revenues ²	3	1	200.0
Direct investment in natural resources expenses ³	(3)	(2)	50.0
Total limited partnerships income	\$367	\$159	130.8%

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

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

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

Net Realized (Losses) Gains \$ in Millions	Sales & Settlements	Impairments	Unrealized (Losses) Gains	Total
Three Months Ended March 31, 2025:				
Fixed maturities	(\$85)	\$-	\$-	(\$85)
Equities	(4)	-	(24)	(28)
Derivatives	29	-	-	29
Other	153	(12)	(127)	14
Total	\$93	(\$12)	(\$151)	(\$70)
Three Months Ended March 31, 2024:				
Fixed maturities	(\$54)	\$-	\$-	(\$54)
Equities	(19)	-	7	(12)
Derivatives	24	-	22	46
Other	(35)	-	(37)	(72)
Total	(\$84)	\$-	(\$8)	(\$92)

Unrealized Losses Related to Equity Securities ¹	Three Months Ended		
	March 31,		
\$ in Millions	2025	2024	Change
Net losses recognized during the period on equity securities	(\$151)	(\$30)	NM
Less: Net losses recognized during the period on equity securities sold during the period	-	-	-
Unrealized losses recognized during the reporting period on equity securities still held at the reporting date	(\$151)	(\$30)	NM

1 Includes equities and equity like securities classified as other.

NM = Not Meaningful

Pre-tax operating income before limited partnerships income for the three months ended March 31, 2025 was \$1.086 billion, a decrease of \$22 million from the same period in 2024. Underlying pre-tax operating income before limited partnerships income was \$2.711 billion, an increase of \$785 million over the same period in 2024. The increase in underlying pre-tax operating income primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and underwriting actions executed to address persistent loss trends in USRM and a large loss in 2024 that did not recur in GRS.

- Higher net investment income.

Partially offset by:

- Unfavorable expenses compared to prior year driven by advertising expenditures to stimulate growth in USRM.
- The impact of foreign exchange

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

- Higher current year catastrophes primarily due to the impact of the California Wildfires

Partially offset by:

- The changes to underlying PTOI mentioned above.
- Favorable net incurred losses attributed to prior years driven by 2025 reserve releases that did not occur in the same period in 2024 in USRM.

Limited partnership income, including operating income from direct investments in natural resources, for the three months ended March 31, 2025 was \$367 million, an increase of \$208 million over the same period in 2024. The change primarily reflects:

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

Revenues for the three months ended March 31, 2025 were \$12.486 billion, an increase of \$11 million over the same period in 2024. 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 March 31, 2025 was \$10.995 billion, a decrease of \$383 million from the same period in 2024. The decrease primarily reflects the premium earned associated with the changes in NWP previously discussed.

Net investment income for the three months ended March 31, 2025 was \$1.315 billion, an increase of \$344 million over the same period in 2024. The increase, excluding the impact of limited partnerships, primarily reflects:

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

Net realized losses for the three months ended March 31, 2025 were (\$70) million, a decrease of \$22 million from the same period in 2024. The net realized losses in the current period were primarily impacted by:

- \$85 million of net losses on fixed maturity sales.
- \$12 million of impairment losses on software.
- \$24 million net change in unrealized losses on equity securities.
- \$117 million net change in unrealized losses on energy holdings.
- \$29 million realized loss on the Vietnam transaction.

Partially offsetting losses was:

- \$29 million of net gains on derivatives.
- \$150 million realized gain on the Thailand transaction.

The prior period was impacted by:

- \$54 million of net losses on fixed maturity sales.
- \$54 million of net losses on equity and other sales.
- \$41 million net change in unrealized losses on energy holdings.

Partially offsetting losses was:

- \$24 million of net gains on derivative sales.
- \$22 million net change in derivative unrealized gains.
- \$7 million net change in equity unrealized gains.

Claims and expenses for the three months ended March 31, 2025 were \$11.103 billion, a decrease of \$197 million from the same period in 2024. The decrease primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and underwriting actions executed to address persistent loss trends in USRM and a large loss in 2024 that did not recur in GRS.
- Favorable net incurred losses attributable to prior years driven by 2025 reserve releases that did not occur in the same period in 2024 in USRM.

Partially offset by:

- Higher current year catastrophes primarily due to the impact of the California Wildfires
- The impact of foreign exchange

- Unfavorable expenses compared to prior year driven by advertising expenditures to stimulate growth in USRM.

Income tax expense on continuing operations for the three months ended March 31, 2025 was \$315 million, an increase of \$45 million over the same period in 2024. The Company's effective tax rate for the three months ended March 31, 2025 was 23.4% compared to 23.5% for the same period in 2024. The Company's effective tax rate on continuing operations differs from the US Federal statutory rate of 21% primarily due to the impact of non-US operations.

Discontinued operations, net of tax, for the three months ended March 31, 2025 were zero, a decrease of \$663 million from the same period in 2024. The balance in 2024 primarily reflects the sale of Liberty Seguros' personal and small commercial business operations in Ireland, Northern Ireland, Portugal, and Spain (collectively, the "WEM transaction").

Net income attributable to LMHC for the three months ended March 31, 2025 was \$1.025 billion, a decrease of \$510 million from the same period in 2024.

