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Keefe, Bruyette & Woods Insurance Conference

Company Participants

- Jay S. Bullock, Chief Financial Officer

Other Participants

- Christopher Campbell, Analyst
- Unidentified Participant

Presentation

Christopher Campbell {BIO 20262752 <GO>}

Hi, good morning, everyone. My name is Chris Campbell, I work on a P&C team at KBW. And then joining us for this fireside, I have Argo's Chief Financial Officer, Jay Bullock. So, Jay, thanks for joining us this morning.

Jay S. Bullock {BIO 3644311 <GO>}

Sure. Thanks very much for having us. Appreciate it.

Christopher Campbell {BIO 20262752 <GO>}

Okay, great. So I guess you starting out, I guess just there's been a lot of like investor enthusiasm about rate increases. And obviously you guys with the commercial and the specialty book, you guys are benefiting from that positive rate momentum. If -- which products are you seeing the most increase in momentum in the third quarter? And then what products do you still need more rate increases to kind of catch up to your lost cost inflation views?

Jay S. Bullock {BIO 3644311 <GO>}

You know, I mean, the good news is, is that the trends are positive in almost all of our lines of business, whether it's casualty, property, professional and even some of the specialty lines, where we're seeing good momentum. And I wouldn't say that the third quarter has evidenced changes in those trends. I mean, the momentum still seems to be there. And so that's very positive. As a matter of fact, we're trying to encourage our teams to take advantage of the opportunity to get as much rate as they can, because those opportunities don't come along that often.

There are other lines of business where there still remains a lot of competition. We've found ways to, we think, be competitive in places like surety where there is still a fair

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amount of competition in the space. But for the most part, you know, the rate increases have been good across the pitch. And, as it relates to lost cost trends, we're tracking technical pricing all the time. And in most lines of business, we feel like we're getting that technical price that we need to achieve the return on equity targets that we set.

Christopher Campbell {BIO 20262752 <GO>}

Okay, got it. And would you describe rates as accelerating, stable...

Jay S. Bullock {BIO 3644311 <GO>}

You know, in -- certain lines of business are really concentrated in parts of the year. Right. So if you look at the property book in London, right, that happens, a lot of that happens in the first quarter. So I can't really -- , there has been strong move over the last 24 months in that market, we've seen probably cumulatively upwards of 25% to 30% increase in that market over that period of time. But it's hard to say what's happening right now, because there's not a lot of activity in the market. In those markets that are spread out over the entire year, something like professional liability, I don't think the environment has changed. It's been strong all year. And I was having -- I was at dinner the other night with a group of a management team from the professional liability business. And they were very optimistic that this thing had more room to run, just given their experience -- these were 35-year veterans that have seen some cycles. So, it makes me pretty optimistic. And I think that there's an expectation that this will last for some time.

Christopher Campbell {BIO 20262752 <GO>}

Great. Now Argo exited commercial auto before a lot of the current market headwinds we're seeing. But given the rate hardening you're seeing there, does Argo get more excited about commercial auto? Would you...

Jay S. Bullock {BIO 3644311 <GO>}

So we technically are still in commercial auto. So what are we doing in commercial auto? We write some specialty niche lines like garage and so forth. And those have been really good for us. That said, commercial auto is one of those -- it's just a head scratcher for me. It's a huge part of it. It's a huge part of the economy. It's very trackable, right. I mean, you can prove -- there's all sorts of Internet connected devices that can help track the things that you need to track. Yet, it seems impossible to ever make money in that market.

And so, there's a time and a place that feels like it's probably right now. But I'm not sure that it's -- I'm not sure that it's an area that we're going to venture back into, because we've seen so little time when you can actually make money in that market. The last thing that I'll say is, I sit and watch a football game on Saturday afternoon, every other commercial is some lawyer saying if you've been involved in an accident with an 18 wheeler. And so I think that's what -- it's just a very targeted sector that unfortunately makes it very hard to make money in that business. But we like what we do in the transportation sector and we'll continue to do that and continue to look to do more of that.

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Christopher Campbell {BIO 20262752 <GO>}

Okay, great. Now switching to Lloyd's. Like so I guess, how would you describe that pricing environment over there? And then just I think there is news article that you guys have exited some lines, like Asian operations, hall business. I guess just where are you at in terms of Lloyd's and...

