



# Third Quarter 2020 Results

November 5<sup>th</sup>, 2020



# 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 Liberty Mutual Holding Company Inc., the parent corporation of the Liberty Mutual Insurance group of entities (the "Company" or "LMHC"). 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, 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 cyclical nature 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 federal 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.

The United Kingdom's withdrawal from the European Union occurred on January 31, 2020. That date also marks the beginning of a transition period during which the United Kingdom will remain in the EU's customs union and single market but will negotiate with the European Union regarding the terms of the future UK-EU relationship. The withdrawal could have a negative impact on economic conditions in the United Kingdom and could result in unintended consequences in other countries as well. The Company acknowledges that there are risks and uncertainties associated with the United Kingdom's withdrawal from the European Union and has developed a course of action related to the withdrawal but will continue to monitor the negotiations as they develop.



# 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) 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.

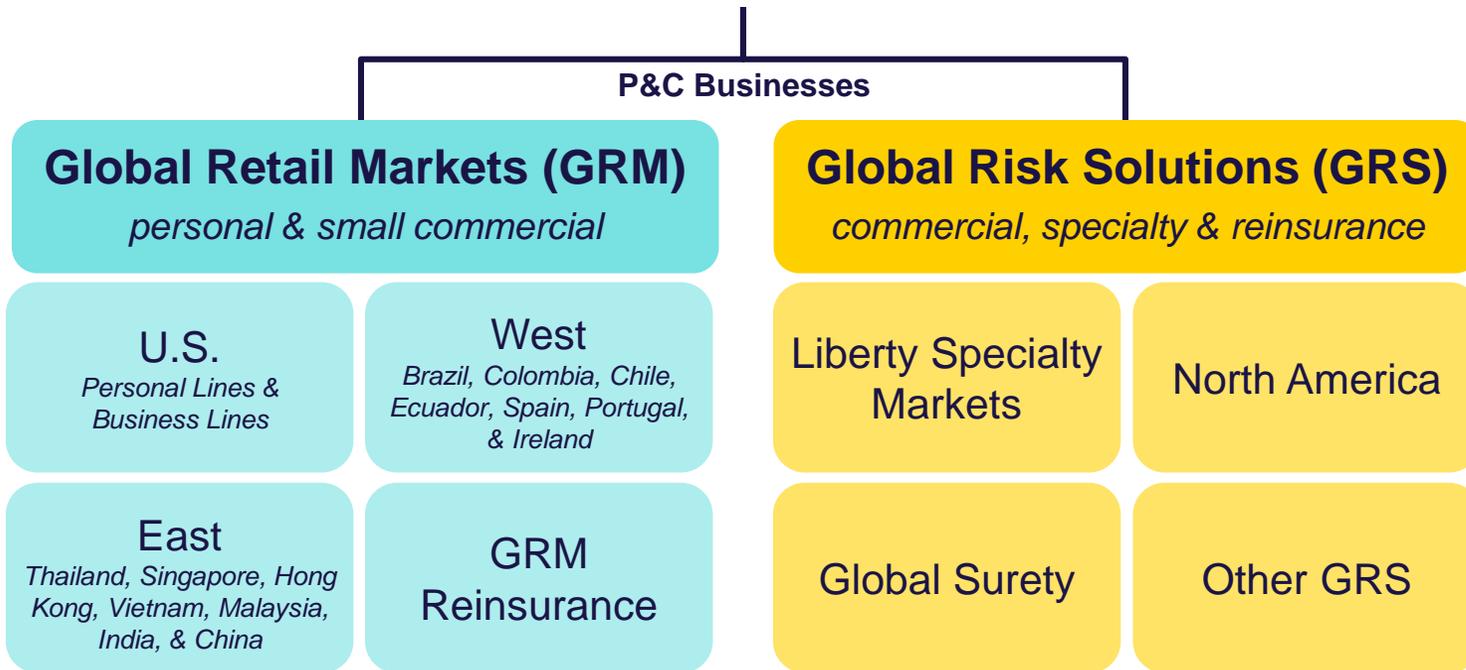
Furthermore, as a consequence of the COVID-19 stay at home orders in effect throughout much of the United States and abroad, policyholders are driving fewer miles than normal. Accordingly, on April 7, 2020, the Company announced its Personal Auto Customer Relief Refund (“PACRR”) plan which gives personal auto insurance customers a 15% refund on two months of their annual 2020 premium. On April 23, 2020, the Company launched its Liberty Mutual Businessowners Policy (“BOP”) Refund for small commercial customers issuing a 15% refund of two months of premium for all BOP policies. In addition, late fee charges were automatically stopped and cancellations due to non-payment were temporarily paused for both personal auto and home customers from March 23 through June 15, 2020. The Company will work with individual customers to extend payment dates if needed and provide personalized support on an ad hoc basis. All personal auto policy coverages were expanded to cover customers who use their personal vehicles to deliver food and medicine even though some of our standard personal auto policies typically exclude such coverage. This additional protection remained in effect for all personal auto policies in all states for losses occurring from March 16 to June 1, 2020 and reported by July 1, 2020. The aggregate payments made under the PACRR and BOP customer support programs was \$305 million.



# Liberty Mutual Overview



*Helping people embrace today and confidently pursue tomorrow*



## Key Highlights

- Mutual holding company structure
- \$133.6B of assets & \$43.2B of revenues in 2019
- The most diversified P&C insurer
- 77<sup>th</sup> among Fortune 500 companies<sup>1</sup>
- 1st in U.S. Surety<sup>2,3</sup>
- 3rd largest commercial lines writer in the U.S.<sup>2</sup>
- 4th largest P&C writer in the U.S.<sup>2</sup>
- 6th largest global P&C insurer<sup>4</sup>
- 6th largest personal lines writer in the U.S.<sup>2</sup>
- 9th largest surplus lines carrier in the U.S.<sup>2</sup>

<sup>1</sup> Based on 2019 revenue – as reported.

<sup>2</sup> Based on 2019 direct written premium (“DWP”).

<sup>3</sup> Includes AmTrust surety full-year 2019 results.

