Q3 2017 Earnings Call

Company Participants

- Kevin O'Donnell, President and Chief Executive Officer
- Peter Hill, Investor Relations
- Robert Qutub, Executive Vice President and Chief Financial Officer

Other Participants

- Amit Kumar, Analyst
- Brian Meredith, Analyst
- Elyse Beth Greenspan, Analyst
- Ian Gutterman, Analyst
- Jay Cohen, Analyst
- Josh Shanker, Analyst
- Kai Pan, Analyst
- Meyer Shields, Analyst

Presentation

Operator

Good morning. My name is Kim and I will be your conference operator today. At this time, I would like to welcome everyone to the RenaissanceRe Third Quarter 2017 Financial Results Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. (Operator Instructions) Thank you.

Peter Hill, you may begin your conference.

Peter Hill {BIO 1828241 <GO>}

Good morning and thank you for joining our third quarter 2017 financial results conference call. Yesterday, after the market close, we issued our quarterly release. If you didn't receive a copy, please call me at 212-521-4800 and we'll make sure we provide you with one. There will be an audio replay of the call available from about 1 PM Eastern Time today through midnight on December 1st. The replay can be accessed by dialing 855-859-2056 or +1404-537-3406. The passcode you will need for both numbers is 18690169. Today's call is also available through the Investor Information section of www.renre.com and will be archived on RenaissanceRe's website through midnight on January 9th.

Before we begin, I'm obliged to caution that today's discussion may contain forward-looking statements and actual results may differ materially from those discussed. Additional information regarding the factors shaping these outcomes can be found in RenaissanceRe's SEC filings to which we direct you.

With us to discuss today's results are Kevin O'Donnell, President and Chief Executive Officer and Bob Qutub, Executive Vice President and Chief Financial Officer.

I'd now like to turn the call over to Kevin. Kevin?

Kevin O'Donnell

Thanks, Peter, and thank you all for joining today's call. Last night, we released third quarter earnings. As you know, it was a busy quarter resulting in a reduction in book value of 11.6% and a reduction in our tangible book value per share plus accumulated dividends of 12%. This quarter, although difficult was not surprising and validates both our view of risk and our long-term strategy. The driver of our out-performance was of course the multiple catastrophic events occurring in the third quarter, namely hurricanes Harvey, Irma, and Maria and the Mexico City Earthquakes.

Before moving on to a discussion of the quarter, I would like to extend my deepest sympathies to everyone affected by the Q3 large loss events. In Mexico, the US and especially in the Caribbean, life has still not returned to normal for many and it is our hope that a significant number of claims we've already paid goes a little away towards speeding recovery.

I will discuss the Q3 large loss events and their impact on RenaissanceRe in greater detail after Bob speaks, but first I would like to address our gross to net strategy, the role of retro markets and the increased cost of risk capital.

Our gross to net strategy was tested by the Q3 large loss events and performed well. We pre-announced a net negative impact of 625 million for the Q3 large loss events. As you saw in our earnings release, we now think that number will be closer to 615. Our gross position on these events however is about 2.2 billion. This means that in excess of two-thirds of our gross losses have effectively been seeded to retrocessionaire shared with third-party capital or offset by reinstatement premiums. In addition to preserving our capital, this strategy was highly efficient, costing us only 50% of our premium, 20% of the expected profit on the associated business. Even after significant recoveries however, we still have abundant retro capacity remaining in our program and we continue to offer substantial capacity to clients.

The retro markets and especially the collateralized markets have absorbed a large share of the Q3 large loss events. And a material portion of their capital will either be impaired or locked up. The ability of some of these funds to recapitalize in trade forward will be heavily dependent on rate. Investors in experiencing large losses will need material price increases before they agree to reinvest. This could cause disruption at January 1st and roughly three quarters when the retro market renews. This is not a problem from our perspective, as our demand for retro is highly elastic. Using our integrated system, we are able to source the most efficient capital available, sometimes that is around, sometimes it's third-party and sometimes it's retro.

We've been a large seller of retro in the past and if the retro market harden sufficiently, we will happily transition from a buyer to a seller in the future. While the cost of retro is increasing, our weighted average cost of capital is decreasing. Over the last several years, we've taken advantage of record low interest rates to replace high cost debt and preferred shares at a lower cost. This gives us the option to put more of our own capital at risk if we were paid sufficiently to do so.

Another reason we aren't as exposed to the traditional retro market is that we have many long-term aligned partners. When we need to augment our own capital, I think of the potential sources is falling into two categories, short-term trades and long-term partners. Around 75% of our ceded premium is with our long-term partners. With this capacity, we can count on being there year-after-year, because we stand alongside on both the profits and the losses. Having this long-term capacity has allowed us to grow overtime and provides us flexibility when market opportunities arise.

I have been saying for years that in many lines of business, rates have reached unsustainably low levels. This was fueled in part by the extended drought in large catastrophic events, especially in the US. That drought is now over. It appears as if 2017 could be the third year having more than $100 billion of insured losses over the previous '15. To put this in perspective, the worldwide annual expected insured catastrophic loss is between 50 billion and 60 billion. Eight of the last 17 years however have come in under 40 billion, even on a trended basis with three under 20 billion. So there is a significant amount of variance in the results and when the low loss years cluster, this can be confused for a lack of volatility.

Years like 2017 are not outliers. However, there is a far more volatility in our sector than many appreciate. We expect to have industry loss similar to 2017 at least every 10 years and as a sector, we haven't been paid for this volatility for too long now. Making matters worse, low prices and property cat have affected almost every other line in the P&C industry with companies writing and diversifying the business to help offset property cat rate decreases.

The cost of risk capital needs to go up and its impact will reach beyond loss affected property deals. This quarter was a needed reminder that ours is a volatile business and the vendor models cannot substitute for good underwriting. Allocators of capital are better positioned to be able to determine which underwriters were skillful and which were not and return expectations should adjust accordingly.

Looking ahead we are hopeful that 2018 will provide greater opportunities than 2017. We're optimistic about our prospects for profitable growth and our preferential position in the market. With both rated and collateralized balance sheets and on equaled [ph] to access to efficient capital, we are ready and willing to trade forward to January 1 across all our platforms in the form our customers desire.

With that, I'll turn the call over to Bob for a look at our financials and I'll come back on and share a bit more in our business performance before we open it up for questions. Bob?

