# S1 2018 Earnings Call

## Company Participants

- Adam Westwood, Chief Financial Officer
- Geoff Carter, Chief Executive Officer
- James Ockenden, Chief Actuary
- Unidentified Speaker

## Other Participants

- Andreas van Embden, Analyst
- Dom O'Mahony, Analyst
- Ivan Bokhmat, Analyst
- Nick Johnson, Analyst
- Trevor Moss, Analyst
- Unidentified Participant

## Presentation

### Geoff Carter {BIO 20756770 <GO>}

Okay. Good morning, everybody. Very warm welcome to those people in the room and to those people on the phones. Here today presenting you've got myself, Geoff Carter; and Adam Westwood, and in the front row, we have got James Ockenden, our Chief Actuary, as we get any difficult questions we don't find the answer.

Let's move briefly onto the presentation. We'll skip lightly across the small print unless they want me to read it out to them, I suspect not. So, let's go straight to the agenda. The brief outline on what we are doing today, a brief look at the highlights for 2018, a recap of the strategy for those who are still fairly new to the story. Adam will then go through the financial results and I'll then go through a summary and some brief outlook thoughts as well. So, I think we'll push straight on, if that's okay.

So, onto the financial highlights. I'd say, overall, we are pretty pleased with the results of the half year and I'm certainly feeling perkier standing here today with numbers of the full year when we did the results and we are pleased where the Company is at the half-year stage as well. Our key focus remains on our combined operating ratio. You can see we have delivered 68.6% at the half year, an improvement on the same time last year and an adjusted profit of just over 26 million.

Despite that combined operating ratio focus, premium is in a pretty healthy position. We're effectively flat year-on-year having caught up some of the premium deficit we had earlier this year. We haven't undermined our pricing philosophy, we haven't undermined any of our pricing principles at all to get to that position.

We also are very pleased to confirm that we're paying our first dividend as a public company at 7.2 pence per share. This is exactly in line with the guidance at the IPO of 70% of the half-year profit at this stage. I think very importantly, we're continuing to generate considerable organic excess capital. Our solvency capital ratio improved to 209% prior to payment of the interim dividend, 179% after payment of that dividend. We'll discuss later. That leaves us well positioned to consider a special dividend at the full year.

As well as the good financial performance, there have been some operational highlights I would call out. The key one is that we haven't changed our pricing philosophy at all, we continue to price at the mid 70s target combined ratio. We continue to research new pricing factors. We continue to find in the price and saving opportunities and were tested in deploying those as we go through this year.

Importantly, our excess of loss reinsurance program was fully placed in line with our price expectation, that's in mid to high single-digit increase on last year. Equally as important, there was no loss of quality from our reinsurance panel. We've maintained a very high quality reinsurance panel to support us.

On the operational side, we completed the transition to our new hybrid cloud IT infrastructure. That's been virtually seamless for the business. There's been no interruption at all. The benefits of that, it gives us market-leading security and also flexibility that we can flex on volume without any meaningful additional cost. We continue to invest in software robotics. We've already got about the most efficient cost base in the market, software robotics, which effectively automate manual processes from keying between spreadsheets. We enrolled out during this quarter. So as we look to grow in future years and future periods, we're looking to maintain our current headcount.

And importantly, because you sit in the front row looking at me, we've appointed a new Company Secretary who started in the last -- the last couple of months. On the employee side, we've done our first survey on employee satisfaction, very positive results. Something like 88% of people -- 88% of people would recommend Sabre as a place to work. And similarly, around 90% but still consider themselves to be here in one year. That's a really key engagement, a really key engagement score for us.

We've launched the Save As You Earn plan, which has been very well received by many of our colleagues. And we've maintained very low levels of employee turnover. I think I can count on one hand the number of people who've left in the half year and we've lost no senior managers whatsoever. So as a business we're in good shape, both operationally and in terms of the numbers.

For those who are fairly new to the business still, a very brief recap on the strategy. I would stress, there's been no changes whatsoever to our strategy. So this really is a recap for people who may not be as close to it. What are our key principles? Firstly to maintain a broad underwriting footprint. We are currently quoting at 96% risks that are available to us, that's improved by about one percentage point over the last few months. So we are continuing to find opportunities to quote for more risks. A disciplined and actuarially driven approach to pricing. The prices that come out of our actuarial team are the ones that are presented to brokers or distribution partners without any interruption or change. We don't apply volume discounts or favors. It's a very pure approach to pricing.