Jay S. Bullock {BIO 3644311 <GO>}

Well, I mean, I think what you see there is us focusing on the areas where we think, okay, where do we legitimately have a long term probability of making good money in this market? We started to make changes on our Lloyd's platform at the end of '17, moving into '18, so the actual underlying results that we're seeing in '18 and '19 have been pretty much in line with our expectations, which is a big improvement. It's frustrating that we're having to, you know, as we did last quarter report some latent results out of that business. But as I look across all of the products in our Lloyd's platform, as I was referring to property just a moment ago, I can recall the same sort of rate, cumulative rate increases over 24 months. Now we see the entire market getting behind that, largely driven by some of the changes that have happened in leadership at Lloyd's in the decile 10 project and so forth. Our changes preceded that. So maybe we're seeing it a little bit more quickly. But it's a very positive environment. The challenge in an environment like that is -- as it is in our US businesses, you've got a group of a team that maybe hasn't seen that market opportunity before and you just have to reorient people to how do you make the most out of that particular opportunity.

Christopher Campbell {BIO 20262752 <GO>}

Great. Are there any questions for Jay from the audience right now? Okay. Great. Now interest rates, you've had a dramatic move in the first half of the year. Does it come down? How should we be thinking about the core net investment income?

Jay S. Bullock {BIO 3644311 <GO>}

This is one of those things that keeps me awake at night. Because it's really challenging. And let me do some simple math. We run a three-year duration. That means you got 12 quarters worth of assets. But three years later, you're going to have to turn the thing over. So every quarter you got 8.5% of your portfolio. Rolling off, reinvesting at fixed rate, 1.5 plus 75 plus 100, depends on what sort of credit risk you want to take. In our core bond portfolio, we maintain a pretty conservative risk profile.

So, factor that math into the net investment income and we're going to start to see an impact again pretty quickly, which is disappointing because we -- I felt like we've come out of that trough and we were seeing some momentum there. So what do you do about it? You redouble your efforts on the underwriting side, because that's where you're going to make your money. I think you try to take a rational approach to -- I'm not -- we have a strategy and a business model in place where we are targeting, achieving at a double-digit return on equity. We define that as the risk free rate plus-700. That's not 10% today. Right. I mean, it's just not, but 10% is still the target that we set for ourselves. But we all

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have to think rationally about what is the impact if this interest rate environment really runs for a long period of time. I think the thing that we don't want to do is change our philosophy as it relates to the risk profile of our asset portfolio stretching for yield. And that tends to be what happens in environments like this. And the last thing that I'll say is, I think the other factor that is sort of the unknown is -- I think we have a really unusual environment, global interest rates and the global political environment. It's only going to be exacerbated by events of next year. And that's sort of makes me think, what can we do to be a bit more defensive in this environment? And I don't know what that is. But I do think about all of those. So I think that's something to keep an eye on. But something that's -- there's not a good solution for right now.

Christopher Campbell {BIO 20262752 <GO>}

Got it. And you had mentioned still targeting the 10% ROEs. So obviously, if you get less net investment income, just assuming the investment leverage doesn't change, right, that component of the ROE contribution goes down. So does that change your loss ratio target?

Jay S. Bullock {BIO 3644311 <GO>}

It either changes your loss ratio target, or you've got to figure out a way to deploy your capital more effectively, maybe get a little bit more underwriting leverage on the capital. Maybe have a little bit less capital. I mean, you've got the -- you've only got so many levers to play with. The combined ratio is one of them. Capital leverage is another, investment return is one, investment leverage is another. You know, we just have to think about all of those various metrics and how do we piece that together to reach our objective?

Christopher Campbell {BIO 20262752 <GO>}

Got it. And I know you guys are looking at maybe like a -- trying to get to like a 36% expense ratio thereabout. So if interest rates are like 100, 200 bps lower, what does that imply for your loss ratio?

Jay S. Bullock {BIO 3644311 <GO>}

They were 200 bps lower -- we have negative interest rates (Multiple Speakers)

Christopher Campbell {BIO 20262752 <GO>}

Yeah, we might.

Jay S. Bullock {BIO 3644311 <GO>}

Yeah, we might. Then I don't know what the risk free rate is. I'm sorry. What was your question again?

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Christopher Campbell {BIO 20262752 <GO>}

So like -- so what does that imply for your combined ratio target? I mean can you write specialty business? And can you like do enough mix shift to get the loss ratio down? And to offset the...

