



# Fourth Quarter and Full Year 2022 Results

February 23<sup>rd</sup>, 2023



# 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, 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; prolonged epidemic or pandemic in countries in which we operate; 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 cyclicity 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 U.S. 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. 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.



# Cautionary Statement Regarding Forward Looking Statements (Continued)

In December 2019, a novel coronavirus commonly referred to as “COVID-19” surfaced in Wuhan, China. The outbreak has since spread to other countries, including the United States, and efforts to contain the spread of this coronavirus have intensified and are ongoing. The outbreak and any preventative or protective actions that governments, other third parties or we may take in respect of the coronavirus may result in a continued period of business disruption and reduced operations. 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), the level of acceptance of the vaccines, 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.



# Description of Non-GAAP Financial Measures

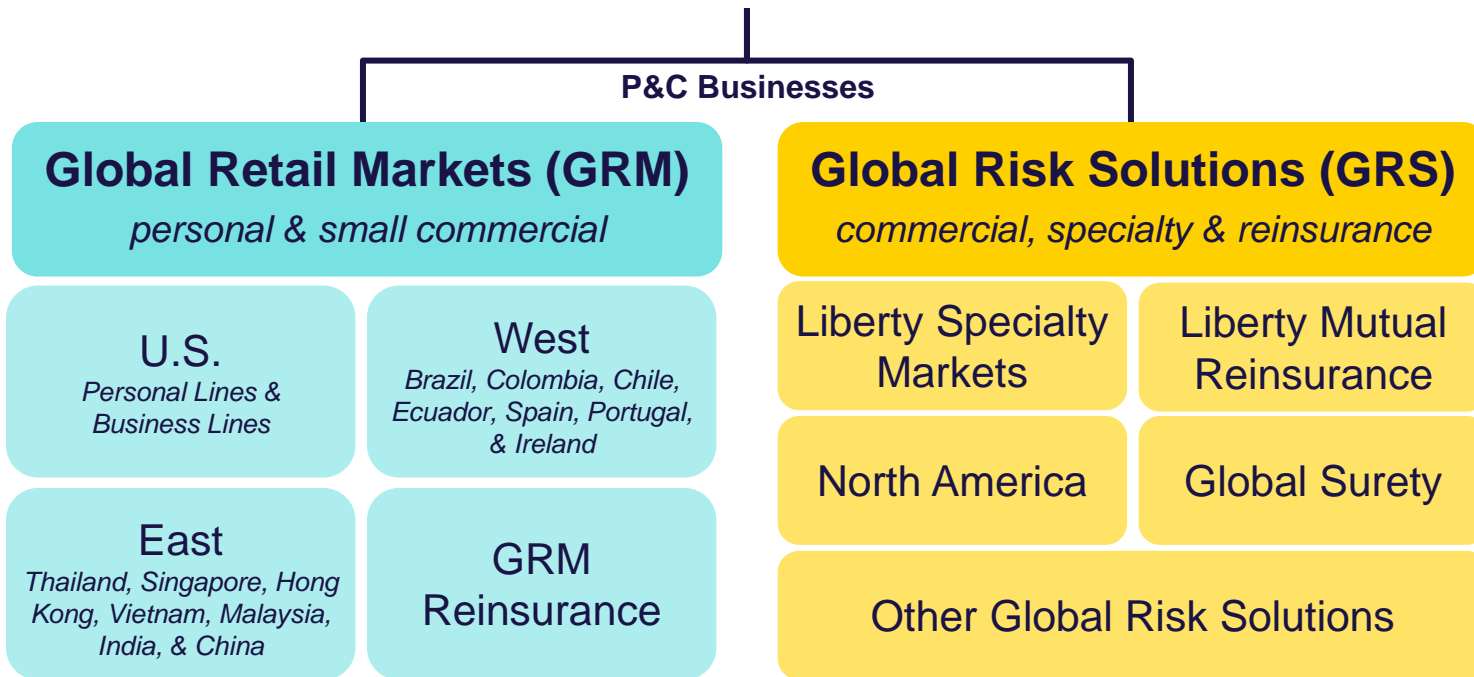
The Company has identified consolidated pre-tax operating income (“PTOI”), and PTOI before limited partnerships income as non-GAAP financial measures. PTOI is defined by the Company as pre-tax income excluding net realized gains (losses), unit linked life insurance, loss on extinguishment of debt, discontinued 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.



# Liberty Mutual Overview



*Helping people embrace today and confidently pursue tomorrow*



## Key Highlights

- Mutual holding company structure
- \$160.3B of assets & \$50.0B of revenues in 2022
- The most diversified P&C insurer
- 78<sup>th</sup> among Fortune 500 companies<sup>1</sup>
- 1<sup>st</sup> in U.S. surety<sup>2</sup>
- 4<sup>th</sup> largest commercial lines writer in the U.S.<sup>2</sup>
- 6<sup>th</sup> largest P&C writer in the U.S.<sup>2</sup>
- 6<sup>th</sup> largest global P&C insurer<sup>3</sup>
- 6<sup>th</sup> largest personal lines writer in the U.S.<sup>2</sup>
- 8<sup>th</sup> largest surplus lines carrier in the U.S.<sup>2</sup>

<sup>1</sup> Based on 2021 revenue – as reported.

<sup>2</sup> Based on 2021 direct written premium (“DWP”).

<sup>3</sup> Based on 2021 gross written premium (“GWP”), excludes state-owned companies.