Robert Qutub {BIO 15269353 <GO>}

Thanks Kevin and good morning everyone. As Kevin noted in his opening remarks, the Q3 large loss events caused significant damage throughout the affected regions and continue to present wide scale humanitarian challenges. From an insured loss perspective, these events combined to produce the largest single quarter loss in RenaissanceRe's 24-year history.

We recorded a net negative impact to our consolidated financial results of $615 million in the third quarter of 2017. Recall that net negative impact includes the some of estimates of net claims and claim expenses incurred, earned reinstatement premiums assumed and feeded, lost and earned profit commissions, and redeemable non-controlling interest. Included in the net negative impact for the quarter was $534 million associated with hurricanes Harvey, Irma and Maria and the Mexico City Earthquake. It also included $81 million associated with aggregate loss contracts where cumulative losses under the respective contracts reached the retention points during the quarter.

In an effort to provide transparent disclosures, we included aggregate losses in our net negative impact figure for the quarter as they were meaningful to our results. Our best estimate of losses from the large cat events in the third quarter will be largely responsible for triggering losses under these aggregate contracts. However, the aggregate losses in and of themselves are not necessarily attributable to a specific event in a traditional sense. There remains meaningful uncertainty with respect to our estimate of losses from the large cat events and the aggregate loss contracts, given the limit features and the impact of our retro book.

At this time, I'd like to highlight a few metrics and give an overview of our financial performance for the quarter. I'll then provide some additional details of our segment results, our investment portfolio, and capital activities before I turn it back over to Kevin.

For the quarter ended September 30th 2017, we reported a net loss of $505 million or $12.75 per diluted common share and an operating loss of $547 million or $13.81 per diluted common share. On a year-to-date basis, we reported an annualized ROE of negative 7.4% and an annualized operating ROE of negative 11.7%. During the quarter, our book value per share decreased 11.6% and our tangible book value per share including accumulated dividends decreased by 12%. On a year-to-date basis, our book value decreased by 7.8% and our tangible book value per share including accumulated dividends decreased by 7.3%.

For additional details of our quarterly and year-to-date results, I would refer you to our earnings release and financial supplement, which we issued last night and can be found on our website.

Let me now shift to our segment results, beginning with the Property segment followed by Casualty and Specialty.

Within our Property segment, gross written premiums were up 171% for the third quarter of 2017 compared to the third quarter of 2016 and included a $165 million of reinstatement premiums associated with the large events. Excluding the impact of reinstatement premiums written in 2017, our Property segment gross premiums written would still have increased 34% with our other property class of business up 64% and our catastrophe class of business up 14%. The increase in our other property class of business was mainly due to increased participation on a select number of deals and certain new transactions we found attractive.

Our catastrophe line of business typically does not see major renewals during the third quarter, but we were able to grow the book slightly including some backup covers while exercising underwriting discipline given prevailing market terms and conditions.

Our Property segment incurred an underwriting loss of $750 million and a combined ratio of 323% compared to underwriting income of $103 million and a combined ratio of 40% in the comparative quarter. The underwriting results in our Property segment were dominated by the impact of the Q3 large loss events. These combined for $809 million in underwriting losses and added 252 points to the combined ratio in our Property segment. Overall, our Property segment performed as expected, following the occurrence of large catastrophe events in the quarter. We continue to believe we have the right people, systems, and strategy to execute through market cycles.

Moving onto our Casualty Specialty segment. During the third quarter of 2017, gross premiums written were up 1% relative to third quarter of 2016. We were able to selectively grow new and existing business within certain casualty lines of business. Mostly offsetting this increase was a decrease in gross premiums written in our financial lines of business, primarily the result of a large in-force multi-year mortgage reinsurance contract written in the third quarter of 2016 that did not reoccur in the current quarter. With the growth we've experienced to-date in the topline, we continue to execute on our gross to net strategy having ceded out 32% of our Casualty Specialty premiums, given current market conditions.

The Casualty Specialty segment incurred an underwriting loss of $43 million and a combined ratio of 120% in the third quarter of 2017 compared to underwriting income of 9 million and a combined ratio of 95% in the comparative quarter. A key driver of these results was the impact of hurricanes Harvey, Irma, and Maria and the Mexico City Earthquake, which drove the current accident year underwriting results in our Casualty Specialty segment.

Positively impacting the Casualty Specialty segment combined ratio during the quarter was a 7 point decrease in the underwriting expense ratio. Net premiums earned in the Casualty Specialty segment during the quarter were $37 million and underwriting expenses were relatively flat as we continue to leverage our existing expense base while selectively growing this book of business.

It is important to note that following quarter that saw the return of a number of significant loss events, we continue to evaluate our reserves for developing trends and remain comfortable with our processes and overall reserve adequacy.

Turning to investments. In the third quarter, we recorded total investment result of $82 million, generating an annualized total return on our investment portfolio of 3.4%. Included in this result was net realized and unrealized gains on investments of 42 million and net investment income of 40 million. Our equity portfolio continue to perform well during the quarter, generating both realized and unrealized gains as markets delivered positive returns.

Our net investment income was comprised mainly from our fixed maturity securities and benefited from higher average invested assets, modest increases in interest rates and a tightening of credit spreads during the quarter. Net investment income for the quarter also included some unrealized losses in our cat bond portfolio, which was impacted by the events in the third quarter.

Our investment portfolio remains conservative with respect to interest rate, credit, and duration risk with 89% allocated to fixed maturities and short-term investments with a high degree of liquidity and modest credit exposure. The duration of our investment portfolio was 2.6 years and the yield to maturity on the fixed income and short-term investments was 2.2% at September 30th, 2017 more or less flat compared to the end of last quarter.

Our strategic investment portfolio managed by our ventures unit again produced positive returns overall for us and we continue to be satisfied with the long-term fundamentals of the companies we own.

Now turning to our capital management activities during the quarter. Following a string of significant cat events, it is a testament to our capital management strategy that our balance sheet remains liquid and our capital position remains strong. Our access to capital also gives us the flexibility to pursue strategic investments and capital management activities as they may arise. Our ventures team continues to actively build relationships with high quality long-term investors as well as looking for new strategic transactions that can enhance our underwriting franchise.

Overall, our capital management actions reflect a quickly evolving market and we believe we have developed a unique agility to deploy capital where it's needed most. Once again, our trusted long -term investment partners and our joint venture vehicles supported our efforts. They recognized the leadership we bring to the property cat exposed market and immediately stepped up with an additional capital deployed. For example, we quickly and efficiently raised $250 million of new equity capital in DaVinci from third-party investors and Upsilon received additional funds to support its core customers.

