Q1 2019 Sales and Revenue Call

Company Participants

- Alex Maloney, 'Group CEO'
- Denise O'Donoghue, 'Head Investments and Treasury'
- Elaine Whelan, 'Group CFO and CEO Lancashire Insurance Company Limited'
- Paul Gregory, 'Group Chief Underwriting Officer and CEO Lancashire Insurance Company Limited'

Other Participants

- Analyst
- Andreas van Embden
- Darius Satkauskas
- Ivan Bokhmat
- Joanna Parsons
- Jonathan Urwin
- Kamran Hossain
- Thomas Fossard

Presentation

Operator

Hello, and welcome to the Lancashire Holdings Limited First Quarter 2019 Results. (Operator Instructions). Please note, this call is being recorded. Today, I'm pleased to present Alex Maloney, CEO; Elaine Whelan, CFO; and Paul Gregory, COO I will now hand you over to Alex Maloney.

Please begin your meeting.

Alex Maloney {BIO 16314494 <GO>}

Okay. Thank you. Good morning, everyone.

The first quarter of the year has evolved as we expected. We are now witnessing underwriting conditions, which have finally started to improve to different degrees across different segments of the market. This is the first time we are seeing such a hardening of rates for a number of years, but we still would not call this a hard market. We are, like others, seeing opportunities to improve the quality of our underwriting portfolio and are seeing a high level of new business than we have seen for a number of years.

But the market is still in a state of transition where some business, even with increases in rates, will still not meet our rating criteria. Therefore, we have to carefully select out the best underwriting opportunities. Although our mindset is optimistic, we have not forgotten how far some rates have fallen, so that's why we believe caution is warranted, and there is more work to be done before we witness a broader, sustainable underwriting environment. As for some product lines of individual accounts, the current level of rate increases will make little difference to profitability.

Our first quarter has been one where we have seen our own underwriting book performance we expect. We have seen cat rates broadly flat with the exception of accounts, which have suffered losses, but we have seen rate increases across the majority of our specialty insurance portfolio with the exception of our terrorism portfolio. There is no change in our strategy and are not particularly weathered to any articular split of our underwriting portfolio at any given time. We like the flexibility our platforms give us to weigh our underwriting portfolio to the best possible opportunities.

As things stand, our current weighting is heavily in favor of the specialty insurance lines, which I'll see in the best momentum. We are well positioned to maximize the current and future opportunities over the course of 2019 and beyond. And although difficult to predict, there are number of things all moving in the same direction, which lead me to believe that underwriting conditions still need to be improved. Through our capital, increased reinsurance costs, increased scrutiny from capital providers and regulators, to name but a few, therefore, I believe there's enough pressure in the system to not retreat from here.

We at Lancashire, Cathedral or Kinesis will continue to do what we've always done and make our own assessments of how and when we choose to deploy our capital to achieve the best possible risk-adjusted return for our capital providers over the long term. We will look to grow at the right time with the correct underwriting opportunities, but we'll always manage our risk and return metrics with a long-term view. So we will see how the market evolves. We have the flexibility of 3 underwriting platforms, high-quality people and a valuable capital to achieve our goals.

So I'm encouraged that we're now seeing a better underwriting environment, but there is still much work to be done. I'll now hand over to Paul.

Paul Gregory {BIO 16314515 <GO>}

Thanks, Alex. Market conditions for Q1 were very much in line with our expectations.

The catastrophe reinsurance line was flattish with loss impacted territories and accounts payment rises and non-loss impacted territories and accounts remaining flat or, in some instances, achieving minor rate reductions. This rising environment is exactly as we anticipated. And given these market conditions, we took the opportunity to optimize our portfolio in certain areas during Q1. The majority of our specialty insurance lines saw modest rate increases, which were broadly in line with the rate rises we saw through 2018.

Again, this is in line with our expectations, and the positive implications of the Lloyd's decile 10 initiatives are starting to be seen. Within the specialty insurance lines, there were very integrated rate movement. Terrorism and AV52, the niche aviation product, which was in the Lancashire platform, were broadly flat. Marine, energy and other areas of the aviation portfolio written within the Lloyd's platforms, saw rate rises for the second year in a row.

