# Q3 2018 Earnings Call

## Company Participants

- Beth Ann Bombara, Chief Financial Officer & Executive Vice President
- Christopher J. Swift, Chairman & Chief Executive Officer
- Douglas G. Elliot, President
- Sabra Rose Purtill, Senior Vice President, Investor Relations & Treasurer

## Other Participants

- Amit Kumar, Analyst
- Brian Meredith, Analyst
- Elyse B. Greenspan, Analyst
- Jay A. Cohen, Analyst
- Josh D. Shanker, Analyst
- Michael W. Phillips, Analyst
- Mike Zaremski, Analyst
- Randy Binner, Analyst
- Robert Glasspiegel, Analyst
- Ryan J. Tunis, Analyst
- Sean Reitenbach, Analyst
- Thomas Gallagher, Analyst

## MANAGEMENT DISCUSSION SECTION

### Operator

Good morning. My name is James, and I will be your conference operator today. At this time, I'd like to welcome everyone to The Hartford Third Quarter 2018 Financial Results Conference Call. All lines have been placed on mute to prevent any background noise, and after the speakers' remarks, there will be a question-and-answer session. Thank you.

I'd now like to turn the call over to the Head of Investor Relations, Sabra Purtill.

### Sabra Rose Purtill {BIO 1764408 <GO>}

Thank you. Good morning and thank you all for joining us today. Today's webcast covers our third quarter financial results, which were released yesterday afternoon. The news release, investor financial supplement, slides and 10-Q for the quarter are all available on our website. Our speakers today include Chris Swift, Chairman and CEO of The Hartford;

Doug Elliot, President; and Beth Bombara, CFO. Following their prepared remarks, we will have time for Q&A.

Just a few comments before Chris begins. Today's call includes forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance, and actual results could be materially different. We do not assume any obligation to update information or forward-looking statements provided on this call. Investors should also consider the risks and uncertainties that could cause actual results to differ from these statements. A detailed description of those risks and uncertainties can be found in our SEC filings, which are also available on our website. Our commentary today includes non-GAAP financial measures. Explanations and reconciliations of these measures to the comparable GAAP measure are included in our SEC filings and in the news release and financial supplement.

Finally, please note that no portion of this conference call may be reproduced or rebroadcast in any form without The Hartford's prior written consent. Replays of this webcast and an official transcript will be available on The Hartford's website for at least one year.

I'll now turn the call over to Chris.

## Christopher J. Swift {BIO 3683719 <GO>}

Good morning and thank you for joining us today. The Hartford had a great quarter with excellent financial results and significant progress on our strategic goals. Third quarter core earnings were $1.15 per diluted share, up significantly from $0.35 last year. Year-to-date, The Hartford's core earnings are $3.55 per share, compared with $1.94 in 2017. A higher level of earnings this quarter and for the year were driven by several items, including better underwriting results in Property & Casualty, increased Group Benefits and Mutual Funds earnings, and a lower U.S. corporate tax rate.

Let me share some details on these items. P&C underwriting margins, which Doug will cover in more detail, improved with a third quarter combined ratio of 97.3 and 95.4 for the nine months. The underlying combined ratio was 93.2 and 91.3 respectively, each better by nearly a point over last year. Group Benefits earnings for the quarter and year-to-date were up 50% and 74% respectively, due to the acquisition and lower tax rates. Margins remain very strong, with a core earnings margin for the first nine months of 6.4%, including the amortization of acquisition-related intangibles. Excluding intangibles, the core earnings margin was 7.5%, compared with 6.1% last year.

And Mutual Funds core earnings were up more than 50% for the quarter and year-to-date, with continued growth in assets under management. Book value per diluted share, excluding AOCI, grew 11% since December 31, and the annualized year-to-date core earnings ROE was 12.7%. Looking at earnings and returns for both the quarter and the year, I'm very pleased with our overall results. This quarter, we made continued progress on important strategic and operational goals. In August, we announced the agreement to acquire The Navigators Group. This acquisition advances several of our key objectives: it enhances our Commercial Lines presence with specialty and E&S capabilities; it broadens and deepens our product offerings with expanded industry verticals; and it expands our geographic underwriting reach with an international presence.

Leading agents and brokers are demanding deep expertise in comprehensive risk solutions across many industries from their carrier partners. With our expanded platform, particularly in specialty lines and industry verticals for Middle Market, we will strengthen distribution relationships and improve our access to new business opportunities. The combination of our capabilities and talent with the diverse product offerings and deep expertise of the Navigators team, we'll accelerate the next stage of our journey as a market-leading Commercial Lines company. This acquisition is strategically important to The Hartford, achieving the financial targets we have set forth will require effort and teamwork. We are focused on execution and recently kicked off a joint planning process regarding integration.

We are excited to work with our future colleagues to develop our go-to-market plan. As previously discussed, we expect to generate core earnings before intangibles of $200 million within four to five years. About half of the increase from Navigators' current run rate earnings will come from relatively straightforward investment portfolio and expense actions that will begin to impact earnings in the first year. We expect the remainder of the increase to be achieved over time from topline growth and improved underwriting margin. We look forward to sharing our future plans and progress with you.

Another key accomplishment is the continued successful integration of our Group Benefits acquisition, which closed almost a year ago today. This quarter, we began deploying the disability claims and lead management platform across both books and renewing former Aetna contracts onto The Hartford systems. January 1, 2019, new sales and renewals, which are in line with our expectations is another important milestone. We've had outstanding financial results this year despite higher-than-normal catastrophes. Although workers' compensation 2018 frequency trends are elevated from expectation, it's a modest change in trend that we're addressing. Total workers' compensation results this quarter continued to be quite strong. I'm pleased with the speed and diligence of our team in identifying this trend, which reflects favorably on the capabilities of our new claims system and a competitive advantage of our expanded data and analytical skills.

Finally, just a few comments on capital management before turning the call over to Doug. In 2012, we began the transformation of The Hartford away from capital market-sensitive businesses to more underwriting-centric ones. Since that time, from organic excess capital generation and the proceeds of sales of businesses, we have redeployed a significant amount of capital in a balanced manner, including equity repurchases, acquisitions, and debt reductions. In total, we returned more than 50% of the total to shareholders through both dividends and share buybacks. Since 2011, we have repurchased approximately 35% of our outstanding shares, most of which was done at prices less than book value. In addition, almost 25% was used to strengthen the balance sheet, which earned us several credit upgrades in the process. These actions included debt repayment, the asbestos environmental reinsurance cover purchase, and a reduction in our pension liability.