We continue to expand our dataset and we continue to look at and invest in data enrichment opportunities. Claims is a key part of the jigsaw for us. We have what we would describe as an assertive and fair approach. Honest customers get paid claims very quickly, very fully, very fairly. Someone who is light to us, who is being dishonest can expect quite a hard journey through the claims process, so we're understanding about that.

We continue to work very heavily through brokers. Still nearly three quarters of our business comes from our distribution partners. We have a fantastic relationship with brokers, both large and small. Very efficient model, I think a recent EY survey said they thought we had the lowest expense by any traditionally configured business. And that's important for us to maintain that expense efficiency as well. And finally, we'll continue to run the business in a very prudent way. So prudent claims reserving, prudent reserving and conservative approach to risk management through reinsurance and capital management.

What does all that lead to? A target of mid 70s combined ratio with a ceiling of 80%. At this stage, we see no need for that. Our combined ratio is just away from the mid 70s. Attractive dividend, 70% profit after tax with the target solvency range of 140% to 160%. I think we've been very clear that we see no need to holding to excess capital over that capital range and therefore there is opportunity for an attractive special dividend at the end of this year. And we still believe high single-digit premium growth across the cycle. That doesn't mean every year, but over the course of the cycle of four years, we would expect to be growing by that sort of average of high single-digit.

And on that note, I will hand to Adam to talk about results.

## Adam Westwood {BIO 20481660 <GO>}

Thanks, Geoff. Morning, everyone. I'll now introduce a little more detail to the numbers. We continue to run a straightforward business model, which I hope comes across in the simplicity of our financial results. Our premium income is GBP108.8 million for the period, compared to a 109.1 million in the comparative period last year. Premium dropped relative to 2017 in Q1 this year, but has returned to 2017 levels following pricing action we took in the beginning of the year to reflect a more benign frequency of small bodily injury claims. Our net earned premium is slightly ahead of the same period in 2017, which is simply reflective of the timing of premium earned over the life of our policies.

We've once again achieved a combined ratio ahead of our long-run average. This was 68.6% for the period against 71.7% in the same period last year and 68.5% for the full-year 2017. I'll through -- through this and let some more detail later.

Moving on to the rest of our P&L, our underwriting profit for the period was 32.2 million, 3.8 million ahead of the comparative prior year-- prior half year driven primarily by the higher mid-term premium and lower combined ratio. This in turn led to an adjusted profit after tax of 26.1 million, up 2.6 million on the same period in 2017, noting that an effective tax rate for 2017 was lower. In both periods, the only adjustment made to profit after tax is in respect of amortization of goodwill.

Investment returns continue to be low with the Group incurring a GBP0.1 million loss in the period due to decreases in the value of the gilt portfolio. We continue to hold our investments to maturity which means that it's an acceleration of the pull to par value over the life of bonds. The Group's earnings per share is a 10.3 pence per share, some way ahead of the comparative period. While this is in part driven by higher profits in the period, the comparative figure is somewhat skewed by preference dividends noting the preference shares no longer exist within the current structure.

The level of excess solvency capital held by the Group has grown from 132% at June 2017 and 160% at the year-end to 209% before the payment of an interim dividend. This is a function of the capital generated through profits in the period set against little movement in the Group's solvency capital requirements. Given the level of excess capital held, the Group has declared an interim dividend of 7.2 pence per share in line with our guidance set out at IPO that we would pay an interim dividend equal to approximately 70% of the Group's profit after tax. Excluding the capital required to fund this dividends, the Group's capital sits at a 179%, well above our preferred normal operating range of 140% to 160%. We will review our capital position at the year-end and expect to manage this through the level of dividends announced for the full year.

The next few slides will expand on some of the points I've made. These next slides add some detail to our combined ratio performance over the period. Our expense base remains stable. The small uplift in expenses against the comparative period is within our expectation given the additional administrative costs of running a listed company. Well, much of our cost base is variable, we continue to invest in automation to improve the efficiency over the medium term.

Our loss ratio continues to fall inside our target and is again benefited from both strong current year performance and prior year reserve movements. We've continued to see the positive impact of high pricing towards the end of 2017 and beginning of 2018. The current loss -- year loss ratio of 59% is similar to that in the comparative period in 2017, which was 60.7%. While the level of prior year reserve movements for the period is high relative to the net earned premium than for the period as full year, we would emphasize this does not lead us to expect that we will have a higher overall reserve movements for the full year compared to the full-year 2017. We carry out an annual review of outstanding cash reserves in November, and as such, it is not appropriate to compare relative negative IBNR of the half year with full year position. However, the level of prior year's half [ph] movements in the period under review supports our guidance. We expect our combined ratio for the year to be favorable as compared to our long-run average. We will, of course, continue to prioritize writing profitable business over volume and do not factor exceptional reserve releases into our pricing model relying on generating profits from every new policy we write.