<sup>4</sup> Based on 2019 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

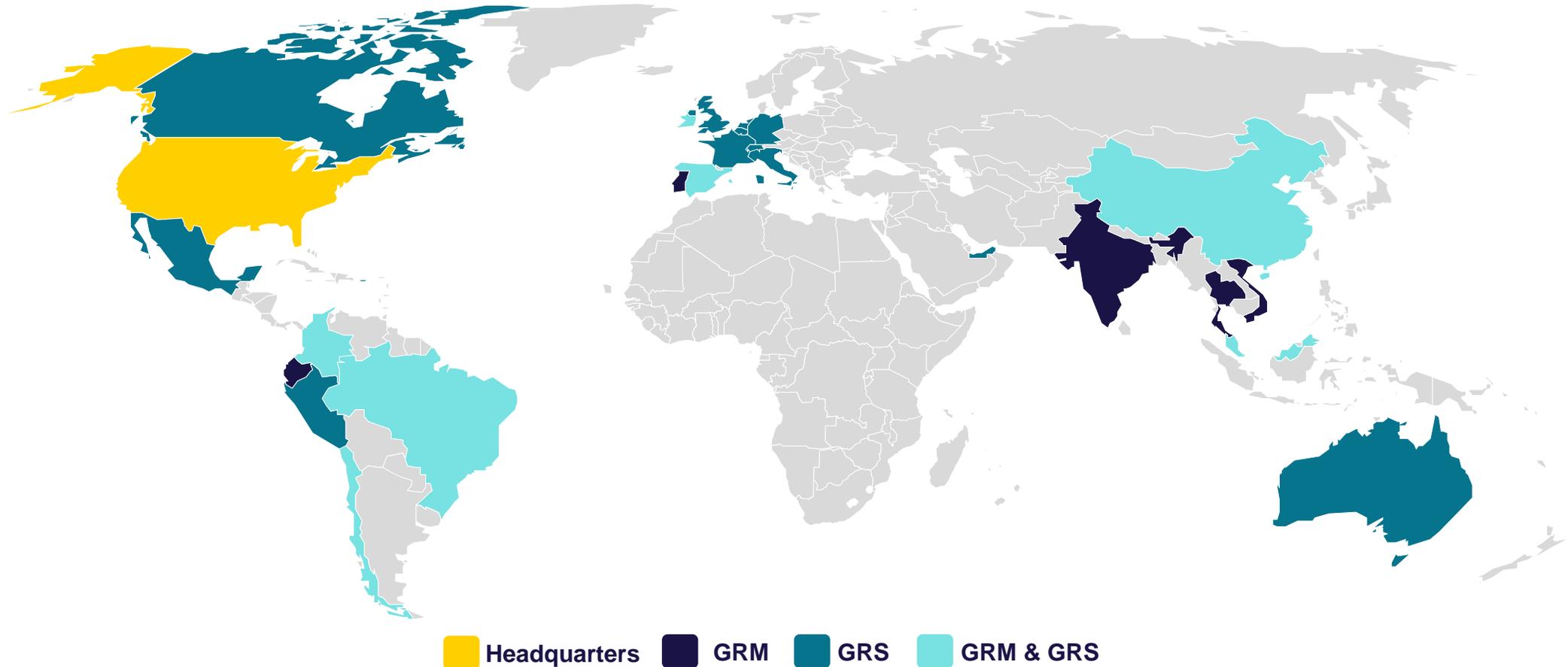
U.S. (HQ), Bermuda, Brazil, Canada, Chile, Colombia, Ecuador, Mexico, Peru

## Europe

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

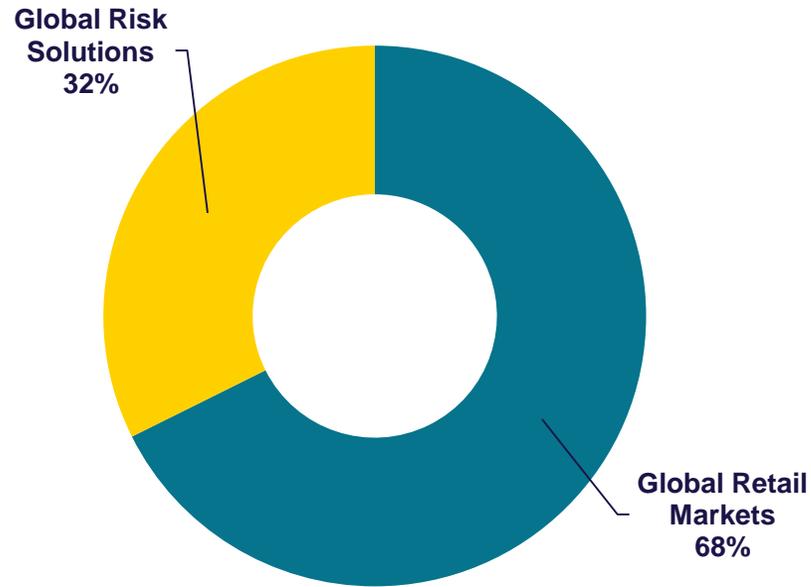
## Asia Pacific

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



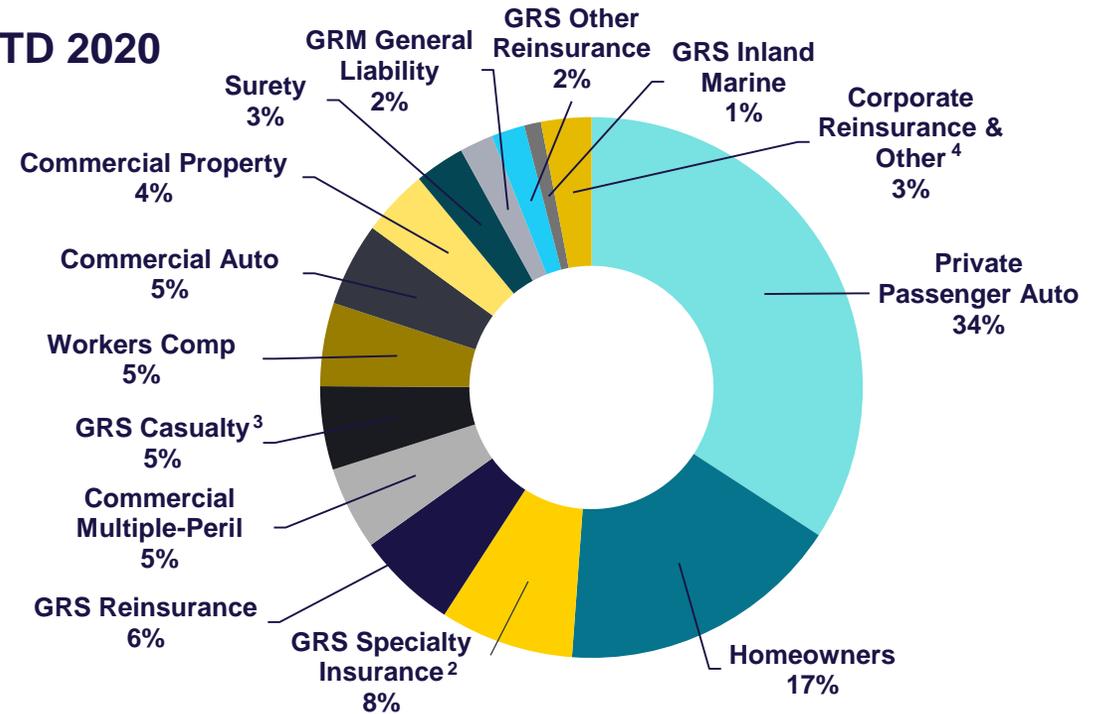
# Analysis of Consolidated Net Written Premium (“NWP”)