Lastly, the remaining $4 billion or 25% was used for several acquisitions, including Navigators, which have met our strategic goals and financial targets. As I reflect back on this track record, I am proud of the balance that we have struck in our deployment of capital. We have repositioned our portfolio of businesses to underwriting-centric product lines, where we have made deliberate investments, both organic and inorganic. And we have done this while strengthening our balance sheet and returning capital to our shareholders. As I look to the future, our near-term focus is squarely on the successful integration of the Aetna and Navigators acquisitions, with the goal of achieving and ultimately exceeding our expected returns on these investments. These integrations will consume much of our operational bandwidth for the time being.

Looking forward, we expect our businesses will continue to generate excess capital over time. In the medium to long term, we will continue to be deliberate in deploying this capital to create shareholder value. As we do so, our philosophy around capital management will remain consistent. We will continue to evaluate opportunities to deploy excess capital, including investing in our businesses and capital management, which includes reducing leverage with a focus on both financial returns and strategic objectives.

To conclude, The Hartford made a tremendous amount of progress against our strategic goals over the past year. Looking forward, we are excited by the opportunities we see to build on the momentum as we move into 2019. We look forward to sharing our progress with you.

And now, I'll turn the call over to Doug.

## Douglas G. Elliot {BIO 3700927 <GO>}

Thank you, Chris, and good morning, everyone. We posted strong results this quarter in Property & Casualty and Group Benefits. In Commercial Lines, we're pleased with our performance and returns, particularly as markets remain competitive and workers' compensation rates are increasingly under pressure. In Personal Lines, auto loss trends remain favorable and new business growth rates improved. And in Group Benefits, margins remain very strong as we continue to execute on our integration plans. It was another active quarter for catastrophes, but losses were well below third quarter 2017. This year, Hurricane Florence was the single largest event of the quarter, but there were also a number of wind, hail, and wildfire events contributing to losses. Current year CAT losses in the quarter totaled $169 million, $183 million less than a year ago.

Before I cover results for our business units, I'd like to comment briefly on workers' compensation trends, updating my observations from our second quarter earnings call. The market remains competitive, as industry returns have been strong over the last five years. Loss costs trends over the same period have been quite moderate with low severity and negative frequency trends, driven by favorable economic fundamentals as we emerged from the Great Recession. With the economy at or near full employment, our frequency in Small Commercial and Middle Market has turned positive this year. Based on our business and economic analysis, we view this trend as broader than just our book of business. With the unemployment rate below 4% for the last six months, the ratio of unemployed workers compared to open jobs has continued to decline. This ratio is now below one for the first time since 2001, the first year this metric was tracked.

Many businesses are struggling to find qualified employees and beginning to add more new workers to their payroll, generally increasing the risk of workplace injury versus what it would have been, say, a year or two ago. Additionally, the tightening labor market produces more hours work per employee, often resulting in fatigue and less training time, compounding the risk of injury for less experienced workers. Our uptick in frequency change has been moderate, turning positive on a rolling 12-month basis. The actual frequency levels are now comparable to what we experienced in 2016, which is a very manageable shift in a book of business as large as ours.

The frequency increase is more pronounced among less-tenured employees and can be several times that of experienced workers. All-in-all, we see this shift as part of managing both the industry cycle and the broader economic cycle. This includes making appropriate adjustments to underwriting, pricing, and loss ratio selections. We are deep inside our workers' compensation analytics and profitability measures across geographies, account size, industry class, risk profile, and loss experience.

Based on this analysis, our 2018 accident year loss ratio for Middle Market workers' compensation is 3.5 points higher than 2017. No changes have been made in Small Commercial, as current accident year loss cost trends remain within our overall estimates. This recent frequency trend has not changed our view of accident years 2017 and prior. Workers' compensation is a very important line to us. We have the expertise, tools, and data to address exactly these types of market challenges and we will continue to manage all the leverage available to us as we stay on top of these trends.

Let me now shift into the results for our business segments. In Commercial Lines, the combined ratio improved 12.5 points from prior year to 96.1, due to lower catastrophe losses and higher favorable prior-year development. The prior-year development was driven by continued favorable trends in workers' compensation from accident years 2015 and prior, and favorable emergence in financial products.

The underlying combined ratio for Commercial Lines, which excludes catastrophes and prior-year development, was 93.7, deteriorating 0.5 point from last year, but still very healthy. This change was largely due to workers' compensation margin compression in Middle Market as we react proactively to the frequency trends I described earlier and adverse non-CAT property results in Small Commercial, largely offset by favorable results in general liability and commercial auto.

Looking at pricing, our renewal written pricing in Standard Commercial Lines was 1.7%, down sequentially from second quarter by 130 basis points. This was heavily driven by the competitive workers' compensation environment. Standard Commercial Lines pricing, excluding workers' compensation, was 4.9% in the quarter, essentially in line with second quarter.

Within our Commercial Line business units, Small Commercial continued its strong performance with an underlying combined ratio of 88.7. The margin improvement versus last year was driven by general liability and auto, partially offset by higher non-CAT property losses and slightly higher expenses.

Written premium was up slightly as we began to see business flows from the Foremost renewal rights deal, partially offset by the downward pressure on workers' compensation rates and competitive market conditions for both new business and renewal.

Small Commercial policy counts have been increasing quarter-over-quarter in 2018, having declined throughout 2017. This reflects our disciplined approach to profitable growth. Over the last two years, we've reduced our Small Commercial auto book of business to improve profitability. Likewise, we've made adjustments to our package policy appetite to improve returns. Our margins in Small Commercial are industry-leading, as is our platform for new business and service. We're very excited about our long-term prospects for growth in this segment of the market.

In Middle Market, the underlying combined ratio of 100.2 increased 3.2 points from 2017 with 2.6 points of that increase due to higher current accident year loss ratio and workers' compensation. Written premium was up 6.5% over last year with solid production in lines such as property and general liability, as well as verticals such as construction and energy, offset by declines in workers' compensation.

In Specialty Commercial, the underlying combined ratio of 96 improved 2.6 points driven by an adjustment to reflect higher premiums on retrospectively-rated accounts and lower expenses, offset by slight margin compression in national accounts and financial products.

