FINAL

Bloomberg Transcript

Q1 2015 Earnings Call

Company Participants

- Axel Schmidt
- Jay Stanley Bullock
- Mark E. Watson
- Susan Spivak Bernstein

Other Participants

- Arash Soleimani
- Charles Gregory Peters
- Dan Farrell

MANAGEMENT DISCUSSION SECTION

Operator

Good morning and welcome to the Argo Group 2015 First Quarter Earnings Conference Call. All participants will be in listen-only mode. After today's presentation, there will be an opportunity to ask questions. Please note this event is being recorded.

I would now like to turn the conference over to Susan Spivak Bernstein. Please go ahead.

Susan Spivak Bernstein {BIO 1514699 <GO>}

Thank you, and good morning. Welcome to Argo Group's conference call for the first quarter 2015 results. Last night we issued a press release on earnings, which is available in the Investors section of our website at www.argolimited.com. With me on the call today is Mark Watson, Chief Executive Officer; Jay Bullock, Chief Financial Officer; and Axel Schmidt, Chief Underwriting Officer.

We're pleased to review the company's results for the quarter, as well as provide you with management's perspective on the business. As the operator mentioned, this conference call is being recorded. Following management's opening remarks, you will receive instructions on how to queue in to ask your questions.

As a result of this conference call, Argo Group management may make comments that reflect their intentions, beliefs and expectations for the future. Such forward-looking statements are qualified by the inherent risks and uncertainties surrounding future expectations generally and may materially differ from actual future results involving any one or more of such statements. Argo Group undertakes no obligation to publicly update forward-looking statements as a result of events or developments subsequent to this conference call. For a more detailed discussion of such risks and uncertainties, please see Argo Group's filings with the SEC.

With that, I'm pleased to turn the call over to Mark Watson, Chief Executive Officer of Argo Group. Mark?

Mark E. Watson {BIO 1463509 <GO>}

Thank you, Susan, and good morning, everyone, and welcome to our first quarter earnings call. I'd like to share my thoughts regarding the quarter, after which Jay Bullock, our CFO, will add a bit more detailed commentary to the financial results. We look forward to responding to any questions you may have during the Q&A portion of our remarks.

And after the market closed yesterday, Argo reported first quarter 2015 net income of $2.05 per share, an increase of 34% from 2014 and I thought y'all might like to have a little bit of historical perspective, given our financial performance over the last few years.

Our earnings this quarter were actually three times more than the $0.63 per share that we reported in the first quarter of 2012. For the year, we grew operating earnings 21.4% to $1.02 per share, whereas, three years ago, they were only $0.45 per share. So, a fair amount of progress over the last three years.

We delivered a 14.3% annualized return on average shareholders' equity in the first quarter, which compares to 11.4% for all of 2014 and 9.3% for all of 2013. And so far, it looks like we're off to a good start in 2015. This was helped by limited catastrophic activity, which, of course, was offset by a few large losses, continued favorable prior-year reserve development and an improving expense ratio. Nearly all of our businesses showed continued year-over-year improvement in underwriting results.

On a reported combined ratio basis, three out of four segments reported improved margins versus the same period in 2014. And it would have been four out of four, if it were not for some exceptional positive items that had an impact on the syndicate combined ratio a year ago. Or to say it more relevantly, when you look at all of our businesses on an accident year basis for this year, the loss picks for all of our companies are better today than a year ago, or all of our business units are better today than a year ago.

While top line growth was modest in the first quarter, up only 3% from 2014, growth in our Excess and Surplus Lines business was somewhat offset by competitive pressures in other lines. First quarter 2015 underwriting income was $21.3 million, up 47% from $14.5 million in 2014. And while reported investment income is down, our investment strategies continue to contribute to growth in book value with much of that return reflected in realized investment gains.

I'll go into more detail by segment in a minute, but the bottom line is that we continue to see a tangible improvement in our financial results year-over-year.

Turning to market conditions – I think what I'm going to say is fairly predictable and you've heard it from most people already – it's a tough environment out there. Competition continues in virtually all classes of business that we underwrite. More capital continues to flow into the cat market. That said, we believe we have some unique strategies and opportunities which give us a competitive advantage. And while acting on these strategies, we continue improving our underwriting margins through a better risk selection and platform efficiencies, both driven by the investments we're making in technology.