## NWP by Business<sup>1</sup>



## NWP by Line of Business

September YTD 2020



NWP year-to-date in 2020 totaled **\$30.5** billion, an increase of **1.6%** over the same period in 2019 (or an increase of **2.5%**<sup>5</sup> excluding FX)

<sup>1</sup> Excludes “Corporate and Other” of (\$116) 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> 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 GRM.

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



# Consolidated Results

(\$ Millions)	Third Quarter			Year-to-Date		
	2020	Revised 2019 <sup>4</sup>	Change	2020	Revised 2019 <sup>4</sup>	Change
<b>NWP</b>	<b>\$10,710</b>	<b>\$10,325</b>	<b>3.7%</b>	<b>\$30,529</b>	<b>\$30,063</b>	<b>1.6%</b>
COVID-19 <sup>1</sup>	\$ -	\$ -	-	(\$565)	\$ -	NM
Pre-tax operating (loss) income before partnerships, LLC and other equity method income	(158)	123	NM	220	991	(77.8)
Partnerships, LLC and other equity method income <sup>2</sup>	467	162	188.3	217	556	(61.0)
Net realized gains	219	81	170.4	375	393	(4.6)
Consolidated net income from continuing operations	403	272	48.2	617	1,388	(55.5)
Discontinued operations, net of tax	(6)	-	NM	(19)	(50)	(62.0)
<b>Net income attributable to LMHC</b>	<b>397</b>	<b>272</b>	<b>46.0</b>	<b>596</b>	<b>1,338</b>	<b>(55.5)</b>
Net income attributable to LMHC excluding unrealized impact <sup>3</sup>	\$356	\$288	23.6%	648	\$1,145	(43.4%)
<b>Cash flow provided by continuing operations</b>	<b>\$2,788</b>	<b>\$1,494</b>	<b>86.6%</b>	<b>\$4,906</b>	<b>\$3,039</b>	<b>61.4%</b>

(\$ Millions)	As of		
	September 30, 2020	December 31, 2019	Change
<b>Total equity</b>	<b>\$25,129</b>	<b>\$23,619</b>	<b>6.4%</b>

<sup>1</sup> Includes Global Risk Solutions estimated loss activity directly related to COVID-19.

<sup>2</sup> Partnerships, LLC and other equity method 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>3</sup> Excludes unrealized gains on equity securities, unit linked life insurance, and the corresponding tax impact.

<sup>4</sup> 2019 amounts were restated due to a pension accounting policy change, which is described further in Critical Accounting Estimates in the accompanying Management's Discussion and Analysis.

NM = Not Meaningful



# Consolidated Results

	Third Quarter			Year-to-Date		
	2020	2019	Change (Points)	2020	2019	Change (Points)
Claims and claim adjustment expense ratio	65.6%	66.2%	(0.6)	62.4%	65.6%	(3.2)
Underwriting expense ratio	28.0	28.7	(0.7)	29.4	28.8	0.6
<b>Combined ratio before catastrophes, COVID-19, net incurred losses attributable to prior years and current accident year re-estimation</b>	<b>93.6</b>	<b>94.9</b>	<b>(1.3)</b>	<b>91.8</b>	94.4	<b>(2.6)</b>
Catastrophes <sup>1</sup>	10.0	4.4	5.6	7.5	4.1	3.4
COVID-19 <sup>2</sup>	-	-	-	2.0	-	2.0
Net incurred losses attributable to prior years:						
- Asbestos and environmental	-	0.6	(0.6)	0.1	0.2	(0.1)
- All other <sup>3</sup>	0.4	1.3	(0.9)	0.4	1.3	(0.9)
Current accident year re-estimation <sup>4</sup>	-	1.3	(1.3)	-	-	-
<b>Total combined ratio<sup>5</sup></b>	<b>104.0%</b>	<b>102.5%</b>	<b>1.5</b>	<b>101.8%</b>	<b>100.0%</b>	<b>1.8</b>

<sup>1</sup> 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.

<sup>2</sup> Includes Global Risk Solutions estimated loss activity directly related to COVID-19.

<sup>3</sup> Net of earned premium and reinstatement premium attributable to prior years.

<sup>4</sup> Re-estimation of the current accident year loss reserves for the six months ended June 30, 2019.

<sup>5</sup> 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 Ironshore acquisition and integration costs are not included in the combined ratio.