Moving over to Personal Lines, the underlying combined ratio of 91.8 improved 3.1 points, representing 5.5 points of improvement in the underlying loss ratio, partially offset by an increase in the expense ratio. The loss ratio improvement is reflected in both our auto and homeowner results, driven by earned pricing increases and favorable auto loss cost trends and non-CAT homeowners' experience. The higher expense ratio is primarily due to lower earned premiums versus last year and increased marketing efforts in AARP Direct, where we are focused on new business growth and retention.



New business was up over 30% in AARP Direct auto. Our marketing spend and product adjustments continue to gain traction, and our competitiveness measures continued to improve. We are pleased with the underwriting profile of this growth and encouraged by the improving trends. Despite strong improvement in new business growth, total written premium was still down 7.6%. Retention remains below our long-term targets as prior rate increases and a reduced agency footprint continue to work through our book of business. However, as those rate changes decelerate, retention is improving. And coupled with our new business trends, will provide a strong foundation for future growth.

Group Benefits delivered another excellent quarter. Core earnings was $102 million with a margin of 6.7%. The increase versus last year is primarily driven by strong organic growth, the addition of our 2017 acquisition, and lower tax rates. Although the group disability loss ratio is up slightly versus last year, which experienced unusually high claim recoveries, we continue to see very strong disability results, including favorable emergence from recent accident years. The group life loss ratio improved slightly from the volatile adverse trends experienced in recent quarters.

Persistency on our employer group block of business remained steady at approximately 90%, and fully insured ongoing sales of $104 million were up 53% from prior year. January 2019 sales in national accounts are firming up, and we expect a strong start to next year. Our expanded sales team is executing very effectively in the market, and our differentiated service and claims value proposition is clearly resonating with employers. We're excited about how this business is positioned in the marketplace.

We will remain very pleased with the overall integration of the Aetna Group Benefits business. We have completed the conversion of former Aetna small business customers to The Hartford platform. Conversion of Middle Market and large case customers to The Hartford platform is on track to begin in December and will continue throughout 2019 and 2020.

In summary, this was a very solid quarter across our Property & Casualty and Group Benefits businesses. We are executing effectively against our plans, responding to loss cost trends and competitive market dynamics with appropriate pricing actions and disciplined underwriting.

We continue to make excellent progress on our initiatives in product, operations and technology, all of which contributed to a competitive platform for the years ahead. We are also very encouraged about the possibilities with our announced acquisition of Navigators. As Chris has shared, we have kicked off integration activities across all business disciplines, and we will share more details at an appropriate time.

Let me now turn the call over to Beth.

## Beth Ann Bombara

Thank you, Doug. I'm going to cover investment results, mutual funds and corporate earnings as well as book value and ROEs. In addition, I have a few updates on the Navigators acquisition and holding company resources.

Starting with investment, net investment income totaled $444 million, up 10% over the prior-year quarter due to a 9% increase in invested assets, primarily as a result of the higher level of invested assets in Group Benefits from last year's acquisition. Limited partnership income did not meaningfully impact the comparison to 2017, as third quarter LP income was $45 million before tax, down $3 million compared with third quarter 2017. Excluding LPs, the annualized portfolio yield was 3.7%, down slightly from 3.8% in third quarter 2017 due to the impact of the acquired Group Benefits assets being recorded at market yields and the higher level of holding company resources held largely in short-term investments.

The P&C investment yield was up modestly to 3.8%, primarily due to higher interest rates. For the consolidated investment portfolio, the average new money rate in the quarter exceeded the average yield on sales and maturities by about 20 basis points. This reflected higher interest rates as well as a roughly $400 million reduction during the quarter, an exposure to municipals, given favorable after-tax yields on comparable taxable investments. The credit performance on the investment portfolio remains very strong. Net impairments in the quarter totaled $1 million, flat with third quarter 2017.

Turning to Mutual Funds, third quarter core earnings were $41 million, up nearly 60% from last year due to both higher assets under management and a lower tax rate. Total mutual fund and ETP assets under management, which excludes assets related to Talcott Resolution, was $106 billion at the end of the quarter, up 10%. This growth was driven principally by market appreciation as well as by positive net flows of $1.3 billion over the last 12 months. Fund performance remained strong as 61% and 69% of funds beat their peers on a three- and five-year basis, respectively.

Core losses in corporate were $45 million in the third quarter, down from $68 million last year. There were few ongoing items that affected results this quarter. First, interest expense declined by $10 million before tax, both on a sequential basis and compared with third quarter 2017 due to net debt repayment over the period, including the June 2018 call of $500 million of hybrids, which had a coupon of 8.125%. In addition, there were several items related to Talcott, including The Hartford share of income from its 9.7% ownership interest. Similar to our other private equity investments, income on this investment is reported on a three-month lag. As the sale closed at the end of May, this quarter's results include income for the month of June, which was about $2 million. Fourth quarter 2018 will reflect a full three months of results. The amount of income recorded each quarter will be 9.7% of Talcott's net income, which, as you know, can fluctuate based on market conditions and the impact of hedging.

In addition, fee income in corporate included approximately $11 million of revenue for a full quarter of managing investments for Talcott. This was offset by corresponding investment management expenses. Stranded costs related to Talcott were about $9 million before tax. We expect these costs to be eliminated over the next 15 months. Finally, net investment income for the quarter included income on the net proceeds received from the Talcott sale of $1.5 billion.

In total, The Hartford's third quarter core earnings were $418 million, up from $130 million in third quarter 2017 due to higher earnings in each of the company's main business segments, including the benefit of a lower corporate tax rate. Core earnings per diluted share were $1.15. As a reminder, in July, we announced an increase in our quarterly common dividend by 20% to $0.30 per share, the sixth consecutive annual increase as a result of stronger earnings from our businesses.

Book value per diluted share at September 30 was $34.95, down 6% from December 31, largely due to the impact of higher interest rates on the fair value of the investment portfolio and the removal of AOCI related to the Talcott sale. Excluding AOCI, book value per diluted share of $39.12 increased 11% since December 31. Core earnings ROE, which is calculated on a rolling 12-month basis, was 10.3% in third quarter 2018, up more than four points from last year, due in part to strong operating results, including the benefit of a lower corporate tax rate as well as lower average equity to the sale of Talcott and the fourth quarter charge related to tax reform. Our annualized 2018 year-to-date core earnings ROE was 12.7%.