Our portfolio of cash and investments now exceeds GBP300 million, and we continue to hold this in a low risk, low maintenance pool which consists primarily of UK government securities reflecting our core strategy, but we aim to minimize downside risk and focus on our efforts on generating returns from highly profitable core business of underwriting rather than investment yield. We continue to see our investment portfolios fuel, which allows us to drive our underwriting engine. The bonds are held --held are selected to maintain a maturity pattern equivalent to the run-off of the claims book. This means that on a regulatory basis the valuation of the discounted claims reserves moves in tandem with the valuation of investments limiting volatility in the Group's regulatory balance sheet .This does, however, mean that the mark-to-market accounting introduces some short-term volatility into the IFRS results where claims reserves are not discounted .

The Group continues to generate its profits from a lean capital base, which is core to the Group's strategy. As in previous periods, our capital requirement is driven almost exclusively by the level of underwriting activity and reserves held reflective of the low risk appetite in other areas such as investments .

The generation of profits while maintaining a low capital requirement has led to a regulatory capital surplus of 209% before the payment of the interim dividend, and 179% after the payment, which is in excess of our preferred operating range. We will review our capital position at year-end and continue to stress that we have no need or desire to retain significant excess capital. As a reminder, during the IPO, we defined our dividend policy as paying out 70% of profit after tax in this first year following IPO with current plans to be -- to revert to a more traditional interim dividend in the future being one-third of the previous year's full year ordinary dividend with the potential special dividends as a means of distributing excess capital to bring down our solvency coverage range to within our target range.

And with that, I'll hand back to Geoff who will give summary to outlook for 2018.

## Geoff Carter {BIO 20756770 <GO>}

Okay. I think the key thing we'd like to talk about is a few of the bigger things we've done to support this year's result. Unconsciously we've been repeating ourselves a bit for those first few slides. This is more new information. What we have done on our pricing particularly to support the result? We've reflected the observed change in smaller whiplash claims. I think when I sat here in also during December, we said we've seen claims go off the cliff in November and December, as a graph on here produced by Ernst & Young, on the right hand side of this graph, you can see a very steep dip in the level of claims coming through the MOJ portal. That is what we saw in November and December last year.

You will notice that then bounced back of bit in January and February and we believe it's now sort of flattened out there around that level. So our pricing reflects that move, flattened level, having seen a reduction over a fairly elongated period. We said we don't price on blips, we price on long-term trends and that's exactly what we've done and I think this market graph shows evidence we changed our rates and we're confident we know what a new baseline looks like.

Similarly, we fully covered our reinsurance cost increase, we said it was in line with our expectations. We've increased our prices and have increased our prices to cover the reinsurance cost we expect it to come through. We continue to price to a mid 70s target. I think there's no question that the markets entered the slightly weaker pricing cycle for the first half of this year. We've stuck to our guns. We continue to price at mid 70s and we continue to treat volume and growth as another target, combined operating ratio is our key target.

I think equally is important is what we haven't done. We have not reflected any change -- any potential change in the Ogden discount rate. We continue to price and reserve at the column 0.75% discount level. We've also not reflected any potential savings from whiplash reforms, small claims limits or evidence around that medicals. I guess important over the last couple of weeks, this means the reforms that have been announced as going back from 2019 to 2020 have no impact on us, so we haven't priced for it. We (inaudible). So we're sure we understand what implications of those changes are. What that means is, we don't see any squeeze on our margins or profitability per policy. So anything we've done in the first half of the year or any of the muted market changes. So we consider ourselves in a strong position still from pricing.

So last slide on the summary, the key messages, we'd like to leave with you. Continued focus on our core principles, we shall keep buying in this (inaudible) bought of it. Underwriting result very much in line with our expectations. Critically have been reset our baseline claims assumptions in line with the MOJ graph. We would still expect claims inflation and claims inflation from that new baseline level and we will be covering claims inflation through pricing through the second half of the year.

