

# Third Quarter 2019 Results

November 7, 2019



# Cautionary Statement Regarding Forward Looking Statements

This report contains forward looking statements that are intended to enhance the reader's ability to assess the future financial and business performance of Liberty Mutual Holding Company Inc., the parent corporation of the Liberty Mutual Insurance group of entities (the "Company" or "LMHC"). 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, hurricanes, hail, tornados, tsunamis, earthquakes, floods, snowfall and winter conditions); inadequacy of loss reserves; adverse developments involving asbestos, environmental or toxic tort claims and litigation; 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; a rise 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 the Company's 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 federal 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; and changing climate conditions. 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](http://www.libertymutualgroup.com/investors). The Company undertakes no obligation to update these forward looking statements.

The United Kingdom's withdrawal from the European Union could have a negative impact on economic conditions in the United Kingdom and could result in unintended consequences in other countries as well. The Company acknowledges that there are risks and uncertainties associated with the United Kingdom's withdrawal from the European Union and has developed a course of action if the impending withdrawal is upheld in the fourth quarter of 2019.

# Liberty Mutual Overview



*Helping people embrace today and confidently pursue tomorrow*

P&C Businesses

## Global Retail Markets (GRM)

- U.S. - Personal Lines and Business Lines
- West - Brazil, Colombia, Chile, Ecuador, Spain, Portugal, and Ireland
- East - Thailand, Singapore, Hong Kong, Vietnam, Malaysia, India, China, and Russia
- GRM Reinsurance

## Global Risk Solutions (GRS)

- Liberty Specialty Markets
- National Insurance
- North America Specialty
- Global Surety
- Other GRS

- Mutual holding company structure
- \$126.0B of assets and \$41.6B of revenues in 2018
- The most diversified P&C insurer
- 75<sup>th</sup> among Fortune 500 companies<sup>1</sup>
- 1<sup>st</sup> in U.S. Surety<sup>2,3</sup>
- 3<sup>rd</sup> largest P&C writer in the U.S.<sup>2</sup>
- 4<sup>th</sup> largest commercial lines writer in the U.S.<sup>2</sup>
- 5<sup>th</sup> largest global P&C insurer<sup>4</sup>
- 6<sup>th</sup> largest personal lines writer in the U.S.<sup>2</sup>
- 9<sup>th</sup> largest surplus lines carrier in the U.S.<sup>2</sup>

<sup>1</sup> Based on 2018 revenue – as reported.

<sup>2</sup> Based on 2018 direct written premium (“DWP”).

<sup>3</sup> Includes AmTrust surety full-year 2018 results.

<sup>4</sup> Based on 2018 gross written premium (“GWP”), excludes state-owned companies.

# Liberty Mutual's Global Presence

*Liberty Mutual operates in 30 countries and economies around the globe*

## Americas

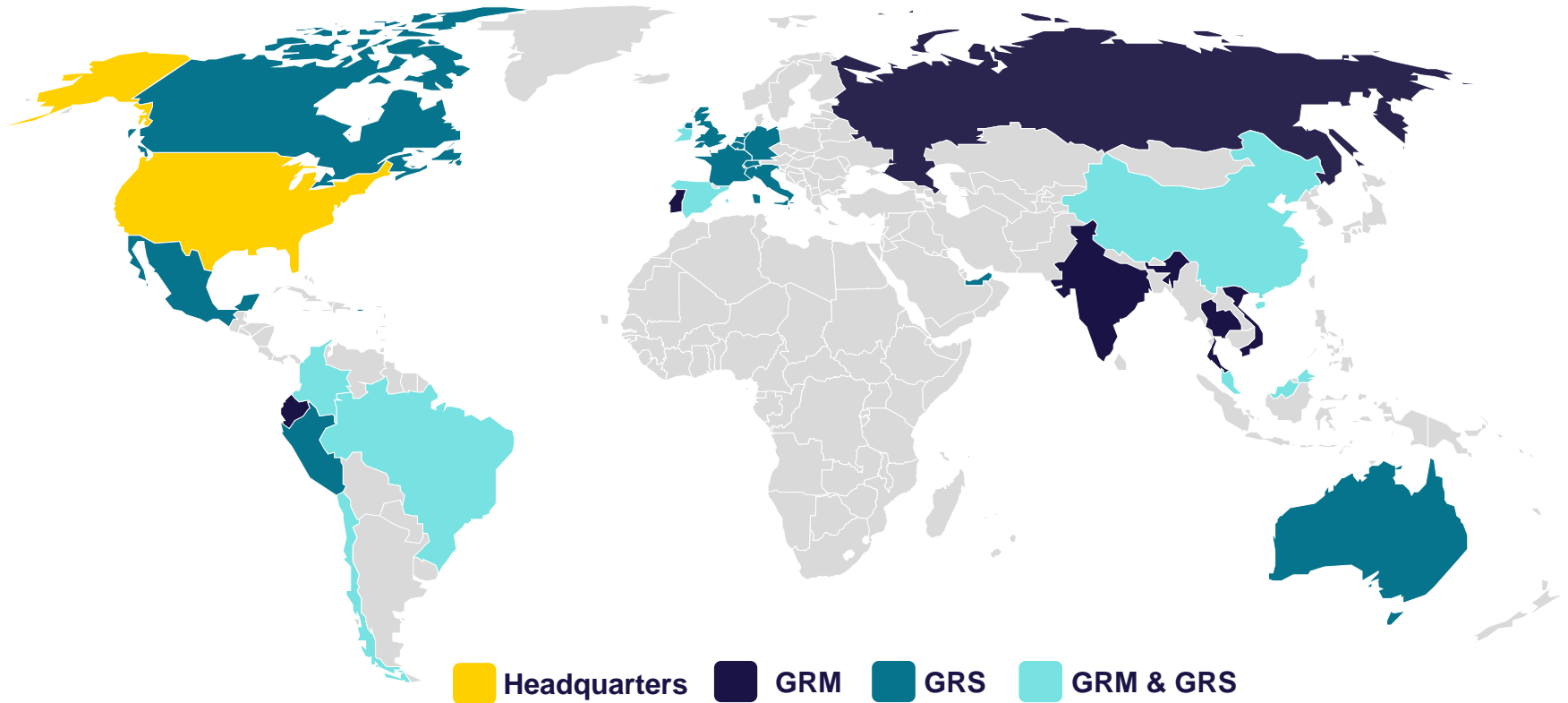
- U.S. (HQ)
- Canada
- Ecuador
- Bermuda
- Chile
- Mexico
- Brazil
- Colombia
- Peru

## Europe

- Belgium
- Italy
- Russia
- France
- Luxembourg
- Spain
- Germany
- Netherlands
- Switzerland
- Ireland
- Portugal
- U.K.