Before taking your questions, I'll provide a brief update on The Navigators Group acquisition. The go-shop period under the acquisition agreement expired without any competing bid, and Navigators have filed their proxy with an expected shareholder meeting date of November 16. The antitrust waiting period under Hart-Scott-Rodino expired last week, and we have filed the required change in control materials with the regulators, including New York, the UK, and Belgium. We continue to expect a closing in the first half of 2019, subject to those approvals, and have begun integration and planning activities with The Navigators' team. While the acquisition does not have a financing contingency, we continue to evaluate financing alternatives to maintain appropriate levels of holding company liquidity post closing. Holding company resources at September 30 were $2.3 billion, compared with the cash purchase price of approximately $2.2 billion, including expenses.

Last week, we filed a dividend request with the Connecticut Department of Insurance to accelerate our 2019 planned P&C dividend to fourth quarter 2018. This dividend of approximately $1 billion will help provide financial flexibility and liquidity to support 2019 interest expense and dividend payments and January 2019 bond maturity. As we have discussed in the past, we have a robust framework around evaluating capital margins and liquidity requirements across our company. Importantly, our approach begins with maintaining sufficient capital and liquidity in our operating insurance companies for stress scenarios that contemplate much higher catastrophe and credit losses than are typical. In those stress scenarios, we seek to maintain P&C capital at a AA level based on S&P models and Group Benefits capital at a 350% RBC. We also seek to maintain sufficient operating company liquidity to meet cash flow-related stresses, such as large catastrophes.

Capital resources at the holding company are also evaluated for liquidity requirements in stress scenarios. We begin with a minimum target of holding company cash and short-term investments sufficient to cover interest and dividend payments for the next 12 months, which is about $700 million currently, as well as some provision for upcoming debt maturities, depending on our financing plans. Capital resources above this level are what we consider excess and can be redeployed for other opportunities. Based on our current projections, after the closing of The Navigators transaction, we expect the level of excess capital resources will begin to rebuild in the latter part of 2019 and into 2020. Consistent with our long-standing philosophy, we will continue to evaluate opportunities for the use of any excess capital, including investing in our businesses and capital management opportunities.

To conclude, this marked another quarter of strong underwriting and investment results for The Hartford, with core earnings growth at each of our main business segments and steady progress on the Group Benefits integration. Looking forward, we are optimistic about closing 2018 on a strong note with sustained healthy margins and the benefit of rising interest rates, although fourth quarter results will be impacted by Hurricane Michael.

Based on claims received and inspected to date, we currently expect our Hurricane Michael losses to be $50 million or less before tax. As a reminder, our original CAT estimate for fourth quarter was about $55 million, pre-tax. So, we may come in above that number, depending on our final estimate for Michael and any additional CAT activity for the quarter. Finally, consistent with prior years, we will provide a 2019 business metric outlook in February when we report fourth quarter results.

I will now turn the call over to the operator, so we can begin the Q&A session.



# Q&A

## Operator

And your first question comes from the line of Randy Binner from B. Riley FBR. Please go ahead.

## Q - Randy Binner {BIO 15145081 <GO>}

Good morning. Thanks. I guess the question and what seems to be driving the stock today, I think, is the commentary around higher loss picks in workers' comp. Yeah, I appreciate the kind of the straightforward way that you communicated it. And so, the question I have is what kind of claims are we talking about here? So, you have a pretty broad book. Is it kind of basic slip and falls? Is it auto accidents? Is it something else? You are addressing it, and you are making a higher loss pick. So, it would be helpful, I think, for me and others to understand what kind of losses are hurting you with less experienced workers?



## A - Christopher J. Swift {BIO 3683719 <GO>}

Randy, it's Chris. I'll start, and Doug will add his commentary. I think the context on the whole discussion, hopefully, you sense from our commentary is we're starting in a very good position. I mean, this is a product line that is performing well. It's a large product line for us, where we have great data and insights across the country. So, as we're trying to describe when we see a little pressure in the context of particularly Small and Middle Market, it is an overall manageable trend line through adjustments in pricing, through adjustments in underwriting, as Doug would say. So, I would like you and our investors to understand that the starting point is strong. It's healthy. And this is not a run-away train situation with loss costs to trends and frequency. So, Doug, can you add some color on the types of claims we're seeing?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

I will. So, Randy, when I think about injury types, and I look across and we have spent time looking across fractures, sprains, contusions, slips and falls, et cetera, we see general uptick in frequency across all those injury types. So, as I described to you, we are looking deeply in the book. We're seeing some of those trends in both Small and Middle, but I can't sit here today, based on the data and the reviews we've done, and suggest to you that it's only a couple of injury types. It looks a bit more broad-based and a bit more elevated in the inexperienced worker defined by workers in position less than one year.

## Q - Randy Binner {BIO 15145081 <GO>}

The follow-up I have there is that if those are kind of, I guess, higher frequency, lower severity-type workers' comp claims, is that having inflation from trial attorneys and medical costs? Or is it more just kind of a frequency thing?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

Yeah. We certainly feel like right now our severity is in pretty good shape. We're watching it carefully. This looks to us like numbers of accidents are up, which is inside that frequency ratio, and it looks isolated there. And I don't feel the external litigation as a factor. I feel injury and inexperience as a driving factor.

## Q - Randy Binner {BIO 15145081 <GO>}

All right. Thank you.

## Operator

Your next question comes from the line of Amit Kumar from Buckingham Research. Go ahead, please. Your line is open.

## Q - Amit Kumar {BIO 15025799 <GO>}

Thanks, and good morning. Thanks for the color on workers' compensation. I had a follow-up on that, and this ties back to Randy's question. Would it be possible to remind us either what the top NCCI Hazard classes are or even talk what are the top classes which make up your workers' compensation book?

## A - Christopher J. Swift {BIO 3683719 <GO>}

Amit, let me try to just share a profile of our book of business. I'll let you do the work with NCCI. So, obviously, our Middle Market book, extensive classes. So, construction, manufacturing, retail, wholesale. Essentially, we're in the entire Middle Market space with very few exceptions. So, it's broad-based and certainly that would be the case for our small commercial market as well. We offer a pretty extensive product, and there are very few sectors of the economy that we don't touch. So, it's not like we're sitting here talking about a specialty-based market that is lasered into two or three SIC code. That's not, indeed, the case with our book.