Jay S. Bullock {BIO 3644311 <GO>}

Well, we try to encourage -- encourage is not right, we try to focus our underwriting teams on 10 points of underwriting margin. Alright.

Christopher Campbell {BIO 20262752 <GO>}

Okay.

Jay S. Bullock {BIO 3644311 <GO>}

And that's by business unit. And that means that, okay, with that, there's going to be some residual costs for the holding company. We have to carry that and so forth. And -- but it's tough. I mean, and I'm not sure this takes me back to what I was saying earlier right which is -- I don't like to move the targets around for the underwriting teams a lot and say, okay, this year it's 8.5, next year it's 11. This year it's nine, having a target of -- here's a model, here's how we can get to this underwriting return. I think is very helpful for people. But, having said that, I don't think it's a rational expectation to say if interest rates went to a 100 basis points, -- the 10 year and stayed there, that 11% return on capital was a reasonable return, 8,000 basis points over the risk free rate. I just don't think it's reasonable. So I just think we all as investors and as managers of the business have to adjust our expectations. That doesn't always translate directly into how we want to motivate the underwriting teams, whether it's how we set the compensation or whatever it is. We want them focused on underwriting profit.

Christopher Campbell {BIO 20262752 <GO>}

Got it. And then, I mean, just with lower interest rates, are you seeing competitors becoming more disciplined in the market?

Jay S. Bullock {BIO 3644311 <GO>}

Well, I don't know. I mean, look, I think the biggest impact on the market right now is the change in the large players, you know, pulling in their lines and sort of retrench. That, I think is what's driving -- the first level of what's driving the market. I don't think that interest rates have changed or -- I don't think this low new, most recent low interest rate environment has been in place long enough for that to really have impacted market dynamics. It will, and I think back to -- I think it was 2012, -- 2011, 2012 when there was a kind of a brief moment of firming in the market.

And I think that was driven by a realization from management teams that this interest rate environment is not an aberration. This is the normal interest rate environment. And

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therefore, there was a refocus on underwriting and you saw some pricing increase. I'm optimistic that with the changes that are already happening in the market, that this could help to propel the market further from a standpoint of having a bit more legs behind the market. Because it will start off -- it will start to impact people's decisions. You know, as much as we try to -- and we run a rolling a quarter plan for the company, right. So we're always thinking about eight quarters forward. That means, we're always planning -- sort of every quarter adjusting that plan.

That said, there's parts of an insurance business that happened once in a year. It's just you can't not do that. And so, I think that will be factored into people's thinking as we move into 2020.

Christopher Campbell {BIO 20262752 <GO>}

Okay, great. Do you have any questions for Jay? Ladies and gentlemen there? (inaudible) microphone just for the benefit of the webcast.

Unidentified Participant

Yeah, hello, Jay, we were in this room yesterday and AIG talked about how they were pulling back and writing less gross. So I'm just curious if you could comment, you mentioned large players pulling back in the market. So I'm assuming AIG is one, they were sitting in your chair, saying they're pulling back. So...

Jay S. Bullock {BIO 3644311 <GO>}

Channeling that.

Unidentified Participant

Yeah. So I'm curious, are there other companies besides AIG, other big players that you see pulling back and are you comfortable naming names? Thank you.

Jay S. Bullock {BIO 3644311 <GO>}

No, I prefer not to name names, but there have been other companies that have perhaps -- and not maybe really large global players, but other companies that have changed hands. There's been a lot of businesses transacted at Lloyd's. All of that sort of activity lends itself to rationalization of the business that you're writing, creating opportunities for one player over another. And, so I think all of that is impacted. But again, I stand by what I said earlier, I think it's really led by the large players pulling in their retentions.

Christopher Campbell {BIO 20262752 <GO>}

So I'll build one off of that. So if your -- if these large players are exiting some of these lines because they couldn't make money of it, what gives Argo confidence that it's not being adversely selected by the agents?

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Jay S. Bullock {BIO 3644311 <GO>}

Okay. Now you're tempting me to name names. But look, there was some long term underpricing in some of those spaces. There just was. And, so now, that maybe was the first thing that was corrected. The second thing that corrected is we're going to approach the business from a different risk management profile. So, maybe I should say it's a combination of those two things. But I think -- I guess I go back to -- you're right. There's an external view that says that, now let's look internally. Let's analyze our book. Let's figure out in our four product areas where we think we're achieving technical price. Let's be honest with ourselves. Let's look at the data, make sure that we're confident of that. And if we are, then we move ahead. And that's what we're doing.