Let me now briefly comment on each of our operating segments. In our Excess and Surplus Lines business, gross written premium was up 16% in the first quarter of 2015, compared to the first quarter of 2014. Part of this growth came from the renewal rights deal we mentioned a quarter ago but, more importantly, we saw good growth in core parts of our E&S platform, some of which was enabled by our technology investments. We're making it faster and easier for our business partners to do business with us and, likewise, faster and easier for us to process business. And we actually have more policies on the books today than we did a year ago.

On average, rates were fairly flat across the segment other than property, which is still subject to intense competition. Prior year development, once again, had a positive impact on our results in E&S and Jay will provide some detail in his discussion about that.

In our Commercial Specialty segment, overall premium was essentially flat, growth in our mining, surety and commercial programs business was offset by increased competition in our retail business. As in E&S, we have several initiatives underway that will drive future growth in this segment and it's getting tougher to achieve rate and, as I believe our slower growth this quarter demonstrates, we're not running business below prices that makes sense.

Turning to the Syndicate. It was another sound quarter for our Lloyd's operation. The results were relatively consistent year-over-year, thanks to the diversification benefit we get from this operation. Gross written premiums rose 3% for the first quarter of 2014 to $137.6 million, mainly driven by marine energy and liability divisions, while we have reduced our involvement in such businesses as aerospace, as the market in certain instances remained stubbornly unresponsive to loss activity. That's a polite way of saying price keeps going down and I can't figure out why.

In fact, pricing and competition are actually pretty competitive across the piece in just about everything we do at Lloyds, and I think the same is true of our competitors.

Lastly, gross written premiums in our International Specialty segment were down 16% in the first quarter to about $70 million. The decline in premium relates primarily to intense price competition and reinsurance – the property cat reinsurance business.

In Brazil, growth is lower as the economy has slowed and we work on modest shifts in our portfolio mix. And to be honest with the real dropping 44% over the past 12 months, reporting in dollars has been challenging. Having said that, rates in this segment, while they remain generally competitive, are still at a place where we think we can make some money over time and so we're continuing to make investments in Brazil and we're moving ahead.

Turning to our investment portfolio, the turnover term on the portfolio in dollars was about 60 basis points in the first quarter. This was a somewhat disappointing return, but also includes the impact of adverse currency movements related to foreign denominated investments, which were held largely to offset foreign denominated liabilities. The net effect of this is that while we see a reduction on the asset side, we also see a reduction on the liability side, because of FX. Absent the change in FX, the portfolio was up about 1.1% across the group.

Net investment income for the quarter was $20.8 million, down from the prior quarter and the prior year. The decline was driven in part by lost income from the sale of the property in the fourth quarter, where we had a substantial amount of rental income and timing differences on dividends paid from private investments. That said, when we look through to the income producing elements of our portfolio, an area we've been focusing on income, absent those items another one-off items, was actually up year-on-year, and Jay will talk more about that in a little bit.

Moving onto Capital Management, our philosophy is, first and foremost, to maintain a strong capital position, have capital available for opportunities as they arise and to actually return excess capital to our shareholders in an effective manner.

In the first quarter of 2015, we repurchased over 353,000 shares for a total value of just over $18 million. We've taken advantage of the opportunity to buy our stock at attractive prices and, over the last six years, we've returned more than $319 million of capital to shareholders through share repurchases and paid $79 million in cash dividends during that period. Over the last few years, we've really viewed our stock as one of the best investments out there and, in the future, we'll balance the return of capital to shareholders with our priority of building Argo franchise and shareholder value for the long run.

Our focus and commitment to specialty underwriting, the diversification of our platform, and the actions we've taken on underperforming lines are producing, I think, pretty steady profitable growth in our areas of strength. We're making ongoing progress in achieving efficiencies across our organization as we get to scale and our focus remains on generating book value for our shareholders.

With that, I will turn the call over to our Chief Financial Officer, Jay Bullock.

Jay Stanley Bullock {BIO 3644311 <GO>}

Thanks, Mark, and good morning, everyone. I'll quickly provide some clarifying detail on the financials and then we'll open it up to Q&A.

In the first quarter of 2015, we reported a significant improvement in underwriting income, up substantially from the prior year's quarters. And if this is the measure on which business decisions have the most impact, it's a very satisfying progression. While we closely focus on the ratios that define elements of the business, it's the dollars of underwriting income that actually drive the returns.