On the share repurchase front, prior to the arrival of Hurricane Harvey, we were active in the market for our common share, repurchasing $39 million during the quarter, which brings our total year-to-date purchases to $189 million.

Our approach to capital management has not changed. With the potential for improved pricing conditions in many of the markets we serve, we will first and foremost look to deploy capital into underwriting and business opportunities that may need our risk return hurdles.

At this time, I'd like to mention that commencing with our first quarter 2008 financial supplement, we will no longer separately disclose the underwriting results of our Lloyd's platform. We manage our business at a segment level and with the results of our Lloyd's platform getting picked up in our Property and Casualty Specialty segments as appropriate. As such, we will continue to provide what we feel is appropriate transparency into our segment results and associated market commentary on our earnings call. From a disclosure perspective, this brings Lloyd's in line with other locations and underwriting platforms across our organization.

And finally before turning the call back to Kevin, I would like to extend our deepest sympathies to all those affected by the devastating California wildfires. They resulted in loss of life and caused significant damage to our major portions of the state. It is still very early days for this loss with initial industry loss estimates ranging anywhere from 2 billion to 3 billion to 6 billion to 8 billion and potentially higher. As we work through our initial assessment, our early expectation is that given the complexity of these events, the industry losses will come in closer to the higher end of published industry loss estimates. There is significant uncertainty with respect to the nature and magnitude of these losses and we will continue to monitor information from clients, industry participants, and other sources as it becomes available.

And with that, I'd like to turn the call back to Kevin.

Kevin O'Donnell

Thanks, Bob. I'll divide my comments starting with Property, then Casualty and then we'll open it up for questions. We broke another hurricane drought in the third quarter, this time in US, landfalling major hurricanes. The last time, the last year a major hurricane made landfall in the US was in 2005 with Wilma. This year, we had three, Harvey, Irma, and Maria. We also had several large earthquakes including in Mexico City. Multiple hurricane records fell in the third quarter such as experiencing 53 named storm days. In addition and while not a record, there were five major hurricanes, including four that reached Category 4 or 5 strength. This season was driven by warm waters and low wind shear and otherwise near-perfect conditions for storm information.

As is typically the case, each of these storms had very different characteristics, hit different risks and different geographies and will develop very differently. Unlike more concentrated losses, such as the '04 Florida hurricanes, the Q3 large loss events will affect the broad swap of the industry and consequently will have wide ranging impacts on marketing conditions affecting primarily, reinsurance and retro, both in the US and internationally.

Starting with Harvey, which made landfall in Texas on August 25th as a Category 4 storm. This is really more of a flood than a wind event. While its wind field is relatively small, Harvey jumped up to a record 50 plus inches of rain over a broad expanse Houston. To put this rainfall on perspective, over 25 trillion gallons of water fell in Texas and Louisiana, which is enough to fill the Chesapeake Bay. Harvey looks to be about a $30 billion industry loss, which is around a 20 to 30 year return period for the Gulf region. Even though Harvey is predominantly a flood event, the private market is exposed on both the residential and commercial side, including a significant auto loss. So while this loss primarily affects our property cat book, it will also affect our other property and casualty businesses.

Next up was Hurricane Irma, which made landfall on September 10th in the Florida Keys as a Category 4 storm, then made a second landfall over Marco Island as a Category 3 storm. If Irma had tracked a handful of miles north, it would have not weakened over Cuba. In all likelihood, it then would have made landfall on the heavily populated east coast of South Florida as a Cat 5 rather than over the Everglades as Cat 3. This would have been a true one in 100 event with the potential to cause more than 100 billion in loss. Irma looks to be about a $25 billion industry loss, which is around 20 to 30 year return period for the Southeast US. Irma is predominantly wind event even though there was significant flooding. Average claim severity outside of the Florida Keys appears to be relatively low and in many cases is coming in under applicable hurricane deductibles.

Finally, at least as far as hurricanes in the third quarter go was Hurricane Maria, which made landfall in Puerto Rico on September 20th as a strong Category 4 storm. Maria looks to be at least a $35 billion industry loss, which is a 100 plus year return period for Puerto Rico. Puerto Rico is located in the Caribbean. As a US territory, it will impact the US reinsurance towers of many large US insurance companies. Due to infrastructure issues, we expect that Maria losses will take longer than average to fully develop.

I often say that our value proposition extends beyond price and we had another opportunity to demonstrate that again this quarter. As each of the quarter's hurricanes was developing, our underwriters along with our team of scientists had weather predict, closely monitored the storm, its potential for strengthening and the most likely track it would take. Throughout this process, we made sure to reach out to those of our clients and brokers most likely to be affected after the event. In addition to rapidly prepaying claims, we were able to provide core clients, footprints of their portfolios run against our proprietary industry database. The speed and skill of our people and our systems post event is testament to our decades of experience in responding to events just like these.

Third quarter also experienced several large earthquakes, including Mexico City. This loss does not appear to be as destructive as originally thought. That said, earthquake losses are very longtail in nature and it's not uncommon to have significant development over an extended period. We will be monitoring both Texas and Florida closely for signs [ph] of assignment of benefits issues and other adjuster fraud. Today there's been little indication that this has occurred, but there is still opportunity for fraud to begin to creep-in later in the process. Insurance companies are acutely aware of this problem however and are taking steps to identify and minimize fraudulent claims.

We also saw a significant demand surge around adjuster fees. Due to the short time span between Harvey and Irma, there is intense competition for loss adjusters, driving up the fees insurance companies need to pay for their services. We're not a big driver of loss, but it will result in increased loss adjustment expenses.

I'd like to briefly address how our independent view of risk incorporates the commercially available catastrophe models and our expectations around the frequency of Q3 large loss events. We spent considerable time and resources understanding the strengths and weaknesses of the venture models. Consequently, all of the third quarter events were within our expectations. These were not extreme tail events. For example, in Harvey, we recognized the potential for significant flood losses and that this potential is not always sufficiently captured in the models. In Maria, we understood the vulnerability Puerto Rico faced major hurricanes and more of a tailwind, this loss was not surprising. This approach is consistent with our aspiration to be the best underwriter as we believe that being so results in superior shareholder value.

In our Casualty segment, gross premiums written were relatively flat quarter-on-quarter where we experienced strong net premium earned growth of 21% as our mortgage book continues to earn through. We improved operating leverage in Casualty again in this quarter with our operating expense ratio down about a percentage point. Our Casualty segment also experienced losses from the Q3 large loss events, although to a lesser extent than our Property segment and these losses primarily affected our marine and energy books.

