BOSTON, Mass., February 23, 2021 – Liberty Mutual Holding Company Inc. and its subsidiaries (collectively “LMHC” or the “Company”) reported net income attributable to LMHC of $162 million and $758 million for the three and twelve months ended December 31, 2020, versus a net loss attributable to LMHC of $301 million and net income attributable to LMHC of $1.037 billion for the same periods in 2019, respectively.

“Throughout 2020, in the face of challenging economic conditions, an ongoing pandemic, an increased awareness of systemic racial injustice, and a rapidly evolving insurance risk landscape, our employees remained focused and our business proved resilient,” said Liberty Mutual Chairman and Chief Executive Officer David H. Long. “Despite COVID-19 losses, prior year reserve strengthening, and the one-time charge from our early retirement offer, the Company ended the year with $758 million of net income, driven by favorable core underwriting results and strong investment performance. We made progress on our key objectives, highlighted by personal lines PIF growth of over 6.5%, a core combined ratio improvement in the year of 5.7 points to 95.4% in Global Risk Solutions, and strong results from our investment portfolio which contributed almost $3.4 billion of pre-tax income in the year. Within Global Risk Solutions, renewal rate increases were 15% for the full year as the market continues to be receptive to the need for rate amidst elevated loss trends. We look to continue this momentum in 2021 and will continue to focus on our key objectives of growth in GRM, profitability in GRS, and diligent expense management.”

Fourth Quarter Highlights

- Net written premium (“NWP”) for the three months ended December 31, 2020 was $10.095 billion, an increase of $344 million or 3.5% over the same period in 2019.
- Pre-tax operating loss before partnerships, limited liability companies (“LLC”) and other equity method income for the three months ended December 31, 2020 was $33 million, a decrease of $386 million or 92.1% from the same period in 2019.
- Partnerships, LLC and other equity method income for the three months ended December 31, 2020 was $494 million, an increase of $349 million over the same period in 2019.
- Net realized gains for the three months ended December 31, 2020 were $415 million, an increase of $365 million over the same period in 2019.
- Unit linked life insurance for the three months ended December 31, 2020 was ($51) million, a decrease of $17 million or 50.0% from the same period in 2019.
- Ironshore Inc. (“Ironshore”) acquisition and integration costs for the three months ended December 31, 2020 were $2 million, a decrease of $10 million or 83.3% from the same period in 2019.
- Restructuring costs for the three months ended December 31, 2020 were $596 million, an increase of $532 million over the same period in 2019.
- Discontinued operations, net of tax, for the three months ended December 31, 2020 were $2 million, versus zero for the same period in 2019.
- Consolidated net income (loss) for the three months ended December 31, 2020 was $162 million, versus ($300) million for the same period in 2019.
- Net income attributable to non-controlling interest for the three months ended December 31, 2020 was zero, versus $1 million for the same period in 2019.
- Net income (loss) attributable to LMHC for the three months ended December 31, 2020 was $162 million, versus ($301) million for the same period in 2019.
- Net income (loss) attributable to LMHC excluding unrealized impact\(^1\) for the three months ended December 31, 2020 was $23 million, versus ($384) million for the same period in 2019.

- Cash flow provided by continuing operations for the three months ended December 31, 2020 was $1.542 billion, an increase of $1.104 billion over the same period in 2019.

- The consolidated combined ratio before catastrophes\(^2\), COVID-19\(^3\), net incurred losses attributable to prior years\(^4\) and current accident year re-estimation\(^5\) for the three months ended December 31, 2020 was 92.8%, a decrease of 4.5 from the same period in 2019. Including the impact of catastrophes, COVID-19, net incurred losses attributable to prior years and current accident year re-estimation, the total combined ratio\(^6\) for the three months ended December 31, 2020 was 101.9%, a decrease of 4.8 points from the same period in 2019.

**Year-to-date Highlights**

- NWP for the twelve months ended December 31, 2020 was $40.624 billion, an increase of $810 million or 2.0% over the same period in 2019.

- Pre-tax operating income before partnerships, LLC and other equity method income for the twelve months ended December 31, 2020 was $187 million, a decrease of $385 million or 67.3% from the same period in 2019.

- Partnerships, LLC and other equity method income for the twelve months ended December 31, 2020 was $711 million, an increase of $10 million or 1.4% over the same period in 2019.

- Net realized gains for the twelve months ended December 31, 2020 were $790 million, an increase of $347 million or 78.3% over the same period in 2019.

- Unit linked life insurance for the twelve months ended December 31, 2020 was ($30) million, an increase of $93 million or 75.6% over the same period in 2019.

- Ironshore acquisition and integration costs for the twelve months ended December 31, 2020 were $18 million, a decrease of $10 million or 35.7% from the same period in 2019.