Speaking of ratios, as Mark covered most of the relevant points related to revenue, I'll move straight to the discussion of our loss and expense results. In the first quarter of 2015, loss trends were characterized by continued overall favorable reserve development on prior accident years, and a relatively lower than expected level of catastrophe losses.

For the quarter, we experienced favorable development of $3.7 million, representing our 16th consecutive quarter of overall positive reserve development. The largest component of this quarter's release was from our E&S business concentrated in Casualty and Professional Lines. Total favorable prior year development from E&S was $8.2 million. We also had $2.5 million of favorable development in International Specialty, reflecting favorable development from both our Bermuda-based reinsurance and insurance businesses. The Syndicate had modest favorable development coming from the property division.

On the other side of the coin, we had $7.2 million of adverse development in our Commercial Specialty book, driven by the retail and public entity businesses. In both cases, the development is due primarily to increases in the severity of liability claims. Development in our run-off book was flat in the quarter. There's a table on the press release that provides a full breakdown by segment.

In the first quarter of 2015, we posted a current accident year non-cat loss ratio of 55.1%, about two points better than the prior year. Catastrophe losses that impacted our businesses were relatively low at $3 million, driven primarily by winter storm activity.

Our expense ratio in the quarter was 38.7% and has improved from 39.5% in the first quarter of 2014. This improvement is a direct result of our efforts to drive more efficiency throughout the organization. This result provided a meaningful contribution to our near-term objective of generating five points of underwriting profit. And at a combined ratio of 93.6%, we're ahead of that objective for 2015.

In the first quarter, we generated $16 million in realized investment gains. Quarterly gains were driven in part by foreign exchange movements that resulted in a net foreign exchange gain of $5.8 million. Other notable gains included $4.5 million from stocks and $2.5 million in gains from alternative investments.

As we said before, we hold foreign investments to match liabilities denominated in such currencies. And while these investments have declined in value in the current environment, mainly unrealized, the flipside of this is a decline in the dollar carrying amount of those liabilities. This is represented in part by the foreign exchange gain of $9.6 million recognized in the quarter.

And for the first quarter of 2015, the effective tax rate for the group was 5.7%, lower than what we typically anticipate. The variance was driven by a number of one-off events that lowered the tax rate this quarter. These include foreign exchange translation adjustments that are not taxable in the UK. And the reduction of the state tax accrual related to the sale of real estate reported in the fourth quarter. Normalized for those items, the effective tax rate for the quarter was approximately 17%, closer to the expected long-term tax rate.

And finally, to the balance sheet, we ended the quarter with a pre-tax unrealized embedded gain of $197 million, down $12 million from the fourth quarter of 2014. And as mentioned, this is largely due to foreign exchange. Spread tightening and lower interest rates generated gains and cushioned the adverse impact from foreign exchange.

Operator, that concludes our prepared remarks. And we're now ready to take questions.

Q&A

Operator

Thank you. Our first question comes Arash Soleimani of KBW.

Q - Arash Soleimani {BIO 18869554 <GO>}

Thanks and good morning. Just a couple of questions. First you had mentioned the five points of underwriting profit that you talked about before as well. I just wanted to know, is that still the goal in the current operating environment and how much runway is there to get there within both the core loss ratio and expense ratio? Where do you think most of that is coming from?

A - Mark E. Watson {BIO 1463509 <GO>}

Well, as Jay was saying a minute ago, I kind of think we're there this year. I think that we'll continue to see improvement in our underwriting margin, both from loss ratio, as we continue improving the underwriting mix in our portfolio, and improvement in the expense ratio as we continue to get to scale. And then the expense ratio was more of a function of top line than anything else. But as we continue growing, we think we'll continue seeing the expense ratio come down, as expenses don't grow at the same rate as revenue.

Q - Arash Soleimani {BIO 18869554 <GO>}

Okay. And how much of the top line would you say is attributable to – I know you talked to some of the technology investments that make it easier to do business with you. To what extent is that actually benefiting your top line? Would you say that's a major contributor to the top line or more of a kind of partial contributor?

A - Mark E. Watson {BIO 1463509 <GO>}

In the first quarter of this year, if I use your words, I'll say it was a partial contributor. We generated a number of new policies in our E&S business from technology. Most of the growth in the quarter though came from changing how we do business with our business partners and bringing a few new products online. So, I think for the remainder of this year, it's probably more a function of how we do business and bringing in new product, but as we finish out our technology platform this year, I think more and more of the growth in policy count will come from those investments.