Cash flow provided by continuing operations for the three months ended March 31, 2025 was \$439 million, a decrease of \$462 million from the same period in 2024. The decrease reflects unfavorable paid loss activity due to the impact of the California Wildfires.

CONSOLIDATED	Three Months Ended March 31,		
	2025	2024	Change (Points)
Combined ratio			
Claims and claim adjustment expense ratio	54.0%	62.1%	(8.1)
Underwriting expense ratio	27.9	26.3	1.6
Underlying combined ratio	81.9	88.4	(6.5)
Catastrophes	16.7	7.2	9.5
Net incurred losses attributable to prior years:			
- Asbestos and environmental	-	-	-
- All other ¹	(2.0)	0.2	(2.2)
Total combined ratio	96.6%	95.8%	0.8

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

The consolidated underlying combined ratio for the three months ended March 31, 2025 was 81.9%, a decrease of 6.5 points from the same period in 2024. 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 a large loss in 2024 that did not recur in GRS.

Partially offset by:

- Increase in the underwriting expense ratio driven by advertising expenditures to stimulate growth in USRM

Including the impact of catastrophes, and net incurred losses attributable to prior years, the total combined ratio for the three months ended March 31, 2025 was 96.6%, an increase of 0.8 points over the same period in 2024. The increase primarily reflects:

- Higher current year catastrophes primarily due to the impact of the California Wildfires

Partially offset by:

- The changes to the underlying combined ratio mentioned above.
- Favorable net incurred losses attributed to prior years driven by 2025 reserve releases that did not occur in the same period in 2024 in USRM.

US RETAIL MARKETS

Overview – USRM

USRM consists of Personal Lines and Small Commercial Lines. US Personal Lines sells automobile, homeowners and other types of property and casualty insurance coverage to individuals in the United States. These products are distributed through approximately 1,335 licensed employee Comparison agents, 818 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.

USRM NWP by market segment was as follows:

\$ in Millions	Three Months Ended March 31,		
	2025	2024	Change
Personal lines	\$4,785	\$5,238	(8.6%)
Small Commercial lines ¹	1,276	1,307	(2.4)
Total USRM NWP	\$6,061	\$6,545	(7.4%)

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

USRM NWP by line of business was as follows:

\$ in Millions	Three Months Ended March 31,		
	2025	2024	Change
Private passenger automobile	\$2,579	\$3,068	(15.9%)
Homeowners	1,802	1,780	1.2
Commercial automobile	430	413	4.1
Commercial multiple-peril	420	432	(2.8)
General liability	240	263	(8.7)
Commercial property	188	168	11.9
Workers compensation	72	100	(28.0)
Other ¹	330	321	2.8
Total NWP	\$6,061	\$6,545	(7.4%)

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.

NWP for the three months ended March 31, 2025 was \$6.061 billion, a decrease of \$484 million from the same period in 2024. The decrease primarily reflects:

- Personal lines auto results driven by an increase in policyholder shopping.
- Partially offset by:
- Increased assumed written premiums in small commercial lines from updated treaty terms.
 - Decreased ceded written premiums in both personal and small commercial lines a result of pricing, exposure reduction and structure changes.
 - Increased personal lines average written premium per policy.

Results of Operations – USRM

\$ in Millions	Three Months Ended		
	March 31,		
	2025	2024	Change
Revenues	\$7,284	\$7,825	(6.9%)
Underlying PTOI	\$1,846	\$1,405	31.4
Catastrophes	(1,369)	(775)	76.6
Net incurred losses attributable to prior years ¹	187	(4)	NM
Pre-tax operating income	\$664	\$626	6.1%

¹ Net of earned premium and reinstatement premium attributable to prior years of (\$10) million for the three months ended March 31, 2025, and zero for the same period in 2024.
NM = Not Meaningful

Pre-tax operating income for the three months ended March 31, 2025 was \$664 million, an increase of \$38 million over the same period in 2024. Underlying pre-tax operating income was \$1.846 billion, an increase of \$441 million over the same period in 2024. The change in underlying pre-tax operating income primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and underwriting actions executed to address persistent loss trends.

Partially offset by:

- Unfavorable expenses compared to prior year driven by advertising expenditures to stimulate growth.

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

- Favorable net incurred losses attributed to prior years driven by 2025 reserve releases that did not occur in the same period in 2024.

Partially offset by:

- Higher current year catastrophes primarily due to the impact of the California Wildfires.

Revenues for the three months ended March 31, 2025 were \$7.284 billion, a decrease of \$541 million from the same period in 2024. The decrease primarily reflects:

- Lower premiums earned as previously mentioned NWP actions earn in as well as impacts from reinstatement premium related to the California wildfires.

Partially offset by:

- Higher net investment income.

Claims and expenses for the three months ended March 31, 2025 were \$6.620 billion, a decrease of \$576 million from the same period in 2024. The decrease primarily reflects:

- Favorable non-catastrophe losses driven by improved personal lines frequency and underwriting actions executed to address persistent loss trends.
- Favorable net incurred losses attributed to prior years driven by 2025 reserve releases that did not occur in the same period in 2024.

Partially offset by:

- Higher current year catastrophes primarily due to the impact of the California Wildfires.
- Unfavorable expenses compared to prior year driven by advertising expenditures to stimulate growth.