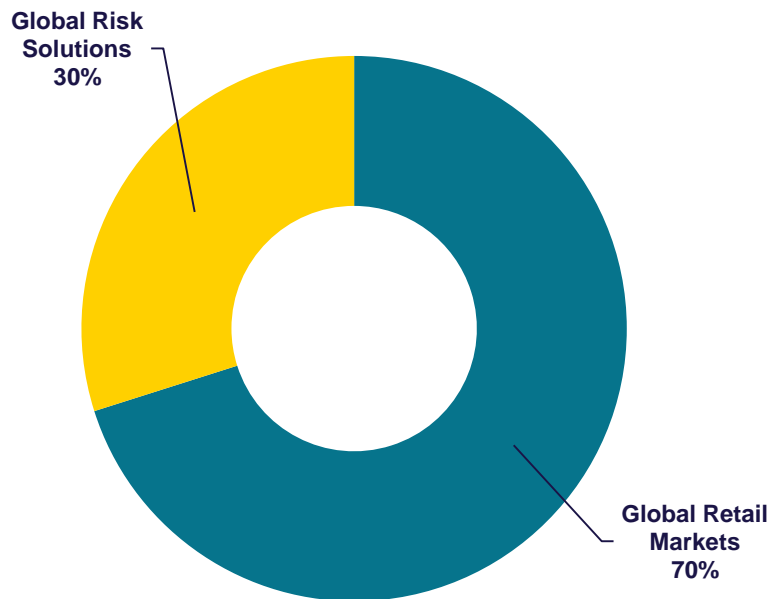
## Asia / Pacific

- Australia
- India
- Thailand
- China
- Malaysia
- UAE
- Hong Kong
- Singapore
- Vietnam



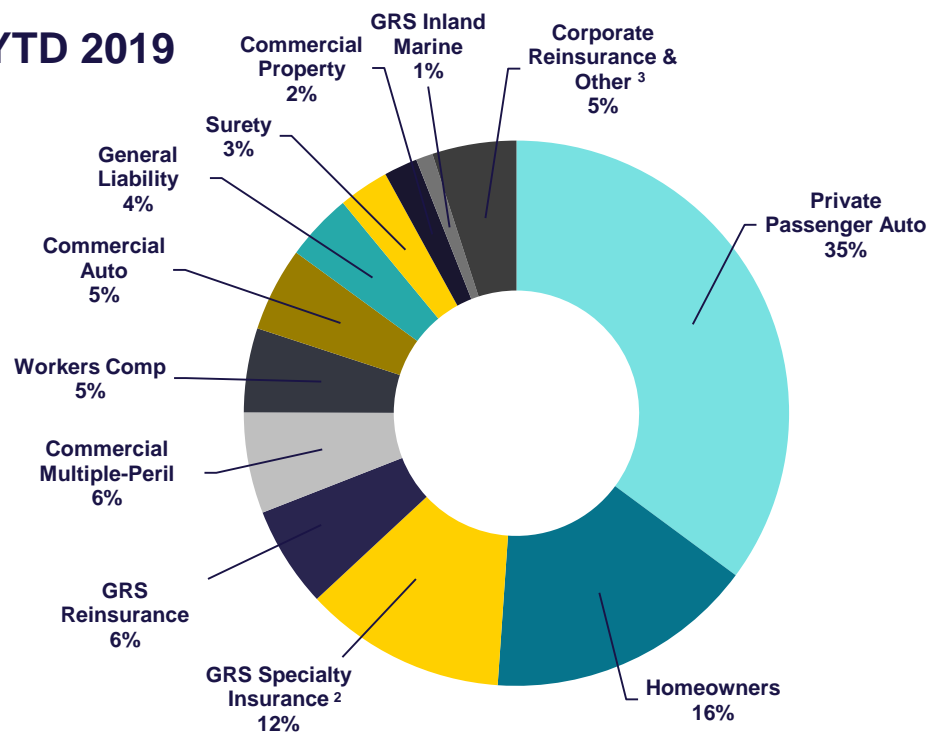
# Analysis of Consolidated Net Written Premium (“NWP”)

## NWP by Business<sup>1</sup>



## NWP by Line of Business

September YTD 2019



NWP year-to-date in 2019 totaled **\$30.1** billion, an increase of **1.2%** over the same period in 2018 (or an increase of **2.2%**<sup>4</sup> excluding FX over the same period in 2018)

<sup>1</sup> Excludes “Corporate and Other” of \$2 million.

<sup>2</sup> Specialty insurance is reported within Global Risk Solutions and includes marine, energy, construction, aviation, property, casualty, warranty and indemnity, excess casualty, directors and officers, errors and omissions, environmental impairment liability, trade credit, crisis management, contingent lines and other.

<sup>3</sup> Corporate Reinsurance is NWP associated with internal reinsurance assumed into Corporate, net of corporate external placements. Other primarily includes NWP from allied lines, domestic inland marine, internal reinsurance, life and health reported within Global Retail Markets.

<sup>4</sup> Determined by assuming constant foreign exchange rates between periods.