And the reason why I say policy count instead of premium is much of that enabled growth is coming from the small account business, which is harder to see in the numbers this year. Although we did see it in the first quarter, but I think as each quarter goes by we'll see that more and more, and that will become even more evident in the first quarter of next year, which is not very far away.

Q - Arash Soleimani {BIO 18869554 <GO>}

Right. And just a quick numbers question. Which accident years did the Commercial Specialty development come from? I know you said it was severity of liability claims, but which accident years?

A - Jay Stanley Bullock {BIO 3644311 <GO>}

Yeah, primarily from 2010 and 2011.

Q - Arash Soleimani {BIO 18869554 <GO>}

Okay.

A - Jay Stanley Bullock {BIO 3644311 <GO>}

I think one of things that I would note about that business is the 2013 to 2014 accident years are materially better than where we're seeing this severity come from. And they're – they now have enough age to it that I can say that with a reasonable level of confidence.

A - Mark E. Watson {BIO 1463509 <GO>}

Yeah. In fact that's a good point. If you look at our loss picks for the last couple of years, they've been holding pretty steady and, across the board, they've been in the mid-to-high 50s or, in some cases, low-60s, but mainly mid-to-high 50s.

Q - Arash Soleimani {BIO 18869554 <GO>}

All right. Great. Thank you so much for the answers, and congrats on the quarter.

A - Mark E. Watson {BIO 1463509 <GO>}

Thank you.

A - Jay Stanley Bullock {BIO 3644311 <GO>}

Thank you.

Operator

Our next question comes from Greg Peters at Raymond James.

Q - Charles Gregory Peters {BIO 4656608 <GO>}

>: Good morning. Thank you for hosting the call and congratulations on your quarter. I guess, first of all, stepping back, as we go through this earnings season, a number of companies have commented on the impact of foreign exchange and Argo Group is no different, having offshore businesses. And I'm wondering about not just what happened in the first quarter but your perspective on foreign exchange rate and their impact on your results for the balance of the year?

A - Mark E. Watson {BIO 1463509 <GO>}

Wow, okay. That's going to – thank you for that open-ended question, Greg. So, let me – so Jay and I will kind of hit this one together, but let's start with – remember that the best hedge that we have against FX movement is to invest in the currencies that we believe that we're going to take claims in. So, that's dollars, euros, pounds, to some extent, yen, and real or reais. Having said that, because we report in dollars, there is FX movement up and down on both the invested assets and the liabilities from the loss reserves. And they don't move exactly in tandem with one another. And so that's what creates some of the movement.

We do, through our investment managers, hedge some of our non-dollar denominated securities, particularly when those portfolio managers are based in the U.S. Our European and UK portfolio managers don't hedge out the dollar. And so we've been looking at whether or not we don't – given that we do report in dollars and given that for the most part, we manage the total portfolio in dollars, we've been looking at whether or not we want to evolve our hedging strategy, particularly taking into consideration the dollar's strength over the last couple of years and the likely continued improvement in the dollar over European currencies, I guess the euro and the pound over the next year or so with what the ECB is doing this year. Jay, do you want to add anything?

A - Jay Stanley Bullock {BIO 3644311 <GO>}

No, I would just say it's a fair observation. We did mention it in several different places. And the reason is because it shows up in several different places. And at the end of the day, you take a step back and you look at sort of the total enterprise and you judge what impact did the currencies have on book value. It had modest impact this quarter, which – meaning cents per share, certainly not anything approaching even a dollar per share. And as a result, if you can take some comfort in that, that the enterprise and the system is setup to reasonably effectively deal with it. That said, I do think that Mark and I both think that there is going to continue to be dollar strength, and so we may adjust our strategies to account for that.

Q - Charles Gregory Peters {BIO 4656608 <GO>}

>: Okay. And on the International Specialty segment, Mark, you highlighted really some unique and unusual market softness that's been ongoing now for some time. I'm just curious from a corporate perspective, at this juncture, have you, management team and the board, started to evaluate your capital commitments to that business, especially

considering the precipitous fall in the premium production? And where do you think this is going to bottom out for Argo Group going forward?