# Liberty Mutual's Global Presence

*Liberty Mutual operates in 29 countries and economies around the world*

## Americas

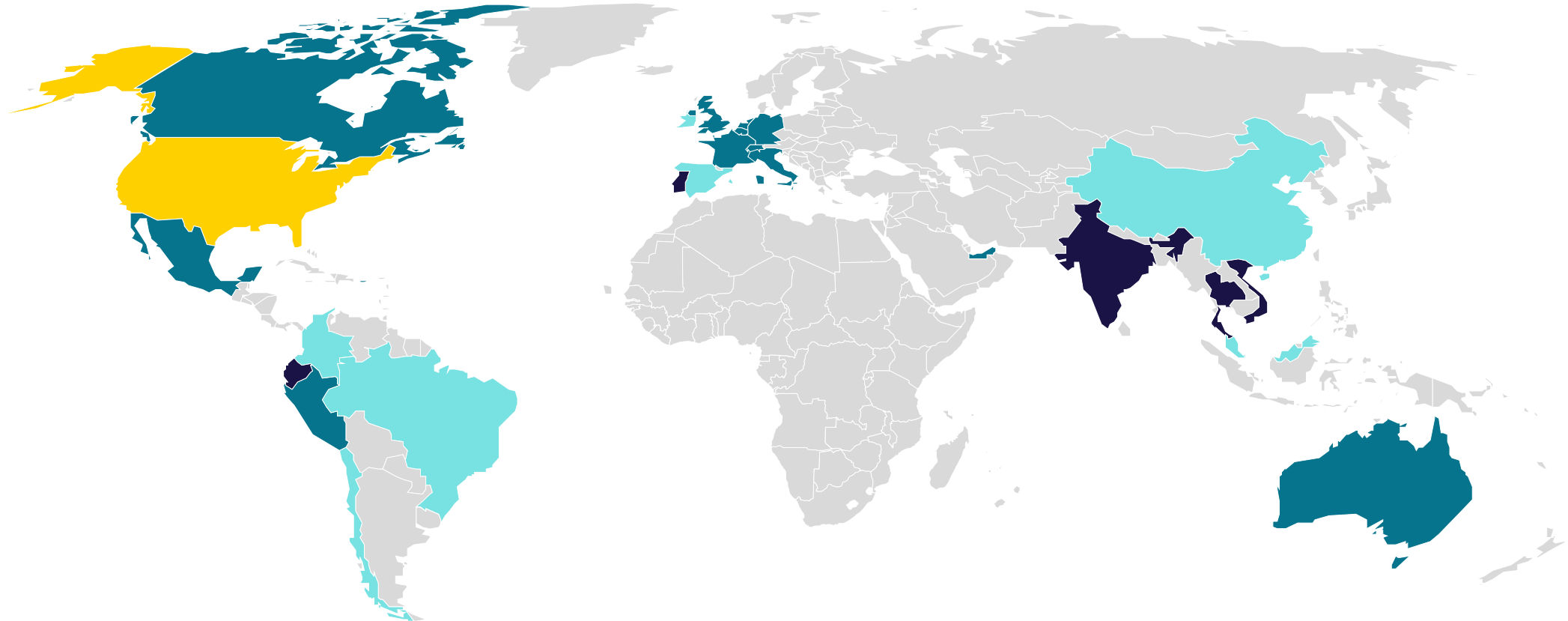
U.S. (HQ), Bermuda, Brazil, Canada, Chile, Colombia, Ecuador, Mexico, Peru

## Europe

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

## Asia Pacific

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

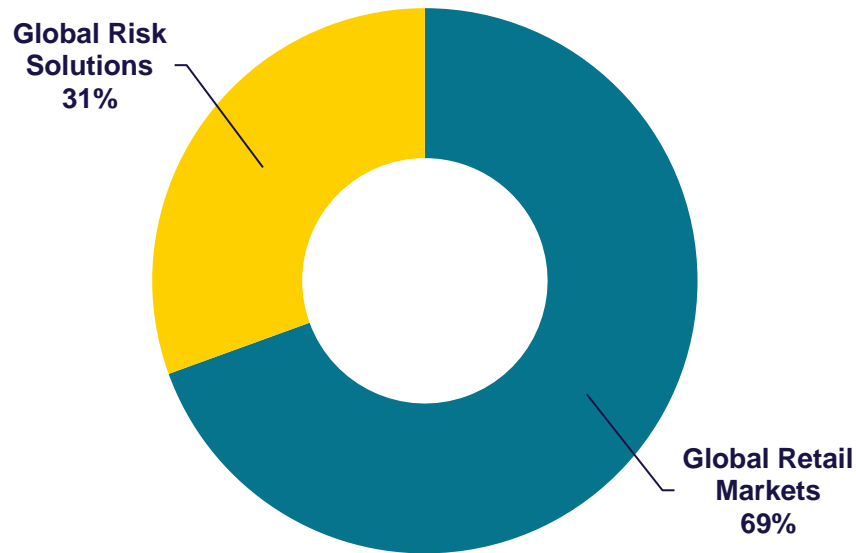


■ Headquarters ■ GRM ■ GRS ■ GRM & GRS



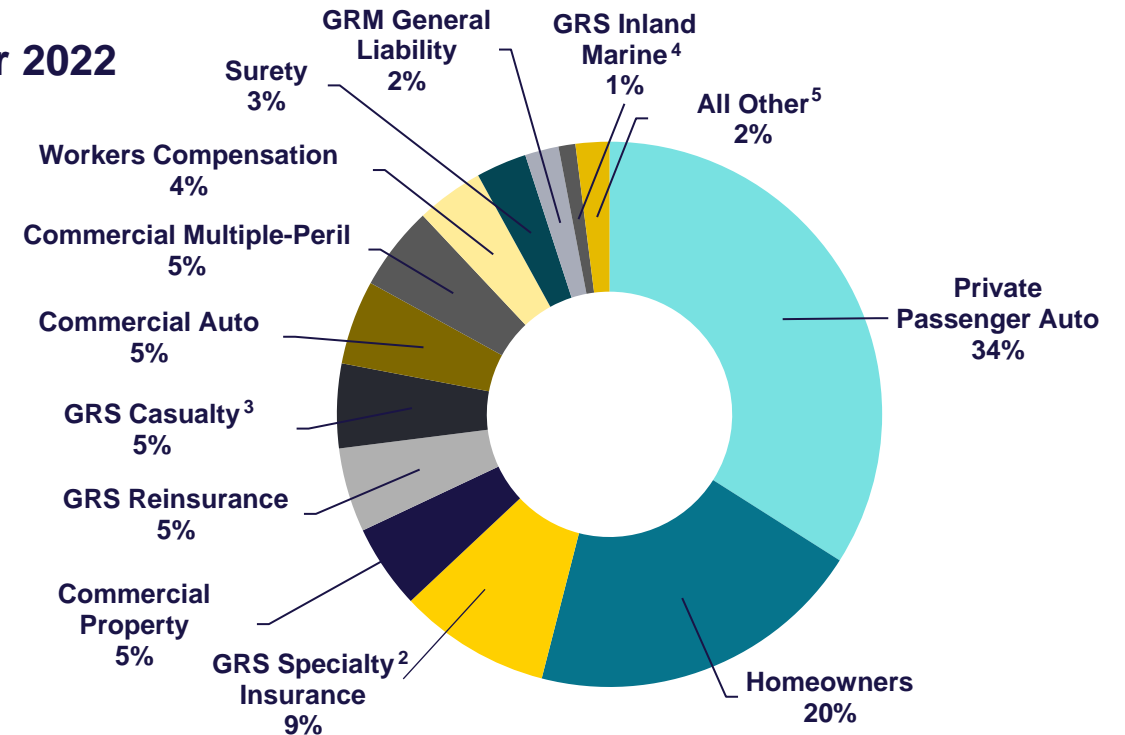
# Analysis of Consolidated Net Written Premium (“NWP”)