# Consolidated Results

(\$ Millions)	Third Quarter			Year-to-Date		
	2019	2018	Change	2019	2018	Change
<b>NWP</b>	<b>\$10,325</b>	<b>\$10,189</b>	<b>1.3%</b>	<b>\$30,063</b>	<b>\$29,694</b>	<b>1.2%</b>
Pre-tax operating income ("PTOI") before partnerships, LLC and other equity method income	\$125	\$312	(59.9%)	\$998	\$1,176	(15.1%)
Partnerships, LLC and other equity method income <sup>1</sup>	162	186	(12.9)	556	693	(19.8)
Net realized gains (losses)	81	(104)	NM	393	(8)	NM
Consolidated net income from continuing operations	274	283	(3.2)	1,394	1,382	0.9
Discontinued operations, net of tax	-	-	-	(50)	530	NM
<b>Net income attributable to LMHC</b>	<b>274</b>	<b>282</b>	<b>(2.8)</b>	<b>1,344</b>	<b>1,911</b>	<b>(29.7)</b>
Net income attributable to LMHC excluding unrealized impact <sup>2</sup>	\$291	\$282	3.2%	\$1,151	\$1,911	(39.8%)
<b>Cash flow provided by continuing operations</b>	<b>\$1,494</b>	<b>\$1,256</b>	<b>18.9%</b>	<b>\$3,039</b>	<b>\$2,412</b>	<b>26.0%</b>

(\$ Millions)	As of		
	September 30, 2019	December 31, 2018	Change
<b>Total equity</b>	<b>\$24,005</b>	<b>\$20,762</b>	<b>15.6%</b>

<sup>1</sup> Partnerships, LLC and other equity method income includes LP, LLC and other equity method income within net investment income in the accompanying Consolidated Statements of Income and revenue and expenses from direct investments in natural resources.

<sup>2</sup> Excludes unrealized gains on equity securities, unit linked life insurance, and the corresponding tax impact.

NM = Not Meaningful

# Consolidated Results

	Third Quarter			Year-to-Date		
	2019	2018	Change (Points)	2019	2018	Change (Points)
Claims and claim adjustment expense ratio	66.9%	65.0%	1.9	65.8%	64.2%	1.6
Underwriting expense ratio	28.7	29.7	(1.0)	28.8	29.8	(1.0)
<b>Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation</b>	<b>95.6</b>	<b>94.7</b>	<b>0.9</b>	<b>94.6</b>	<b>94.0</b>	<b>0.6</b>
Catastrophes <sup>1</sup>	4.3	5.3	(1.0)	4.1	4.9	(0.8)
Net incurred losses attributable to prior years:						
- Asbestos and environmental	0.6	2.6	(2.0)	0.2	0.9	(0.7)
- All other <sup>2</sup>	0.7	(3.1)	3.8	1.1	(1.0)	2.1
Current accident year re-estimation <sup>3</sup>	1.3	-	1.3	-	-	-
<b>Total combined ratio<sup>4</sup></b>	<b>102.5%</b>	<b>99.5%</b>	<b>3.0</b>	<b>100.0%</b>	<b>98.8%</b>	<b>1.2</b>

<sup>1</sup> Catastrophes are defined as a natural catastrophe or terror event 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.

<sup>2</sup> Net of earned premium and reinstatement premium attributable to prior years.

<sup>3</sup> Re-estimation of the current accident year loss reserves for the six months ended June 30, 2019.

<sup>4</sup> 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 Ironshore acquisition and integration costs are not included in the combined ratio.

# Global Retail Markets

## Segment Highlights

- Operates in 11 markets across 16 countries
- 6<sup>th</sup> largest writer of personal lines in the U.S.<sup>1</sup>
- 3<sup>rd</sup> largest personal lines independent agency writer in the U.S.<sup>1</sup>

## Financial Performance

(\$ Millions)	Third Quarter			Year-to-Date		
	2019	2018	Change	2019	2018	Change
<b>NWP</b>	<b>\$7,292</b>	<b>\$7,209</b>	<b>1.2%</b>	<b>\$21,074</b>	<b>\$20,992</b>	<b>0.4%</b>
PTOI before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	\$668	\$751	(11.1%)	\$2,087	\$2,288	(8.8%)
Catastrophes <sup>2</sup>	(317)	(305)	3.9	(1,035)	(1,126)	(8.1)
Net incurred losses attributable to prior years	45	197	(77.2)	74	202	(63.4)
Current accident year re-estimation <sup>3</sup>	(83)	-	NM	-	-	-
<b>PTOI</b>	<b>\$313</b>	<b>\$643</b>	<b>(51.3%)</b>	<b>\$1,126</b>	<b>\$1,364</b>	<b>(17.4%)</b>

	Third Quarter			Year-to-Date		
	2019	2018	Change (Points)	2019	2018	Change (Points)
Claims and claim adjustment expense ratio	65.0%	63.4%	1.6	64.3%	63.1%	1.2
Underwriting expense ratio	28.1	27.8	0.3	28.3	28.1	0.2
<b>Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation</b>	<b>93.1%</b>	<b>91.2%</b>	<b>1.9</b>	<b>92.6</b>	<b>91.2</b>	<b>1.4</b>
Catastrophes <sup>2</sup>	4.6	4.5	0.1	5.1	5.6	(0.5)
Net incurred losses attributable to prior years	(0.7)	(2.9)	2.2	(0.5)	(1.0)	0.5
Current accident year re-estimation <sup>3</sup>	1.2	-	1.2	-	-	-
<b>Total combined ratio</b>	<b>98.2%</b>	<b>92.8%</b>	<b>5.4</b>	<b>97.2%</b>	<b>95.8%</b>	<b>1.4</b>

<sup>1</sup> Based on 2018 DWP.

<sup>2</sup> Catastrophes are defined as a natural catastrophe or terror event 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.

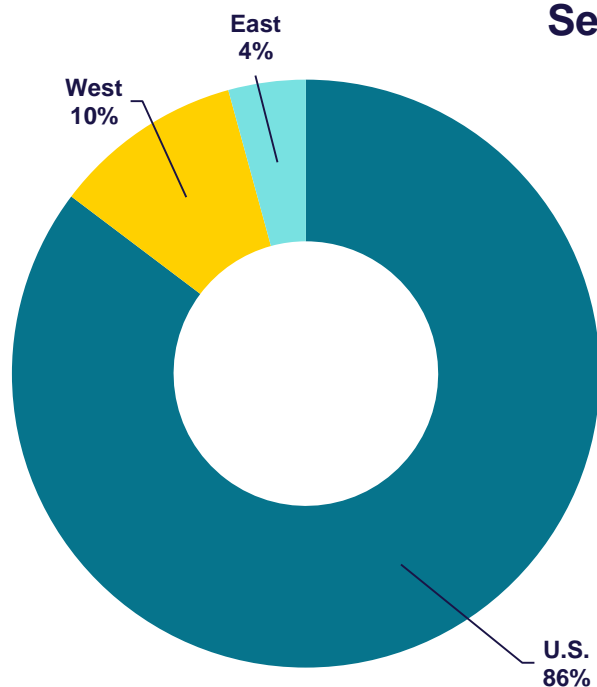
<sup>3</sup> Re-estimation of the current accident year loss reserves for the six months ended June 30, 2019.