So we call out our full-year guidance as flat GWP, that is after covering claims inflation in the second half of the year. We continue to target mid-70s combined ratio. We think we will trade well in prevailing market conditions. I think what we're seeing is exactly what we expected to see when we IPO'ed in a softer market, but we didn't expect to prove it quite so quickly, which is we really moved back towards our non-standard high premium sectors and slightly less priced risks in the mass market. Our average premium has increased on new business by about 5% from this time last year.

Combinations are there, but also the mix changes. We would like slightly more business in that non-standard area. So we continue to project premium flat year-on-year with '17 and we would expect to continue to generate significant capital through the second half of the year, which as Adam says, will give us some options for special dividend at the year-end.

And I guess finally, my thanks to all our colleagues back in Dorking for everything they do to drive this performance, it has been a good half-year in fairly challenging market conditions, and we're very happy where we find ourselves at the half-year stage. And on that I think we've got time for any questions in the room. There's one there.



## Questions And Answers

### Q - Ivan Bokhmat {BIO 15378004 <GO>}

Hi, it's Ivan Bokhmat from Barclays. Thank you for the presentation. I have two questions. The first one, maybe you could talk a little bit about the markets' perception, the competition in the mass-market segment in particular, and what are your thoughts in the cycle. How long do you expect the prices to decline and clearly your target about high -- mid single-digit growth across the cycle, it ties quite closely to that. And then the second question on your reserving strength, perhaps you could elaborate on whether anything has changed after six months and how the seasonality work with your reserve releases? Thank you.

## A - Geoff Carter {BIO 20756770 <GO>}

Sure. Okay. I'll take the first one. I mean, so I'd say what happened at the start of the year, there were some quite significant decreases in premium rates. I think there are plenty of external surveys that would have highlighted that as well, consensus and that'd be about 6% or 7% decrease perhaps the first quarter. I think there's continued to be further price discount in the second quarter, would be my take on it. And so that's the feedback we get from some of our broker partners.

I think the interesting thing now will be whether the claims reforms going back to 2020 sort of puts a break on that softer market and whether we are now sort of bumping on the bottom. The EY survey that came out fairly recently or the EY presentation suggested a soft market in '18, fairly soft in '19, and maybe starting to recover in 2020, and that probably wouldn't be too far from our base case as well.

Mid high single digit. I mean, so we would expect flat this year, maybe modest growth next year, and then depending on that market, now it does come true, maybe slightly stronger growth in '20. But I guess I'd emphasize that we're most concerned about the combined ratio, not the premium number.

You asked about reserving strength. I think, James is -- (inaudible). So James Ockenden, the Chief Actuary, just comments on this.

## A - James Ockenden {BIO 20485926 <GO>}

So I think the question was fixed around the reserving, the reserving philosophy hasn't changed, if anything, the trend was relatively consistent. So there's really it's BIE from a reserving perspective, it's relatively uninteresting.

## A - Geoff Carter {BIO 20756770 <GO>}

And then the writing strength James, nothing has changed now (Multiple Speakers)

## A - James Ockenden {BIO 20485926 <GO>}

Sorry -- (Multiple Speakers).

## A - Geoff Carter {BIO 20756770 <GO>}

(Multiple Speakers) changed now for writing strength while we confidently price in the mid 70s .

## A - James Ockenden {BIO 20485926 <GO>}

I mean we continue to focus on exactly what we've done in the same way for the past over many years. So the approach remains the same.

## A - Geoff Carter {BIO 20756770 <GO>}

I think one of the things on these overlays is when we may not grow and you will see a higher degree of reserve releases running off. If we start to grow, you'll see slightly less coming up proportionately to the outstanding premium I guess. So, I think roughly what we're saying is roughly what we'd expect to the softer part of the market.

## Q - Ivan Bokhmat {BIO 15378004 <GO>}

Thank you.

## A - Geoff Carter {BIO 20756770 <GO>}

Enjoy yourself. Thanks for your question.

## Q - Andreas van Embden {BIO 1795530 <GO>}

Andreas van Embden, Peel Hunt. Just going back to the increase in the average premium per policy, the 5%, you mentioned -- you said it was mix change and I sensed a bit of rate, could you maybe comment on how you moved your own rates in Q1 down and how much they rebounded in Q2? It seems you've been strengthening rates in Q2. Thanks.

## A - Geoff Carter {BIO 20756770 <GO>}

Yeah, I mean, I think if you look at where the market went, there's minus 6, minus 7. I think it's sort of Christmas, that seemed fairly rational, that was our view. So you can probably assume our price decrease was somewhere around that level. In the last month or two James, we started to -- we introduced claims inflation from that level.