It's worth pointing out that marine RPI in Q1 was positively skewed by the renewal of some relatively large loss impacted contracts. And while we expect the marine portfolio to remain positive through 2019, it's unlikely to remain at the level we saw in Q1. It's also worth noting our RPI figure captures any renewing business, so any new business within is not included in our RPI calculation and, often, this new business can see rate rises that are higher than we see on our renewing portfolio. As we've said before, any rate improvement in these specialty insurance lines is welcome given that our portfolio over the past five years, despite soft marketing conditions, has continued to deliver underwriting profits with combined ratios in the low 80s.

Therefore, any rate improvement is incrementally beneficial to us. That said, we do always recognize the base from which rates are coming, but we'll remain disciplined and not get carried away, although a second year of rate improvement is certainly encouraging and indicates the positive momentum is continuing. Our outlook for the remainder of the year remains cautiously optimistic. Q2, we'll see the number of loss impacted territories, such as Japan and Florida, renewing their reinsurance book.

We were pleased with the sensible and measured pricing reaction we saw at 1/4 in Japan, which gave us the opportunity to further deepen our relationships with some of our core Japanese reinsurance clients. Q2 is also significant for a number of specialty insurance lines, where we anticipate seeing a continuation of modest rate improvement and the same later in the year for aviation, particularly following the tragic Ethiopian Airline incident earlier this year, which only adds further resolve to that market. So our overall, we're happy the market is progressing as we expected. Whilst it's not a hard market, it's certainly an improving market and one which presents us the opportunity, both to optimize our existing portfolio and add new business in many of our product lines.

I'll now pass over to Elaine.

Elaine Whelan {BIO 17002364 <GO>}

Thanks, Paul. As we have move to a trading statement format, my comments on the results disclosure will only cover few things, our top line, losses and investment returns. Our top line is broadly flat compared to Q1 last year.

This underlying growth has been offset by multi-year deals and also some non-renewed deals as we further optimize the portfolio. As mentioned on last quarter's call, I'd anticipate the impact of multiyear deals this year to be slightly below to roughly $60 million, in line with what we saw in 2018. We also told you to expect about $50 million in premiums this year from the new we built on in 2018. That's still the right level to think about, but remember that about $40 million of that was already in our 2018 premiums.

On losses, we didn't have much of note reported, pretty much business as usual and nothing we saw in the quarter that would lead us to change our view on attritional loss ratio of around 36% to 37% that we discussed on last quarter's earnings call. Finally, on investments, both debt and equity markets rallied in the quarter. With the decrease in treasury yields and narrowing of credit spreads, combined with strong equity market, our investment portfolio produced return of 1.8%. All of our asset classes have contributed positively to this return.

Most of the returns come from our fixed maturity portfolio, as we had some nice support from our bank loan hedge fund and equity exposure. With the fed change in stance, we've renewed some of our interest rate risk hedging, although our risk asset should remain a natural hedge to the interest rate risk from a predominantly fixed maturity portfolio. We do intend to increase our duration a little. But otherwise, no real changes in our portfolio positioning our strategy.

With that, I'll now hand over to the operator for questions. (Question And Answer)

Operator

(Operator Instructions). And our first question comes from the line of Kamran Hossain from RBC Capital.

Elaine Whelan {BIO 17002364 <GO>}

Hello, Ivan, can you hear us?

Ivan Bokhmat {BIO 15378004 <GO>}

Hi, yes, can you hear me.

Elaine Whelan {BIO 17002364 <GO>}

Yes we can hear you now, thank you.

Ivan Bokhmat {BIO 15378004 <GO>}

All right, sorry about that. Line went completely blank. Right.

I've got two questions, please. So the first one, perhaps with relation to the Lloyd's business, could you give a little more color? I mean it does seem like the volumes are flat and the RPI seems a little bit lower than what you had in 2018. And as you say that there was some reshuffling of the business. Maybe you could offer a little more color here.

And secondly, just a question about the stable ultimate loss estimates. I mean would that mean that the reserve releases are on track to kind of your previous run rate of $15 million to $20 million per quarter or there's anything else that you can comment to that?

Paul Gregory {BIO 16314515 <GO>}

Ivan, it's Paul. On your first point with regard to the RPIs within the Lloyd's business, what you're effectively seeing there is the blend that we have in Q1 and if you -- as part of our commentary over the last few months, our expectation on the cat book was broadly flattish rating environment. We have a fair proportion of that business renew through Q1 and less so on some of the other lines, the specialty insurance lines, which tend to be pre-Q2 and later in the year.

So the flattish cat lines are obviously impacting the RPI That said, so 104% RPI across the Lloyd's business in Q1, which is bang in line with our expectations. And again, as we said earlier, it's the second year of rate rises across our portfolio. So in all honesty, it's pretty much where we expected it to be.