Overall, I'm pleased with the portfolio we've built in this segment. I take a long-term view on the casualty business and recognize its benefits toward maximizing shareholder value. As you know, margins on this business have been compressing and the team is working hard to build the attractive positions focused on long-term value. Similar to our gross to net strategy in Property, we see one-third of our gross premiums on this book, which gives upfront profit to limit downside. This quarter saw the benefit of this strategy, as we enjoyed significant retro recoveries, especially in marine.

We've been keeping a close eye on loss trends in the Casualty space. For example, we've been under-weight in commercial auto and overweight in financial risk, which is consistent with our strategy of constructing a portfolio that is more attractive than the market average. Going forward, in addition to the business affected by the Q3 large loss events, we anticipate that some of the more challenging areas of the market will adjust and the positive trend in certain casualty lines will accelerate.

Casualty is a key aspect of our value proposition to our customers, who we believe want a reinsurer makes a credible commitment to cover a wide range of their risks over reasonably long time periods at consistent exposure based prices. Being able to provide a suite of products beyond property cat is essential to this value proposition. Over the long-term, I believe this business is accretive to shareholder value. Our ventures unit continues to contribute both to our broader results and to our ability to execute our gross to net strategy. Once again, for example, the strategic investments managed by our ventures unit had positive returns this quarter.

As Bob noted, we raised capital in our JV vehicle at October 1st. So DaVinci is fully funded and ready to renew existing business and grow if opportunities presents. Also at October 1st, we were able to raise additional funds in our Upsilon joint venture to support an attractive deal with a core customer. We are also ready to trade forward in Upsilon and to the extent their attractive opportunities at January 1st, we will be in a position to transact.

The key aspect of our consistent aligned approach with our joint venture partners appreciate is that they will have the opportunity to benefit alongside us in any market opportunities in 2018. We currently have multiple offers to bring in new capital, but we will remain aligned with our long-term partners. The third quarter was a great opportunity to demonstrate to our customers that our value proposition extends beyond price and includes many value added services both before and after large events. At January 1st, our customers will also realize the value of trading forward with a long-term trusted partner with unsuppressed access to efficient capital. In 2018, our hope is that rates will adjust to the point where equilibrium is achieved, neither too low nor too high. Whatever the future however, we have the platform, the people and the capabilities to continue our leadership in the industry.

Thank you. And with that, I'll turn it over for questions.

Questions And Answers

Operator

(Operator Instructions) Your first question comes from the line of Elyse Beth Greenspan from Wells Fargo. Your line is open.

Q - Elyse Beth Greenspan {BIO 17263315 <GO>}

Hi, good morning. My first question. I appreciate all the color around the hurricanes and kind of the outlook, but Kevin what kind of price expectations do you have heading into the 1/1 renewals and just how do you kind of see based on discussions with clients on the pricing environment shaping up?

A - Robert Qutub {BIO 15269353 <GO>}

Firstly, 2018 prices going up. So I think the comments I made about there being a broad swath of the industry affected. If you look at the insurers affected by Harvey is a different pool of insurers affected by Irma and then again those affected by Maria are different. So as you move further away from loss affected layers, it's always a little harder to predict what will change and how much price will shift. When I think about price changes, I worry less about the market and more about our strategy and I look back as to the way we've positioned ourselves going into 2018.

As I mentioned we lowered our GAAP capital cost by refinancing our debt in our preferreds. So we're coming in with in with the strong gap capital position.

Our economic capital model, which is the model that our underwriters use to deploy capital were representing a higher cost of capital on our economic capital model. The reason for the difference is because we've made different assumptions on the assumed ceded retro supporting that portfolio. In 2017, the cheapest capital we had in our economic capital model was the ceded purchasing that we did and we believe that that is unlikely to be available in the same form in 2018.

So that's good news for us, because we had cheaper GAAP capital and we have higher expected margins. So the spread between the cost of our capital and the opportunities in the market is greater, which will inure the benefit of our shareholders. So while I'm less concerned about the overall change in the market, I think the change in market pricing will be reasonably broad. I think we have better access than anyone else in the market and we have unlimited and unrestricted access to efficient capital to bring to those opportunities.

Q - Elyse Beth Greenspan {BIO 17263315 <GO>}

Okay. And then you know as you say that there is a better margin outlook, obviously with your Casualty and Specialty business, the margins within that business have been in excess of 100%, how do you think about potentially putting more capital towards your Property and specifically, Property Cat business and maybe shifting away from Casualty and Specialty business, if you know the catastrophe market does get a lot better?

A - Robert Qutub {BIO 15269353 <GO>}

So I think, let me start just talking about Casualty, then I'll talk about the effect on capital. We've had a few glimmers of hope in the Casualty market with some of our November 1st renewals where we were seeing increased underwriting discipline and thinking about the risk that's being assumed. I believe that in the Casualty space, we are not at long-term sustainable margin, but I think about it over 10 years and in over 10 years, I believe we will have sustainable margins.

I think there is two areas that will be focused on for pricing in Casualty as much of our book is proportional, one is encouraging primary companies to continue to accelerate on the rate increases for their insurance books, which will inure to our benefit. And the second is thinking about whether the cedes are at appropriate long-term levels. A reasonable confidence will have some rate enhancement on the primary books, I think it'll take a little longer for us to have clarity as to whether cedes will respond favorably to market pressures as well.

With regard to writing more Property or Casualty, if both are better, we will write more of each. The capital allocation to our Casualty and Specialty business remains quite low and it will continue to be low particularly if we find more opportunity in Property Cat, as Property Cat drives the tail of the distributions. So on a marginal basis, our Casualty Specialty returns still look quite good and the more property we write, creates more room for Casualty and Specialty from a capital allocation perspective. So I think stand-alone returns look better for both Property and we're optimistic about Casualty and Specialty. And I think from a capital allocation perspective, we're in a very strong position.

Q - Elyse Beth Greenspan {BIO 17263315 <GO>}

Okay, great. And then where you guys surprised that within your cat bonds in your investment portfolio only lost about 5% in the quarter?

A - Robert Qutub {BIO 15269353 <GO>}

No. We would expect invents like this, cat funds to do take an impact. The losses that we talked about were unrealized. You can see it in our supplemental where it was down about 16 million and it was reflected in our net investment yield (inaudible).