A - Mark E. Watson {BIO 1463509 <GO>}

Well, where is it going to bottom out for the property cat reinsurance market in general, I don't know. Here's what I do know. What I do know is that, we really like our property cat reinsurance portfolio and the rate that we're getting on a risk-adjusted basis as a reinsurer versus a primary insurer for property cat is still better. Also keep in mind that even though property cat rates have come down that there're still higher than they were pre-Katrina, Rita, Wilma, all those fun events back in 2005. And so, we still think on a risk-adjusted basis, we'd rather take some of our property cat risk as a reinsurer than as an insurer.

Also keep in mind what I've been saying in the last few quarters is that for every dollar of underwriting profit we lose as a reinsurer, as margins compress a bit, we're gaining a dollar as a buyer of reinsurance. And so net-net, we're actually coming out ahead as reinsurance pricing softens. So, that's why keep I reminding everybody we're an insurance company first and the only reason that we're in the reinsurance business is on a risk-adjusted basis, we think we get a better property cat return as a reinsurer than as a direct insurer.

Q - Charles Gregory Peters {BIO 4656608 <GO>}

Okay. Thanks for your answers.

Operator

Our next question comes from Dan Farrell with Piper Jaffray.

Q - Dan Farrell {BIO 4935961 <GO>}

Hi, and good morning. You've been having some pretty consistently strong results and returns from your other investments. So, I was wondering if you could just update us on your current positioning, and then also given we're continuing to see pressure on yields what your thought process is going forward with regard to allocation of those investments? Thanks.

A - Mark E. Watson {BIO 1463509 <GO>}

I'll start. By the way, congratulations on your new role.

Q - Dan Farrell {BIO 4935961 <GO>}

Thank you very much.

A - Mark E. Watson {BIO 1463509 <GO>}

So, I think if you look at our portfolio, it's not that different today versus last quarter. We've got – of the roughly $4 billion in invested assets, $1 billion of that is in what we refer to is our capital appreciation portfolio. The majority of that is large cap public equities, which are mainly diversified international businesses, which, of course, have had an FX challenge in themselves. And then the remainder is primarily in hedged investment strategies. Most of those are credit strategies. We do have a couple of long/short strategies.

What we've done in the last quarter is continue the evolution of some of our hedge fund strategies and focus more and more on event-specific or industry-specific exposure. And I think you'll see us continue to do that throughout the year. I'm not sure that you'll see our allocation in cap move that much over the year. But you may see us go from $1 billion to $1.1 billion or $1.2 billion. But I don't think it will be much more changed than that.

Q - Dan Farrell {BIO 4935961 <GO>}

Okay, thanks. And then just with regard to the growth outlook in the International Specialty segment, you obviously mentioned the pressures in reinsurance and then also some of the pricing pressures you're seeing in other international markets. That said, how do you think about the path of premium for the rest of the year, given that you do want to expand in those markets. Can you partly offset that so that – would you think about the rest of the year as a lower rate of decline than the first quarter, or sort of similar level that we saw? Thank you.

A - Mark E. Watson {BIO 1463509 <GO>}

So, I think it's – I think in terms of how we report, you'll see most of the decline in the first half of the year, because that's when we underwrite most of the property cat portfolio. I think it'll be probably flat for the second half of the year. The two other parts of our International Specialty segment that really move the needle are the insurance business here in Bermuda, which you'll recall as both excess casualty and excess professional liability. We made a decision last week to take a little bit more risk net for those portfolios.

So, over the remainder of this year, you'll see a little bit more growth in net written premium relative to gross written premium, as we take more risk net. And I think that some of the changes that we wanted to make to our product mix in Brazil, we've finished now. And actually our Chief Underwriting Officer, Axel Schmidt spent a fair amount of time in Brazil with the team there. Axel, maybe you can just talk about Brazil for a minute.

A - Axel Schmidt {BIO 19499069 <GO>}

Thank you, Mark. Happy to do so. Yes, I think whilst we see the country in a difficult situation really getting to or being in a recession. We still understand and see which lines of businesses are more attractive relative to other ones. So, property, for example is, from an insurance perspective in Brazil, becoming softer and softer but at the same time which looks strange, but that's the case reinsurance rates are still going up. So, we took a conscious decision from a segmental perspective to shrink the book slightly in property. On the other hand, there are clearly other pockets or lines of business where we see rate increases. That's particularly in the special lines business, D&O, E&O by and large driven also by the corruption scandal around Petrobras. So, a proactive site management strategy in Brazil is being executed and I believe through this we can mitigate certain downsides in areas like engineering lines, surety potentially and property.