Alex Maloney {BIO 16314494 <GO>}

Yes.

And I think, Ivan, to give you the very context of Lloyd's -- D&F and Lloyd's and there are lots of sorts of examples of rate increases in the D&F But what's really happening now is if you want to write the quality sort of real estate schedules, the quality business, which we do, you're probably seeing single digit rate increases. If you want to write in a much more difficult classes, sawmills, mining, et cetera, you can probably get much higher rates. So probably, some of the things you're picking up are examples of accounts that are paying big rate increases and brokers are struggling to place them. So it just depends on what you want on your portfolio.

We don't want our underwriting portfolio heavily skewed to the more difficult classes. So there's definitely true stories at the moment -- it's definitely a flight to quality. And a lot of that has been driven by what's going on in Lloyd's and lot of that's been driven by decile 10 and the need to improve the underwriting returns, so therefore, flight to quality. If you want big rate increases, you can have a lot of very difficult business.

We will probably argue, even at big rate increases, some of those accounts are still in the pan, and I think the general theme that people need to understand is that if you just look at the aggregate reductions that the market has given up for probably five, six, seven years, you need some really chunky rate increases to get back to technical on some of these classes. And this is why the market is transitioning at the moment. And this is the kind of the start there, I think. So it's quite interesting what's going on, but it's definitely a very different story on, say, quality D&F accounts versus much more difficult subclasses in the D&F portfolio.

Elaine Whelan {BIO 17002364 <GO>}

On the losses side of the things on the '17 and '18 event, there is always some movement in the individual events. But overall, it's broadly flat. And in terms of releases, we would have our normal releases from payment patterns on nutritional book. And we did get a couple of late reported claims coming from the energy portfolio, which were late '18 claims, but were recorded into this quarter, which, I think, is fairly normal in terms of tidying up the energy portfolio.

And we have talked before about the lumpy nature of our book. And we've had those really seasonal. It depends on what the guys are reported to, but as on the Q1.

Operator

Our next question comes from the line of Oliver Trait from Autonomous.

Please go ahead, you line in open.

Analyst

Hi, good afternoon. A couple of questions for me. Firstly, you alluded to it briefly, but I wondered if you could just give a bit more color on Q2 renewal so far.

And it sounds to me like it's purely based on mix and the fact you've got Japan in the RPI number would probably be better just on a headline level than the Q1 number. And then secondly on pricing. Can I just confirm whether you are incrementally more positive or less positive today on the market environment relative to where you were three months ago? And then the reason I asked this is because the impression I got from some of your peers was that, basically, conditions, they are saying, are more positive than they were three months ago, but that's normally the impression I got from your press release. So maybe if you could just confirm that.

Alex Maloney {BIO 16314494 <GO>}

So Paul will answer the first question. I think on the positivity, I think everything is in line with what we expected. There is no real surprises. And I think that everyone needs to just temper their views on, yes, it's brilliant to see rate increases after years of rate reductions, but I can't emphasize this point.

And you have to look at them in a context of how much rate you've given up in the last 5 years. So people just need to balance. Obviously we love rate increase, but you just need to balance that with where you're coming from. So I don't think our view has changed at all.

It's panning out as we expected. Our prior guidance was cat was flattish outside of loss affected areas, and we're seeing rate increases across the majority of our specialty insurance portfolio. So of course, our view hasn't changed. Others might have changed, but we haven't changed.

Paul Gregory {BIO 16314515 <GO>}

Yes. And on -- just add a little bit more color to Q2. If you look at the cat lines, first, obviously, we've been through the Japanese renewal season. And as I said in my script, we were pleased with how that went.

And we haven't obviously given the exact numbers, but to add some color, what you were seeing was on loss impacted layers, clients -- you were getting rate rises. And in my view, rate rises that were sufficient given the loss activity. And then on or non-loss impacted layers, you were seeing broadly flat renewals, which, I think, is in line with other market commentary you would have seen. We were happy with 1/4 and how it went for us as a group, we're able to deepen some relationships with some of our core clients.

And I think the market reacted in a very sensible way as did the clients. We're coming into Florida. It's probably a little bit too early to call that to be honest. We were only just starting to see bricks come across our desk.

As you know, we're not particularly big on Florida specifics. If the market reacts in a good way, then, obviously, we have the capital and the ability to write some risk in that area if rates get there. But as I said, it's a little bit early to comment on that. In the specialty lines, we pretty much expect the continuation of the same which is to see modest rate rises across most of those lines other than terror, which is broadly flat.