NWP by Business<sup>1</sup>



NWP by Line of Business

Full Year 2022



NWP in 2022 totaled **\$48.2 billion**, an increase of **10.4%** over the same period in 2021 (or an increase of **11.7%**<sup>6</sup> excluding FX)

<sup>1</sup> Excludes “Corporate and Other” of (\$723) million.

<sup>2</sup> Global Risk Solutions specialty insurance includes marine, energy, construction, aviation, warranty and indemnity, directors and officers, errors and omissions, trade credit, contingent lines and other.

<sup>3</sup> Global Risk Solutions casualty primarily includes general liability, excess & umbrella and environmental lines of business.

<sup>4</sup> Global Risk Solutions inland marine includes handset protection coverage for lost or damaged wireless devices.

<sup>5</sup> Includes Corporate Reinsurance, GRS Other Reinsurance, and Other. 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, and life and health reported within Global Retail Markets.

<sup>6</sup> Determined by assuming constant foreign exchange rates between periods.



# Consolidated Results

(\$ Millions)	Fourth Quarter			Full Year		
	2022	2021	Change	2022	2021	Change
<b>NWP</b>	<b>\$11,524</b>	<b>\$11,028</b>	<b>4.5%</b>	<b>\$48,227</b>	<b>\$43,679</b>	<b>10.4%</b>
Pre-tax operating income ("PTOI") before limited partnerships income	759	352	115.6	593	664	(10.7)
Limited partnerships income <sup>1</sup>	144	916	(84.3)	706	3,708	(81.0)
Net realized losses	(32)	(305)	(89.5)	(794)	(222)	NM
<b>Net income attributable to LMHC</b>	<b>612</b>	<b>722</b>	<b>(15.2)</b>	<b>414</b>	<b>3,068</b>	<b>(86.5)</b>
Net income attributable to LMHC excluding unrealized impact <sup>2</sup>	697	745	(6.4)	701	2,891	(75.8)
<b>Cash flow provided by continuing operations</b>	<b>\$1,564</b>	<b>\$889</b>	<b>75.9%</b>	<b>\$5,576</b>	<b>\$5,570</b>	<b>0.1%</b>

(\$ Millions)	As of		
	December 31, 2022	December 31, 2021	Change
Total equity excl. accumulated other comprehensive (loss) income	\$30,038	\$28,808	4.3%
<b>Total equity</b>	<b>\$22,208</b>	<b>\$27,848</b>	<b>(20.3%)</b>

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

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

Please refer to slide 4 for a description of all non-GAAP financial measures.

NM = Not Meaningful





# Consolidated Results

	Fourth Quarter			Full Year		
	2022	2021	Change (Points)	2022	2021	Change (Points)
Claims and claim adjustment expense ratio	66.5%	65.5%	1.0	66.9%	63.9%	3.0
Underwriting expense ratio	28.5	29.6	(1.1)	28.4	29.4	(1.0)
<b>Underlying combined ratio</b>	<b>95.0</b>	<b>95.1</b>	<b>(0.1)</b>	<b>95.3</b>	<b>93.3</b>	<b>2.0</b>
Catastrophes	3.3	1.3	2.0	7.7	7.4	0.3
Net incurred losses attributable to prior years:						
- Asbestos and environmental	0.8	1.4	(0.6)	0.2	0.4	(0.2)
- All other <sup>1</sup>	(2.2)	1.6	(3.8)	(1.6)	(0.3)	(1.3)
Current accident year re-estimation <sup>2</sup>	-	(0.2)	0.2	-	-	-
<b>Total combined ratio</b>	<b>96.9%</b>	<b>99.2%</b>	<b>(2.3)</b>	<b>101.6%</b>	<b>100.8%</b>	<b>0.8</b>

<sup>1</sup> Net of earned premium and reinstatement premium attributable to prior years.

<sup>2</sup> Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2022.

Please refer to slide 4 for a description of all non-GAAP financial measures.



# Global Retail Markets

## Segment Highlights

- Operates in 8 markets across 15 countries
- 6<sup>th</sup> largest writer of personal lines in the U.S.<sup>1</sup>
- 2<sup>nd</sup> largest in independent agency personal and small commercial lines in the U.S.<sup>1,2</sup>
- Leading multi-line writer focused on small commercial accounts

## Financial Performance

(\$ Millions)	Fourth Quarter			Full Year		
	2022	2021	Change	2022	2021	Change
<b>NWP</b>	<b>\$8,392</b>	<b>\$7,237</b>	<b>16.0%</b>	<b>\$33,997</b>	<b>\$29,319</b>	<b>16.0%</b>
Underlying PTOI	\$525	\$597	(12.1)	\$1,658	\$2,794	(40.7)
Catastrophes	(485)	(376)	29.0	(2,538)	(2,339)	8.5
Net incurred losses attributable to prior years	178	182	(2.2)	612	451	35.7
<b>Pre-tax operating income (loss)</b>	<b>\$218</b>	<b>\$403</b>	<b>(45.9)</b>	<b>(\$268)</b>	<b>\$906</b>	<b>NM</b>
	Fourth Quarter			Full Year		
	2022	2021	Change (Points)	2022	2021	Change (Points)
Claims and claim adjustment expense ratio	67.8%	66.2%	1.6	69.0%	64.0%	5.0
Underwriting expense ratio	28.2	27.9	0.3	27.5	28.4	(0.9)
<b>Underlying combined ratio</b>	<b>96.0</b>	<b>94.1</b>	<b>1.9</b>	<b>96.5</b>	<b>92.4</b>	<b>4.1</b>
Catastrophes	5.6	5.1	0.5	7.7	8.2	(0.5)
Net incurred losses attributable to prior years	(2.1)	(2.5)	0.4	(1.9)	(1.6)	(0.3)
<b>Total combined ratio</b>	<b>99.5%</b>	<b>96.7%</b>	<b>2.8</b>	<b>102.3%</b>	<b>99.0%</b>	<b>3.3</b>

<sup>1</sup> Based on 2021 DWP.