Q - Dan Farrell {BIO 4935961 <GO>}

That's helpful. Thank you very much.

A - Mark E. Watson {BIO 1463509 <GO>}

If I could just add one more thing. What's interesting is our business in Brazil is evolving to look more like our business in the U.S. than what we underwrite here in Bermuda and in the UK, which means we're writing more small-to-medium size businesses that are less susceptible to the macroeconomic headwinds going on in Brazil. And we've got a really good team in Brazil. So, I actually think that as we get towards the end of the year, I think we'll see things improving down there in terms of growth in premium and our financial results in general.

Q - Dan Farrell {BIO 4935961 <GO>}

Hey, great. Thank you.

Operator

The next question comes from Greg Peters of Raymond James.

Q - Charles Gregory Peters {BIO 4656608 <GO>}

I thought I'd circle back with couple follow-ups. First of all, it was recently I saw that a competitor announced an acquisition of a company called Unified Grocers. And whenever I see a headline of the insurance industry and grocers, I think of Argo Group. And I'm just wondering if you could just provide color on your business in the grocers market and what might be stimulating interest by other parties in that area of the market?

A - Mark E. Watson {BIO 1463509 <GO>}

I have no idea why other parties would be interested in that market, but I'm glad you asked the question, because one of the – I overlook, sometimes, highlighting some of the businesses where technology is also playing a bigger role, and that's one of them. And it's a little different. We're not using technology there to necessarily make it easier to generate new business, but rather help our policyholders manage their risk through any particular partnership we've got that helps our policyholders manage their risk with firms called Gleason Technologies.

And it's a really good example of how we're really trying to partner with our policyholders to help them manage their risk on the front-end with some of the loss control and safety services we can provide them and then use our claims organization to help mitigate loss once the claims happened on the back-end. So, actually we looked at that – we look at the risk-managed part of the grocery business as a growth opportunity for us.

Q - Charles Gregory Peters {BIO 4656608 <GO>}

And just broaden that comment or the color on M&A, I think within your E&S business you benefited from a renewal rights transaction. Maybe you can build-off some color on that and then just talk broadly on what you're seeing on the M&A side?

A - Mark E. Watson {BIO 1463509 <GO>}

Okay. So, that brought in a few million dollars of premium. Most of the growth came from our casualty portfolio within E&S. As for M&A, we're all watching the same thing. There's plenty of motivated sellers and plenty of motivated buyers, and there's a lot going on.

Q - Charles Gregory Peters {BIO 4656608 <GO>}

Has the pipeline for Argo Group picked up? Have you've been involved in more active discussions with targets that you might be interested in, or is it just consistent ?

A - Mark E. Watson {BIO 1463509 <GO>}

No, Greg, the pipeline is about as full today as it's been in the last couple of years in terms of acquisition opportunities. You may recall a few quarters ago, we commented on our level of activity, but just not being able to close anything because prices just didn't make sense. I would say we've gotten close on a couple of things. We've also gotten close on a couple of strategic investments in a couple of ongoing businesses and also in a startup. So, I'm actually a little more optimistic, given what's in the funnel this year that that will be accretive to the company at some point during the course of the year.

Q - Charles Gregory Peters {BIO 4656608 <GO>}

So, it sounds like the sellers expectations are coming down a little bit broadly speaking?

A - Mark E. Watson {BIO 1463509 <GO>}

On some of the things we've been looking at for a while, yes, I'd say that's the case. But we still have plenty of sellers who are looking for the lifetime achievement award.

Q - Charles Gregory Peters {BIO 4656608 <GO>}

All right. Thanks a lot.

Operator

At this time, I show no further questions. I would like to turn the conference back over to Mr. Watson, President and CEO for closing remarks.

A - Mark E. Watson {BIO 1463509 <GO>}

Thanks, Amy. I'd like to thank everyone for joining us on the call today. As I said in my opening remarks, I think we're off to a good start for the year. We have a lot of work to do. But I think that, as I've said last year, I think this is the year where we start to see some financial benefit from the hard work and investments that we made, both in technology and re-underwriting the portfolio over the last couple of years. And that's really across the board in all of our businesses. I think we've got the best team we've ever had running our company from top to bottom. And I look forward to reporting on our progress at the end of the second quarter. And that concludes our call. Thank you.

Operator

This conference is now concluded. Thank you for attending today's presentation. You may now disconnect.