And Q2 has slightly heavier specialty lines than you have in Q1. So obviously, we can't give any guidance on the RPI, but we are more weighted to those lines in Q2 that are seeing more rate rises when you compare it to Q1.

Analyst

Got it. Thanks very much.

Operator

Thank you. And our next question comes from the line of Kamran Hossain from RBC Please go ahead Kamran, you line in open again.

Kamran Hossain {BIO 17666412 <GO>}

Okay. I'm going to try again.

Hopefully, you can hear me at this time.

Operator

Yes, we can hear you.

Kamran Hossain {BIO 17666412 <GO>}

Okay. Great.

Okay. So first question is just on, I guess, the behavioral trends of cap. So what are you seeing heading into to midyear? And then the second question is just on the RPIs. I know we've talked about so many times in the past about obviously how the RPI doesn't increase, new business.

But any kind of idea about quantum of kind of how much more of that increase might have been on new business to be really helpful?

Alex Maloney {BIO 16314494 <GO>}

So I think I'll also lead on the alternative cash unless Darren wants to come in -- that will be good. I think, in general, just in simplistic terms, you've had 24 months of some pretty active loss experience. And I think when you have that, we've got regulators or people that provide capitals, you just got a lot more questions as you should. And I think that -- I saw one of the guys amongst one of the biggest funds last year and he was like -- you've seen the first half of the ILS story where it's growth every year and money keeps coming.

And he said, "Now you're going to see the second half of the story," which, I think, what you're seeing now. So I think there's lots more question from capital providers. I think there's going to be more governance, certainly more regulation. And you'll now see a slightly different alternative capital market.

But fundamentally, what is going on in the market with various alternative capital or equity capital or any capital you have, you've had two heavy years. We've said this so many times publicly. We just don't think returns are high enough for the risks that some people are assuming. And once you've had this on losses, it's just so much more obvious.

So it will just come down to can you give your capital providers an adequate return? Do they trust you with your money? Do they feel you're giving them the right risk disclosures? And these are all the obvious consequences of two heavy years of losses. So I think maybe that's a bit more extreme in the ILS world than the traditional wealth, and maybe some of these investors haven't been for loss periods before and maybe capital is trapped in different way that they didn't expect, et cetera. So for me, it's the kind of inevitable consequences of that kind of loss pattern. And I think, clearly, ILS is here to say.

It will move forward, but I think it in a slightly different form.

Paul Gregory {BIO 16314515 <GO>}

Kamran, it's PG On the RPI question, I'm going to give a real politician's answer and not really answer. I'll turn into the line for a second. So in general terms, if you look at our RPI -- it's -- probably, the best example is in our specialty lines in some of those where I think we're able to write some new business now.

And if you look RPI across the specialty lines, you know roughly where it is, which is on the mid-single digits. And then, broadly, if we were a new business, it's going to be -- it tends to be higher than that. Obviously, on -- the reason you can't come out with an absolute number is because when you write a new business, you don't always know exactly what is year-on-year. But that doesn't get included in our RPI calculations.

And it's just making the point that when we are adding new business in it, it tends to see better rate rises than we've seen on our existing book. But then, obviously, our existing book is coming from a very technical base.

Operator

Thank you. Our next question comes from the line of Joanna Parsons from Cannacord Genuity.

You line in now open.

Joanna Parsons {BIO 1558226 <GO>}

Thank you. Most of my questions have actually been asked and answered already, but I just wanted to touch on the question of the decile 10 and what Lloyd's have been doing. I know you've made reference to it having an impact.

And a number of commentators have talked about it, the retrenchment helping change the market astute. And do you think that is really helping? And do you see that continuing ? And given that Lloyd's has just come out with its prospectus on where it wants to take the market forward, just wondered if you could give us any thoughts -- initial thoughts on what has been said and how you see it's affecting your business.

Paul Gregory {BIO 16314515 <GO>}

So I'll take the first part of the question on the impact of decile 10. Yes, it's definitely having an impact, Joanna.

So I think my personal view, there's 2 reasons to this. Very simply, our market is driven by demand and supply. And as a result of decile 10, some of that supply has disappeared. And inevitably, and I mean, it's one thing to write which is they thought to move in the right direction.