USRM	Three Months Ended March 31,		
	2025	2024	Change (Points)
Combined ratio			
Claims and claim adjustment expense ratio	53.1%	61.9%	(8.8)
Underwriting expense ratio	25.1	22.9	2.2
Underlying combined ratio	78.2%	84.8%	(6.6)
Catastrophes	20.2	10.5	9.7
Net incurred losses attributable to prior years ¹	(3.4)	0.1	(3.5)
Total combined ratio	95.0%	95.4%	(0.4)

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

The USRM underlying combined ratio for the three months ended March 31, 2025 was 78.2%, a decrease of 6.6 points from the same period in 2024. The decrease primarily reflects:

- Decrease in claims and claim adjustment expense ratio primarily driven by favorable non-catastrophe frequency trends.

Partially offset by:

- Increase in the underwriting expense ratio driven by advertising expenditures to stimulate growth.

Including the impact of catastrophes and net incurred losses attributable to prior years, the total combined ratio for the three months ended March 31, 2025 was 95.0%, a decrease of 0.4 points from the same period in 2024. The decrease primarily reflects:

- The changes to the underlying combined ratio mentioned above
- Favorable net incurred losses attributed to prior years driven by 2025 reserve releases that did not occur in the same period in 2024.

Partially offset by:

- Higher current year catastrophes primarily due to the impact of the California Wildfires

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:

- North America (“NA”) – North America includes admitted and non-admitted property and casualty.
- LII – includes retail, commercial and specialty insurance businesses outside of North America.
- Liberty Mutual Reinsurance (“LM Re”) - Sells insurance for (Re)/insurers to transfer risk away from (Re)/insurance companies.
- 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.

GRS NWP by market segment was as follows:

\$ in Millions	Three Months Ended March 31,		
	2025	2024²	Change
North America	\$1,585	\$1,459	8.6%
Liberty Mutual Reinsurance	1,300	1,286	1.1
Liberty International Insurance	1,264	1,143	10.6
Global Surety	403	380	6.1
Other GRS	153	108	41.7
Total NWP	\$4,705	\$4,376	7.5%
Foreign exchange effect on growth			(1.1)
NWP growth excluding foreign exchange ¹			8.6%

1 Determined by assuming constant foreign exchange rates between periods.

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

GRS NWP by line of business was as follows:

\$ in Millions	Three Months Ended		
	March 31,		
	2025	2024 ⁵	Change
Reinsurance	\$1,300	\$1,286	1.1%
Specialty insurance ¹	856	837	2.3
Casualty ²	560	460	21.7
Surety	404	382	5.8
Commercial property	391	332	17.8
Commercial automobile	328	274	19.7
Workers Compensation	291	316	(7.9)
Private Passenger Auto	278	270	3.0
Inland marine ³	165	145	13.8
Commercial multiple-peril	27	26	3.8
Other reinsurance	(13)	(39)	(66.7)
Other ⁴	118	87	35.6
Total NWP	\$4,705	\$4,376	7.5%

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

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

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

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

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

NWP for the three months ended March 31, 2025, was \$4.705 billion, an increase of \$329 million over the same period in 2024.

The increase primarily reflects:

- Higher new business in Specialty, Reinsurance and Other
- Casualty driven by higher loss portfolio transfer premium and rate increases, partially offset by continued risk reduction strategies
- Commercial Automobile driven by rate and exposure increases
- Growth in lines with project-based business, particularly Surety lines

Partially offset by:

- Worker's Compensation driven by the impact of prior year de-risking in Casualty and exposure decreases
- The impact of foreign exchange

Additionally, internal reinsurance changes in 2025 created offsetting differences amongst segments and lines.

Results of Operations – GRS

\$ in Millions	Three Months Ended March 31,		
	2025	2024	Change
Revenues	\$4,769	\$4,538	5.1%
Underlying PTOI	979	701	39.7
Catastrophes	(340)	(62)	NM
Net incurred losses attributable to prior years ¹	-	-	-
Pre-tax operating income	\$639	\$639	-

¹ Net of earned premium and reinstatement premium attributable to prior years of \$101 million for the three months ended March 31, 2025, and \$8 million for the same period in 2024.
NM = Not Meaningful

Pre-tax operating income for the three months ended March 31, 2025 was \$639 million, which is in line with prior year. Underlying pre-tax operating income for the three months ended March 31, 2025 was \$979 million, an increase of \$278 million over the same period in 2024. The increase in underlying pre-tax operating income primarily reflects:

- Lower current year loss activity due to a large loss in 2024 that did not recur
- Higher net investment income

Partially offset by:

- The impact of foreign exchange
- Higher expenses

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

Offset by:

- Higher current year catastrophes primarily due to the impact of the California Wildfires

Revenues for the three months ended March 31, 2025 were \$4.769 billion, an increase of \$231 million over the same period in 2024. The increase primarily reflects:

- Higher earned premium due to the changes to NWP mentioned above
- Higher net investment income

Claims and expenses for the three months ended March 31, 2025 were \$4.150 billion, an increase of \$244 million over the same period in 2024. The increase primarily reflects:

- Higher current year catastrophes primarily due to the impact of the California Wildfires
- The impact of foreign exchange
- Higher expenses

