

## Liberty Mutual Insurance Reports Fourth Quarter and Full Year 2021 Results

BOSTON, Mass., February 24, 2022 – Liberty Mutual Holding Company Inc. and its subsidiaries (collectively “LMHC” or the “Company”) reported net income attributable to LMHC of \$722 million and \$3.068 billion for the three and twelve months ended December 31, 2021, increases of \$560 million and \$2.310 billion over the same periods in 2020, respectively.

“We had a strong finish to the year with net income attributable to LMHC of \$722 million in the fourth quarter, contributing to record net income of \$3.1 billion for the full year 2021,” said David H. Long, Liberty Mutual Chairman and CEO. “Results continued to benefit from the exceptional returns we’ve seen over the past year in our partnerships, LLC, and other equity method investment portfolio, which produced \$916 million of pre-tax income in the quarter. We also continued to make progress in the quarter against our objectives of profitable growth in Global Retail Markets, profit improvement in Global Risk Solutions, and expense management, with net written premium growth in GRM of 8.5%, core combined ratio improvement in GRS of 2.6 points to 91.3%, and a 0.6 point decrease in the group’s expense ratio to 29.6%. Looking ahead to 2022 and beyond, we’ll continue to focus on these objectives and work to build upon the progress we’ve made to date.”

The tables below outline highlights of LMHC’s consolidated financial results for the three months and twelve months ended December 31, 2021.

### Net Written Premium (“NWP”) by Business:

\$ in Millions	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2021	2020	Change	2021	2020	Change
Global Retail Markets	\$7,237	\$6,673	8.5%	\$29,319	\$27,401	7.0%
Global Risk Solutions	3,831	3,429	11.7	14,602	13,346	9.4
Corporate and Other	(40)	(7)	NM	(242)	(123)	96.7
Total NWP	\$11,028	\$10,095	9.2%	\$43,679	\$40,624	7.5%
Foreign exchange effect on growth			(0.3)			0.6
NWP growth excluding foreign exchange <sup>1</sup>			9.5%			6.9%

<sup>1</sup> Determined by assuming constant foreign exchange rates between periods.  
NM = Not Meaningful

## Consolidated Results of Operations:

\$ in Millions	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2021	2020	Change	2021	2020	Change
Revenues	\$12,221	\$11,796	3.6%	\$48,200	\$43,796	10.1%
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	\$790	\$897	(11.9%)	\$3,804	\$4,187	(9.1%)
Catastrophes <sup>1</sup>	(143)	(359)	(60.2)	(3,057)	(2,523)	21.2
COVID-19 <sup>2</sup>	-	(115)	(100.0)	-	(680)	(100.0)
Net incurred losses attributable to prior years:						
- Asbestos and environmental <sup>3</sup>	(151)	(211)	(28.4)	(150)	(209)	(28.2)
- All other <sup>4</sup>	(163)	(442)	(63.1)	67	(588)	NM
Current accident year re-estimation <sup>5</sup>	19	197	(90.4)	-	-	-
Pre-tax operating income (loss) before partnerships, LLC and other equity method income	352	(33)	NM	664	187	NM
Partnerships, LLC and other equity method income <sup>6</sup>	916	494	85.4	3,708	711	NM
Pre-tax operating income	1,268	461	175.1	4,372	898	NM
Net realized (losses) gains	(305)	415	NM	(222)	790	NM
Unit linked life insurance	(31)	(51)	(39.2)	(126)	(30)	NM
Acquisition & integration costs	(8)	(2)	NM	(21)	(18)	(16.7)
Restructuring costs	(46)	(596)	(92.3)	(193)	(626)	(69.2)
Pre-tax income	878	227	NM	3,810	1,014	NM
Income tax expense	156	67	132.8	740	237	NM
Consolidated net income from continuing operations	722	160	NM	3,070	777	NM
Discontinued operations, net of tax	-	2	(100.0)	-	(17)	(100.0)
Consolidated net income	722	162	NM	3,070	760	NM
Less: Net income attributable to non-controlling interest	-	-	-	2	2	-
Net income attributable to LMHC	722	162	NM	3,068	758	NM
Net income attributable to LMHC excluding unrealized impact <sup>7</sup>	716	23	NM	2,795	671	NM
Cash flow provided by continuing operations	\$889	\$1,542	(42.3%)	\$5,570	\$6,448	(13.6%)

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 in 2020.

3 Asbestos and environmental is gross of the related adverse development reinsurance (the "NICO Reinsurance Transaction").

4 Net of earned premium and reinstatement premium attributable to prior years of \$118 million and \$271 million for the three and twelve months ended December 31, 2021, and \$83 million and \$301 million for the same periods in 2020.

5 Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2021 and September 30, 2020.

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.

NM = Not Meaningful

**Combined Ratio:**

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2021	2020	Change (Points)	2021	2020	Change (Points)
<b>CONSOLIDATED</b>						
<b>Combined ratio before catastrophes, COVID-19, net incurred losses attributable to prior years and current accident year re-estimation</b>						
Claims and claim adjustment expense ratio	65.5%	62.9%	2.6	63.9%	61.9%	2.0
Underwriting expense ratio	29.6	30.2	(0.6)	29.4	29.7	(0.3)
Subtotal	95.1	93.1	2.0	93.3	91.6	1.7
Catastrophes <sup>1</sup>	1.3	3.5	(2.2)	7.4	6.4	1.0
COVID-19 <sup>2</sup>	-	1.1	(1.1)	-	1.7	(1.7)
Net incurred losses attributable to prior years:						
- Asbestos and environmental	1.4	2.1	(0.7)	0.4	0.6	(0.2)
- All other <sup>3</sup>	1.6	4.4	(2.8)	(0.3)	1.5	(1.8)
Current accident year re-estimation <sup>4</sup>	(0.2)	(1.9)	1.7	-	-	-
<b>Total combined ratio<sup>5</sup></b>	<b>99.2%</b>	<b>102.3%</b>	<b>(3.1)</b>	<b>100.8%</b>	<b>101.8%</b>	<b>(1.0)</b>

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 in 2020.

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

4 Re- estimation of the current accident year loss reserves for the nine months ended September 30, 2021 and September 30, 2020.

5 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:**

\$ in Millions	As of December 31,	As of December 31,	Change
	2021	2020	
Unassigned equity	\$28,776	\$25,708	11.9%
Accumulated other comprehensive (loss) income	(960)	218	NM
Non-controlling interest	32	31	3.2
<b>Total equity</b>	<b>\$27,848</b>	<b>\$25,957</b>	<b>7.3%</b>

NM = Not Meaningful

## Subsequent Events

Management has assessed material subsequent events through February 23, 2022, 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, 2021 are available on the Company's Investor Relations website at [www.libertymutualgroup.com/investors](http://www.libertymutualgroup.com/investors).

**Conference Call Information:** On February 24, 2022, 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 3116996. You can view the slides at [https://attglobal.webcasts.com/starthere.jsp?ei=1524977&tp\\_key=e2e2d637a8](https://attglobal.webcasts.com/starthere.jsp?ei=1524977&tp_key=e2e2d637a8). 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=1524977&tp\\_key=e2e2d637a8](https://attglobal.webcasts.com/starthere.jsp?ei=1524977&tp_key=e2e2d637a8). 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](http://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 2020 gross written premium. We also rank 71<sup>st</sup> on the Fortune 100 list of largest corporations in the U.S. based on 2020 revenue. As of December 31, 2021, we had \$48.2 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](http://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), 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.

### **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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