The second part is it changes underwriters' mentality. There are now a lot of underwriters who have, unfortunately to them, lost their jobs. So those underwriters who remain in jobs that changes their mentality. And it's clearly how you focus not only from Lloyd's, but this indicates within Lloyd's and actually outside of Lloyd's on underwriting profitability.

And if that message comes down from the top, then underwriters change their behavior with the fear of losing their job changes, their behavior. And I think all that added together is the reason why we're starting to see some positive momentum. So there's no doubt in my mind that it's always decile 10 initiative, which is we wholeheartedly support it, is moving the market in the right direction. I think they will continue with the initiative, but it has a different name, who knows.

But the general move towards profitability, I think, will continue and that can only be a good thing for the market.

Alex Maloney {BIO 16314494 <GO>}

Yes. And I think on the changes that Lloyd's have published, I think that we've been very pleased with the tone that has come out of Lloyd's since the new management team is there. We would wholeheartedly support the whole thing.

The only thing I would say is, I think, everything that's said is relatively obvious. Things are never as simple as that to change in a market like Lloyd's, but the direction of travel is what actually everyone want to hear. The only thing I'd overlay that with, you can talk about technology, you can talk about all these things and that's fine, but I do honestly believe the fundamental problem with our market is we're just giving up too much premium. So you have to balance that.

Technology won't be the only answer or access to Lloyd's won't be the only answer. Modernization of Lloyd's is kind of something that should be business as usual, really. But I think it all starts with charging enough premium for the risk you're assuming. And I think that is why I still think there's more work to be done and rates still need to improve.

But as Paul said, decile 10 is definitely working. The focus from Lloyd's is definitely pushing people in the right direction. We don't see any change to that. In fact, I think Lloyd's current approach to difficult classes.

All the classes of business their folks on is near forensic at the moment. So I think if anyone thinks that's going to reign back, I don't see that happening. But I think that all leads to a more sustainable underwriting environment.

Joanna Parsons {BIO 1558226 <GO>}

Okay, thanks very much guys.

Operator

And our next question comes from the line of Jonny Urwin from UBS Please go ahead, you line in now open.

Jonathan Urwin

Hey guys, thanks. Just one from me, please. Just thinking about what would you say the underlying growth across the book is at the moment.

I don't expect you to be too precise, but is this very hard for us to gauge, the overall level of growth from quarterly premium numbers, which are volatile? So any color will be great.

Alex Maloney {BIO 16314494 <GO>}

So it's small in Q1. But as Paul said earlier, you have to look at the balance of premium in Q1. So we've consistently said we think the cat market is flat outside of loss affected business.

So Q1 is probably not a reflection of the rest of the year, but it's about business mix. You always have to think about our business mix, and it's just a quarter.

Elaine Whelan {BIO 17002364 <GO>}

Yes. I think if you look the new lines we've added on the sales, there are more throughout the year renewals, aviation job two times the Q4 story.

And political risk has always been unpredictable in terms of timing. So it's going to knock all the Q1 further more.

Paul Gregory {BIO 16314515 <GO>}

So there's nothing we've seen in Q1 that's changed our expectations for the full year.

Alex Maloney {BIO 16314494 <GO>}

Yes.

Jonathan Urwin

Great. Thanks so much.

Operator

Thank you. Our next question comes from the line of Andreas van Embden from Peel Hunt.

Please go ahead, you line in now open.

Andreas van Embden {BIO 1795530 <GO>}

I've got a few questions on exposures. First on -- if I think about your core book, i.e.

without the new teams coming on and sort of taking out that premium, what is the retention rate on your core portfolio? And has that materially changed ? And then looking forward on your core book, would you expect -- including your business or the churn on your core book, would expect that core book to grow in 2019 or remain flat or maybe even shrink a bit? And then finally, on your profit cat exposures within the Lloyd's platform, you've mentioned you're participating in higher layers. Is that materially increasing your risk appetite? Or is this being sort of retro seated away into the market?

Alex Maloney {BIO 16314494 <GO>}

So Andreas, on the core book, we have no issues about retention. We see everything we want. And as the market is going up, clearly, there's less competition anyway.

So there's no -- so the only time that we would lose business is if we choose to lose business. What we have done in Q1, we did come off a couple of big cat programs that we just didn't fill where they needed to be. And the kind of -- the advantage of this kind of market is the business you can replace with some of the business that we've chosen to optimize our portfolio. So I think one of the upper carrier said that we can't demonstrate it, but we're also -- we believe we're improving the underlying quality of our portfolio as well.