# 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>
- 3<sup>rd</sup> largest personal lines independent agency writer in the U.S.<sup>1</sup>

## Financial Performance

(\$ Millions)	Third Quarter			Year-to-Date		
	2020	2019	Change	2020	2019	Change
<b>NWP</b>	<b>\$7,358</b>	<b>\$7,292</b>	<b>0.9%</b>	<b>\$20,728</b>	<b>\$21,074</b>	<b>(1.6%)</b>
Pre-tax operating income ("PTOI") before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	\$698	\$668	4.5%	\$2,563	\$2,087	22.8%
Catastrophes <sup>2</sup>	(802)	(317)	153.0	(1,814)	(1,035)	75.3
Net incurred losses attributable to prior years	(7)	45	NM	(25)	74	NM
Current accident year re-estimation <sup>3</sup>	-	(83)	(100.0)	-	-	-
<b>Pre-tax operating (loss) income</b>	<b>(\$111)</b>	<b>\$313</b>	<b>NM</b>	<b>\$724</b>	<b>\$1,126</b>	<b>(35.7%)</b>

	Third Quarter			Year-to-Date		
	2020	2019	Change (Points)	2020	2019	Change (Points)
Claims and claim adjustment expense ratio	63.7%	65.0%	(1.3)	60.5%	64.3%	(3.8)
Underwriting expense ratio	28.5	28.1	0.4	29.2	28.3	0.9
<b>Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation</b>	<b>92.2</b>	<b>93.1</b>	<b>(0.9)</b>	<b>89.7</b>	<b>92.6</b>	<b>(2.9)</b>
Catastrophes <sup>2</sup>	11.6	4.6	7.0	9.0	5.1	3.9
Net incurred losses attributable to prior years	0.1	(0.7)	0.8	0.1	(0.5)	0.6
Current accident year re-estimation <sup>3</sup>	-	1.2	(1.2)	-	-	-
<b>Total combined ratio</b>	<b>103.9%</b>	<b>98.2%</b>	<b>5.7</b>	<b>98.8%</b>	<b>97.2%</b>	<b>1.6</b>

<sup>1</sup> Based on 2019 DWP.

<sup>2</sup> 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.

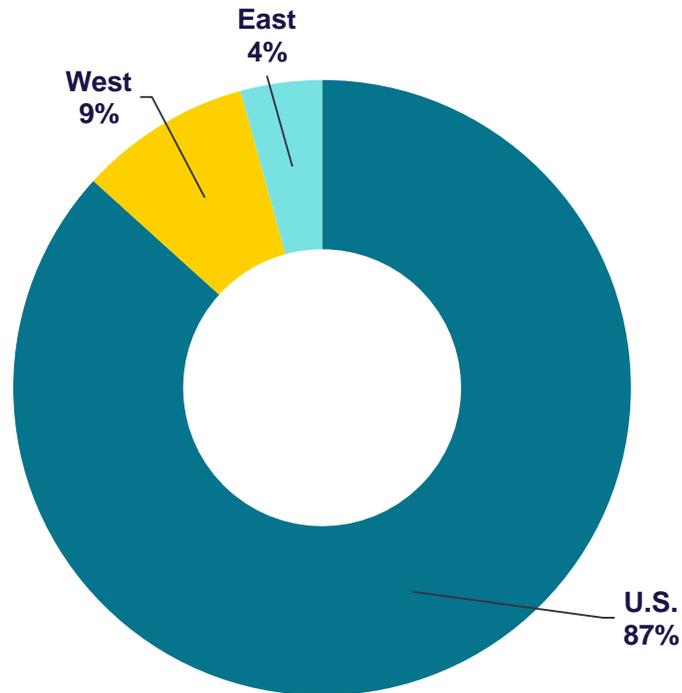
<sup>3</sup> Re-estimation of the current accident year loss reserves for the six months ended June 30, 2019.

NM = Not Meaningful



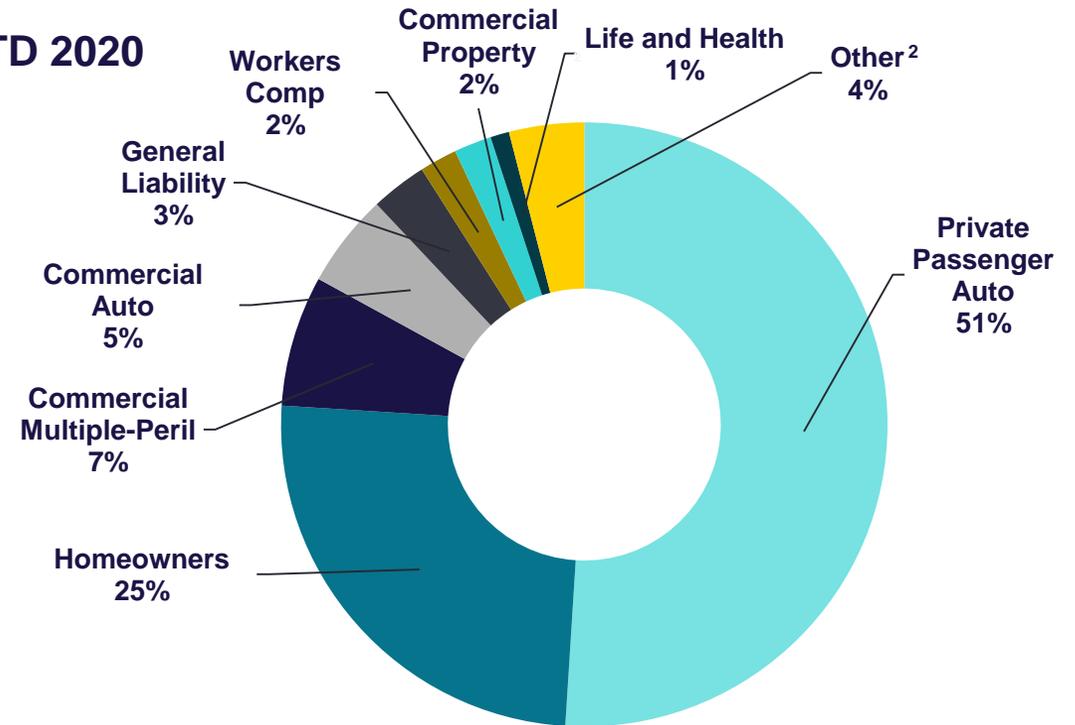
# Global Retail Markets NWP Distribution

## NWP by Market Segment<sup>1</sup>



## NWP by Line of Business

September YTD 2020



NWP year-to-date in 2020 totaled **\$20.7** billion, a decrease of **1.6%** over the same period in 2019 (or a decrease of **0.5%**<sup>3</sup> excluding FX)