## Q - Amit Kumar {BIO 15025799 <GO>}

That's actually very helpful. But the other sort of unrelated question, and I don't know if this might be for Chris or someone else, you talked a bit about Navigators, and on the last call, we had talked about harmonizing the reserves. Is there any update whatsoever on that process? And obviously you spent a quarter now or a few months, do you feel any different to you versus what you might have looked at that time? Thanks.

## A - Douglas G. Elliot {BIO 3700927 <GO>}

Yeah. As I said in my prepared commentary, I mean, we're beginning an integration planning process. And I think it would be realistic to assume that we'll look at what Navigators does between now and closing with any reserve positions and make our adjustments at closing. So, there's really nothing we could comment upon now until we own the property.

## Q - Amit Kumar {BIO 15025799 <GO>}

Thanks. Thanks for the answers (37:07)

## Operator

Your next question comes from the line of Elyse Greenspan from Wells Fargo. Go ahead, please. Your line is open.

## Q - Elyse B. Greenspan {BIO 17263315 <GO>}

Hi, good morning. Sorry. I also had a couple questions on workers' comp. Doug, I appreciate the disclosure. You kind of tried to say we're back to where you guys were in 2016. Yet you guys are attributing this to pretty low unemployment levels, obviously, more inexperienced workers in the workplace. So, the unemployment rate is obviously lower than what it was in 2016. So, when you guys look at your book and what you're seeing out there, how do we know that this will not get worse?

## A - Christopher J. Swift {BIO 3683719 <GO>}

Elyse, I guess I can't promise or suggest to that I know exactly how the world's going to play out in 2019. What we do think we have a good handle on is how 2018 is playing out. I do think I would say to you that we'll have a great sense of where frequency lands for the 2018 accident year within a quarter or two into 2019, right? These are not long developing estimates on the frequency side. It's claims in the door. The first quarter is relatively mature right now from 2018. Second quarter is maturing as we speak. And so, it's a fast line to measure. The work we're doing in terms of trying to predict and make our best assessment of 2019 is going on as we speak, which is why we'll bring it all together in February when we talk and give you our predictions for 2019.

## Q - Elyse B. Greenspan {BIO 17263315 <GO>}

Okay. And then, you guys have often said, and others in the industry as well, just given the very strong possibility of comp, that's where we've seen a lot of rate declines. Can this higher frequency give you the ability to get actuarial-justified rate increases? Or do you still think just given that the margins still seem to be even with this uptick and frequency still pretty attractive, that we will still see price declines in the business from here?

## A - Christopher J. Swift {BIO 3683719 <GO>}

Elyse, you're right. The absolute level of performance across comp, across multiple sectors is very healthy right now. And certainly, our book demonstrates that as well. The other fact is that as rates are worked on across the industry and loss cost trends are filed by the NCCI, and carriers like ourselves are adopting multipliers and dropping our own experience over the top, they're using prior experience periods.

So, as I look out across the various states, and I think about the various effective dates for the changes dropping into 2019, they're still looking back at prior years, which are very healthy. So, we're balancing that. We're obviously working levers in our own underwriting machine, trying to make sure that our underwriters have the greatest sense of where we sense trends are. We're adjusting based on experience to the account, what we know about the class, et cetera, et cetera, and bringing all that to bear and making choices to either write, renew, or to not offer a quote when we feel like the price won't match our fundamental economic goals.

## Q - Elyse B. Greenspan {BIO 17263315 <GO>}

Okay. Great. And then one last question on overall prices for Small and Middle Market did decelerate, away from comp, can you just give us a sense of what's going on broadly in the Commercial Lines market and would the Q3 pricing levels be what you would expect to continue into the fourth quarter?

## A - Christopher J. Swift {BIO 3683719 <GO>}

Yeah, I see a pretty stable environment non-comp across all the other lines, and I expect to see that into the fourth quarter. So, I don't see any drivers of change, with the one exception that we continue to see weather in certain pockets of the country and I expect to see a bit of tightening, maybe, in terms and also in pricing on the property side, geography-based.

## Q - Elyse B. Greenspan {BIO 17263315 <GO>}

Okay. Thank you very much.

## Operator

Your next question comes from the line of Mike Phillips from Morgan Stanley. Go ahead please, your line is open.

## Q - Michael W. Phillips {BIO 21023048 <GO>}

Yeah, thank you. Good morning, everybody. First question, kind of the follow-up one on Elyse's last question there, I guess more at a higher level, if you could talk about -- your margins in the Small Commercial are clearly better and have been than the Middle Market, so, just at a higher level, the difference in the competitive landscape between the two, if you're seeing shifts in more competitive environment, I mean, in general, for Small book versus the Middle Market book?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

Relative to Small, what I would say is we have been a focused small business carrier for a long time. It's a combination of underwriting acumen, platform, speed, automation, retail, relationships, et cetera. And that formula continues, although in this new digital age, we are refreshing that for a world where customers will want to reach out 24/7 and be serviced in different ways. So, that is the formula, I think that's driven our success, and we clearly think that's a great foundation going forward, with adjustments we will continue to make.

In the Middle, it's been slightly more competitive. I think that has at least been the case in my career, that the cycles have had a bit more maybe amplitude to them over time. We do see competition there. I think we've been successful. We are clearly, in the last five to seven years, growing our product breadth. Chris has talked to you about what The Navigators will add to our dimension. I think our underwriting acumen continues to improve. Yeah, it's a challenged environment, but I think we've got great upside and I see us as a key player in that market for the long term. So, I'm excited about our prospects. What's happening now, I see these as kind of shorter-term challenges that we'll work our way through, but I love what we're doing in Middle, and I think we're going to be a terrific player there.

## Q - Michael W. Phillips {BIO 21023048 <GO>}

Okay. Great. Thanks. Let me switch over, if I could, to the Personal Lines side, and personal auto, specifically. You're still getting pretty decent rate there, maybe down a bit sequentially, but the core margins, the core combined of 96 or so, maybe plus a little bit. Are you where you want to be with profitability in personal auto? And maybe throw in kind of what you're seeing from the competitive landscape on that line, and you're dropping PIF, what that means by your competitive position? Thanks.