So it's much easier when you've got new business coming to the door. So that is about that gone on as well.

Paul Gregory {BIO 16314515 <GO>}

And on the Lloyd's piece, Andreas, no, we're not material adding risk to that portfolio. It's subtle changes on that portfolio that has helped manage some of the attrition.

But I wouldn't, by any stretch, call it materially adding risk. It's just optimization.

Andreas van Embden {BIO 1795530 <GO>}

All right. And just coming back to your core book, would you expect your core book to grow this year based on your underwriting plans or not?

Paul Gregory {BIO 16314515 <GO>}

So the core book, what you'd expect to see is that kind of growing in line with the rate rises with the certain classes of business.

Andreas van Embden {BIO 1795530 <GO>}

Okay. Very clear. So exposure is more or less flat.

Paul Gregory {BIO 16314515 <GO>}

Unless rates get really excited on some of it, then we're obviously prepared to write more of that core book, if we can.

In the current environment, I'd expect that core book to move broadly in line with rate rising.

Operator

(Operator Instructions). And our next question comes from the line of Darius Satkauskas from KBW Please go ahead, you line in now open.

Darius Satkauskas {BIO 19724328 <GO>}

All right.

Just one question for me. What portion of your portfolio is has now renewed just roughly?

Elaine Whelan {BIO 17002364 <GO>}

What portion is there what? Sorry, I didn't catch the question?

Alex Maloney {BIO 16314494 <GO>}

Renewed, I think.

Darius Satkauskas {BIO 19724328 <GO>}

What portion of your portfolio has now renewed?

Elaine Whelan {BIO 17002364 <GO>}

Has now renewed? Half-year retention rate about 65% of our portfolio. This probably is the target of our portfolio in the first quarter.

Operator

Thank you. Our next question comes from the line of Thomas Fossard from HSBC Please go ahead, you line in now open.

Thomas Fossard {BIO 1941215 <GO>}

Right, good afternoon all. Just one question for me left on the investment side.

Could you give us an update on the book yield so far into the year? And with the market yield, I get that just come down from 3.1%, you highlighted at the end of the year. So just to have a better understanding of how things have changed year-to-date?

Elaine Whelan {BIO 17002364 <GO>}

Okay. Ms.Denise is here. So I'm going to ask to answer that.

Denise O'Donoghue

All right. So book yield is probably pretty constant. It doesn't grow -- it doesn't move around like market yield. The market yield for this quarter is down mostly because the mark-to-market on our book is higher.

So when you're discounting the cash flows back, you come to a lower yield to get to the higher value. Does that make sense? So our coupon against the market value of the portfolio has come down on a relative basis, which you'd expect given everything grows so much on portfolio just so well in the quarter. So book yield will move as much.

Thomas Fossard {BIO 1941215 <GO>}

Okay, thank you.

Operator

Thank you. (Operator Instructions). And as we have no more questions -- no, we now have a final question registered from Ivan Bokhmat from Barclays.

Ivan Bokhmat {BIO 15378004 <GO>}

Gentlemen, I'm just wondering.

You did increase your capital on Kinesis by around 20%, I recall. Do you think the conditions are now attractive enough to be just as -- I guess, to have the same appetite to write business from your own account? Would you have any preference as to which vehicle to deploy capital from?

Alex Maloney {BIO 16314494 <GO>}

So currently, Kinesis is -- so Kinesis, you're looking at much more new business than what we're seeing in the last couple of years. As you know, as we've previously disclosed, we grew the portfolio at 20%. So when it comes down, we'll get more opportunities.

And then it's about matching those risks to the capital. So I think we will see more -- pretty much down doesn't really write the business that we write at Lancashire because it's much more capital efficient to write those deals at Kinesis. And obviously, those investors need higher rates online to make it actually work for them. So I think, he's definitely seeing more opportunity.

And I think a general comment at the moment is there's lot going on, there's lot of opportunities, there is -- in the next 6 weeks, it's pretty material on what happens in Florida. So there's a standoff in the market at the moment. So our next quarterly call will be pretty interesting for all of us to see exactly what's happened. The next quarter is very interesting.

Ivan Bokhmat {BIO 15378004 <GO>}

Thank you.

Operator

And as we do not have any more questions registered, I now hand back to our speakers for any closing comments.

Alex Maloney {BIO 16314494 <GO>}

Thanks for your time today. Thanks for your questions.

And we'll talk to you next quarter.

Operator

This now concludes our presentation. Thank you all for attending. You may now disconnect.