<sup>2</sup> Includes State Auto full-year 2021 results.

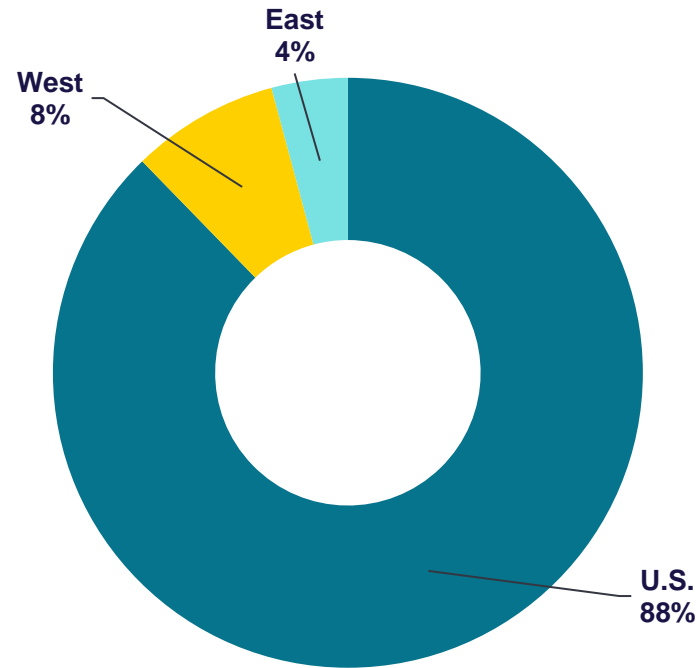
Please refer to slide 4 for a description of all non-GAAP financial measures.

NM = Not Meaningful



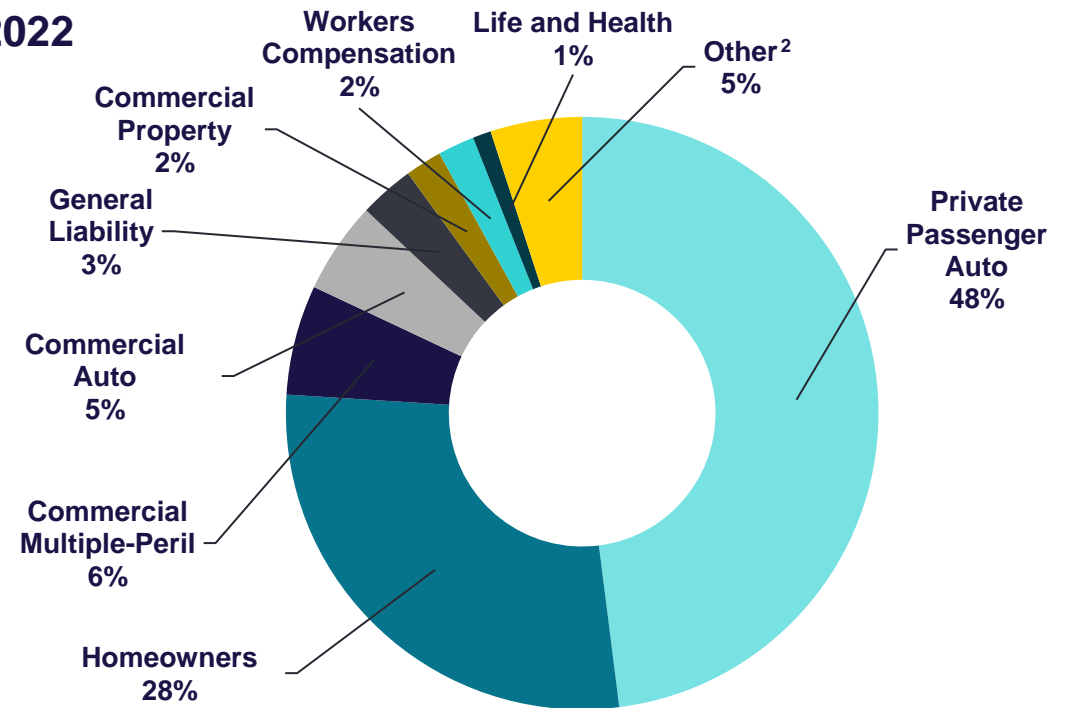
# Global Retail Markets NWP Distribution

— NWP by Market Segment<sup>1</sup> —



— NWP by Line of Business —

Full Year 2022



NWP in 2022 totaled **\$34.0** billion, an increase of **16.0%** over the same period in 2021 (or an increase of **16.8%**<sup>3</sup> excluding FX)

<sup>1</sup> Excludes "GRM Reinsurance" of \$8 million.

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

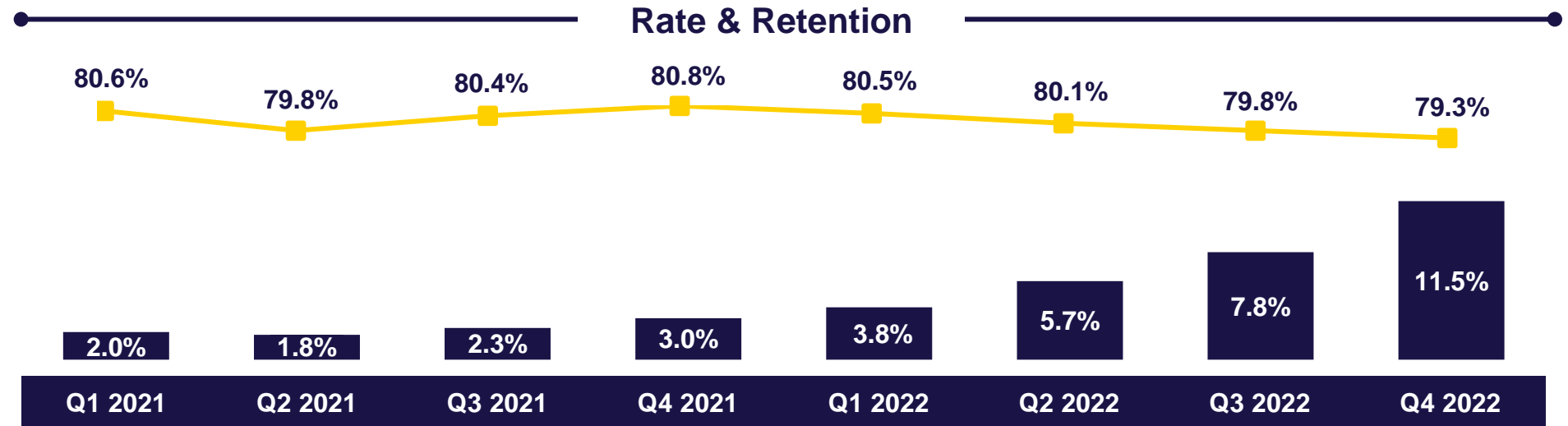
<sup>3</sup> Determined by assuming constant foreign exchange rates between periods.