Christopher Campbell {BIO 20262752 <GO>}

Great. All right. So jumping into international, you guys took a reserve charge in that segment. I think it was noticeably Bermuda casualty, a little bit of Lloyd's. I guess just given Argo's strong premium growth in those years, especially at Lloyd's, what gives you confidence in the reserve position?

Jay S. Bullock {BIO 3644311 <GO>}

Well, I mean, I take confidence in the fact that we look at things closely every quarter. What we saw in this past quarter outside -- well, in all of the businesses was new information that comes in. And, so do I have confidence that new information will come in? No, but I think we've reacted to all the information that we've received thus far and the fact that we do look at it on a quarterly basis and are very focused on maintaining a reasonable reserve position. That's where I drive my confidence from. But information is only as good as you've got it fresh and the new stuff develops. But we tried to take a reasonable position this last quarter. We think we got a pretty good handle on it. We'll see how things go from there.

Christopher Campbell {BIO 20262752 <GO>}

Got it. And when you're synthesizing this new information, is it just claim-specific information? Or is it like broader, like...

Jay S. Bullock {BIO 3644311 <GO>}

Sorry. That's -- that was your question?

Christopher Campbell {BIO 20262752 <GO>}

Yeah, that's right. Is it more like a trend that could impact...

Jay S. Bullock {BIO 3644311 <GO>}

No, it wasn't. And so back to your question. I do derive some comfort that I didn't see any trends in the quarter that were specific and worked like that they would have a longer-

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term impact. They were pretty -- it was pretty specific to some facts and circumstances that developed around specific claims, especially in Bermuda, around some specific claims in London, in the Lloyd's business. And in our European business, it was just about more information coming. This was not about quite as much specific claims, because it was on some cancelled programs that we had and we just got some late notifications that drove some of the development there.

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Christopher Campbell {BIO 20262752 <GO>}

Okay. Well, thanks for the extra color. Switching to capital management, you've recently slowed the pace of repurchases, but increased the annual dividend. I guess, kind of what led to this capital management shift? And then how should we think about repurchases, given where the shares are trading?

Jay S. Bullock {BIO 3644311 <GO>}

Yeah. You know, I mean, you probably have heard us say this many times. You know, we have sort of a mental capital waterfall that we use, have enough capital to support the business, have enough capital to support growth, make sure that we got flexibility in case something comes along that we think is an attractive acquisition. And then when we have excess capital, we return it to shareholders. Two ways to return excess capital, dividends and share repurchases. As I now look down that waterfall, right, we've got a market environment that says this is a really good time for growth. And so that is obviously at the forefront of our minds at the moment in terms of making sure that we can take advantage of that opportunity and have the capital to do that.

Share repurchases have slowed because the valuation is better. That's part of it. And while I can say that it was easy to buy stock back at below book, I'd rather have the high class problem of better valuation and not be able to buy it back. And so we have focused our efforts more on directing return of capital through dividends. That doesn't mean that we think that the share price doesn't have quite a bit of upside from here. And of course, financial theory would say, well, if you think it's undervalued, you should buy it. And that's a good opportunity. We're very focused on a long term metric for value generation for our shareholders and growth in the book value. And we're buying back stock at this price, then we're deteriorating that book value. So there's not a simple math equation that's written on a board somewhere that we follow, but we think about all of those things. What are we? What's our long term objective for growth in book value per share? What do we do with our excess capital? How much excess capital do we have? What do we see as the potential for deployment of that excess capital? All of that is getting filtered in. And so it's a multivariate equation. If it were an equation and -- but we take all of those things into account.

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Christopher Campbell {BIO 20262752 <GO>}

Okay, great. All right. So I mean obviously, Dorian is still developing event. But given Argo's unique book of business, I guess, how should we think about Argo's exposure with these type of hurricane events, particularly given all the changes you guys have made?

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Jay S. Bullock {BIO 3644311 <GO>}

Well, I think I would point you back to some commentary that we made after the acquisition of Ariel in 2017. And in 2017, we said -- and of course, that was a fairly active season in 2017. But we caution people that we had two retentions, because we bought a business that was constructed for that year. We had our own business that was constructed for that year. And the set of events that happened was a fairly significant set of events. Fast forward to 2018, the magnitude wasn't quite the same, but it was pretty big and our losses were significantly less in 2018. So I think you could extrapolate from what you saw in terms of events --- that in 2017 and 2018 and think about our exposure into 2019 and forward. The point being is that we haven't -- we don't explicitly put out retention levels and the reinsurance program. We don't because it's complicated and you have to say, "Okay, well exactly what is the event and what does it look like and what part of the book does it hit?" And so it's not as straightforward as saying our retention is X, but I think if you look at those two years and you look at the decrease '18 over '17, it gives you some view as to what exposure would be today.