NM = Not Meaningful



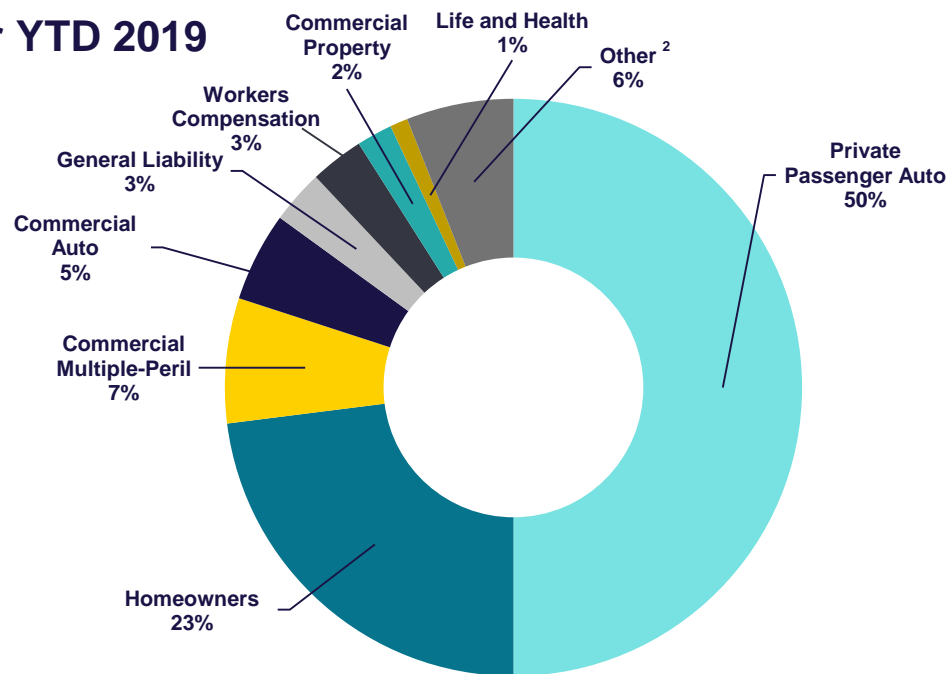
# Global Retail Markets NWP Distribution

## NWP by Market Segment<sup>1</sup>



## NWP by Line of Business

September YTD 2019



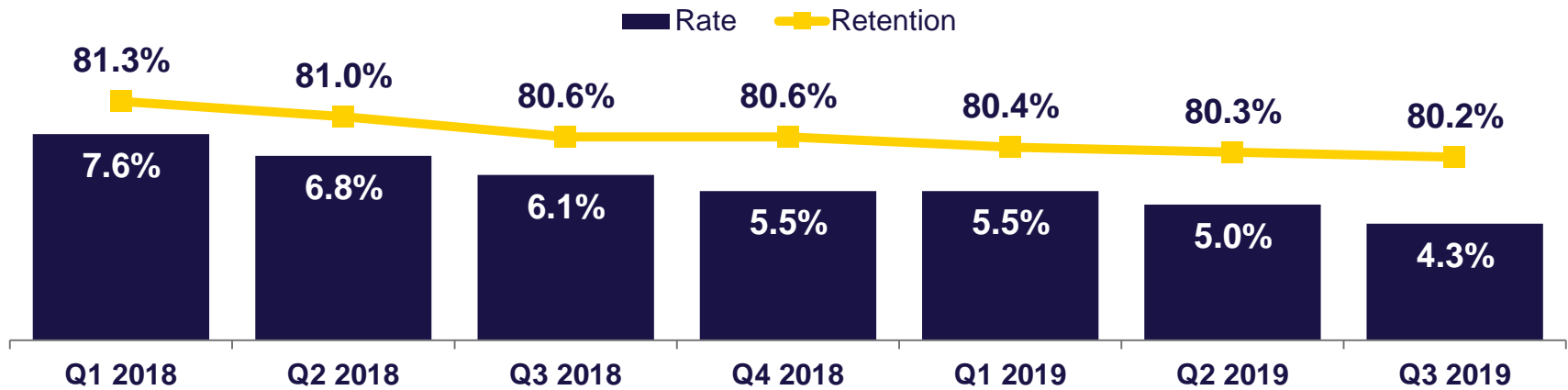
NWP year-to-date in 2019 totaled **\$21.1** billion, an increase of **0.4%** over the same period in 2018 (or an increase of **1.3%**<sup>3</sup> excluding FX over the same period in 2018)

<sup>1</sup> Excludes "GRM Reinsurance" of \$30 million.

<sup>2</sup> Premium related to internal reinsurance and other personal and commercial lines including personal accident, bonds, small and medium enterprise, and marine and cargo lines of business.

<sup>3</sup> Determined by assuming constant foreign exchange rates between periods.