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

Rate
  Retention

- **PIF:** policies in-force. Retention and Rate are calculated as the percent of policies in-force renewed on a rolling 12-month basis.
- Property Renewal Rate does not include impact of inflation protection mechanisms.



## Private Passenger Auto

Renewal Rate	1.7%	1.7%	2.0%	2.9%	4.0%	6.4%	8.6%	12.6%
Retention	78.9%	77.9%	78.7%	79.1%	78.5%	78.2%	77.6%	77.0%
PIF Growth	7.9%	6.2%	5.9%	5.7%	4.7%	3.9%	1.3%	(1.5%)

## Property

Renewal Rate	2.2%	2.0%	2.4%	3.1%	3.4%	4.8%	7.2%	11.1%
Retention	81.1%	80.4%	80.9%	81.3%	81.1%	80.6%	80.4%	79.8%
PIF Growth	7.1%	6.6%	6.5%	6.6%	6.2%	5.8%	4.5%	2.4%

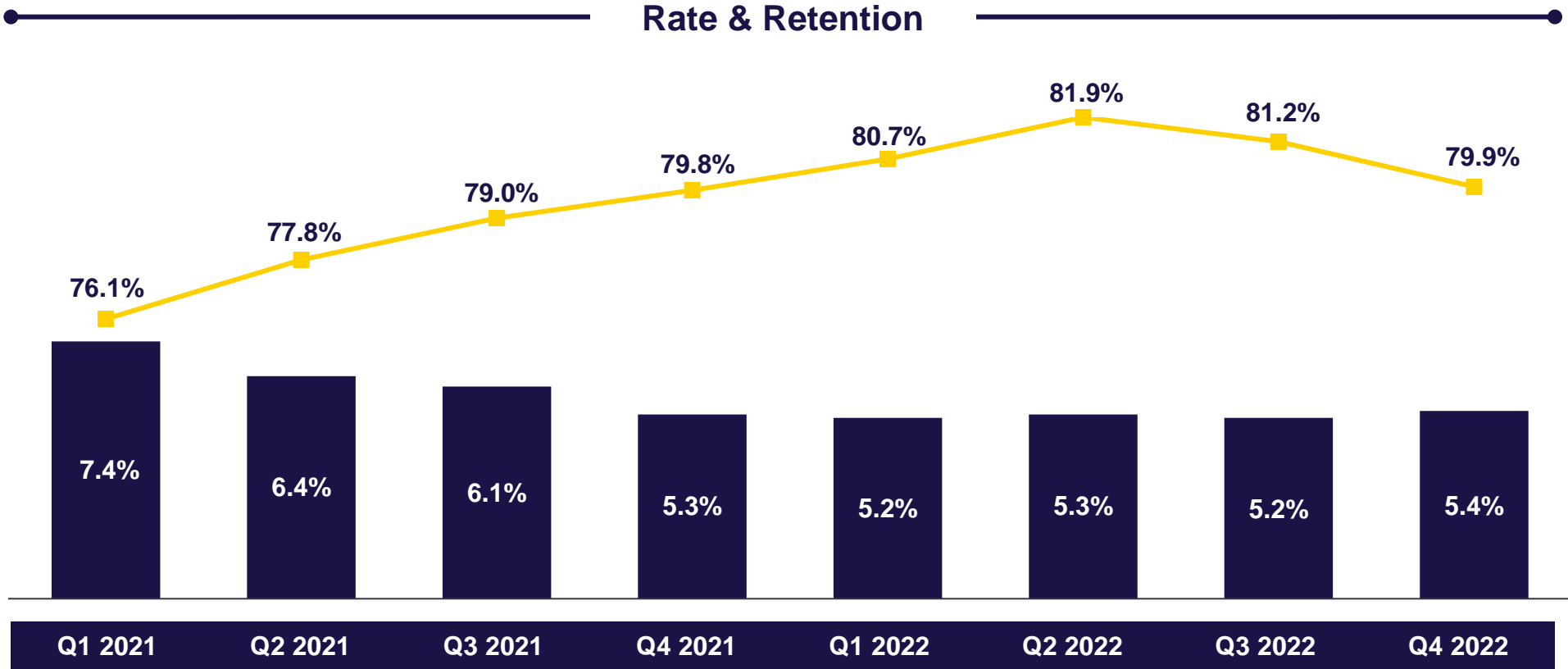
Results exclude the impact of newly acquired State Auto business.



# U.S. Business Lines: Rate & Retention

Rate
  Retention

- Retention (QTR):** is calculated as the percent of expiring premium retained on a month-to-month basis. Rate is calculated on a rolling 12-month basis.



## U.S. Business Lines

Renewal Rate	7.4%	6.4%	6.1%	5.3%	5.2%	5.3%	5.2%	5.4%
Retention	76.1%	77.8%	79.0%	79.8%	80.7%	81.9%	81.2%	79.9%

Results exclude the impact of newly acquired State Auto business.



# Global Risk Solutions

## Segment Highlights

- Offers a wide array of property, casualty, specialty and reinsurance products and services distributed through brokers and independent agents globally
- 1<sup>st</sup> in U.S. Surety<sup>1</sup>
- 1<sup>st</sup> in U.S. Inland Marine<sup>1</sup>
- 4<sup>th</sup> largest U.S. commercial and specialty lines writer<sup>1,2</sup>
- 8<sup>th</sup> largest U.S. Excess & Surplus lines carrier<sup>1</sup>

<sup>1</sup> Based on 2021 DWP.