- Restructuring costs for the twelve months ended December 31, 2020 were $626 million, an increase of $556 million over the same period in 2019.

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1. Excludes unrealized gains on equity securities, unit linked life insurance, and the corresponding tax impact.
2. Catastrophes are defined as a natural catastrophe, civil unrest, 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.
4. 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.
6. 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; 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.
Loss on extinguishment of debt for the twelve months ended December 31, 2020 was zero, versus $49 million for the same period in 2019.

Discontinued operations, net of tax, for the twelve months ended December 31, 2020 were ($17) million, a decrease of $33 million or 66.0% from the same period in 2019.

Consolidated net income for the twelve months ended December 31, 2020 was $760 million, a decrease of $278 million or 26.8% from the same period in 2019.

Net income attributable to non-controlling interest for the twelve months ended December 31, 2020 was $2 million, an increase of $1 million or 100.0% over the same period in 2019.

Net income attributable to LMHC for the twelve months ended December 31, 2020 was $758 million, a decrease of $279 million or 26.9% from the same period in 2019.

Net income attributable to LMHC excluding unrealized impact for the twelve months ended December 31, 2020 was $671 million, a decrease of $90 million or 11.8% from the same period in 2019.

Cash flow provided by continuing operations for the twelve months ended December 31, 2020 was $6.448 billion, an increase of $2.971 billion or 85.4% over the same period in 2019.

The consolidated combined ratio before catastrophes, COVID-19, and net incurred losses attributable to prior years for the twelve months ended December 31, 2020 was 91.6%, a decrease of 3.8 points from the same period in 2019. Including the impact of catastrophes, COVID-19, and net incurred losses attributable to prior years, the total combined ratio for the twelve months ended December 31, 2020 was 101.8%, an increase of 0.1 points over the same period in 2019.

**Financial Condition as of December 31, 2020**

- Total long-term debt excluding unamortized discount and debt issuance costs was $9.017 billion as of December 31, 2020, an increase of $346 million or 4.0% over December 31, 2019.

- Total equity was $25.957 billion as of December 31, 2020, an increase of $2.338 billion or 9.9% over December 31, 2019.

**Subsequent Events**

On January 27, 2021, Liberty Mutual Group Inc. issued $800 million of 4.300% Series E Junior Subordinated Notes due 2061 (the “Notes”). Interest on the Notes is payable February 1 and August 1 of each year commencing on August 1, 2021 and the Notes may be redeemed in whole or in part on February 1, 2026 or on any Interest Payment Date thereafter, at a redemption price equal to their principal amount plus accrued and unpaid interest. The Notes mature February 1, 2061.

Management has assessed material subsequent events through February 23, 2021, the date the financial statements were available to be issued.
## Consolidated Results of Operations

<table>
<thead>
<tr>
<th>$ in Millions</th>
<th>Three Months Ended December 31</th>
<th>Twelve Months Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>Revised 2019(^a)</td>
</tr>
<tr>
<td>Revenues</td>
<td>$11,796</td>
<td>$10,933</td>
</tr>
<tr>
<td>PTOI before catastrophes, COVID-19, net incurred losses attributable to prior years, current accident year re-estimation and partnerships, LLC and other equity method income</td>
<td>$897</td>
<td>$512</td>
</tr>
<tr>
<td></td>
<td>(359)</td>
<td>(280)</td>
</tr>
<tr>
<td>COVID-19(^2)</td>
<td>(115)</td>
<td>-</td>
</tr>
<tr>
<td>Net incurred losses attributable to prior years:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Asbestos and environmental(^3)</td>
<td>(211)</td>
<td>(275)</td>
</tr>
<tr>
<td>- All other(^4)</td>
<td>(442)</td>
<td>(280)</td>
</tr>
<tr>
<td>Current accident year re-estimation(^5)</td>
<td>197</td>
<td>(96)</td>
</tr>
<tr>
<td>Pre-tax operating (loss) income before partnerships, LLC and other equity method income</td>
<td>(33)</td>
<td>(419)</td>
</tr>
<tr>
<td>Partnerships, LLC and other equity method income(^6)</td>
<td>494</td>
<td>145</td>
</tr>
<tr>
<td>Pre-tax operating income (loss)</td>
<td>461</td>
<td>(274)</td>
</tr>
<tr>
<td>Net realized gains</td>
<td>415</td>
<td>50</td>
</tr>
<tr>
<td>Unit linked life insurance</td>
<td>(51)</td>
<td>(34)</td>
</tr>
<tr>
<td>Ironshore acquisition &amp; integration costs</td>
<td>(2)</td>
<td>(12)</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>(596)</td>
<td>(64)</td>
</tr>
<tr>
<td>Loss on extinguishment of debt</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pre-tax income (loss)</td>
<td>227</td>
<td>(334)</td>
</tr>
<tr>
<td>Income tax expense (benefit)</td>
<td>67</td>
<td>(34)</td>
</tr>
<tr>
<td>Consolidated net income (loss) from continuing operations</td>
<td>160</td>
<td>(300)</td>
</tr>
<tr>
<td>Discontinued operations, net of tax</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Consolidated net income (loss)</td>
<td>162</td>
<td>(300)</td>
</tr>
<tr>
<td>Less: Net income attributable to non-controlling interest</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Net income (loss) attributable to LMHC</td>
<td>162</td>
<td>(301)</td>
</tr>
<tr>
<td>Net income (loss) attributable to LMHC excluding unrealized impact(^7)</td>
<td>23</td>
<td>(384)</td>
</tr>
<tr>
<td>Cash flow provided by continuing operations</td>
<td>$1,542</td>
<td>$438</td>
</tr>
</tbody>
</table>