Partially offset by:

- Lower current year loss activity due to a large loss in 2024 that did not recur

GRS	Three Months Ended March 31,		
	2025	2024	Change (Points)
Combined Ratio			
Claims and claim adjustment expense ratio	55.6%	62.1%	(6.5)
Underwriting expense ratio	30.8	30.5	0.3
Dividend ratio	0.1	0.1	-
Underlying combined ratio	86.5	92.7	(6.2)
Catastrophes	8.3	1.5	6.8
Net incurred losses attributable to prior years ¹	0.3	-	0.3
Total combined ratio	95.1%	94.2%	0.9

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

The GRS underlying combined ratio for the three months ended March 31, 2025 was 86.5%, a decrease of 6.2 points from the same period in 2024. The decrease primarily reflects:

- Lower current year loss activity due to a large loss in 2024 that did not recur

Partially offset by:

- Higher expenses

Including the impact of catastrophes and net incurred losses attributable to prior years, the total combined ratio for the three months ended March 31, 2025 was 95.1%, an increase of 0.9 points over the same period in 2024. The increase primarily reflects:

- Higher current year catastrophes primarily due to the impact of the California Wildfires

Partially offset by:

- The changes to the underlying combined ratio mentioned above

CORPORATE AND OTHER

Overview – Corporate and Other

Corporate and Other includes the following significant items:

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

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

\$ in Millions	Three Months Ended March 31,		
	2025	2024	Change
Reinsurance, net	(\$1)	\$52	NM
Workers compensation ¹	(1)	(6)	(83.3)
Other	(5)	(9)	(44.4)
Total NWP	(\$7)	\$37	NM

1 Booked as billed adjustment.
NM = Not Meaningful

NWP for the three months ended March 31, 2025 was (\$7) million, versus \$37 million for the same period in 2024. The decrease primarily reflects:

- Transfer on external ceded premium that did not re-occur in 2025
- Partially offset by:
- Non-renewal of certain external ceded treaties
 - Reinstatement premium adjustments on internal versus external placement of treaties

Results of Operations – Corporate and Other

\$ in Millions	Three Months Ended March 31,		
	2025	2024	Change
Revenues	\$433	\$112	NM
Underlying pre-tax operating loss before limited partnerships income	(114)	(180)	(36.7)
Catastrophes	(112)	13	NM
Net incurred losses attributable to prior years:			
-Asbestos and environmental ¹	-	-	-
-All other ²	9	10	(10.0)
Pre-tax operating loss before limited partnerships income	(217)	(157)	38.2
Limited partnership income ³	367	159	130.8
Pre-tax operating income	\$150	\$2	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 months ended March 31, 2025 and 2024.

3 Partnerships, LLC and other equity method income includes LP, LLC and other equity method income within net investment income in the accompanying Consolidated Statements of Operations and revenue and expenses from direct investments in natural resources.
NM = Not Meaningful

Revenues for the three months ended March 31, 2025 were \$433 million, an increase of \$321 million over the same period in 2024. The major components of revenues are net premium earned, net investment income (including limited partnerships income), net realized gains (losses), and fee and other revenues.

Pre-tax operating income for the three months ended March 31, 2025 was \$150 million, an increase of \$148 million over the same period in 2024.

Underlying pre-tax operating loss before limited partnerships income was (\$114) million, a decrease of \$66 million from the same period in 2024. The decrease in underlying pre-tax operating loss primarily reflects:

- Lower 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 income primarily reflects:

- Higher limited partnerships income
- The changes to underlying PTOI mentioned above

Partially offset by:

- Higher current year catastrophes

Net premium earned for the three months ended March 31, 2025 was \$15 million, versus (\$57) million for the same period in 2024.

Net investment income including limited partnerships income for the three months ended March 31, 2025 was \$449 million, an increase of \$209 million over the same period in 2024. The increase primarily reflects:

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

Net realized losses for the three months ended March 31, 2025 were (\$50) million, a decrease of \$38 million from the same period in 2024. The net realized losses in the current period were primarily impacted by:

- \$85 million of net losses on fixed maturity sales.
- \$12 million of impairment losses on software.
- \$24 million net change in unrealized losses on equity securities.
- \$117 million net change in unrealized losses on energy holdings.
- \$29 million realized loss on the Vietnam transaction.

Partially offsetting losses was:

- \$29 million of net gains on derivatives.
- \$150 million realized gain on the Thailand transaction.

The prior period was impacted by:

- \$54 million of net losses on fixed maturity sales.
- \$54 million of net losses on equity and other sales.
- \$41 million net change in unrealized losses on energy holdings.

Partially offsetting losses was:

- \$24 million of net gains on derivative sales.
- \$22 million net change in derivative unrealized gains.
- \$7 million net change in equity unrealized gains.