## A - James Ockenden {BIO 20485926 <GO>}

I mean I think it comes back to just our pricing discipline. I mean, as Geoff mentioned, we had our reinsurance renewal. We allowed within the rating for the impacts of the reinsurance, and as Geoff alluded to as well, we've seen this reduction in the MOJ portal numbers and all else being equal doesn't detract from the fact that there is pressure on claims where it is, but no costs are going up and the cost of selling even the whiplash claims, there's still pressure there. So, we need to allow for that pricing going forward.

## A - Geoff Carter {BIO 20756770 <GO>}

So, Andreas, I think we're kind of down by 6 or 7 and now we're going to gradually move up from that point. Yeah, we are still down because you can see the -- yeah, and what you have is the mix effect because we write slightly more in the higher premium non-standard type of area with the higher premium.

## A - Unidentified Speaker

(Technical Difficulty)

## A - Geoff Carter {BIO 20756770 <GO>}

Yes, it's a combination of mix effect and a little bit of premium movement. So, net-net we're 5% up year-on-year on premium. Next question here?

## Q - Dom O'Mahony

Thank you. Dom O'Mahony from Exane BNP Paribas. Can I just follow-up the question on the expectation of the claims inflation which you're pointing to? Could you give us any sense of why you think there'll be claims inflation? Are you driven by frequency by bodily injury, by physical damage or is it simply you expect a reversion to mean? Thank you.

## A - Geoff Carter {BIO 20756770 <GO>}

James, you have the first crack.

## A - James Ockenden {BIO 20485926 <GO>}

Yeah, I mean I think as MOJ shows there is currently, the data suggests there is less pressure from the injury frequency point of view but I think -- and similarly, I would expect on the damage side, obviously, the increased technology in cars is improving the frequency potentially, but it doesn't detract away from the fact that there is natural claims inflation on average claims costs and I think there is costs on -- there is pressures on costs of care on the injury side and similarly on (inaudible).

## Q - Dom O'Mahony

Yeah, so clearly more technology will improve frequency, but it's probably going to increase the cost of repairs.

## A - Adam Westwood {BIO 20481660 <GO>}

We probably are moving that -- at this moment in time, we're probably moving that longer run and this -- we're not seeing that -- there is no evidence that we're seeing increases in frequency inflation.

## Q - Dom O'Mahony

Yeah. Thanks.

## Q - Nick Johnson {BIO 1774629 <GO>}

Good morning. Nick Johnson from Numis. Just two questions, please. In terms of the guidance for the full year, same income expects to be flat on last year. I think that implies a 6% reduction in income in the second half versus the first half. Can you just -- is that normal seasonality or is there some other factor coming to play that we should be aware of?

And second question is, I wonder if you could -- and that's not to make you specifically call out, but if you could just comment on policy numbers, so if you got average rates up and income flat, should I imply that policy numbers are down? Could you just comment on that equation? Thanks.

## A - Geoff Carter {BIO 20756770 <GO>}

I'll take the -- why do we think the second half will be less buoyant? Second half more less than the first half? I think it depends on the market reaction to claims inflation. So, we are -- and I call out quite clearly, we will cover claims inflation in the second half of the year, that probably means we'd expect to see a slight decrease in the amount of mass market business than we might, right. So, we are -- we had quite a buoyant third quarter period last year. So, I wouldn't be surprised to see how our GWP fall away from the Q3 numbers. We had a very weak Q4 trading period last year and I'd expect to see the Q4 numbers this year. So, if you balance out maybe little bit down in Q3 and a bit up in Q4, our central scenario will be a broadly flat GWP for the year.

And the second one on policy numbers. I mean we've grown policy numbers by a few hundred for the last 12 or 13 weeks. So, that's not (inaudible) growth by anyone's standards, but it says the sort of portfolio is broadly stable gently climbing. Policy numbers are not a metric we're particularly obsessed with, to be honest. So, broadly flat, gently up would be my articulation of that.