Q - Elyse Beth Greenspan {BIO 17263315 <GO>}

Okay, great. And then one last question on Kevin, you did give the gross versus net losses for RenRe, for the quarter, how much of the cede was the third-party versus traditional markets?

A - Kevin O'Donnell

By third-party mean how much of its collateralized recovery?

Q - Elyse Beth Greenspan {BIO 17263315 <GO>}

Yes.

A - Kevin O'Donnell

I think it is roughly about 0.5 billion collateralized recovery, again I think its 1.02 [ph] billion of total recovery ballpark.

A - Robert Qutub {BIO 15269353 <GO>}

Incremental, right.

Q - Elyse Beth Greenspan {BIO 17263315 <GO>}

Okay. Thank you very much.

A - Kevin O'Donnell

Yes. Thank you.

Operator

Your next question comes from the line of Kai Pan from Morgan Stanley. Your line is open.

Q - Kai Pan {BIO 18669701 <GO>}

Thank you and good morning. So the first question on return in capital market, the DaVinci loss about $223 million and you raised more than that. So that will show you the readily available return of capital out there. So would that impact the magnitude and duration of potential price increases. I just wonder when you discuss with your capital provider for the reloading, what kind of pricing expectation that you would deploy that capital?

A - Robert Qutub {BIO 15269353 <GO>}

One thing, just for clarification, Kai, in the supplemental, the actual loss for DaVinci we suppose is 255, 223 and you referring to is the non-controlling interest on the investors, just for clarification, on page seven result.

A - Kevin O'Donnell

So kind of in layman's terms, we kept DaVinci the same size effectively facing the market. I think about the capital raise in DaVinci kind of this business as usual to be honest where normal process is at the end of the year the dividend back to investors the earnings and then when there's an event we put capital call-out to refund the balance sheet back to the levels it was prior to the events.

So I think from that perspective, we think DaVinci has good opportunities going into year end, but we are -- it is a slightly different type of vehicle. So we're not doing a traditional capital raise as one would expect with some of the more traditional collateralized funds. This is people who have been with us for a long time, it's part of our normal process of managing capital.

Q - Kai Pan {BIO 18669701 <GO>}

Yeah. And I think it's wondering is that, is that show a sign of broader appetite for risk still from the our return in capital markets?

A - Kevin O'Donnell

So we consider DaVinci effectively to be closed. So we have, we do have substantial interest in investors trying to get into DaVinci, but we had that last year as well. So I think the appetite that investors have to see to take to share in our underwritten risk is high for 2018, but to be honest, it was hard very for 2017 as well.

Q - Kai Pan {BIO 18669701 <GO>}

Okay. And then on your gross to net strategy, you have like two-third of your gross are like recover from the retro market. I just wonder given the potential rising costs of the retro, would you be able to maintain your gross exposure or grow that?

A - Robert Qutub {BIO 15269353 <GO>}

That's a great question. Yeah, absolutely. To maintain our gross exposure, we like the gross book that we wrote. We like the network more, so we used the retro to enhance and optimize the portfolio. As I mentioned in my comments, I think it will be as a split between the retro that we purchase and the risk that we share is probably more accurate way to think about it. We're about 70% of the risk that we share is with what I consider to be long-term partners, 30% is more of a trading account. We have perfect elasticity as to whether we renew the trading account and it will be very much price dependent. The 70%

that I consider to be partner capital is capital that will participate in a better market in 2018 just alongside as like it did in 2017.

So we are not subjected to the same client facing swings from retro as others because we build our book to make sure that we had a consistent customer facing appetite and manage our net risk through partner capital and trading capital.

Q - Kai Pan {BIO 18669701 <GO>}

Great. Last one if I may is on to your underlying loss ratio in the Property segment, it looks like it increased a lot year-over-year. Just wondering is there particular sort of like non-cap large losses, which is not including in your disclosure?

A - Kevin O'Donnell

I think you're referring specifically to other property within our Property segment. And I think it's -- we provide other property as a breakout in the Property segment, because we have a nutritional reserving component to that, which will be difficult to extract from Property Cat only representation. But the other property and the Property Cat are highly linked where much of the other property capacity that's put out is in conjunction with Property Cat lines that are written. So when I look at the performance of that book, I actually look at it from the Property segment perspective and I'm less worried about the allocation of the loss ratio between other property and Property Cat.

Q - Kai Pan {BIO 18669701 <GO>}

Okay. Great. Well, thank you so much.

A - Kevin O'Donnell

Yeah, thank you Kai.

Operator

Your next question comes from the line of Amit Kumar from Buckingham. Your line is open.

Q - Amit Kumar {BIO 15025799 <GO>}

Thanks and good morning. I like that name better. Just going back to the discussion on capital management, obviously you opined that that you look at the market conditions and then revisit and you were buying that before HIM [ph]. Based on the different renewal cycles, I guess 1/1, 4/1, 6/1 et cetera, are we thinking of revisiting the capital management discussion later in 2018 or would you be able to sort of come up with a thought process after the 1-1 renewal.

A - Robert Qutub {BIO 15269353 <GO>}

There is couple of parts to that question. Let me start off with the comments in my prepared text were as you pointed out, we're looking to deploy capital here in the fourth quarter as opposed to return in capital. And so we feel comfortable about our balance sheets being fully capitalized and taking advantage of the opportunity.

Regarding 2018 and return in capital, I think really it's what those opportunities early on in '18 present themselves for opportunities to deploy capital, we can then look later on in '18 and what our decisions will be then.

The second question is really -- the second part of your question is really in the context of how will that -- what will be the parity be between the returning capital and the rate increases and there is a relationship there.

A - Kevin O'Donnell

I think our normal process is highly integrated between our underwriting and our capital management. So you had mentioned the 1/1, 4/1, and 6/1 renewals. We've already recreated our portfolios for the full expectation of price change for 2018. And that gets periodically revisited, adjusting it upwards or downwards based on the assumptions we have prior to each major renewal. That will ultimately inform whether we are allocating more capital to the business or potentially looking to purchase shares back.

Q - Amit Kumar {BIO 15025799 <GO>}

Right. The second question I had was, obviously you probably sounded a bit more optimistic on the pricing equation than what I would have thought based on the industry losses or percent of total capital. I'm curious, do you have a view on the overall industry losses, is it sort of drifting upwards down as time progresses? I think a lot of us here are somewhat scratching our head and trying to figure out the missing portion of the losses. And I know that some of it is going into the alternative market, but even when you look at the math, it seems that based on what we know today, the numbers are still not getting there. So I was curious if you had an opinion on that.