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1. Catastrophes are defined as a natural catastrophe, civil unrest, 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.
2. Includes Global Risk Solutions estimated loss activity directly related to COVID-19.
3. Asbestos and environmental is gross of the related adverse development reinsurance (the “NICO Reinsurance Transaction”, which is described further in Reinsurance).
4. Net of earned premium and reinstatement premium attributable to prior years of $83 million and $301 million for the three and twelve months ended December 31, 2020, and $29 million and $24 million for the same periods in 2019.
6. 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.
7. Excludes unrealized gains on equity securities, unit linked life insurance, and the corresponding tax impact.
8. 2019 amounts were restated due to a pension accounting policy change, which is described further in Critical Accounting Estimates.

NM = Not Meaningful
Financial Information: 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 twelve months ended December 31, 2020 are available on the Company's Investor Relations website at www.libertymutualgroup.com/investors.

Conference Call Information: On February 24, 2021, at 10:00 a.m. Eastern Time, David Long, Liberty Mutual Insurance Chairman and CEO, will host a conference call to discuss the Company's fourth quarter and full year financial results. To participate in the event via telephone and to ask a question, please dial 888-312-9837, referencing the Confirmation Code 9555507. You can view the slides at https://attglobal.webcasts.com/starthere.jsp?ei=1425250&tp_key=b4f37cadf4. To listen to the call online via PC and view a presentation on financial performance, please log into https://attglobal.webcasts.com/starthere.jsp?ei=1425250&tp_key=b4f37cadf4. Following the call, a recording of the event will be available on the Investor Relations section of Liberty Mutual's website, www.libertymutualgroup.com/investors.

About Liberty Mutual Insurance

At Liberty Mutual, we believe progress happens when people feel secure. By providing protection for the unexpected and delivering it with care, we help people embrace today and confidently pursue tomorrow.

In business since 1912, and headquartered in Boston, today we are the sixth largest global property and casualty insurer based on 2019 gross written premium. We also rank 77th on the Fortune 100 list of largest corporations in the U.S. based on 2019 revenue. As of December 31, 2020, we had $43.8 billion in annual consolidated revenue.

We employ over 45,000 people in 29 countries and economies around the world. We offer a wide range of insurance products and services, including personal automobile, homeowners, specialty lines, reinsurance, commercial multiple-peril, workers compensation, commercial automobile, general liability, surety, and commercial property.

For more information, visit www.libertymutualinsurance.com.

Risks and Uncertainties

The extent to which the coronavirus impacts our future results will depend on developments which are highly uncertain and cannot be predicted, including litigation developments, legislative or regulatory actions and intervention, the length and severity of the coronavirus (including of second waves) and the actions of government actors to contain the coronavirus or treat its impact, among others. Possible effects on our business and operations include:

- disruptions to business operations resulting from working from home or from closures of our corporate or sales offices and the offices of our agents and brokers and quarantines of employees, customers, agents, brokers and suppliers in areas affected by the outbreak;
- disruptions to business operations resulting from travel restrictions and reduced consumer spending on new homes or new automobiles which could reduce demand for insurance;
- disruptions to business operations resulting from our customers having lower payrolls and revenues which could have an impact on insurance revenue;
- increased claims related to trade credit, general liability, workers compensation, and event cancellation coverage, among others;
- executive or legislative mandates or court decisions expanding property insurance policy coverage to cover business interruptions resulting from COVID-19 notwithstanding any exclusions set forth in such policies or conditions precedent generally required for liability under such policies; and
- disruption of the financial markets resulting in reductions in the value of our investment portfolio.

A significant rise in the number of COVID-19 infections, infections in a wide range of countries and regions, or a prolongation of the outbreak, could create an adverse economic effect on the Company.
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 the Company. Forward looking statements include, but are not limited to, statements that represent the Company’s beliefs concerning future operations, strategies, financial results, investment market fluctuations, 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.

Contact: Investor Relations Media Relations
Edward Peña Rich Angevine
857-224-6655 617-833-0926