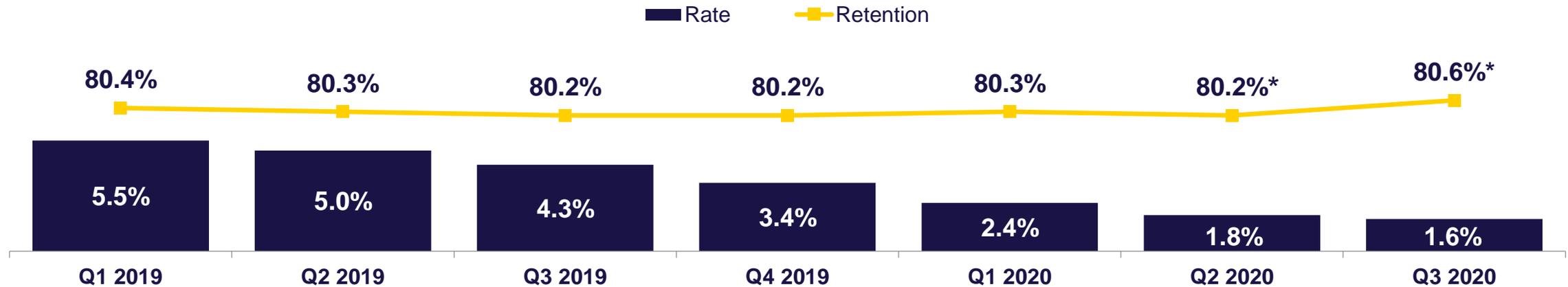
<sup>1</sup> Excludes "GRM Reinsurance" of \$19 million.

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

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



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



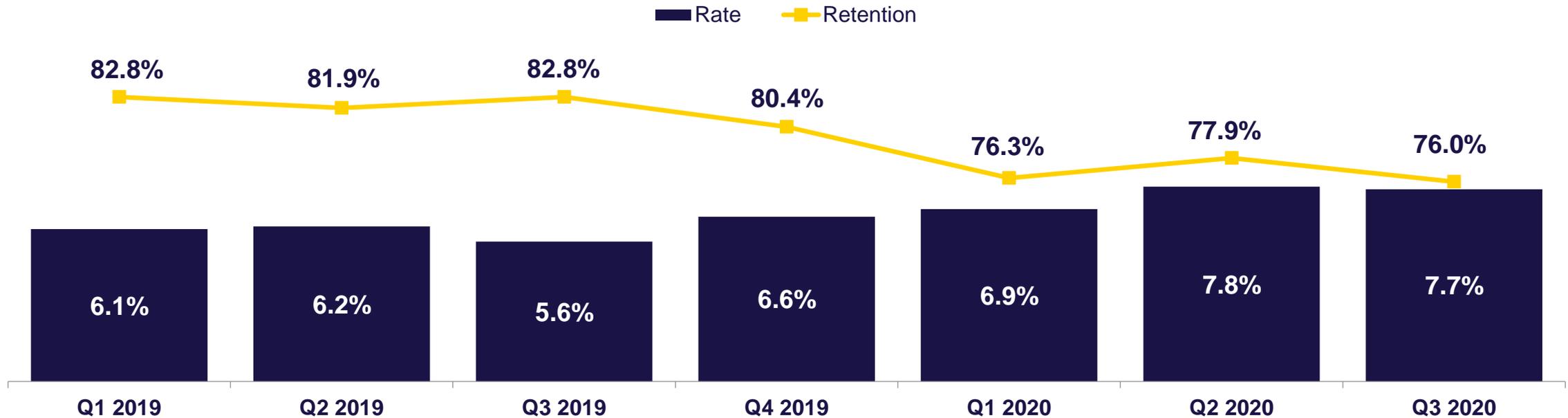
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	YTD 2019	YTD 2020
<b>Private Passenger Auto</b>									
Renewal Rate	6.3%	5.8%	5.1%	4.2%	2.9%	2.1%	1.6%	5.7%	2.2%
Retention	78.6%	78.3%	78.1%	78.1%	78.1%	78.1%*	78.6%*	78.1%	78.6%*
PIF Growth	(2.6%)	(2.2%)	(1.9%)	(2.2%)	0.4%	2.0%*	5.0%*	(1.9%)	5.0%*
<b>Homeowners</b>									
Renewal Rate	3.8%	3.5%	2.6%	1.8%	1.1%	1.1%	1.5%	3.3%	1.2%
Retention	80.9%	81.0%	81.0%	81.1%	81.1%	81.1%*	81.4%*	81.0%	81.4%*
PIF Growth	(1.0%)	(0.9%)	(0.4%)	0.1%	1.7%	3.2%*	5.7%*	(0.4%)	5.7%*

PIF: policies in-force. Retention is calculated as the percent of policies in-force renewed on a rolling 12-month basis.

\* These results have been adjusted to reflect COVID-19 related non-cancellations.



# U.S. Business Lines: Rate & Retention



	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	YTD 2019	YTD 2020
<b>U.S. Business Lines</b>									
Rate	6.1%	6.2%	5.6%	6.6%	6.9%	7.8%	7.7%	5.8%	7.5%
Retention	82.8%	81.9%	82.8%	80.4%	76.3%	77.9%	76.0%	82.1%	75.9%

Retention is calculated as the percent of expiring premium retained on a month-to-month basis.



# Global Risk Solutions

## Segment Highlights

- Offers a wide array of property, casualty, specialty and reinsurance coverage distributed through brokers and independent agents globally
- 3rd largest U.S. commercial and specialty lines writer<sup>1,2</sup>
- 1st in U.S. surety<sup>1,3</sup>
- 9th largest surplus lines carrier in the U.S.<sup>1</sup>

<sup>1</sup> Based on 2019 DWP.

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

<sup>3</sup> Includes AmTrust surety full-year 2019 results.

<sup>4</sup> 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.

<sup>5</sup> Includes estimated loss activity directly related to COVID-19.

<sup>6</sup> Net of earned premium and reinstatement premium attributable to prior years of \$114 million and \$218 million for the three and nine months ended September 30, 2020, and \$4 million and (\$5) million for the same periods in 2019.

<sup>7</sup> Re-estimation of the current accident year loss reserves for the six months ended June 30, 2019.