<sup>2</sup> Includes small commercial premium reported within Global Retail Markets.

<sup>3</sup> Net of earned premium and reinstatement premium attributable to prior years of \$283 million and \$436 million for the three and twelve months ended December 31, 2022, and \$118 million and \$271 million for the same periods in 2021.

Please refer to slide 4 for a description of all non-GAAP financial measures.

NM = Not Meaningful

## Financial Performance

(\$ Millions)	Fourth Quarter			Full Year		
	2022	2021	Change	2022	2021	Change
<b>NWP</b>	<b>\$3,283</b>	<b>\$3,831</b>	<b>(14.3%)</b>	<b>\$14,953</b>	<b>\$14,602</b>	<b>2.4%</b>
Underlying PTOI	406	516	(21.3)	2,014	2,037	(1.1)
Catastrophes	116	14	NM	(1,095)	(1,168)	(6.3)
Net incurred losses attributable to prior years <sup>3</sup>	74	(271)	NM	65	(253)	NM
Current accident year re-estimation	-	19	NM	-	-	-
<b>Pre-tax operating income</b>	<b>\$596</b>	<b>\$278</b>	<b>114.4%</b>	<b>\$984</b>	<b>\$616</b>	<b>59.7%</b>

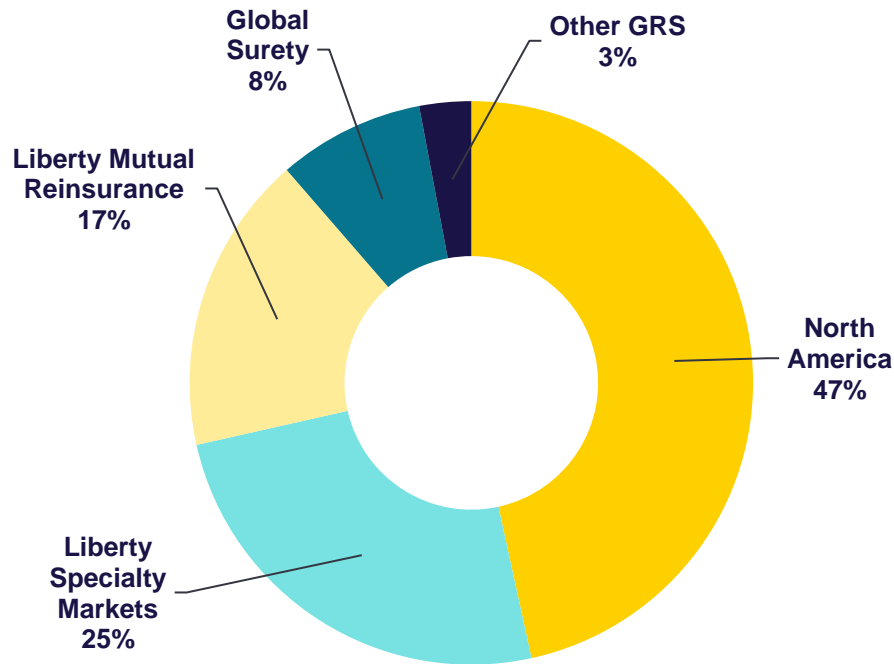
  

	Fourth Quarter			Full Year		
	2022	2021	Change (Points)	2022	2021	Change (Points)
Claims and claim adjustment expense ratio	62.3%	61.3%	1.0	61.5%	61.9%	(0.4)
Underwriting expense ratio	29.7	29.9	(0.2)	29.7	29.7	-
Dividend ratio	0.1	0.1	-	0.1	0.1	-
<b>Underlying combined ratio</b>	<b>92.1</b>	<b>91.3</b>	<b>0.8</b>	<b>91.3</b>	<b>91.7</b>	<b>(0.4)</b>
Catastrophes	(3.4)	(0.4)	(3.0)	7.8	8.7	(0.9)
Net incurred losses attributable to prior years <sup>3</sup>	(1.2)	7.8	(9.0)	(0.5)	1.8	(2.3)
Current accident year re-estimation	-	(0.5)	0.5	-	-	-
<b>Total combined ratio</b>	<b>87.5%</b>	<b>98.2%</b>	<b>(10.7)</b>	<b>98.6%</b>	<b>102.2%</b>	<b>(3.6)</b>



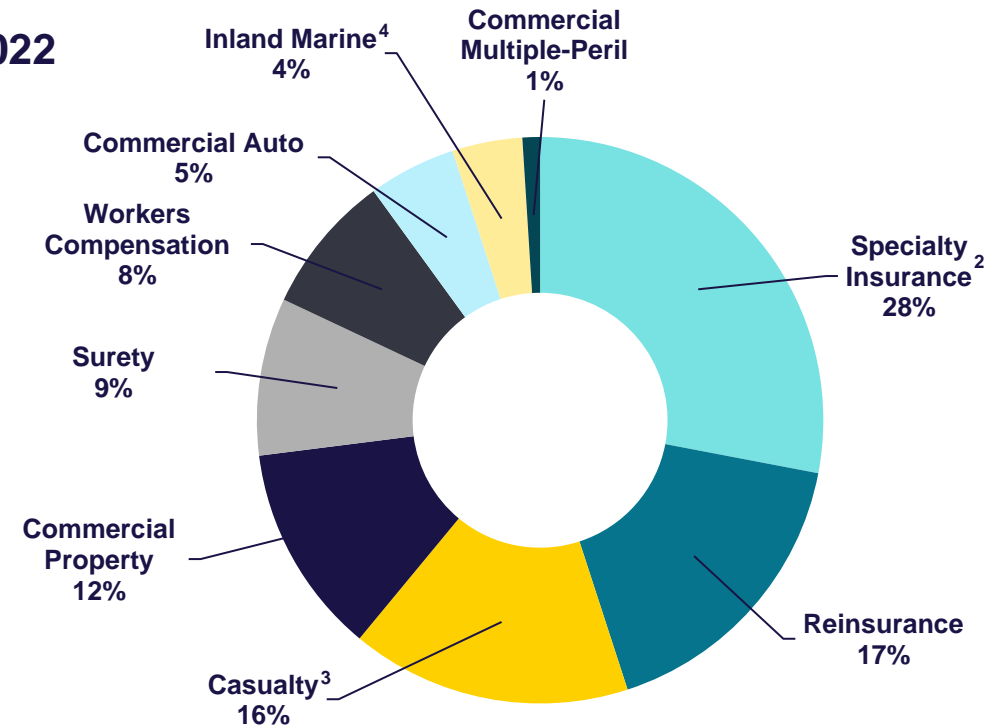
# Global Risk Solutions NWP Distribution

— NWP by Market Segment —



Full Year 2022

— NWP by Line of Business<sup>1</sup> —



NWP in 2022 totaled **\$15.0 billion**, an increase of **2.4%** over the same period in 2021 (or an increase of **4.6%**<sup>5</sup> excluding FX)

<sup>1</sup> Excludes "Other Reinsurance" of (\$140) million.