Claims and expenses for the three months ended March 31, 2025 were \$333 million, an increase of \$135 million over the same period in 2024. The increase primarily reflects:

- Unfavorable loss activity driven by catastrophes in 2025

Partially offset by:

- Lower 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 March 31, 2025 and December 31, 2024:

Invested Assets by Type \$ in Millions	As of March 31, 2025		As of December 31, 2024	
	Carrying Value	% of Total	Carrying Value	% of Total
Fixed maturities, available for sale, at fair value	\$71,979	64.3%	\$70,759	64.1%
Equity securities	1,210	1.1	1,326	1.2
Limited partnership investments	17,345	15.5	16,359	14.8
Mortgage loans	3,282	2.9	3,117	2.8
Short-term investments	416	0.4	499	0.5
Other investments	6,432	5.7	6,010	5.4
Cash and cash equivalents	11,342	10.1	12,396	11.2
Total invested assets	\$112,006	100%	\$110,466	100%

Total invested assets as of March 31, 2025 were \$112.006 billion, an increase of \$1.540 billion or 1.4% over December 31, 2024. The increase was primarily related to an increase in fixed maturities and limited partnership investments, partially offset by a decrease in cash and cash equivalents.

Fixed maturities as of March 31, 2025 were \$71.979 billion, an increase of \$1.220 billion or 1.7% over December 31, 2024. The increase was primarily driven by additional investments in treasury and corporate bonds. As of March 31, 2025, 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 March 31, 2025 were \$1.210 billion (\$1.210 billion common stock) versus \$1.326 billion as of December 31, 2024 (\$1.326 billion common stock), a decrease of \$116 million or 8.7% from December 31, 2024. The decrease in equity holdings is being driven by a decrease in Exchange Traded Funds ("ETF").

The following table summarizes the Company's limited partnership investments as of March 31, 2025 and December 31, 2024:

Limited partnership investments \$ in Millions	As of March 31, 2025		As of December 31, 2024	
	Carrying Value	% of Total	Carrying Value	% of Total
Traditional private equity	\$6,915	39.9%	\$6,435	39.3%
Real estate	4,551	26.2	4,375	26.7
Private credit	2,562	14.8	2,281	13.9
Natural resources – Energy	576	3.3	701	4.3
Natural resources – Other ¹	2,218	12.8	2,027	12.4
Other	523	3.0	540	3.4
Total limited partnership investments²	\$17,345	100%	\$16,359	100%

1 Included in Natural Resources – \$17 million and \$16 million of investments in agriculture and timber as of March 31, 2025 and December 31, 2024, and \$2.201 billion and \$2.010 billion of investments in energy transition and infrastructure as of March 31, 2025 and December 31, 2024, respectively.

2 Included in total limited partnership investments are \$491 million and \$616 million of limited partnership investments where the Company has elected fair value option of as of March 31, 2025 and December 31, 2024, respectively.

Mortgage loans as of March 31, 2025 were \$3.282 billion (net of \$31 million of loan loss reserves or 0.9% of the outstanding loan portfolio), an increase of \$165 million or 5.3% over December 31, 2024. The increase is primarily driven by \$359 million in principal partially offset by \$191 million in principal reduction. The entire mortgage loan portfolio is US-based. The number of loans in the portfolio decreased from 2,165 at December 31, 2024 to 2,105 at March 31, 2025.

Cash and cash equivalents as of March 31, 2025 were \$11.342 billion, a decrease of \$1.054 billion or 8.5% from December 31, 2024. The decrease was driven by:

- Cash used in investing activities, partially offset by cash provided by operating and financing activities.

The following tables summarize the Company's available for sale portfolio by security type as of March 31, 2025 and December 31, 2024:

\$ in Millions	As of March 31, 2025				
	Amortized Cost	Credit Allowance	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
US government and agency securities	\$10,553	\$-	\$44	(\$263)	\$10,334
Residential MBS ¹	7,459	-	19	(425)	7,053
Commercial MBS	5,298	-	31	(154)	5,175
Other MBS and ABS ²	6,482	-	41	(126)	6,397
US state and municipal	4,866	-	11	(278)	4,599
Corporate and other	33,818	(30)	265	(887)	33,166
Foreign government securities	5,035	-	41	(95)	4,981
Redeemable Preferred Stock	275	-	4	(5)	274
Total securities available for sale	\$73,786	(\$30)	\$456	(\$2,233)	\$71,979

1 Mortgage-backed securities ("MBS")

2 Asset-backed securities ("ABS")

\$ in Millions	As of December 31, 2024				
	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")

The following table summarizes the Company's mortgage and asset-backed fixed maturity portfolio by credit quality as of March 31, 2025:

Mortgage & Asset-Backed Fixed Maturities by Credit Quality ¹	As of March 31, 2025							
	AAA	AA	A	BBB	BB	B or Lower	Total	% of Total
Residential MBS	\$471	\$6,580	\$-	\$-	\$-	\$2	\$7,053	37.9%
Commercial MBS	1,679	3,051	220	191	18	16	5,175	27.8
Other MBS and ABS	2,055	1,569	1,562	981	170	60	6,397	34.3
Total	\$4,205	\$11,200	\$1,782	\$1,172	\$188	\$78	\$18,625	100%
% of Total	22.6%	60.1%	9.6%	6.3%	1.0%	0.4%	100%	

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

Approximately 57.4% 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

98.6% of the holdings have investment grade ratings. Included in the commercial mortgage-backed securities on March 31, 2025, were \$3.6 billion in Agency CMBS and \$1.6 billion Non-agency CMBS. Included in the Other MBS and ABS on March 31, 2025 were \$333 million AA rated SBA Loans. The commercial mortgage-backed securities portfolio is well diversified and of high quality with approximately 95.7% 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 March 31, 2025 and December 31, 2024:

US State and Municipal by Credit Quality ¹	As of March 31, 2025			As of December 31, 2024		
	Fair Value	% of Total	Average Credit Rating	Fair Value	% of Total	Average Credit Rating
\$ in Millions						
State general obligation	\$843	18.3%	AA	\$836	17.8%	AA
Local general obligation	770	16.7	AA	697	14.9	AA
Revenue	2,900	63.1	A	3,044	65.0	A
Pre-refunded	86	1.9	AA	108	2.3	AA
Total US state and municipal	\$4,599	100%	AA	\$4,685	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 March 31, 2025 and December 31, 2024 were \$86 million and \$108 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 March 31, 2025 and December 31, 2024:

Fixed Maturities by Credit Quality ¹	As of March 31, 2025		As of December 31, 2024	
	Fair Value	% of Total	Fair Value	% of Total
\$ in Millions				
AAA/AA/A	\$51,761	71.9%	\$50,669	71.6%
BBB	15,315	21.3	15,524	21.9
Total investment grade	67,076	93.2	66,193	93.5
BB	2,040	2.8	1,672	2.4
B	2,369	3.3	2,314	3.3
CCC or lower	417	0.6	505	0.7
Unrated ²	77	0.1	75	0.1
Total below-investment grade	4,903	6.8	4,566	6.5
Total fixed maturities	\$71,979	100%	\$70,759	100%

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 March 31, 2025.

The following table summarizes available for sale fixed maturity securities by contractual maturity at March 31, 2025 and December 31, 2024. 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 March 31, 2025		As of December 31, 2024	
	Fair Value	% of Total	Fair Value	% of Total
\$ in Millions				
One year or less	\$3,820	5.3%	\$4,494	6.4%
Over one year through five years	25,175	35.0	23,808	33.6
Over five years through ten years	17,920	24.9	18,759	26.5
Over ten years	6,439	8.9	6,013	8.5
MBS and ABS	18,625	25.9	17,685	25.0
Total fixed maturities	\$71,979	100%	\$70,759	100%

During 2025, 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 March 31, 2025 was 3.8 years versus 3.7 years as of December 31, 2024.

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 March 31, 2025 and December 31, 2024 that are not deemed to be other-than-temporarily impaired:

	As of March 31, 2025			
\$ 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	(\$15)	\$951	(\$248)	\$3,450
Residential MBS	(13)	1,219	(412)	4,290
Commercial MBS	(5)	746	(149)	2,957
Other MBS and ABS	(7)	2,197	(119)	1,697
US state and municipal	(26)	1,271	(252)	2,834
Corporate and other	(102)	7,378	(785)	10,524
Foreign government securities	(12)	969	(83)	1,407
Redeemable preferred stock	(3)	52	(2)	29
Total securities available for sale	(\$183)	\$14,783	(\$2,050)	\$27,188

	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

Unrealized losses for fixed maturity securities decreased from \$2.853 billion as of December 31, 2024 to \$2.233 billion as of March 31, 2025. 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 March 31, 2025 are temporary.

The following tables summarize the Company's issuer and sector exposure¹ as of March 31, 2025:

Top 10 Issuers	As of March 31, 2025				
\$ in Millions	Fixed Maturity	Equity	Short-Term	Total Exposure	% of Invested Assets
Government of United Kingdom	\$724	\$-	\$6	\$730	0.65%
Government of Canada	698	-	4	702	0.63
Bank of America Corp	607	-	-	607	0.54
JP Morgan Chase & Co	601	-	-	601	0.54
Citigroup Inc	529	-	-	529	0.47
Morgan Stanley	520	-	-	520	0.46
Government of Australia	477	-	18	495	0.44
Goldman Sachs Group Inc	388	-	-	388	0.35
Wells Fargo & Co	380	-	-	380	0.34
Duke Energy Corp	270	-	-	270	0.24
Total	\$5,194	\$-	\$28	\$5,222	4.66%

Top 10 Sectors	As of March 31, 2025				
\$ in Millions	Fixed Maturity	Equity	Short-Term	Total Exposure	% of Invested Assets
Banking	\$7,060	\$14	\$284	\$7,358	6.58%
Real Estate	593	4,818	-	5,411	4.83
Electric Utility	2,672	814	-	3,486	3.11
Foreign Government	3,102	-	66	3,168	2.83
Technology	2,145	852	-	2,997	2.68
Insurance	1,940	215	1	2,156	1.92
Healthcare	1,298	477	-	1,775	1.58
Food and Beverage	1,351	47	-	1,398	1.25
Independent Energy	694	576	-	1,270	1.13
Finance Companies	909	318	2	1,229	1.10
Total	\$21,764	\$8,131	\$353	\$30,248	27.01%

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 March 31, 2025, investments in the energy sector accounted for \$3.078 billion or 2.7% 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 \$2.083 billion, bonds that were rated below investment grade of \$413 million, publicly traded equity securities of \$3 million, and natural resources partnerships and other equity method investments of \$579 million. Agriculture and timber investments consist of natural resource partnerships of \$17 million. In addition, the Company has direct investments in agriculture and timber of \$171 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 March 31, 2025 and December 31, 2024:

Unfunded Commitments	As of March 31, 2025		As of December 31, 2024	
	Total	% of Total	Total	% of Total
\$ in Millions				
Traditional private equity	\$3,086	26.9%	\$3,120	27.7%
Real Estate	2,965	25.9	2,635	23.4
Private Credit	3,439	30.0	3,718	33.0
Natural resources – Energy	15	0.1	15	0.1
Natural resources – Energy transition and infrastructure	1,346	11.7	1,385	12.3
Natural resources – Timber and agriculture	19	0.2	19	0.2
Other	589	5.2	372	3.3
Total unfunded commitments	\$11,459	100%	\$11,264	100%

Unfunded commitments as of March 31, 2025 were \$11.459 billion, an increase of \$195 million over December 31, 2024. The increase is primarily driven by new commitments net of contributions related to real estate and other investments. The unfunded energy investment commitments at March 31, 2025 and December 31, 2024 were \$15 million 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 March 31, 2025 the amount of the liability for expected credit losses of unfunded commitments was \$26 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 pre-capitalized 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 US 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 US Treasury securities held by the trust. In return, the Company agreed to pay a semiannual 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 March 31, 2025 the outstanding FHLB borrowings are fully collateralized.

State Auto Mutual Insurance Company ("SAM"), State Auto Property & Casualty Insurance Company ("SPC") and Rockhill Insurance Company ("RIC") memberships were cancelled on August 25, 2023. Final cancellation of FHLB memberships have a five-year waiting period, so final membership expiration dates are August 25, 2028. Ironshore Indemnity Insurance ("III") and Ironshore Specialty Insurance Company ("ISIC") memberships were cancelled on February 24th and 25th, 2020, respectively. III's five-year waiting period was waived by FHLB, so final membership cancellation was effective on February 9, 2022. For ISIC, the effective date of its final membership cancellation was 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 March 31, 2025 (including cash and cash equivalents) totaled \$112.006 billion.

Debt outstanding as of March 31, 2025 and December 31, 2024 was as follows:

Short-term debt:

\$ in Millions	As of March 31, 2025	As of December 31, 2024
8.50% Surplus notes, due 2025	\$140	\$140
Total short-term debt	\$140	\$140

Long-term debt:

\$ in Millions	As of March 31, 2025	As of December 31, 2024
2.75% €750 Million Notes, due 2026	\$809	\$776
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	540	517
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
3.95% Notes, due 2060	746	746
4.30% Junior Subordinated notes, due 2061 ²	800	800
7.80% Junior Subordinated notes, due 2087 ³	437	437
10.75% Junior Subordinated notes, due 2088 ⁴	35	35
7.697% Surplus notes, due 2097	260	260
Subtotal	9,365	9,309
Unamortized costs	(448)	(453)
Total long-term debt	\$8,917	\$8,856

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

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

(4) 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.

Interest Expense

Consolidated interest expense for the three months ended March 31, 2025 was \$127 million, a decrease of \$1 million from the same period in 2024.

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 March 31, 2025, the Company, through its downstream subsidiary LMGI had \$8.6 billion of debt outstanding, excluding discount and issuance costs.

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

\$ in Millions	RBC Ratio¹		Dividend Capacity²	Dividends Paid³
RBC Ratios and Dividend Capacity	2024	2023	2025	2025
LMIC	488%	362%	\$3,175	\$16
LMFIC	398%	382%	\$148	\$4
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 three months ended March 31, 2025. Available dividend capacity as of March 31, 2025 is calculated as 2025 dividend capacity less dividends paid for the preceding 12 months. Dividends paid April 1, 2024 through March 31, 2025 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 months ended March 31, 2025, LCS recorded \$122 million 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 March 31, 2025	As of December 31, 2024
Total long-term debt	\$8,917	\$8,856
Unamortized discount and debt issuance costs	(448)	(453)
Total long-term debt excluding unamortized discount and debt issuance costs	\$9,365	\$9,309
Total equity excluding accumulated other comprehensive income (loss)	\$35,611	\$34,580
Total capital excluding accumulated other comprehensive income (loss) ¹	\$44,976	\$43,889
Debt-to-capital capitalization excluding accumulated other comprehensive income (loss) ¹	20.8%	21.2%
Statutory surplus	\$33,066	\$32,208

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 20.8% at March 31, 2025 was within the Company’s target range.

REINSURANCE

Reinsurance Recoverables

The Company reported reinsurance recoverables of \$20.529 billion and \$19.212 billion at March 31, 2025 and December 31, 2024, respectively, net of allowance for credit losses of \$160 million and \$155 million, respectively. Included in these balances are \$1.497 billion and \$1.423 billion of paid recoverables and \$19.192 billion and \$17.944 billion of unpaid recoverables (including retroactive reinsurance), respectively.

The year-to-date \$1.317 billion increase in the reported reinsurance recoverables, net of allowance for doubtful accounts, primarily reflects increasing recoveries on inforce reinsurance protection for the casualty lines portfolios and cessions of catastrophe related loss activity on our core property catastrophe covers, driven by the impacts of the California Wildfires.