NM = Not Meaningful

## Financial Performance

(\$ Millions)	Third Quarter			Year-to-Date		
	2020	2019	Change	2020	2019	Change
<b>NWP</b>	<b>\$3,445</b>	<b>\$3,121</b>	<b>10.4%</b>	<b>\$9,917</b>	<b>\$8,987</b>	<b>10.3%</b>
PTOI before catastrophes, COVID-19, current accident year re-estimation, and net incurred losses attributable to prior years	\$320	\$243	31.7%	\$1,021	\$764	33.6%
Catastrophes <sup>4</sup>	(178)	(111)	60.4	(350)	(166)	110.8
COVID-19 <sup>5</sup>	-	-	-	(565)	-	NM
Net incurred losses attributable to prior years <sup>6</sup>	(63)	(115)	(45.2)	(103)	(377)	(72.7)
Current accident year re-estimation <sup>7</sup>	-	(47)	(100.0)	-	-	-
<b>Pre-tax operating income (loss)</b>	<b>\$79</b>	<b>(\$30)</b>	<b>NM</b>	<b>\$3</b>	<b>\$221</b>	<b>(98.6%)</b>

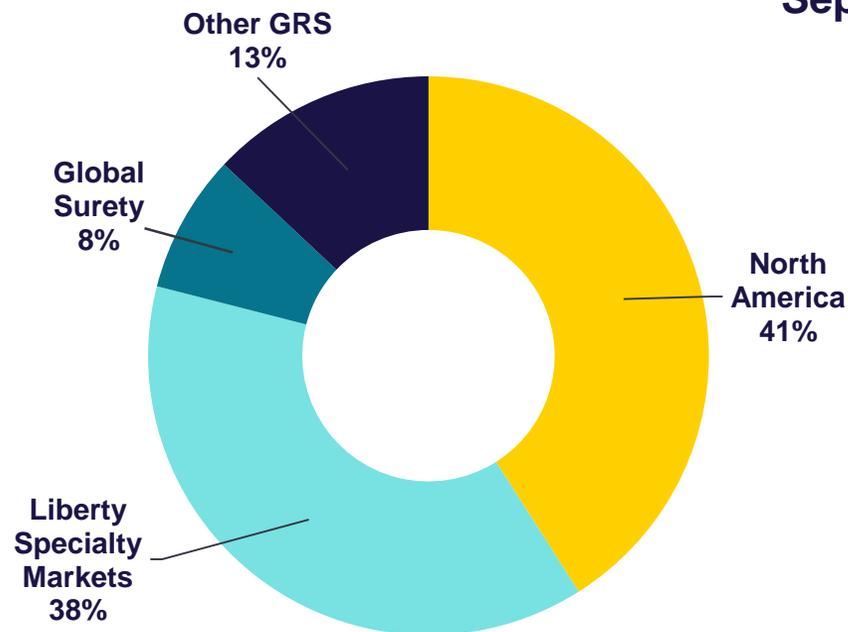
  

	Third Quarter			Year-to-Date		
	2020	2019	Change (Points)	2020	2019	Change (Points)
Claims and claim adjustment expense ratio	67.6%	68.1%	(0.5)	65.4%	67.9%	(2.5)
Underwriting expense ratio	29.4	30.8	(1.4)	30.4	30.7	(0.3)
Dividend ratio	0.1	0.1	-	0.1	0.1	-
<b>Combined ratio before catastrophes, COVID-19, current accident year re-estimation, and net incurred losses attributable to prior years</b>	<b>97.1</b>	<b>99.0</b>	<b>(1.9)</b>	<b>95.9</b>	<b>98.7</b>	<b>(2.8)</b>
Catastrophes <sup>4</sup>	5.8	3.8	2.0	3.9	1.9	2.0
COVID-19 <sup>5</sup>	-	-	-	6.3	-	6.3
Net incurred losses attributable to prior years <sup>6</sup>	1.9	4.5	(2.6)	1.0	4.6	(3.6)
Current accident year re-estimation <sup>7</sup>	-	1.6	(1.6)	-	-	-
<b>Total combined ratio</b>	<b>104.8%</b>	<b>108.9%</b>	<b>(4.1)</b>	<b>107.1%</b>	<b>105.2%</b>	<b>1.9</b>



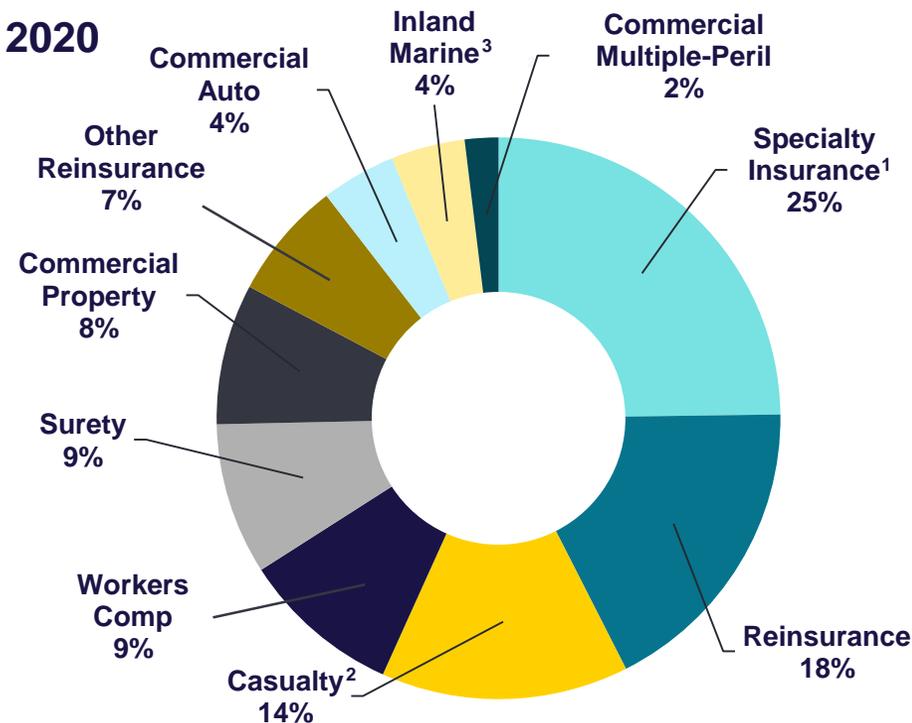
# Global Risk Solutions NWP Distribution

## NWP by Market Segment



## NWP by Line of Business

September YTD 2020



NWP year-to-date 2020 totaled **\$9.9 billion**, an increase of **10.3%** over the same period in 2019 (or an increase of **10.5%**<sup>4</sup> excluding FX)

<sup>1</sup> Includes marine, energy, construction, aviation, warranty and indemnity, directors and officers, errors and omissions, trade credit, contingent lines and other.