<sup>2</sup> Includes marine, energy, construction, aviation, warranty and indemnity, directors and officers, errors and omissions, trade credit, contingent lines and other.

<sup>3</sup> Primarily includes general liability, excess & umbrella and environmental lines of business.

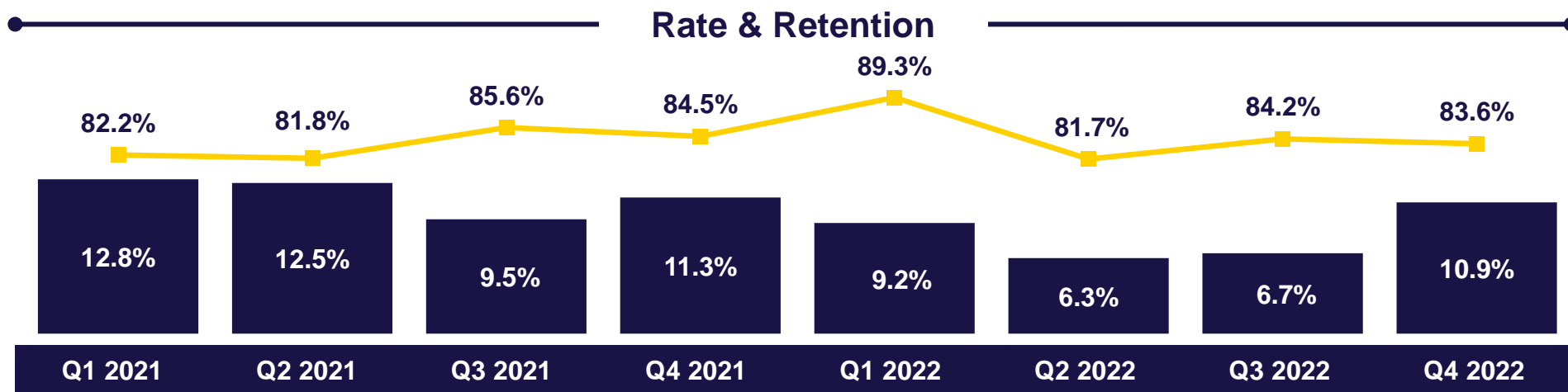
<sup>4</sup> Includes handset protection coverage for lost or damaged wireless devices.

<sup>5</sup> Determined by assuming constant foreign exchange rates between periods.



# Global Risk Solutions: Rate & Retention

- Rate
 —■ Retention
- Rate change and retention reported on a one-month lag for several GRS segments.
- Not inclusive of all major lines of business and specifically excludes cover holders, surety and project-based business. Prior periods' results have been restated and fully developed as of the current quarter.



## Specialty

Renewal Rate	18.0%	19.0%	14.8%	17.9%	11.5%	6.1%	5.2%	1.5%
Retention	80.7%	79.2%	86.3%	82.6%	88.9%	77.5%	82.3%	83.3%

## Reinsurance

Renewal Rate	10.8%	10.2%	7.4%	12.6%	7.0%	6.6%	7.5%	9.4%
Retention	84.7%	86.4%	77.6%	81.5%	90.0%	78.2%	85.4%	79.5%

## Casualty

Renewal Rate	19.0%	14.9%	12.1%	8.7%	7.5%	6.2%	9.0%	6.6%
Retention	78.5%	77.5%	85.4%	84.4%	85.8%	83.8%	83.8%	81.2%

## Commercial Property

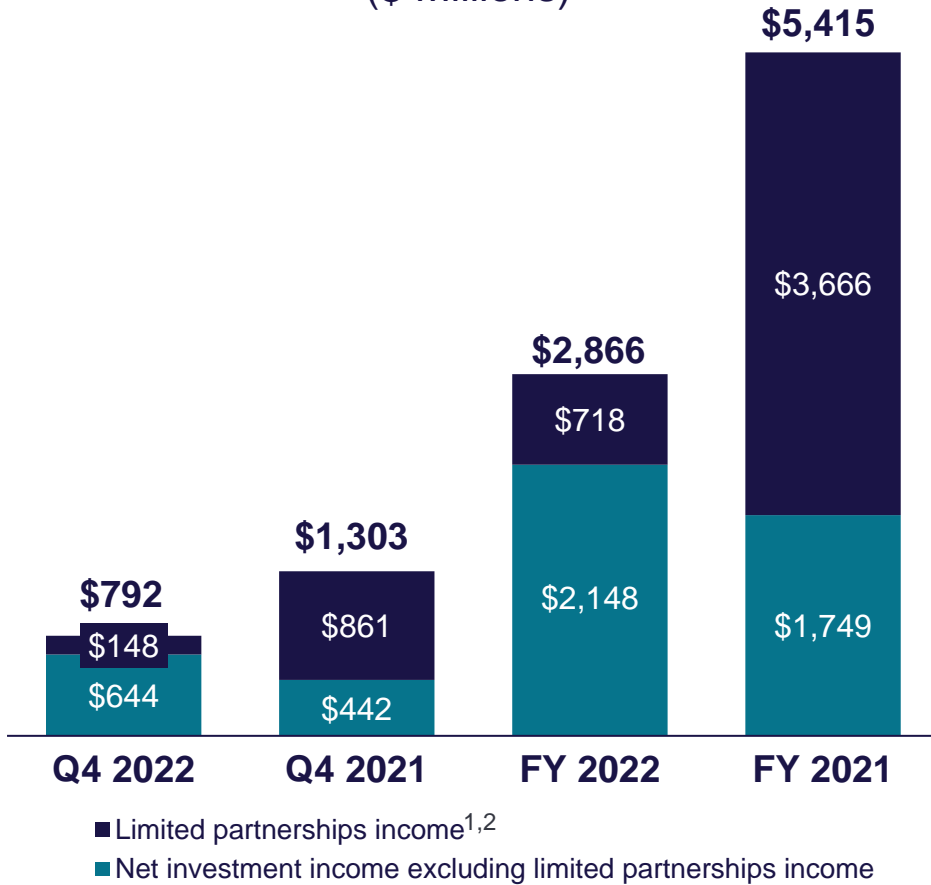
Renewal Rate	12.0%	11.3%	8.9%	8.3%	7.1%	9.4%	8.2%	12.4%
Retention	80.8%	82.3%	91.0%	85.4%	85.9%	85.8%	85.9%	78.5%