## Q - Trevor Moss {BIO 1741504 <GO>}

Hi, Geoff. It is Trevor Moss from Berenberg here. I'm a bit confused by Ogden actually. I think you said your pricing and reserving minus 0.75 and I think most of the market is probably still reserving at minus 0.75, whereas that pricing at minus 0.75. So, there's something different you're doing relative to the market there which may have had some impact. And I'm not sure what the reinsurers are doing either. I seem to remember when you did your reinsurance renewal last summer, that the reinsurers were putting in place minus 0.75 I guess. So, I'm slightly surprised that you've seen a high single-digit increase in your reinsurance this year given your policy count is flat. I would have expected your reinsurance renewal to be flat, frankly. So, I'm a bit surprised you paid more. Is that something in Ogden there or what's going on?

## A - Geoff Carter {BIO 20756770 <GO>}

There's probably two combinations. I mean Ogden, we will be asked pricing at 0.75, that might be prudent compared to other people I don't know. And our view is, we'll change it when we're confident. We don't like speculating on changes. I think the reinsurers made a conversation, I don't want to talk to them too much. Though they have changed their reserving, whether they are holding the reserves, I'm not sure they have yet. I think our reinsurance price increases partly, it's too soon for some of the reinsurers to buy an improvement into the Ogden pricing at a meaningful level.

And frankly, we had quite a large lines in '17 and when you have an Ogden right at 0.75, that sort of multiplies the impact of that. So, I have firm expectation of being a mid to high single-digit, the insurance price increase, that came in exactly as we were to calculate it.

## Q - Trevor Moss {BIO 1741504 <GO>}

But, presumably, you would accept that the market is not pricing based on minus 0.75, which is certainly prudent and probably unrealistic, frankly. So, it's a little bit surprising that you're taking such a conservative stance.

## A - Geoff Carter {BIO 20756770 <GO>}

Yeah, we are quite conservative bunch. Combined ratio is the key thing for us. We will certainly move when we're sure and when we're sure nothing else is going to go the other way as well. So, I think that possibly often how it goes to market, but we are not embarrassed by that.

## Q - Trevor Moss {BIO 1741504 <GO>}

Do you have any view on when -- on any rumblings within government about what might happen on Ogden? I haven't really heard much recently.

## A - Geoff Carter {BIO 20756770 <GO>}

I think it's moving forward. I think there's good positive signs are expected to happen. I think we don't know where it will end up yet, you can take any number you like between 0 and 1 on a bit. Our approach we have to wait until we know what the numbers and then reflect that in pricing.

## Q - Unidentified Participant

Hi, (inaudible) from Berenberg. Given the claims trends that you've seen in the first half of the year, you talked about pricing movements in the market being fairly rational year-to-date so far. Have given the sort of expectation perhaps a slight slowdown in the second half on the run rate in policy count, is that based on an expectation of some irrational moves on pricing from potentially some of your peers?

And then also given the claims trends that you've seen, it seems that you be reserved with quite a bit of prudent should we say, given those claims trends of slightly at quite a bit more bearish than what's actually turned out to be the case. I'm just wondering if those -- that the reserves have been changed to reflect that change in trend or that buffer still remains in the 2017 reserves?

## A - Geoff Carter {BIO 20756770 <GO>}

Okay, I'll take the first one and James you take the second, if that's okay. I'm sorry, I'm not going to describe our competitors a bit anywhere near irrational, that's what might be very popular. And I don't see -- I mean, I think any price is a series of assumptions. I guess you can convince yourself there, you could be more optimistic at the moment and that wouldn't be an unrealistic thing to do. Our view is to stay cautious and paranoid actually until we're sure we know what the response is and so we are and we don't think there's certainty around somebody's changes and we'd rather not move our prices until we are certain on this certainty. So, that will be our take on it, but we probably are the more prudent and others might be at the much more adventurous, I don't know.

And James, you're going to talk about reserving buffer, if that's okay?

## A - James Ockenden {BIO 20485926 <GO>}

Yeah, I mean there really hasn't been any change in the philosophy for reserving. I mean, it's worth noting that this time last year, we would have been growing because the market -- at this point, last year, the market was hardening. So, the relative proportion of new business to -- or new claims to old claims was relatively high and that dynamic has changed a little bit. But, from a reserving perspective, there really hasn't been any change.

## A - Geoff Carter {BIO 20756770 <GO>}

In fact -- one thing I guess this point being relatively prudent in our assumptions, but (inaudible) so where we are volumes. So, we see no reason to have to be adventurous in our assumptions on this.

## Q - Unidentified Participant

Thanks.

## A - Geoff Carter {BIO 20756770 <GO>}

Anyone else in the room?

I think that will be it. I think that's it. So, on that note, thank you very much to people in the room and on the phone. Thank you so much.

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