Christopher Campbell {BIO 20262752 <GO>}

Okay. Got it. And is there like a -- heuristic investors could like to use when analyzing Argo's cat exposure? Like a $10 billion event would be -- we would then provide like the one in 100 P&Ls and through them.

Jay S. Bullock {BIO 3644311 <GO>}

We don't specifically for what I just said is that, you know, I mean every time we've thought about that and frankly every time we've looked at a set of events, it's not easy to explain an overperformance or an underperformance relative to a specific number. I mean, the program that -- the program -- we have our own reinsurance program, we have third-party capital on our reinsurance syndicate, we have third-party capital on our insurance syndicate, we have a side for our -- those factor in definitely depending on the nature of the event. Where it happens, the size of the event. And so we're trying to give as much information as we can, but not communicate what I think is a false level of precision.

Christopher Campbell {BIO 20262752 <GO>}

Okay. Very helpful. Moving on to the -- you guys recently announced some corporate governance compensation enhancements. I guess just can you give us color on like how those evolved? And then how does this better position Argo to create shareholder value?

Jay S. Bullock {BIO 3644311 <GO>}

Sure. Well, like it wouldn't be a presentation in 2019, if I didn't say -- if I didn't mention the first half of the year and where I spent most of my time in the first half of the year, that was challenging. But there were some positives that came out of it. And one of the big positives that came out of it was, I had the chance to sit face to face, certainly on the phone or face to face with probably 80% of our shareholder base and have long, detailed discussions about a number of things. And so the things that you've seen us do recently aren't in reaction to one particular complaint or one particular shareholder. There are discussions that have happened with a number of shareholders. And one of the things that we were communicating to folks in that six-month period is our Board refreshment program has been pretty active. We've added five new directors from -- since 2017, all with a specific intent to fill a need on the Board, whether it's a digital background or corporate governance, distribution, risk management, I'm going to leave one out and I don't want to do that. But there's one other skill set that I'm not -- oh, financial background. Tom Bradley, who was the CFO at Allied World.

So all those were added very thoughtfully to say, how do we transition the information and the knowledge on the Board to a new set of directors. And -- so that we don't have these big gaps in understanding. But there was a lack of transparency on the size of the Board. And we heard from our shareholders that classified boards, we would really like to see that go away. Of course, because of some quirks in our bylaws and some things related to Bermuda, we really didn't have a classified board. But that's a digression. So, we announced that the Board is going to go from 13 down to 11. 13 was always an unmanageable size. 13 came about when we merged with our -- with PXRE in Bermuda. We had to accommodate a number of directors, never intended to have 13 on a permanent basis. So we've announced we're taking that back to 11. By definition, that means there'll be two -- to us people often in the board from the next election cycle, a sort of staggered declassification of the board, meaning that the multi-year terms will run out and by 2022, the entire board will be up for an annual election. I think that there was some real value to having the staggered board again to provide that continuity of information. But I understand why it's not investor friendly or why it's not friendly with the proxy firms. And so we're making that change. So I think that -- I don't think that it's an evidence of a change in behavior per se. We're trying to be just a lot more transparent about what we're doing and why we're doing it and how we're doing it and how we transition a board. This got some long tenure directors on it to a change in leadership over time.

Christopher Campbell {BIO 20262752 <GO>}

Got it.

Jay S. Bullock {BIO 3644311 <GO>}

Then to the compensation program. We didn't have the right recommendation out of one of the proxy firms this year on our say on Pay Vote. And so, again, some things that we've heard, again, it was in consultation with a lot of our -- with a lot of our shareholders, multi-year periods -- we like to see that over a single year measurement period. So that's going to be introduced next year. And then we're going to introduce a second component book value per share growth and ROE into the LTI program. I'm not the right one to ask about that, because I think the best long term determinant of value creation is book value per share. I think balancing the two actually provides a good governor on each. It takes any sort of motivation for trying to push one over the other out of the equation. And so I think these are just all modest improvements that should give people comfort that -- management's interests are aligned, which I think they are anyway, we're all large shareholders in the company and that the board is well-equipped.