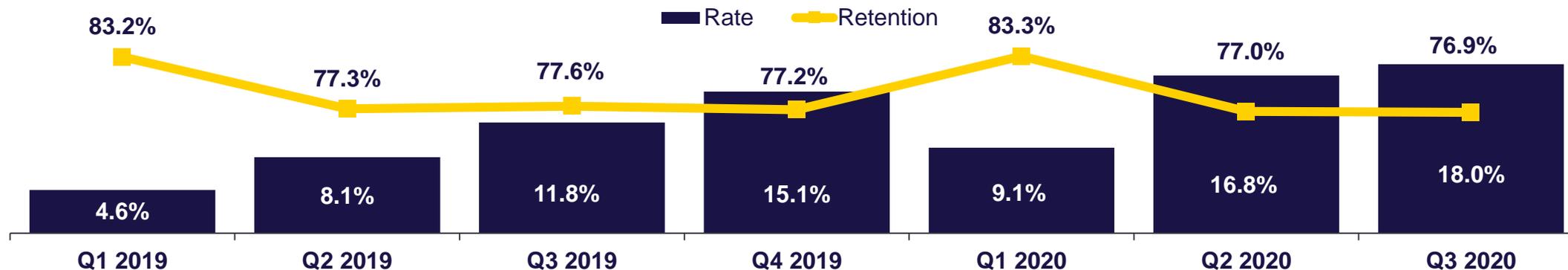
<sup>2</sup> Primarily includes general liability, excess & umbrella and environmental lines of business.

<sup>3</sup> Includes handset protection coverage for lost or damaged wireless devices.

<sup>4</sup> Determined by assuming constant foreign exchange rates between periods.



# Global Risk Solutions: Rate & Retention



		Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	YTD 2019	YTD 2020
<b>Specialty</b>	Rate	7.8%	10.2%	15.7%	18.4%	10.5%	22.0%	24.4%	12.4%	16.8%
	Retention	79.1%	77.8%	76.2%	77.6%	83.8%	75.2%	65.9%	78.1%	75.8%
<b>Reinsurance</b>	Rate	2.2%	4.4%	4.0%	8.9%	5.8%	10.2%	11.3%	2.7%	8.1%
	Retention	91.9%	85.9%	89.6%	91.0%	87.5%	83.8%	89.7%	90.7%	88.6%
<b>Casualty</b>	Rate	4.9%	8.6%	12.2%	19.1%	19.1%	29.0%	29.9%	11.2%	24.6%
	Retention	77.3%	77.7%	71.0%	78.7%	67.5%	70.0%	70.2%	77.4%	68.1%
<b>Property</b>	Rate	10.0%	16.6%	19.6%	21.6%	12.0%	16.2%	16.7%	16.1%	15.5%
	Retention	69.2%	64.3%	64.5%	63.6%	76.7%	70.5%	76.1%	67.5%	74.1%
<b>Workers Compensation</b>	Rate	(2.2%)	(0.3%)	0.4%	1.3%	1.4%	2.8%	4.1%	(0.3%)	2.7%
	Retention	89.8%	80.5%	77.7%	80.2%	84.9%	83.3%	81.4%	82.3%	82.1%
<b>Auto</b>	Rate	10.1%	14.2%	14.7%	13.9%	16.3%	14.8%	15.8%	13.3%	15.6%
	Retention	83.5%	77.8%	72.8%	78.4%	75.4%	81.3%	80.7%	77.7%	77.8%

Rate change and retention reported on a one month lag for LSM and NAS.

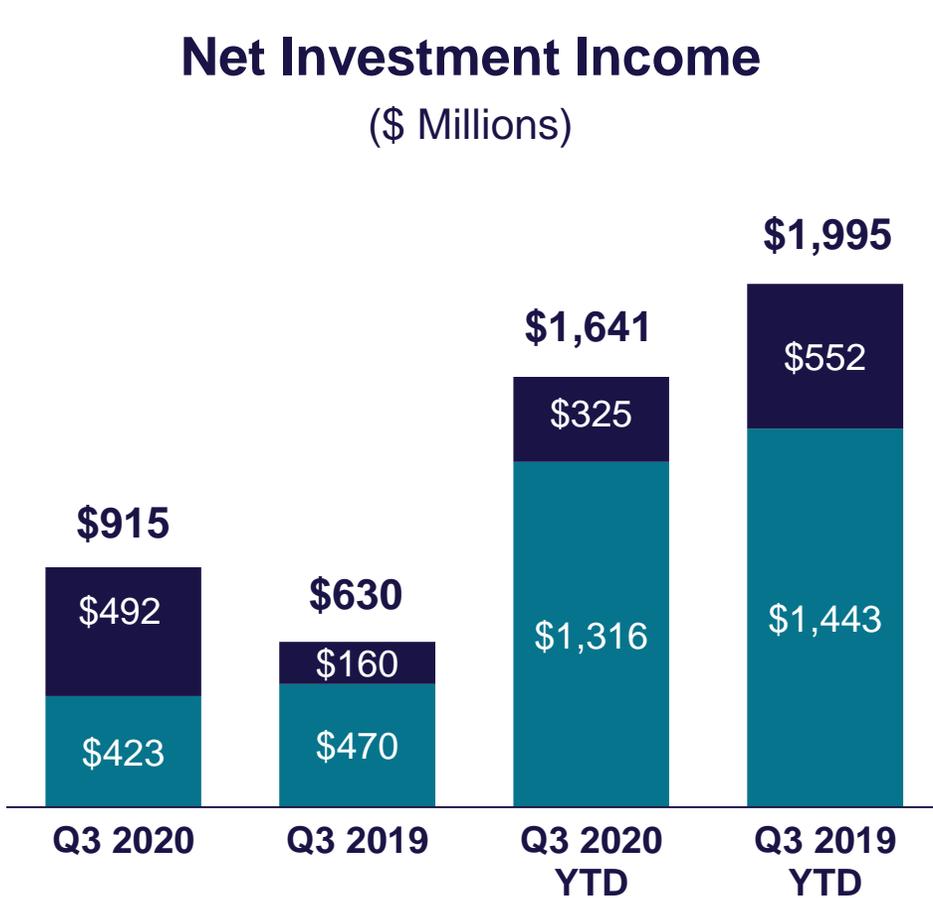
Excludes lines of business related to coverholders, surety and project based business. Prior periods' results have been restated and fully developed as of the current quarter.