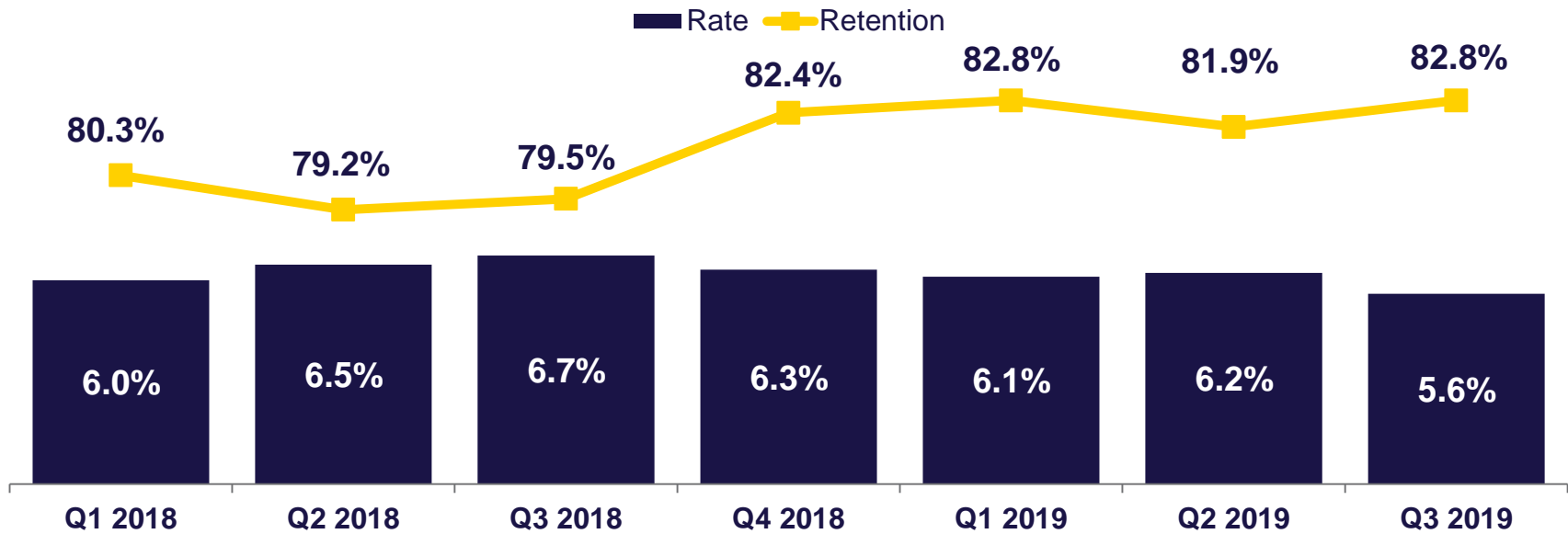
# U.S. Personal Lines: Renewal Rate, Retention, & PIF



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	YTD 2018	YTD 2019
<b>Private Passenger Auto</b>									
Renewal Rate	8.9%	8.2%	7.2%	6.5%	6.3%	5.8%	5.1%	8.0%	5.7%
Retention	79.6%	79.3%	78.9%	78.8%	78.6%	78.3%	78.1%	78.9%	78.1%
PIF Growth	(1.0%)	(1.7%)	(2.3%)	(2.6%)	(2.6%)	(2.2%)	(1.9%)	(2.3%)	(1.9%)
<b>Homeowners</b>									
Renewal Rate	5.0%	4.6%	4.2%	3.8%	3.8%	3.5%	2.6%	4.6%	3.3%
Retention	81.8%	81.5%	81.2%	81.1%	80.9%	81.0%	81.0%	81.2%	81.0%
PIF Growth	1.3%	0.7%	-	(0.4%)	(1.0%)	(0.9%)	(0.4%)	-	(0.4%)

PIF: policies in-force. Retention is in-force.

# U.S. Business Lines: Rate & Retention



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	YTD 2018	YTD 2019
<b>U.S. Business Lines</b>									
Rate	6.0%	6.5%	6.7%	6.3%	6.1%	6.2%	5.6%	6.2%	5.8%
Retention	80.3%	79.2%	79.5%	82.4%	82.8%	81.9%	82.8%	80.7%	82.1%

Retention is in-force.

# Global Risk Solutions

## Segment Highlights

- Offers a wide array of property, casualty, specialty and reinsurance coverages distributed through brokers and independent agents globally
- 4<sup>th</sup> largest U.S. commercial and specialty lines writer<sup>1,2</sup>
- 1<sup>st</sup> in U.S. surety<sup>1,3</sup>
- 9<sup>th</sup> largest surplus lines carrier in the U.S.<sup>1</sup>

## Financial Performance

(\$ Millions)	Third Quarter			Year-to-Date		
	2019	2018	Change	2019	2018	Change
<b>NWP</b>	<b>\$3,121</b>	<b>\$3,150</b>	<b>(0.9%)</b>	<b>\$8,987</b>	<b>\$9,016</b>	<b>(0.3%)</b>
PTOI before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	\$240	\$225	6.7%	\$760	\$826	(8.0%)
Catastrophes <sup>4</sup>	(108)	(204)	(47.1)	(162)	(261)	(37.9)
Net incurred losses attributable to prior years <sup>5</sup>	(115)	144	NM	(377)	125	NM
Current accident year re-estimation <sup>6</sup>	(47)	-	NM	-	-	-
<b>Pre-tax operating (loss) income</b>	<b>(\$30)</b>	<b>\$165</b>	<b>NM</b>	<b>\$221</b>	<b>\$690</b>	<b>(68.0%)</b>

	Third Quarter			Year-to-Date		
	2019	2018	Change (Points)	2019	2018	Change (Points)
<b>Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation</b>						
Claims and claim adjustment expense ratio	68.2%	67.4%	0.8	67.9%	66.0%	1.9
Underwriting expense ratio	30.8	31.6	(0.8)	30.7	31.6	(0.9)
Dividend ratio	0.1	0.1	-	0.1	0.1	-
<b>Subtotal</b>	<b>99.1%</b>	<b>99.1%</b>	<b>-</b>	<b>98.7%</b>	<b>97.7%</b>	<b>1.0</b>
Catastrophes <sup>4</sup>	3.7	7.2	(3.5)	1.9	3.2	(1.3)
Net incurred losses attributable to prior years <sup>5</sup>	4.5	(5.1)	9.6	4.6	(1.6)	6.2
Current accident year re-estimation <sup>6</sup>	1.6	-	1.6	-	-	-
<b>Total combined ratio</b>	<b>108.9%</b>	<b>101.2%</b>	<b>7.7</b>	<b>105.2%</b>	<b>99.3%</b>	<b>5.9</b>

<sup>1</sup> Based on 2018 DWP.

<sup>2</sup> Includes U.S. commercial business written in Global Retail Markets.

<sup>3</sup> Includes AmTrust surety full-year 2018 results.

<sup>4</sup> Catastrophes are defined as a natural catastrophe or terror event 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.

<sup>5</sup> Net of earned premium and reinstatement premium attributable to prior years of \$4 million and (\$5) million for the three and nine months ended September 30, 2019, and \$54 million and \$59 million for the same periods in 2018.

<sup>6</sup> Re-estimation of the current accident year loss reserves for the six months ended June 30, 2019.