A - Kevin O'Donnell

I share your confusion, it's kind of a highest level as to -- the disappearing nature of these losses. The thing I would say is, if you look at our gross loss of roughly 2.2 billion between what we prepaid and what's been reported, we're at about 10%. So there is a lot of latitude as to how one believes they've been impacted by these events. So the fact that we're at relatively low levels compared to what I believe we'll be close to 100 billion isn't wildly surprising. Often in the period shortly after a loss, there is a wide gap and it tends to close over time, but it does seem as if the gap is a little bit, potentially a lit bit bigger.

I think you touched on an important component here though is, there is usually a question as to what the market opportunity, but going into 2018, there is a big question as to how much capital is going to be there to support it. I think from the rated capital perspective, most rated carriers are in on very solid footing going into 2018 and the lack of transparency as to how much capital is impaired, how much capital is locked up from the collateralized market is adding uncertainty to the overall loss estimate for the combined events and also for the supply and demand dynamics going into '18.

Q - Amit Kumar {BIO 15025799 <GO>}

Fair point. And then, a final question. I know there were some questions already on the Casualty book and I know I have asked this before. In retrospect, do you think the Platinum acquisition is achieving what you would have thought you would achieve on day one or has it taken longer to get to the point what you would have outlet in your initial plans?

A - Kevin O'Donnell

We put out a list of objectives when we purchased Platinum. And I feel as if we made -- we have achieved each of the goals that we outlined. I said then, I think the question is, did we set the bar too low for what we hope to achieve. I think when I look at where the company is and a lot of that is because of the benefit of us purchasing Platinum, I feel that we're in a much stronger position going into 2018, because of our strong Casualty platform than we would have been have we not executed on Platinum.

Q - Amit Kumar {BIO 15025799 <GO>}

Okay, fine. I'll stop here. Thanks for the answers and good luck for the future.

A - Kevin O'Donnell

Thank you.

Operator

Your next question comes from the line of Josh Shanker from Deutsche Bank. Your line is open.

Q - Josh Shanker {BIO 5292022 <GO>}

Thank you. Forgot to get out of queue. Everyone asked my questions, but good luck in the New Year.

A - Kevin O'Donnell

Thanks Josh.

A - Robert Qutub {BIO 15269353 <GO>}

Thanks Josh.

Q - Josh Shanker {BIO 5292022 <GO>}

Thank you.

Operator

Your next question comes from the line of Brian Meredith from UBS. Your line is open.

Q - Brian Meredith {BIO 3108204 <GO>}

Hi, a couple of questions here for you. First one, Kevin, I am just curious, how much rate do you think you need on the Property Cat reinsurance business, that's going to meaningfully increase your net exposure without the benefit of cheap retros out there that's probably not going to be there going forward?

A - Kevin O'Donnell

I think it's an iterative question. I think we will purchase retro. I look at 2017, we probably had more income statement protection than we did -- than we will likely have in 2018. So it's not that we won't have any trading account retro over those structured differently. So I think again we'll look at the spread between our cost of capital and what we're paying -- being paid for risk to make sure that's adequate.

If we are changing the way we're purchasing retro, I think the natural thing would -- to ask is, what we're assuming more income statement volatility that must be in exchange for something and that will definitely been exchanged for higher ROE in '18 because we'll be taking -- one we will be taking more risk capital then exposing it and two, we will be taking more income statement volatility because a lot of the retro we purchased in '17 was down low.

Q - Brian Meredith {BIO 3108204 <GO>}

Got it, okay. Well, maybe better way of saying that is how underpriced you think Property Cat reinsurance is right now relative to your kind of cost of capital?

A - Kevin O'Donnell

So again, it's -- as a market or as our book, I don't feel as our book is underpriced. Look, other way it's going to be again how we structure the portfolio. So we'll go and we'll continue to rerun our portfolios every night, make sure we understand in how we're using capital and on every marginal deal we understand whether we're enhancing or reducing not only our existing margin, but the target margin we have for '18.

Q - Brian Meredith {BIO 3108204 <GO>}

Got you. Okay, that makes sense. And then I'm just curious, again you kind of mentioned you thought this was going to have implications outside of just the loss impacted areas if you look back at the KRW [ph] and what happened in 2011. That didn't happen, so why different this time?

A - Kevin O'Donnell

Two things, I will say. One is the cat market tends to react more to US events than non-US events, that's just the nature of the beast. But actually more importantly, if you go back to 2011, rates were frankly much higher and there was less need for rate enhancement than there is in 2017 where we've had several years of rate declines. So I think there is just more of recognition that it's been a buyer's market and at least in the conversations we're having with our clients, we're finding them receptive to the fact that we need to come to an equilibrium. We're not looking to push prices to higher we are getting to a point, where margins are long at a better balance between the buyer and the seller.

Q - Brian Meredith {BIO 3108204 <GO>}

Right. What (inaudible) better kind of parallel here, because rates were very cheap for them?

A - Kevin O'Donnell

Yes. And we did actually see quite a bit of movement in KRW. I think --

Q - Brian Meredith {BIO 3108204 <GO>}

They are outside the US.

A - Kevin O'Donnell

Correct. So, as I said in my comments, I think as you move further from loss affected layers it is more difficult to predict the rate change. I think in looking at our international footprint on the primary insurance for cat is pretty low at this point because rates have gotten to a point, where there's not much business that is sitting within our attractive return profile. So I think we've got upside there. I'm not sure even with reasonable rate changes it's going to attract us to write much more international. Most of the international risks that we've taken over the last several years has come through our retro account, and I do think retro rates will move pretty substantially both internationally and US.

Q - Brian Meredith {BIO 3108204 <GO>}

It makes a lot of sense. And another quick one here. So, the California wildfires, is that going to be one event or multiple events for reinsurers?

A - Kevin O'Donnell

That's a question that is probably going to be figured out in the near-term. I think it's pretty complicated there. There are wordings about the like consensus about how to connect discrete fires to determine whether it's a single event or multiple events. There, as we've seen before for retro it's probably one event. For insurance or reinsurance, it's going to take some time to figure it out.

I think that loss is pretty complicated generally just to give some color on it. It's easy to see the homes that are -- have been totally destructed, but increasingly we are hearing reports of soil contamination and the remediation of that, and how that's going to be handled could be additive to the cost. And then also the toxicity of the smoke damage to adjacent buildings is becoming more of a topic of our insurers just to have their thinking about remediating those losses. So there is uncertainty with that.