## A - Douglas G. Elliot {BIO 3700927 <GO>}

From a profit perspective, we're very pleased about where we are, pleased about our performance, pleased about the trends we see in our book. So, just an aggregate performance comment that, yes, we're very pleased about today. The other side is we'd like to be growing a bit more. And so, as we have gone through and made changes to get the health back in the profitability piece, we know we've got to continue to adjust to get our new business stimulated. So, we are keenly aware of that, focused on that, working every side of that, as I have talked in prior quarters about what we're doing inside our sales engine, what we're working on the actuarial front, and I've now seen progress, as I've evidenced through the numbers I've shared with our direct auto AARP growth on new over the last couple of quarters. I expect that to continue and working hard to make that happen.

## A - Christopher J. Swift {BIO 3683719 <GO>}

Doug, I think you really pointed out too that we are spending more to stimulate response. Responses are up, conversions are up, new business period-over-period is up. We're working with AARP differently about how we can begin to market to their membership base. The partnership's never been stronger or more vibrant, in my particular point of view, and I think 2019 growth will start to kick-in in a more meaningful way that you'll be able to see, Mike.

## Q - Michael W. Phillips {BIO 21023048 <GO>}

Okay. Great. Thanks, guys.

## Operator

Your next question comes from the line of Ryan Tunis from Autonomous Research. Go ahead, please. Your line is open.



## Q - Ryan J. Tunis {BIO 16502263 <GO>}

Hey, thanks, good morning. First one for Doug. Just trying to get some confidence that next quarter we're not going to be taking another charge for workers' comp. We brought this up second quarter, and then there's another charge this quarter. So, I'm just trying to understand what are you assuming? What exactly needs to happen for you to have to take up your loss tick again? Are you assuming positive frequency now? I mean, where exactly are we?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

Ryan, our accident year 2018 pick for comp, we feel very solid about across all of our lines of business. And we're assuming that our estimate of trends in those assumptions is solid and will repeat itself in Q4. So, that's about all I can share. I feel like we're on top of what we need to. I don't expect any surprises, but I also don't think we're going to see the world return to negative frequency in the next three months.

## Q - Ryan J. Tunis {BIO 16502263 <GO>}

Got you. Okay. And then just another one is really just for Chris. And it's more just about – it's, I guess, the stock price underperformance year-to-date. You guys gave guidance in February. And I think you're going to exceed guidance in basically every single segment. You deployed capital. I guess, when you just kind of look at how the stock has been working, is there anything you think that you could be doing differently over the next 12 months or that you plan on doing that Hartford could do better or differently that you think could maybe be helpful? Thanks.

## A - Christopher J. Swift {BIO 3683719 <GO>}

Sure. Ryan, I'm just going to tag onto Doug's last comments on the prior question on fourth quarter and basically heading into 2019. Remember, the frequency numbers we quote is a rate of change. It's not an absolute, I'll call it numeric level of frequency. So, my non-economic analysis is we should not see a continued rate of change increase, even at lower employment levels, given time does help with training, with job skills.

So, as long as employment doesn't lag down to, say, in a 2.5% range, I think there is a general level of stability in the workforce education training in the sectors that Doug mentioned. So, but again, it's something to watch, which, again, with our advanced data and analytics, we're all over. I think your commentary on the stock price, we share your frustration, if I could read between the lines. We think we're doing the right things to create shareholder value over a longer period of time, and we're going to continue to do what we believe is right. I think the only thing that Beth and I will probably – particularly do is just spend a little bit more time with investors communicating, being crystal clear on priorities, execution, going forward. So, that's probably the big thing that I see that we could do at this point in time.

## Q - Ryan J. Tunis {BIO 16502263 <GO>}

So, I take that to mean that you think the market is reading too much into this workers' comp issue as a material problem at Hartford?

## A - Christopher J. Swift {BIO 3683719 <GO>}

Yeah, I do. I mean, if I think about intrinsic value, if I think about cash flows, if I think about starting points on ROEs and margins, this is a modest pullback in a margin or a loss ratio, point or two, particularly as we head into 2019. The fundamentals of our business, our broad-based business isn't really changing. If I look at benefits and the numbers we've been putting up there, if I look at all the organic product lines that we've been building that will add meaningfully to earnings going forward, again, I still believe we're doing all the right long-term things. And can't control short-term mark to markets and fluctuations in people's views. All we're going to try to do is be as consistent as possible in producing the results that shareholders expect.

## Q - Ryan J. Tunis {BIO 16502263 <GO>}

Thanks, Chris.

## Operator

Your next question comes from the line of Mike Zaremski from Credit Suisse. Go ahead, please. Your line is open.

## Q - Mike Zaremski {BIO 20606248 <GO>}

Thanks. Good morning. First question is on the Group Benefits. It feels like it's been running ahead of expectations. I know, you – there were some prepared remarks about maybe things were better development than expected. I just wanted to kind of get a sense for whether the loss ratio is trending more favorably, and we shouldn't take that as a run rate level.

## A - Beth Ann Bombara

Yeah, it's Beth. I'll take that. So, yes, we have seen on our disability book, continued favorable experience. And, sitting here today, we'd expect from a loss ratio perspective to see some continuation of that. Again, if you look at our development there, it definitely has been higher than we would have expected. But, again, a lot of that is related to more recent experience, so you do sort of expect that experience to continue in the short term, sort of different than when you think of the longer-term P&C-type liabilities where you're making adjustments on very old accident years that maybe don't indicate kind of current trends. So, we're very pleased with how that book is performing overall and like the momentum that we see.

## Q - Mike Zaremski {BIO 20606248 <GO>}

That's helpful, Beth. Switching gears to Homeowners, we've had a couple peers saw deterioration in the underlying. You guys didn't. But some of those peers also mentioned kind of trends that were negatively impacting the – they think, the broader space in terms of more water and fire losses. Are you guys seeing any of that in your book?

## A - Christopher J. Swift {BIO 3683719 <GO>}

Mike, our Homeowners book has been running really sound this year. Now, we've worked on that for the last three to four years. So, as we were rebuilding Auto, both in the financial health and the product, we were also doing a lot of work in Homeowners. So, I attribute our strong performance, number one, to the underwriting actions, the earned pricing actions over the last couple years. And then there's all this volatility, and this is a pretty good quarter. So, I'm not going suggest that we're not going to ever have volatility again in the line. But I feel pretty good about our Homeowners line, and our ex-CAT weather running very favorable at the moment.