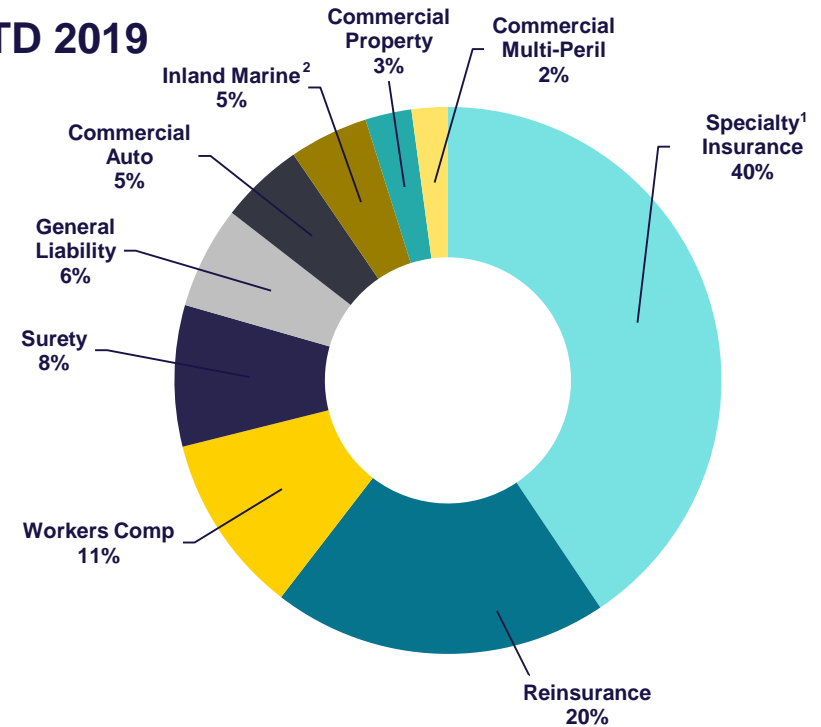
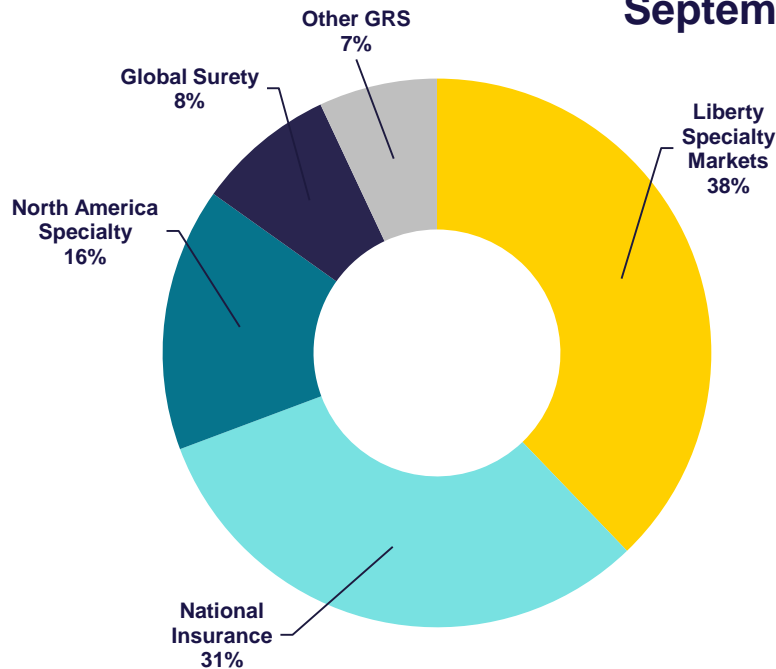
NM = Not Meaningful

# Global Risk Solutions NWP Distribution

## NWP by Market Segment

## NWP by Line of Business

September YTD 2019



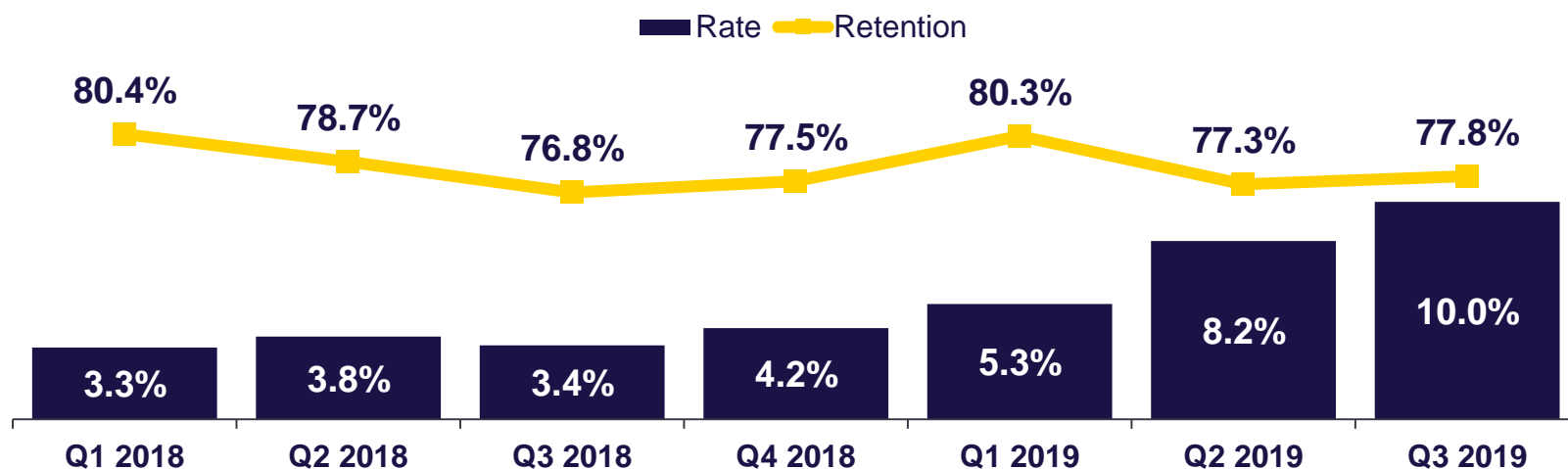
NWP year-to-date in 2019 totaled **\$9.0 billion**, a decrease of **0.3%** from the same period in 2018 (or an increase of **0.8%**<sup>3</sup> excluding FX over the same period in 2018)

<sup>1</sup> Includes marine, energy, construction, aviation, property, casualty, warranty and indemnity, excess casualty, directors and officers, errors and omissions, environmental impairment liability, trade credit, crisis management, contingent lines and other.