And then finally, there is a role potentially to be played by the utilities, as to whether they are deemed to have been a source of ignition and that can increase the casualty component of this loss, but also through segregation potentially lower the property component. So I think we're monitoring all these things and trying to determine how its ultimately going to play out, but there's still much to be answered about how this will play through.

Q - Brian Meredith {BIO 3108204 <GO>}

Great. Thank you.

A - Kevin O'Donnell

Sure.

Operator

Your next question comes from the line of Jay Cohen from Bank of America. Your line is open.

Q - Jay Cohen {BIO 1498813 <GO>}

Yeah, couple of questions. Some of the backup coverage that you wrote in the third quarter, are those annual policies or are they for a shorter duration?

A - Kevin O'Donnell

The more substantial ones, meaningful ones were short duration.

Q - Jay Cohen {BIO 1498813 <GO>}

So we should think about sort of next year, third quarter being other than the reinstatement kind of a tough comp from a premium standpoint, just from a modeling aspect?

A - Kevin O'Donnell

I think that's accurate, unless we have a third quarter that looks like '17.

Q - Jay Cohen {BIO 1498813 <GO>}

Let's hope not. Second question, expense ratio, I assume some of the lower expense ratio is due to lower bonus accruals?

A - Robert Qutub {BIO 15269353 <GO>}

Our expense ratio, look at the operational, I mean the acquisition, the acquisition ratios are growing with the business. But on the operational expenses, two factors over time have been driving that down. One is '16, you can see, we really effectively integrated Platinum, so that doesn't exist on a comparative basis. And the other element of what drop cost from like 140 -- high 140s to low 130s was just our focus on cost and trying to leverage the platform that we talked about. And you saw that most notably in the Casualty and Specialty.

The corporate cost, last quarter, I think the question was asked, what's the burn rate there? 4 to 5 and that's what we printed again 4 to 5 on corporate costs for this quarter, which are down from one-time events last year.

Q - Jay Cohen {BIO 1498813 <GO>}

So you didn't change your bonus accruals in the third quarter because of these losses?

A - Robert Qutub {BIO 15269353 <GO>}

Bonus accruals are going to be determined at the end of the year in the fourth quarter.

Q - Jay Cohen {BIO 1498813 <GO>}

Okay. That's helpful. And then last question. Debt to capital, I guess debt plus preferred to capital, do you have a target for that number?

A - Robert Qutub {BIO 15269353 <GO>}

Right now we feel very comfortable that well, I said earlier in my comments was that our balance sheets are fully funded and we're ready to deploy capital into the coming year. However, we see more opportunities we have access to capital, if we needed those opportunities, proved even more significant.

Q - Jay Cohen {BIO 1498813 <GO>}

So that's not a constrain at this point.

A - Robert Qutub {BIO 15269353 <GO>}

No.

Q - Jay Cohen {BIO 1498813 <GO>}

Okay. Thanks.

A - Kevin O'Donnell

Thank you.

Operator

Your next question comes from the line of Meyer Shields from KBW. Your line is open.

Q - Meyer Shields {BIO 4281064 <GO>}

Thanks. Kevin, when you were talking about your economic capital cost, you mentioned that cost of retro is going up and that's not inconsistent with what we've heard from other participants. Was the retro market underpriced last year or is there a new assessment of risk?

A - Kevin O'Donnell

So the comment I made is, we ceded 20% of our expected profit on 50% of our premium. So I think one can make a determination, then may have a very different capital model than we do, but that was not retro we would written for ourselves.

I think from looking into '18, I think what we purchased in '17 will not inform what we purchase in '18. So I don't look at us as having a series of renewals coming up for the trading account, but we look to construct the portfolio on a gross basis than optimize it, one of ceded opportunities that we have that we either do or do not have. So I think it's from year-to-year. It's less than an important comparison than it is in certain other launch [ph] business.

Q - Meyer Shields {BIO 4281064 <GO>}

You mean from your perspective, not the market overall?

A - Kevin O'Donnell

From our perspective, correct. I think there are a fair number of -- others potentially rely on retro to write their gross book. We are happy to write our gross book and rely on that trading account retro to optimize the net.

Q - Meyer Shields {BIO 4281064 <GO>}

Okay. That makes sense. The second, I guess smaller point. That you talked about demand surge for claims adjuster, I guess, particularly following Irma. Is there demand for international like material costs or anything like that?

A - Kevin O'Donnell

I think less so than in other events. I think when you see something like more substantial damage in broad widespread severe damage is going to be more demand surge. So my comments are really thinking about Harvey and Irma for that. Puerto Rico, I think demand surge is going to be extraordinarily important element of the overall loss. The difficulty is getting materials there, the difficulty of moving materials around, the lack of infrastructure, a lot of things that I think put a negative skew on how that loss can potentially there [ph].

Q - Meyer Shields {BIO 4281064 <GO>}

Okay. That's helpful. And one last question if I can.

A - Kevin O'Donnell

Yes.

Q - Meyer Shields {BIO 4281064 <GO>}

I think I am okay. Thank you very much.

A - Kevin O'Donnell

Okay. Thanks Meyer.

A - Robert Qutub {BIO 15269353 <GO>}

Thank you.

Operator

Your next question comes from the line of Ian Gutterman from Balyasny. Your line is open.

Q - Ian Gutterman {BIO 18249218 <GO>}

Hi. Thank you. And Kevin I guess, first maybe, I went back and looked at '05 and '11 and even Sandy and so forth and typically your market share on a gross basis, what was low 1%. And this time on a gross basis, you're low 2%. So it's definitely a much bigger share than you normally take of a loss. Is there any story to that or is it just Southeastern Caribbean wind, of course we have more exposure than foreign quakes or something in the Northeast or has there been sort of a change in sort of how you position the book post Platinum where customer (inaudible) we have more retro, we can take a bigger gross share.

A - Kevin O'Donnell

Yeah. I think we've never targeted 1%. I know it's a bogey that's used to kind of estimate losses for us from time-to-time. So, there's been no structural shift in the way that we closed the book. I think it is important that we do try to keep a consistent face to the market and use retro to protect the net to optimize the portfolio so that we're not transferring the pricing and the capital uncertainty to the customer providing certainty there and then managing on our balance sheet. So I don't see it as a shift in anything that we've done. I think it's frankly probably just a unique set of the outcome from a set of aggregate losses in a quarter. There's nothing that I would point you to say, there is a structural shift in the way that we've built the portfolio.

