

Liberty Mutual Insurance Reports Third Quarter 2023 Results

BOSTON, Mass., November 9, 2023 – Liberty Mutual Holding Company Inc. and its subsidiaries (collectively “LMHC” or the “Company”) reported net income attributable to LMHC of \$219 million and loss of \$441 million for the three and nine months ended September 30, 2023, versus net loss attributable to LMHC of \$353 million and \$198 million for the same periods in 2022.

“For the third quarter, we reported net income attributable to LMHC of \$219 million,” said Tim Sweeney, Liberty Mutual President & Chief Executive Officer. “Solid underwriting results in our Global Risk Solutions business and the tailwind from rising net investment income helped offset continued pressure from inflation and severe weather impacting US personal lines. Despite these challenges, the underlying combined ratio in US Retail Markets improved 2.4 points and we continue to take aggressive rate and non-rate actions to return that business to target profitability. Global Risk Solutions continues to make progress toward its targets, with an improvement in the underlying combined ratio of 2.2 points compared to the prior year quarter. We remain focused on continuing to improve underwriting profitability to achieve a 95% target combined ratio.”

The tables below outline highlights of LMHC’s consolidated financial results for the three and nine months ended September 30, 2023.

Net Written Premium (“NWP”) by Business:

Consolidated NWP by business was as follows:

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Change	2023	2022	Change
US Retail Markets	\$8,043	\$7,981	0.8%	\$22,790	\$22,604	0.8%
Global Risk Solutions	4,208	4,357	(3.4)	12,506	12,605	(0.8)
Corporate and Other	(91)	(490)	(81.4)	(144)	(594)	(75.8)
Total NWP	\$12,160	\$11,848	2.6%	\$35,152	\$34,615	1.6%
Foreign exchange effect on growth			0.1			(0.3)
NWP growth excluding foreign exchange ¹			2.5%			1.9%

¹ Determined by assuming constant foreign exchange rates between periods.

Consolidated Results of Operations:

\$ in Millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Change	2023	2022	Change
Revenues	\$12,564	\$12,031	4.4%	\$36,845	\$34,828	5.8%
Underlying PTOI before limited partnerships income	1,456	857	69.9	3,415	2,423	40.9
Catastrophes	(1,110)	(1,391)	(20.2)	(4,451)	(3,155)	41.1
Net incurred losses attributable to prior years:						
- Asbestos and environmental ¹	-	-	-	-	-	-
- All other ²	56	292	(80.8)	548	410	33.7
Current accident year re-estimation ³	(192)	(143)	34.3	-	-	-
Pre-tax operating income (loss) before limited partnerships income	210	(385)	NM	(488)	(322)	51.6
Limited partnerships income (loss) ⁴	62	(272)	NM	85	560	(84.8)
Pre-tax operating income (loss)	272	(657)	NM	(403)	238	NM
Net realized gains (losses)	87	69	26.1	(25)	(604)	(95.9)
Acquisition & integration costs	(33)	(23)	43.5	(58)	(80)	(27.5)
Restructuring costs	(26)	(5)	NM	(66)	(3)	NM
Pre-tax income (loss)	300	(616)	NM	(552)	(449)	22.9
Income tax expense (benefit)	133	(197)	NM	(67)	(148)	(54.7)
Consolidated net income (loss) from continuing operations	167	(419)	NM	(485)	(301)	61.1
Discontinued operations, net of tax	48	66	(27.3)	50	104	(51.9)
Consolidated net income (loss)	215	(353)	NM	(435)	(197)	120.8
Less: Net income attributable to non-controlling interest	(4)	-	NM	6	1	NM
Net income (loss) attributable to LMHC	219	(353)	NM	(441)	(198)	122.7
Net income (loss) attributable to LMHC excluding unrealized impact ⁵	132	(439)	NM	(554)	12	NM
Cash flow provided by continuing operations	\$1,798	\$2,158	(16.7%)	\$2,222	\$3,891	(42.9%)

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 \$8 million and \$40 million for the three and nine months ended September 30, 2023, and \$107 million and \$152 million for the same periods in 2022.

3 Re-estimation of the current accident year loss reserves for the six months ended June 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 September 30,			Nine Months Ended September 30,		
	2023	2022	Change (Points)	2023	2022	Change (Points)
CONSOLIDATED						
Combined ratio						
Claims and claim adjustment expense ratio	65.4%	66.7%	(1.3)	66.0%	66.7%	(0.7)
Underwriting expense ratio	26.7	28.0	(1.3)	27.9	28.1	(0.2)
Underlying combined ratio	92.1	94.7	(2.6)	93.9	94.8	(0.9)
Catastrophes	9.6	13.2	(3.6)	13.1	10.0	3.1
Net incurred losses attributable to prior years:						
- Asbestos and environmental	-	-	-	-	-	-
- All other ¹	(0.8)	(2.5)	1.7	(1.6)	(1.2)	(0.4)
Current accident year re-estimation ²	1.7	1.3	0.4	-	-	-
Total combined ratio ³	102.6%	106.7%	(4.1)	105.4%	103.6%	1.8

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

2 Re-estimation of the current accident year loss reserves for the six months ended June 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 September 30,	As of December 31,	Change
	2023	2022	
\$ in Millions			
Unassigned equity	\$29,337	\$29,822	(1.6%)
Accumulated other comprehensive loss	(8,218)	(7,830)	4.9
Non-controlling interest	182	216	(15.7)
Total equity	\$21,301	\$22,208	(4.1%)

Subsequent Events

Management has assessed material subsequent events through November 8, 2023, 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 nine months ended September 30, 2023 are available on the Company's Investor Relations website at 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, 2022, we had \$50.0 billion in annual consolidated revenue.

We employ over 50,000 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.

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
 Nik Vasilakos
 857-224-6655

Media Relations
Rich Angevine
617-833-0926