<sup>2</sup> Includes handset protection coverage for lost or damaged wireless devices.

<sup>3</sup> Determined by assuming constant foreign exchange rates between periods.

# Global Risk Solutions: Rate & Retention



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	YTD 2018	YTD 2019
<b>Specialty<sup>1,3</sup></b>									
Rate	2.4%	4.0%	4.3%	5.8%	7.4%	10.5%	15.0%	4.5%	10.3%
Retention	78.3%	73.1%	71.2%	73.4%	74.2%	74.9%	78.4%	75.3%	77.6%
<b>Reinsurance<sup>1,3</sup></b>									
Rate	4.7%	3.9%	1.1%	1.6%	2.2%	4.4%	4.4%	3.2%	2.7%
Retention	87.8%	90.6%	92.2%	75.8%	91.9%	85.9%	92.2%	86.9%	90.3%
<b>Domestic National Insurance<sup>2</sup></b>									
Rate	2.9%	4.0%	2.9%	2.5%	2.6%	7.7%	7.4%	3.3%	5.9%
Retention	84.2%	75.7%	82.6%	81.3%	84.8%	76.0%	72.8%	80.9%	77.6%

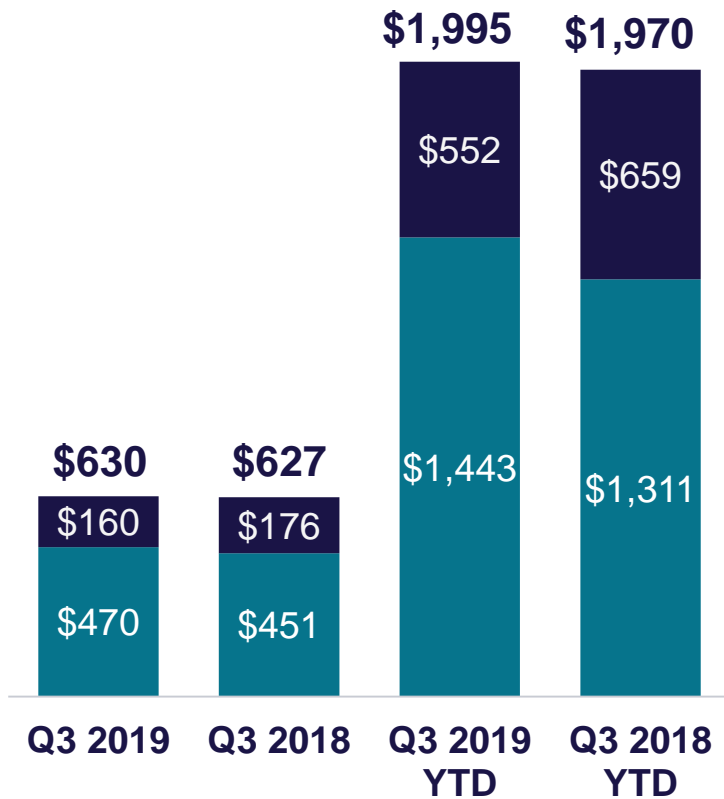
<sup>1</sup> Specialty and Reinsurance Rate Change and Retention reported on a one month lag.

<sup>2</sup> Excludes Asurion.

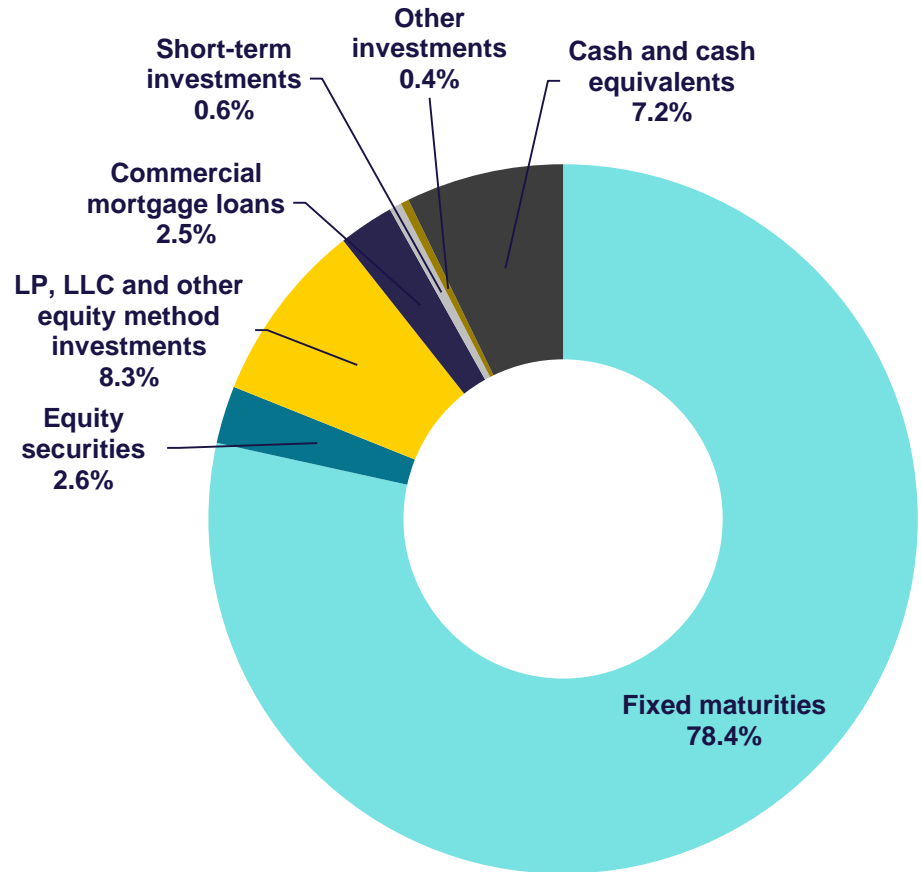
<sup>3</sup> Excludes lines of business related to coverholders, surety and project based business. Prior periods' results have been restated.