## Q - Mike Zaremski {BIO 20606248 <GO>}

Okay. If I can sneak one last one in for Beth. It sounded like Talcott, from the prepared remarks, had some benefit from capital markets, and that could be choppy going forward. And this might not be the run rate. Is that the right way to categorize that?

## A - Beth Ann Bombara

Yeah, I mean, again, if you go back and look at when we owned 100% of Talcott, and again, look at the net income numbers because, again, often times people focus on core earnings, which are a little bit more predictable. But we'll be picking up our share of their total net income, which would include any impact of hedging. My only point is it just can be volatile, period to period. So, I wouldn't want someone to take $2 million for one month and assume that that's sort of the run rate.

## Q - Mike Zaremski {BIO 20606248 <GO>}

Appreciate it.

## Operator

Your next question comes from the line of Josh Shanker from Deutsche Bank. Go ahead, please. Your line is open.

## Q - Josh D. Shanker {BIO 5292022 <GO>}

Thank you. Yeah. Two questions. The first one is a quick one. You might have said – I'm looking in my notes for the dollar value number of the 3Q reset in workers' comp versus the 2Q reset. I don't know if you said that, but if you have that, it would be great.

## A - Christopher J. Swift {BIO 3683719 <GO>}

Josh, I don't have that. What I did say is that our accident year 2018 number in Middle Market is up 3.5 points over the 2017 accident year number. That's 3.5. We did move that in the quarter a couple of points. I don't have the dollar component of that. But it's just math. So, it's millions, not tens of millions.

## Q - Josh D. Shanker {BIO 5292022 <GO>}

And that's all workers' comp?

## A - Christopher J. Swift {BIO 3683719 <GO>}

That was a workers' comp, I'm talking about what we did.

## Q - Josh D. Shanker {BIO 5292022 <GO>}

Okay. And the second question, maybe I dig in a little bit. With the sale of Talcott, it looks like the Mutual Fund business still is producing the same type of earnings power. With that loss, are you going to continue? Is there any risk that those funds go away, I guess, and that kind of dovetails into very strong Corporate results, which I think there's a lot of moving pieces. And I think it's mostly Talcott-related. If you can sort of talk about what the going-forward earnings power is, I guess, of the Corporate segment and the Mutual Fund business, post-Talcott.

## A - Douglas G. Elliot {BIO 3700927 <GO>}

Yeah, I'll let Beth talk about the Corporate segment. But on Mutual Funds, again, I think, you can see the Talcott AUM, roughly $16 million-ish.

## A - Christopher J. Swift {BIO 3683719 <GO>}

Billion.

## A - Douglas G. Elliot {BIO 3700927 <GO>}

It's billion, excuse me. Been pretty stable. So, there shouldn't just by our ownership change to new owners, and by itself, that would not going change that relationship. Those funds inside the VAs are still managed by Wellington. So, the only thing, Josh, there is just your views on how quickly does that block run off and what happens to the AUM and if there's any changes in market conditions and performance. But I don't see much change right now. It should be pretty stable. Beth, can you add in your color on?

## A - Beth Ann Bombara

Yeah, so on the corporate piece, I mean, again, as you pointed out, there were a couple of moving pieces this quarter. I think the biggest one really, I think, is the reduction in interest expense, when you kind of think about that from an ongoing perspective. A lot of the Talcott balances that I referenced, some of those kind of net out with the revenue versus the cost that we have. So, when I look at the quarter, $45 million loss for Q3, I kind of see that run rate going forward of being around $50 million-ish is kind of probably a safe place to be. And I would say that will change, depending on what happens with debt costs, and then, as I said, what the actual income pick-up we get quarter to quarter from the Talcott piece, because again this quarter it was $2 million. I would expect that to bounce around a bit.

## Q - Josh D. Shanker {BIO 5292022 <GO>}

Okay. Well thank you for the answers.

## Operator

Your next question comes from the line of Tom Gallagher from Evercore. Go ahead, please. Your line is open.

## Q - Thomas Gallagher {BIO 3311667 <GO>}

Good morning. Doug, just to come back with a few workers' comp questions. The pick-up in frequency that you saw, was that just most pronounced in Middle Market? Or did you also see that in Small Commercial?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

Tom, we also saw the pick-up in Small Commercial as well. Yeah.

## Q - Thomas Gallagher {BIO 3311667 <GO>}

Got it. And when you mentioned it went from negative to positive frequency, can you quantify that a bit? Was it a small negative to a small positive or a bit wider? The band?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

The frequency trends, really going back five, six, seven years, but even longer than that, have generally been favorable and negative. So, that's the overall industry, and certainly our book has performed equally as well. So, we're talking single-digit minuses going back in time. That did move to this moderate single-digits, small single-digits, mid-single-digits as we moved into 2018 accident year.

## Q - Thomas Gallagher {BIO 3311667 <GO>}

Got it. And then just on severity side, I think that's been coming in favorably for a while. Has that trend really been claim durations? Or is that lack of wage inflation? And would you still expect that to develop favorably on the severity side?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

Tom, when we think about severity, we separate the medical from the non-medical, and both parts of severity look pretty much in check. So, we are aggressively managing with our claim resources and talented medical executives inside a claim – the medical side and feel good about that. Feel good about our workers' compensation networks, feel good about our strategies, and I think are doing a lot to control the medical costs inside our workers' compensation environment.

On the non-medical, our expectation and what we're seeing in our trends is very moderated. So, pleased about those trends, right in line with expectations. And as an all-in basis, the severity estimates are pretty much on top of what we're seeing. So, I feel good about the severity end of this story.

## Q - Thomas Gallagher {BIO 3311667 <GO>}

Okay. Thanks.

## Operator

Your next question comes from the line of Brian Meredith from UBS. Go ahead, please. Your line is open.

## Q - Brian Meredith {BIO 3108204 <GO>}

Yeah, thank you. A couple quick questions here. First, aside from workers' comp, you guys are still getting some reasonable rate. And I know, Doug, you talked a little bit about some concerns about maybe GL claims inflationing. You haven't said it this call, and I'm curious what your views are going forward. But as I look going forward, as that earned rate comes through, is there perhaps some offsets here with the rest of the Commercial book on your kind of underlying loss picks versus what's happening with comp?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

Brian, I look across and we're spending time on our loss trends across all the lines. And, yes, I have talked about liability in the past and we're watchful of that. We've seen a little bit across the industry, not just in our book, but others have talked about product, others have talked about D&O. It's a watchful area for us, but in general, our loss trends across the non-workers' comp lines, basically in line with our expectations for the year.