S&P Rating ¹	As of December 31, 2024			
	Gross Recoverables ²	Collateral Held ³	Net Recoverables ⁴	% of Total Net Recoverables
\$ in Millions				
<u>Rated Entities</u>				
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%
<u>Pools & Associations</u>				
State mandated involuntary pools and associations	2,940	-	2,940	26%
Voluntary	164	124	162	2%
Subtotal	3,104	124	3,102	28%
<u>Non-Rated Entities⁵</u>				
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
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 \$11 million and \$9 million for the three months ended March 31, 2025 and March 31, 2024, respectively. As of March 31, 2025 and December 31, 2024, deferred gains were \$203 million and \$212 million. Limits remaining on the contract as of March 31, 2025 were \$514 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 \$468 million and zero as of March 31, 2025.

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.

The Company reported the net position of the contract as a loss of \$4 million and zero as of March 31, 2025 and December 31, 2024, respectively. Limits remaining on the contract in total, and for asbestos and environmental liabilities, respectively, were \$3.216 billion and \$83 million as of March 31, 2025.

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 2025, 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 \$2.8 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 \$1.5 billion of this limit is largely available on an All Perils basis); 2) aggregate excess of loss coverage for \$500 million in excess of \$2.4 billion of losses, subject to a \$100 million per event deductible, covering all natural perils; 3) per occurrence excess of loss coverage targeting our reinsurance exposures; and 4) quota share reinsurance coverage. 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 \$100 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 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.

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 and footnote 1 in the Company's March 31, 2025 Unaudited 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 and footnote 6 in the Company's March 31, 2025 Unaudited Consolidated Financial Statements.

Asbestos and Environmental

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

For additional discussion, please refer to footnote 6 in the Company's December 31, 2024 Audited Consolidated Financial Statements and footnote 6 in the Company's March 31, 2025 Unaudited Consolidated Financial Statements.

Reinsurance Recoverables and Associated Credit Loss Allowance

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured business. The Company evaluates and monitors the financial condition of its reinsurers under voluntary reinsurance arrangements to minimize its exposure to significant losses from reinsurer insolvencies. The Company reports its reinsurance recoverables net of an allowance for credit losses. The allowance is based upon the Company's ongoing review of amounts outstanding, length of collection periods, changes in reinsurer credit standing and other

relevant factors, including information relating to past events, current conditions, and reasonable and supportable forecasts. The Company assesses allowance for credit losses by individual reinsurers and uses a probability-of-default method. Write-offs of reinsurance recoverable are recorded in the period in which they are deemed uncollectible and are recorded against allowance for credit losses. The establishment of reinsurance recoverables and the related allowance for credit losses is also an inherently uncertain process involving estimates. Changes in these estimates could result in additional charges to the accompanying Consolidated Statements of Operations.

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

For additional discussion, please refer to footnote 5 in the Company's December 31, 2024 Audited Consolidated Financial Statements and footnote 4 in the Company's March 31, 2025 Unaudited Consolidated Financial Statements.

Fair Value Determination

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 March 31, 2025, excluding other assets, the Company reflected \$10.941 billion (14.4%) 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 March 31, 2025, the Company reported \$61.815 billion (81.4%) as level 2, consisting primarily of fixed maturity securities. Finally, the Company reported \$3.159 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 and footnote 9 in the Company's March 31, 2025 Unaudited Consolidated Financial Statements.

Impairment Losses on Investments

The Company reviews fixed maturity securities and other investments which include limited partnership and other equity method investments (primarily traditional private equity, natural resource and real estate) for impairment on a quarterly basis. (primarily traditional private equity, natural resource and real estate) for impairment on a quarterly basis. These investments are reviewed for both quantitative and qualitative considerations including, but not limited to: (a) the extent of the decline in fair value below book value, (b) the duration of the decline, (c) significant adverse changes in the financial condition or near term prospects of the investment or issuer, (d) significant change in the business climate or credit ratings of the issuer, (e) general market conditions and volatility, (f) industry factors, (g) the past impairment of the security holding or the issuer, and (h) impact of foreign exchange rates on foreign currency denominated securities.

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

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

For additional discussion, please refer to footnote 1 in the Company's December 31, 2024 Audited Consolidated Financial Statements and footnote 3 in the Company's March 31, 2025 Unaudited Consolidated Financial Statements.

Impairment Assessments of Goodwill and Intangible Assets

Goodwill is tested for impairment at least annually using either a qualitative or a quantitative process. Election of the approach can be made at the reporting unit level. The reporting unit has the option to skip the qualitative test and move directly to completion of the quantitative process. As of March 31, 2025, 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 and footnote 7 in the Company's March 31, 2025 Unaudited Consolidated Financial Statements.

Pension and Postretirement Benefit Obligations

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

The discount rate assumption used to determine the benefit obligations was based on a yield curve approach where the cash flows related to the benefit plans' liability stream were discounted at an interest rate specifically applicable to the timing of the cash flows. The service cost is calculated by discounting the future cash flows attributable to the current year of service using spot rates specifically applicable to the timing of the cash flows. Interest cost is determined by multiplying each benefit obligation cash flow by the spot rate applicable to that timing of the cash flow.

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

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

ABOUT THE COMPANY

Boston-based LMHC, the parent corporation of the Liberty Mutual Insurance group of entities, is a diversified global insurer and ninth largest global property and casualty insurer based on 2024 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 28 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