

Liberty Mutual Insurance Reports Fourth Quarter and Full Year 2023 Results

BOSTON, Mass., March 6, 2024 – Liberty Mutual Holding Company Inc. and its subsidiaries (collectively “LMHC” or the “Company”) reported net income attributable to LMHC of \$654 million and \$213 million for the three and twelve months ended December 31, 2023, versus net income attributable to LMHC of \$612 million and \$414 million for the same periods in 2022.

“We had a strong finish to the year with net income attributable to LMHC of \$654 million for the fourth quarter,” said Tim Sweeney, Liberty Mutual President & Chief Executive Officer. “We continue to make progress toward our 95% combined ratio target by the end of 2025, with 4.7 points of improvement in our underlying combined ratio and 2.3 points of improvement in our total combined ratio from the prior year quarter. We made particularly strong progress in US Retail Markets, where our underlying combined ratio improved by 7.4 points and total combined ratio dropped 6.6 points, as accelerating earned rate and targeted underwriting actions positively impacted the loss ratio. Despite higher loss activity in the quarter, Global Risk Solutions drove 3.7 points of improvement in total combined ratio from full year 2022, driven by lower catastrophe losses and rate actions. Expense efficiencies are also a key part of our profit improvement plan, and I am pleased to report that we achieved \$360 million in run-rate expense savings from actions taken in 2023. Looking ahead to 2024 and beyond, we will continue to focus on our profit improvement program, working to build upon the solid progress we have made to date.”

The tables below outline highlights of LMHC’s consolidated financial results for the three and twelve months ended December 31, 2023.

Net Written Premium (“NWP”) by Business:

Consolidated NWP by business was as follows:

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2023	2022	Change	2023	2022	Change
\$ in Millions						
US Retail Markets	\$7,069	\$7,212	(2.0%)	\$29,859	\$29,816	0.1%
Global Risk Solutions	4,294	3,662	17.3	16,800	16,267	3.3
Corporate and Other	(33)	(124)	(73.4)	(177)	(718)	(75.3)
Total NWP	\$11,330	\$10,750	5.4%	\$46,482	\$45,365	2.5%
Foreign exchange effect on growth			0.4			(0.1)
NWP growth excluding foreign exchange ¹			5.0%			2.6%

¹ Determined by assuming constant foreign exchange rates between periods.

Consolidated Results of Operations:

\$ in Millions	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2023	2022	Change	2023	2022	Change
Revenues	\$12,567	\$12,351	1.7%	\$49,412	\$47,179	4.7%
Underlying PTOI before limited partnerships income	1,553	909	70.8	4,895	3,319	47.5
Catastrophes	(233)	(389)	(40.1)	(4,684)	(3,556)	31.7
Net incurred losses attributable to prior years:						
- Asbestos and environmental ¹	(110)	(96)	14.6	(110)	(96)	14.6
- All other ²	(40)	222	NM	521	657	(20.7)
Current accident year re-estimation ³	(60)	-	NM	-	-	-
Pre-tax operating income before limited partnerships income	1,110	646	71.8	622	324	92.0
Limited partnerships income ⁴	4	144	(97.2)	89	704	(87.4)
Pre-tax operating income	1,114	790	41.0	711	1,028	(30.8)
Net realized losses	(271)	(48)	NM	(296)	(652)	(54.6)
Acquisition & integration costs	(32)	(21)	52.4	(90)	(101)	(10.9)
Restructuring costs	(55)	(7)	NM	(121)	(10)	NM
Pre-tax income	756	714	5.9	204	264	(22.7)
Income tax expense	102	162	(37.0)	35	14	150.0
Consolidated net income from continuing operations	654	552	18.5	169	250	(32.4)
Discontinued operations, net of tax	9	64	(85.9)	59	169	(65.1)
Consolidated net income	663	616	7.6	228	419	(45.6)
Less: Net income attributable to non-controlling interest	9	4	125.0	15	5	200.0
Net income attributable to LMHC	654	612	6.9	213	414	(48.6)
Net income attributable to LMHC excluding unrealized impact ⁵	697	718	(2.9)	143	730	(80.4)
Cash flow provided by continuing operations	\$1,328	\$1,697	(21.7%)	\$3,550	\$5,588	(36.5%)

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 \$300 million and \$340 million for the three and twelve months ended December 31, 2023, and \$283 million and \$436 million for the same periods in 2022.

3 Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2023.

4 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.

5 Excludes unrealized gains on equity securities, unit linked life insurance, and the corresponding tax impact.

NM = Not Meaningful

Combined Ratio:

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2023	2022	Change (Points)	2023	2022	Change (Points)
CONSOLIDATED						
Combined ratio						
Claims and claim adjustment expense ratio	62.4%	67.2%	(4.8)	65.3%	66.8%	(1.5)
Underwriting expense ratio	28.7	28.6	0.1	28.1	28.3	(0.2)
Underlying combined ratio	91.1	95.8	(4.7)	93.4	95.1	(1.7)
Catastrophes	2.0	2.6	(0.6)	10.3	8.1	2.2
Net incurred losses attributable to prior years:						
- Asbestos and environmental	0.9	0.9	-	0.2	0.2	-
- All other ¹	0.6	(1.9)	2.5	(1.2)	(1.4)	0.2
Current accident year re-estimation ²	0.5	-	0.5	-	-	-
Total combined ratio ³	95.1%	97.4%	(2.3)	102.7%	102.0%	0.7

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

2 Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2023.

3 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.

Equity:

	As of December 31,	As of December 31,	Change
	2023	2022	
\$ in Millions			
Unassigned equity	\$29,991	\$29,822	0.6%
Accumulated other comprehensive loss	(5,127)	(7,830)	(34.5)
Non-controlling interest	196	216	(9.3)
Total equity	\$25,060	\$22,208	12.8%

Subsequent Events

On January 31, 2024 the Western European Markets (“WEM”) transaction closed and on March 1, 2024 the Andes transaction closed.

On February 28th, 2024, Liberty Mutual Group Inc. announced its intention to redeem €500 million 3.625% Series D Junior Subordinated Notes due 2059, on May 23, 2024, at the redemption price.

Management has assessed material subsequent events through March 6, 2024, the date the financial statements were available to be issued.

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, 2023 are available on the Company's Investor Relations website at www.libertymutualgroup.com/investors.

Conference Call Information

On March 7, 2024, at 10:00 a.m. Eastern Time, Tim Sweeney, Liberty Mutual Insurance President and CEO, will host a conference call to discuss the Company's fourth quarter financial results. To participate in the event via telephone and to ask a question, please dial 844-481-2837 and request to join into the Liberty Mutual Insurance call. To listen to the call online via PC and view a presentation on financial performance, please log into <https://event.choruscall.com/mediaframe/webcast.html?webcastid=olXpf28v>. 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 fifth largest global property and casualty insurer based on 2022 gross written premium. We also rank 86th on the Fortune 100 list of largest corporations in the US based on 2022 revenue. As of December 31, 2023, we had \$49.4 billion in annual consolidated revenue.

We employ over 45,000 people in 27 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.

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.

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