# Investments

**Net Investment Income**  
(\$ Millions)



- LP, LLC and other equity method income
- Net investment income excluding LP, LLC and other equity method income



**Total invested assets as of  
September 30, 2019: \$80.7 Billion**

# Capitalization

(\$ Millions)	September 30, 2019	December 31, 2018
Total debt excluding unamortized discount and debt issuance costs	\$8,614	\$8,282
Unamortized discount and debt issuance costs	(476)	(49)
Total debt	\$8,138	\$8,233
Total equity	\$24,005	\$20,762
Less: Accumulated other comprehensive loss	<u>(1,279)</u>	<u>(3,379)</u>
Total equity ex. Accumulated other comprehensive loss	\$25,284	\$24,141
Total capital ex. Accumulated other comprehensive loss	\$33,898	\$32,423
<i>Total debt-to-capital capitalization (ex. Accumulated other comprehensive loss )</i>	<i>25.4%</i>	<i>25.5%</i>
Statutory surplus	\$21,409	\$19,766



# Holding Company Interest Coverage

(\$ Millions)	
Preferred dividends	\$80
Remaining dividend capacity	<u>\$3,096</u>
2019 dividend capacity <sup>1</sup>	\$3,176
Estimated PTI from LMG service companies/fees	<u>\$449</u>
Total available funding	\$3,625
Interest expense <sup>2</sup>	\$378
<b>Holding company interest coverage</b>	<b>9.6x</b>

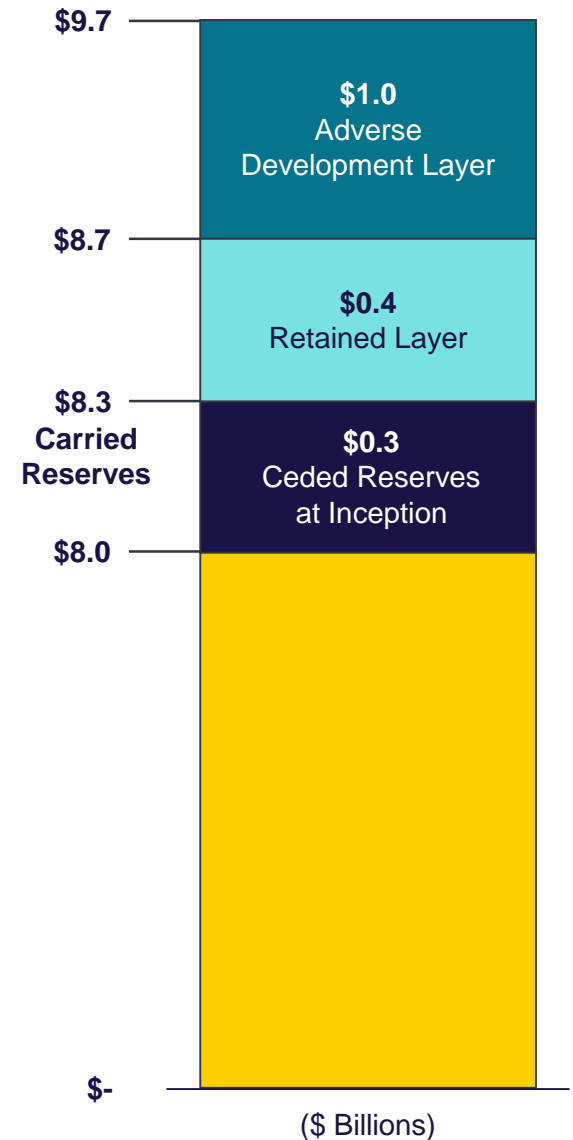
<sup>1</sup> Represents the estimated maximum allowable dividend without prior regulatory approval in the state of domicile. Dividends paid October 1, 2018 through September 30, 2019 were \$80 million.

<sup>2</sup> Represents the 2019 Plan for debt expense at Liberty Mutual Group Inc.

# Reducing Reserve Risk: 2019 Casualty ADC

## Structure

- **Reinsurer:** National Indemnity Co. (“NICO”)
- **Effective:** 1/1/2019
- **\$1.3 billion** of coverage
  - **\$300 million** in premium consisting of assets corresponding to liabilities transferred to NICO at inception
  - Additional premium of **\$162 million**
- **Subject business:**
  - U.S. General Liability (accident years 2018 & prior)
  - U.S. Commercial Auto Liability (accident years 2018 & prior)
  - U.S. Workers Comp (accident years 2014 - 2018)
- **Maximum Contribution to Ultimate Net Loss:**
  - Sexual Abuse & Molestation (as defined): **\$100 million**



# Changes in Statutory Surplus

(\$ Millions)	September YTD 2019
<b>Balance at beginning of the year</b>	<b>\$19,766</b>
Statutory net income	1,138
Affiliated unrealized gains	340
Net unaffiliated unrealized gains	264
Change in non-admitted assets	(127)
Other changes in statutory surplus	28
<b>Balance at end of the period</b>	<b>\$21,409</b>

# About Liberty Mutual Insurance

Boston-based LMHC, the parent corporation of the Liberty Mutual Insurance group of entities, is a diversified global insurer and third largest property and casualty insurer in the U.S. based on 2018 direct written premium. The Company also ranks 75<sup>th</sup> on the Fortune 100 list of largest corporations in the U.S. based on 2018 revenue. As of December 31, 2018, LMHC had \$125.989 billion in consolidated assets, \$105.227 billion in consolidated liabilities, and \$41.568 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, Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company and Employers Insurance Company of Wausau, each became separate stock insurance companies under the ownership of LMHC.

Functionally, the Company conducts substantially all of its 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 nearly 50,000 people in over 800 offices throughout 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](http://www.libertymutualgroup.com/investors).

# Additional Notes

The Company's financial results, management's discussion and analysis of operating results and financial condition, accompanying financial statements and other supplemental financial information for the three and nine months ended September 30, 2019 are available on the Company's Investor Relations website at <http://www.libertymutualgroup.com/investors>.

The Company's discussions related to net income are presented in conformity with U.S. 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 <http://www.libertymutualgroup.com/investors> (or any successor site).

The Company's annual audited financial statements and the Report of Independent Registered Public Accounting Firm on the Effectiveness of Internal Control Over Financial Reporting are also published on the Company's Investor Relations website at <http://www.libertymutualgroup.com/investors>.



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