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I mean-- I went through that litany of skill sets intentionally, because I'm not on the board, but I watch as the board changes and the process by which we have selected new directors has been very thoughtful and very specific to say what do we see in our environment that we need to have more knowledge in the room on. And that's where we've -- that's where we found the directors.

Christopher Campbell {BIO 20262752 <GO>}

Okay, great. And are there other corporate governance things you're looking at from the shareholder feedback?

Jay S. Bullock {BIO 3644311 <GO>}

Well, I mean, I'm going to harken back to the first half of the year. There's no question that, we listened to a lot of the feedback that we've gotten from our shareholders. Whether or not it was a problem of optics or not, I think we recognize that, we're going to increase the transparency and make some changes to make sure that we've got the right sort of processes in place to be able to describe to people what we do and how we do it.

Christopher Campbell {BIO 20262752 <GO>}

Got it. And you had mentioned something like the digital investments. I guess what are the key investments that you've made in terms of like risk selection, operational efficiency, customer experience, et cetera?

Jay S. Bullock {BIO 3644311 <GO>}

Yeah. So I want to try to emphasize the fact that we when we call it, the digitization of Argo, that sounds kind of fancy, but a lot of times it's really basic sort of changing antique workflows into some -- into a process that doesn't require manual intervention anymore. And so, for example, the casualty book is one that I talk about a lot in our E&S business. We had way more submissions than we can get to, right. And, we worked through the process of trying to digitize some of that process. The simplest one to describe that we would all understand because we experience it in our daily lives is the process by which a -- an underwriter wouldn't get to the point of issuing a quote. They might spend 20 minutes in putting fields in a spreadsheet to try to get to the answer. Well, the reality was, is we created a simple tool where that information gets scraped off the web and most of the information can be in front of the underwriter in a matter of a minute or two.

So we did a process that was a 20 minute process down to the two minute process. And you guess the underwriter -- has a lot more job satisfaction, because now they're actually making those decisions as opposed to tightening or protecting in a way. That's a simple thing, but it allowed us to get to a lot more of that submission were -- submission flow than we could before. The other thing that we did is we set up effectively a mechanism by which we could triage that submission flow and say, if this is an area where we've said yes every time for the last five years and that's been a good decision, then just say yes. If we don't really need to underwrite that one, right. Because we now have enough information

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internally to say that's a really good area for us to be. That's a really good decision for us to move ahead with it.

So that's one area that's probably had the biggest benefit that the investments into that sort of thing. We've also introduced some tools for some of our wholesale business partners where they can go in and they get real time information on claims, they can do online endorsements. Endorsements have always been, a slow process that requires a lot of people time and so forth. If they can do that and get the endorsement online and have no -- not really have to interact with anybody, that's a huge improvement for them. All of this sort of was just driven to try to make the customer experience that much better and get the response time down and try to take friction out of the process.

So that's really what we're focused on from a digital investment strategy. That's the bulk of where we're spending our time and money. And there's lots of external tools that you can brand to apply to that these days. So, it feels like a different world than it did, six or seven years ago when you thought -- just how can we create this? What can we do? Now, there's a lot of tools that you can import, and just having our eyes and ears out there to make sure that you know what those are.

Christopher Campbell {BIO 20262752 <GO>}

So I also want to give the audience a chance to ask any questions that they have. Do you want a minute? Anybody want to ask, Jay? Okay, we have one.

Unidentified Participant

Have you noticed any further inflections in the trends and E&S submissions?

Jay S. Bullock {BIO 3644311 <GO>}

You know, I did read yesterday, there was a comment. I think it was from the AIG presentation where they said that submission flow was up substantially. Look, it's been a good economic environment and submissions will trend upwards when there's --- when it's a good economic environment. And so we've seen that same trend. The numbers that I heard yesterday seemed outside of our experience. So I don't know what would be driving that specifically. But it's a good environment for the types of businesses that we're in. Specialty businesses always do well when the economy is doing well. A lot of the E&S market is centered around construction and development and that sort of thing. And so, when you've got that as a backdrop, it's usually a pretty good environment.

Christopher Campbell {BIO 20262752 <GO>}

Great. Do you have any more questions. Okay. Great. Well, thank you, Jay. Appreciate you taking the time.

Jay S. Bullock {BIO 3644311 <GO>}

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Thank you.

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