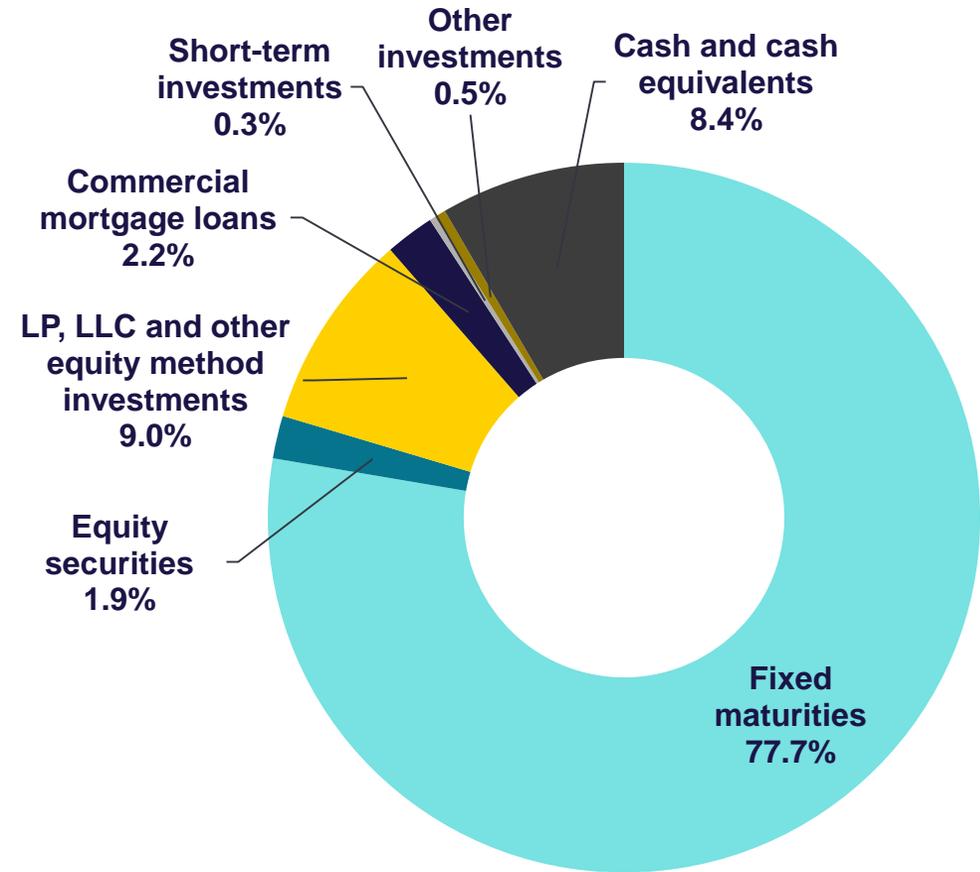
# Investments

## Net Investment Income

(\$ Millions)



- LP, LLC and other equity method income
- Net investment income excluding LP, LLC and other equity method income



**Total invested assets as of  
September 30, 2020: \$90.1 billion**



# Capitalization

(\$ Millions)	As of September 30, 2020	As of December 31, 2019
<b>Total debt</b>	<b>\$8,733</b>	<b>\$8,200</b>
<b>Unamortized discount and debt issuance costs</b>	<b>(525)</b>	<b>(471)</b>
<b>Total debt excluding unamortized discount and debt issuance costs</b>	<b>\$9,258</b>	<b>\$8,671</b>
<b>Total equity excluding accumulated other comprehensive loss</b>	<b>\$25,576</b>	<b>\$24,978</b>
<b>Total capital excluding accumulated other comprehensive loss<sup>1</sup></b>	<b>\$34,834</b>	<b>\$33,649</b>
<b><i>Debt-to-capital capitalization excluding accumulated other comprehensive loss<sup>1</sup></i></b>	<b>26.6%</b>	<b>25.8%</b>
<b>Statutory surplus</b>	<b>\$20,992</b>	<b>\$20,538</b>

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



# Holding Company Interest Coverage

(\$ Millions)	
Preferred dividends	\$80
Remaining dividend capacity	<u>\$1,925</u>
2020 dividend capacity <sup>1</sup>	\$2,005
Estimated PTI from LMG service companies/fees	<u>\$434</u>
Total available funding	\$2,439
Interest expense <sup>2</sup>	\$355
<b>Holding company interest coverage</b>	<b>6.9x</b>

<sup>1</sup> Represents the estimated maximum allowable dividends without prior regulatory approval in the states of domicile for Liberty Mutual Insurance Company ("LMIC"), Liberty Mutual Fire Insurance Company ("LMFIC"), and Employers Insurance Company of Wausau ("EICOW"). Dividends paid October 1, 2019 through September 30, 2020 for LMIC, LMFIC and EICOW were \$65 million, \$15 million and zero, respectively.

<sup>2</sup> Represents the Company's interest obligations for debt issued by its non-insurance company subsidiaries.



# Changes in Statutory Surplus

(\$ Millions)	September YTD 2020
<b>Balance at beginning of the year</b>	<b>\$20,538</b>
Statutory net income	790
Affiliated unrealized gains	112
Net unaffiliated unrealized losses	(163)
Change in deferred income taxes	(135)
Other changes in statutory surplus	(150)
<b>Balance at end of the period</b>	<b>\$20,992</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 fourth largest property and casualty insurer in the U.S. based on 2019 direct written premium. The Company also ranks 77th on the Fortune 100 list of largest corporations in the U.S. based on 2019 revenue. As of December 31, 2019, LMHC had \$133.635 billion in consolidated assets, \$110.016 billion in consolidated liabilities, and \$43.228 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.

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 45,000 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, accompanying financial statements and other supplemental financial information for the three and nine months ended September 30, 2020 are available on the Company's Investor Relations website at <http://www.libertymutualgroup.com/investors>.

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





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