## Q - Brian Meredith {BIO 3108204 <GO>}

Okay. And then are you seeing rate in excess of trend right now, aside from workers' comp?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

I would say it's more about equal to trend in the aggregate. And again, there's a property story off to the side of this with CAT that we all have to come to grips with, right? We're disappointed in our CAT results and have some work to do in our CAT pricing and our CAT underwriting et cetera, but that aside, generally I think we're holding serve relative to our margins in our non-comp lines.

## Q - Brian Meredith {BIO 3108204 <GO>}

Great. And then one other just quick question. Is there any kind of read-throughs from what's going on with comp over to the Group Benefits area, perhaps maybe the lower incidents has something to maybe do with the real good employment situation? Do you think about it that way?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

Good question. We actually obviously watch for that carefully. Our incidents trends in group disability continue to run very strong. But we are watchful. But we don't see anywhere near or anything like what we're seeing in workers' comp, but know that we're on that, as well, in our Group business.

## A - Christopher J. Swift {BIO 3683719 <GO>}

Generally, Brian, injuries versus true disabilities are uncorrelated, except in high-unemployment scenarios.

## Q - Brian Meredith {BIO 3108204 <GO>}

Got you. Thank you.

## Operator

Your next question comes from the line of Jay Cohen from Bank of America Merrill Lynch. Go ahead, please. Your line is open.

## Q - Jay A. Cohen {BIO 1498813 <GO>}

Thank you. Two questions on workers' compensation. The first is, and maybe correct me if I'm wrong, I thought you said that you changed your loss pick in Middle Market, but you did not change the loss pick in Small Commercial. Is that - did I hear that right?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

That is correct, Jay.

## Q - Jay A. Cohen {BIO 1498813 <GO>}

But you just told somebody else you are seeing increased frequency in Small Commercial as well as Middle Market?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

Yeah, our loss pick, in total, in Small, as we estimated trends and pricing in the year, all-in contains everything we're seeing, including a little uptick in frequency in the first nine months of the year.

## Q - Jay A. Cohen {BIO 1498813 <GO>}

Got it. And then secondly, on the claims system, you sort of suggested that because of the investments you've made in claims, you've identified trends quicker than you might have in the past. Can you give us a sense of how that actually worked? What specifically - what changes did you make that allowed you to pick up those trends?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

Let me try to do this in five or six sentences or less. It's a much longer conversation. But essentially, we have now installed a new claim platform over our 5,000 desks throughout claim. And the ability to access what I'll call structured data and to slice and dice and be on top of it and to look at your metrics and watch your trends is much advanced from where we were five years ago.

And so, we have monthly and weekly discussions, but we're sitting on top of trends that candidly five years ago were very manual in nature to try to get our arms around, and they were slower than we like them to be. And so, it's a completely different environment and one that I think is leading to outstanding claim performance.

## Q - Jay A. Cohen {BIO 1498813 <GO>}

It's an interesting topic. I'll follow-up offline on that topic later. But thanks for the insight.

## A - Sabra Rose Purtill {BIO 1764408 <GO>}

Thanks, Jay. I think, we have two more questioners in the queue, and so we'll finish those up. I know, we're running past a little bit on our time and there's a 10:00 call. But we will finish up the queue.

## Operator

All right. Thank you. Your next question comes from the line of Bob Glasspiegel from Janney Montgomery Scott. Go ahead, please.

## Q - Robert Glasspiegel {BIO 1764160 <GO>}

Good morning, Hartford, and thank you for squeezing me in. On the year-to-date catch up on comp in Middle Market, it seems like your deterioration was overstated sequentially, or year-over-year by Q1, Q2 adjustments. So, on any way that you can do with, the 300 basis points plus sequential increase, how much of that was catch-up for comp?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

So, Bob, the 3.5 points of change occurred over the three quarters, primarily the last two quarters, because Q1 didn't change much. And essentially half of that change was in Q2 and half of it in Q3. So, in our Q3 change of a couple of points, two-thirds of that change would have related to the first two quarters of the year in terms of impact in the quarter.

## Q - Robert Glasspiegel {BIO 1764160 <GO>}

Okay. And that's just within comp, so, overall, you take – comp was 75% of the deterioration, I think you said?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

I don't know if I said that. I'll go back and think about that math. But I did say that our other lines are essentially holding and comp is the only line that we've made an adjustment to in the current accident year primarily. Beth?

## Q - Robert Glasspiegel {BIO 1764160 <GO>}

Great. I'll follow-up with Sean afterwards. Thank you.

## Operator

Your next question comes from the line of Sean Reitenbach from KBW. Go ahead, please. Your line is open.

## Q - Sean Reitenbach {BIO 20103487 <GO>}

Hi. Thank you. How well can you incorporate the trend of inexperienced workers into workers' comp underwriting and pricing, going forward?

## A - Douglas G. Elliot {BIO 3700927 <GO>}

Good question. We certainly can ask the questions of our prospective clients and renewal clients how fast they're growing, on the payroll side, how many new workers do they expect, so you can get a sense by looking at their payroll and their sales projections, et cetera, Sean. We're trying to do all that and more today, as we speak, kind of leaning into this environment, trying to understand where those sectors and those clients are that need a little more rate as they've got a lot of inexperienced at the desk level or at the machinery level.

## Q - Sean Reitenbach {BIO 20103487 <GO>}

Okay. Thanks. That's helpful. My second question on the Personal line's other agency book, is that something you guys are looking to turn around growth in? Or should we expect that book to keep shrinking?

## A - Christopher J. Swift {BIO 3683719 <GO>}

Yeah, I think that the latter, Sean. It's a – it's a book we have, we don't want to call it a run-off or discontinued, per se, but AARP has got 100 plus percent of our attention and energy going forward.

## Q - Sean Reitenbach {BIO 20103487 <GO>}

Okay. Thank you very much. That's all I have.

## Operator

Thank you. And with that I would like to turn the call back over to Sabra Purtill for some closing remarks.

## A - Sabra Rose Purtill {BIO 1764408 <GO>}

Thank you. We appreciate that you all joined us today and we look forward to seeing you in the future. If you have any additional questions, please don't hesitate to follow-up with the investor relations team. Thank you and have a good day.

## Operator

This concludes today's conference call. You may now disconnect.