Q - Ian Gutterman {BIO 18249218 <GO>}

Perfect. Just wanted to make sure. So the aggregate covers, can you give us a sense of, if you were to see more gross development from -- basically we start to see sort of the gap between the disclosed numbers in the 100 billion start to close, is there more to limit left under those that could go against you?

A - Robert Qutub {BIO 15269353 <GO>}

So, yes, there is more limit left under some of those aggregates. I wouldn't point to those as being particularly exposed to the change in the gross loss. I think we -- you went through our normal process of top-down analysis to estimate the loss as well as a bottom-up, so each of those aggregate contracts have been looked at individually and we came up with our best estimate. Often our best estimate is significantly higher than the customers' reported loss at this time. So I don't think we have uniquely different exposure to those than we do to the current losses within each of the events.

Q - Ian Gutterman {BIO 18249218 <GO>}

Got it. And are those for named storms only or could the wildfires also get you on some of those contracts?

A - Robert Qutub {BIO 15269353 <GO>}

The wildfires, those contracts can't respond to the wildfires as well. So that's -- this is more of a detailed point, but one of the reasons that not include the aggregates and separate them out, this has new loss events occur. You can kind of forget time and then take all the events over the contract life and a portion of the loss to them forgetting that there's an occurrence retention. So as subsequent events can happen, it can actually go back and adjust previous events to be lower, because some of the limit needs to be moved to the new event. So that could artificially filled in favorable development if they're not disclosed separately and continue to be allocated to the events.

Q - Ian Gutterman {BIO 18249218 <GO>}

That makes sense. So on the top line I think as (inaudible) that's just a follow-up. The idea that there seem to be a lot of missing losses and yeah I know that's always the case, but it seems much more dramatic on this one right I mean arguably half losses are missing. Are there things you see, obviously you can't see how other people are picking numbers maybe some of your clients were -- who were telling you what they expect. But is there a sense you have for what's different is it that reported are coming in slower and maybe in the past, there was a heavier aspect of reported and that got us close during this time you need to sort of put up more IB in our because the reporters were slow. I'm just trying get sort of a decent story. I guess I get to hear one for why we have such a big gap?

A - Robert Qutub {BIO 15269353 <GO>}

Let me touch on each of the events and that get kind of an overall perspective. If we take Irma, Irma has got the most traditional as a cat, it's broad coverage and reasonably modest losses. So it's much more of a traditional type assessment as to what the loss will be. As I mentioned in my comments I think with the Mexican Earthquake it's probably a little smaller than what was initially expected. I think we are probably -- our scientists believe that there's a higher chance because of where it's been -- the main Mexico City Earthquake occurred, that liquefaction could play a role that always takes longer term report.

Harvey is again much more of a flood event as we all know. I think with Harvey to watch is to see if there are kind of large risk losses that emerge from Harvey that's probably been little slower than expected. We're not saying some of those major risk losses emerge. And then Maria is just a tricky one. So I think of all the ones where there is potential for the biggest disconnect between was ultimately recognized on balance sheets and much reported so far, it's probably Maria for the reasons I mentioned earlier.

Q - Ian Gutterman {BIO 18249218 <GO>}

Right.

A - Robert Qutub {BIO 15269353 <GO>}

So I think additionally when there's this many events in a quarter, it is very complicated to come up with a net risk exposure. So even for us, across the events our retro programs are largely shared. So as when first Harvey happened, you put your retro allocation against that. Once Irma happens and you're doing an optimization between to Mexico, Maria, you're doing optimization across four. So I think as thinking about it with the net number reported and then having this many events it's going to be a lot of movement potentially between the net numbers, but not necessarily as much on the gross depending on how the ceded allocations are distributed.

Q - Ian Gutterman {BIO 18249218 <GO>}

That makes sense. So if I can throw a hypothetical out and let's say that you guys are being conservative and everyone else is being as accurate as normal and therefore the industry losses are just a lot less than we think, let's say, it comes in, it's only 50 to 60 not 90 to 100. Does that tells anything about the cat models, is it possible that cat models just are over us and just like we got to use them underestimating most events, maybe they've actually overestimated all three of these events and we need to have sort of optional five where the cat miles went up, now the cat models need to go down. Is there anything indicating this?

A - Robert Qutub {BIO 15269353 <GO>}

I think of the cat models different than the cat modeling firms making an estimate of the industry loss. So when we talked about return periods for these events that's us going into our model, making an assessment as to what we think the losses and then putting return period on it. We think that's reasonably accurate. We may have industry loss around, but the return period to industry loss ratio will be right. So I think they are assessing the loss and even just take the wildfires. There's a big difference between what ARR is reporting and what RMS is reporting, which I think is interesting knowing that California is a pretty thoroughly modeled state. I think one needs to separate their estimate of the insured loss to the precision one can extract from properly using the model.

Q - Ian Gutterman {BIO 18249218 <GO>}

Got it, okay. And then just last one real quick is I know I'm not going to probably get to change your disclosure on PMLs and catalysts or anything like that. But if I can maybe ask in a more -- in a simpler way as a proxy, if I were to look at your last 10 years' cats and just add them up and divide by 10 as a percent of EP or capital or whatever, is there -- is the last 10 years unrepresentative of what you would expect for the next 10. I know the book only shifts and you may be buying more retro or less or this or that but is that a reasonable starting point for us or is there something you say no, that's just a terrible way to do it?

A - Robert Qutub {BIO 15269353 <GO>}

I've never done that. You take a look at it. I think just very simply, much of the risk we write has an expected loss lower than 10. So you would need a longer timeline in order to have a better understanding as to how the book is exposed. So if I were to think about it, kind of doing what I would a burning cost model to understand a cat book, it's -- I would tend to buy as myself to a much more of sarcastic approach using a much more robust event set in longer timeframes.

Q - Ian Gutterman {BIO 18249218 <GO>}

Of course, I just trying to do something that I have access to, but I understand. All right. Thank you. Thank you for the answers.

A - Robert Qutub {BIO 15269353 <GO>}

Thanks.

A - Kevin O'Donnell

Thanks Ian.

Operator

And this concludes our question-and-answer session. I will turn the call back over to Kevin O'Donnell.

A - Kevin O'Donnell

Thank you very much for your attention and for your participation in the call. We hope that you found it informative and we look forward to speaking to you after the quarter close. Thank you.

Operator

And this concludes today's conference call. You may now disconnect.