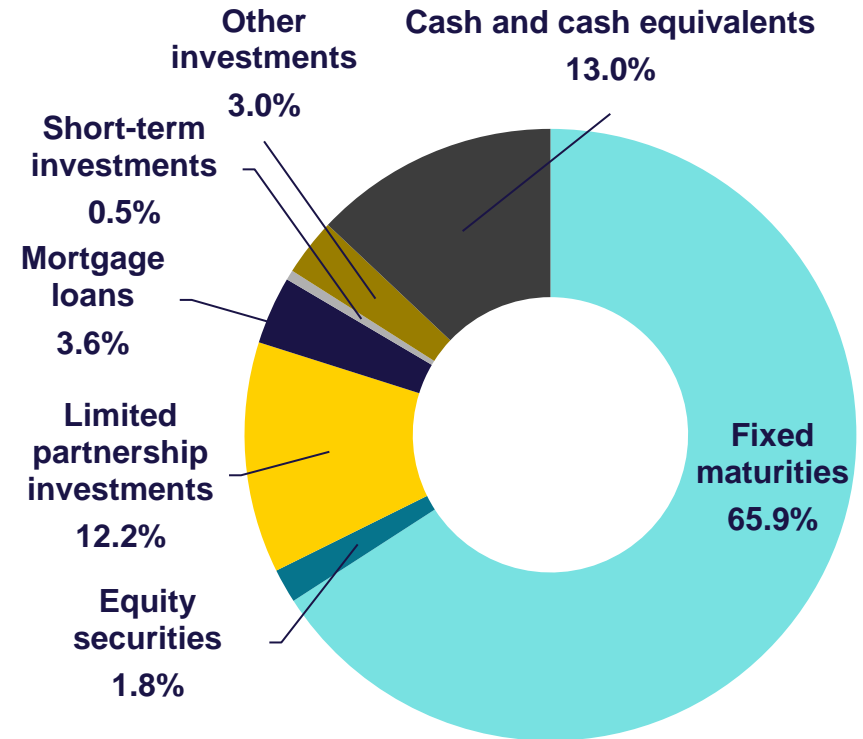


# Investments

— Net Investment Income —  
(\$ Millions)



— Invested Assets by Type —



Total invested assets as of  
**December 31, 2022: \$101.1 billion**

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

<sup>2</sup> Limited partnerships income including direct investments in natural resources was \$144 million and \$706 million for the three and twelve months ended December 31, 2022, and \$916 million and \$3.7 billion for the same periods in 2021.



# Capitalization

(\$ Millions)	As of December 31, 2022	As of December 31, 2021
Total long-term debt	\$10,053	\$9,181
Unamortized discount and debt issuance costs	(503)	(511)
Total long-term debt excluding unamortized discount and debt issuance costs	\$10,556	\$9,692
Total equity excluding accumulated other comprehensive (loss) income	\$30,038	\$28,808
Total capital excluding accumulated other comprehensive (loss) income <sup>1</sup>	\$40,594	\$38,500
<i>Debt-to-capital capitalization excluding accumulated other comprehensive (loss) income<sup>1</sup></i>	<i>26.0%</i>	<i>25.2%</i>
Statutory surplus	\$26,739	\$26,481

<sup>1</sup> Excludes unamortized discount and debt issuance costs.



# Holding Company Interest Coverage

(\$ Millions)	2023
Dividend capacity <sup>1</sup>	\$2,203
Estimated PTI from LMG service companies/fees	<u>\$650</u>
Total available funding	\$2,853
Estimated interest expense <sup>2</sup>	\$442
<b>Holding company interest coverage</b>	<b>6.5x</b>

<sup>1</sup> Represents the estimated maximum allowable dividend without prior regulatory approval in the state of domicile including approximately \$80 million of annual dividends related to non-redeemable perpetual preferred stock issuances by LMIC and LMFIC. Available dividend capacity as of December 31, 2022 is calculated as 2023 dividend capacity less dividends paid for the preceding 12 months. Dividends paid Jan 1, 2022 through December 31, 2022 for LMIC, LMFIC, EICOW and SAM were \$365 million, \$385 million, \$330 million and zero respectively.

<sup>2</sup> Represents the Company's interest obligations for debt issued by its non-insurance company subsidiaries, excluding the amortization of discount and debt issuance costs.



# Changes in Statutory Surplus

(\$ Millions)	Full Year 2022
<b>Balance at beginning of the year</b>	<b>\$26,481</b>
State Auto acquisition	1,248
Statutory net income	646
Net capital change	510
Changes in non-admitted assets	228
Affiliated unrealized losses	(1,611)
Non-affiliated unrealized losses	(826)
Other changes in statutory surplus	63
<b>Balance at end of the period</b>	<b>\$26,739</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 sixth largest global property and casualty insurer based on 2021 gross written premium. The Company also ranks 78<sup>th</sup> on the Fortune 100 list of largest corporations in the U.S. based on 2021 revenue. As of December 31, 2022, LMHC had \$160.316 billion in consolidated assets, \$138.108 billion in consolidated liabilities, and \$49.956 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 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 50,000 people in 29 countries and economies around the world. For a full description of the Company's business operations, products and distribution channels, please visit Liberty Mutual's Investor Relations website at [www.libertymutualgroup.com/investors](http://www.libertymutualgroup.com/investors).



# Additional Notes

The Company's financial results, management's discussion and analysis of operating results and financial condition are available on the Company's Investor Relations website at <http://www.libertymutualgroup.com/investors>. The accompanying financial statements for the three and twelve months ended December 31, 2022 will be available shortly on the website.

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 will be published on the Company's Investor Relations website shortly at <http://www.libertymutualgroup.com/investors>.





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