Q3 2015 Earnings Call

Company Participants

- Alain Lessard
- Charles Brindamour
- Louis Marcotte
- Mathieu Lamy
- Patrick Barbeau
- Samantha Cheung

Other Participants

- Brian R. Meredith
- Doug Young
- Geoffrey Kwan
- John Charles Robert Aiken
- Kai Pan
- Mario C. Mendonca
- Meny Grauman
- Paul Holden
- Tom MacKinnon

MANAGEMENT DISCUSSION SECTION

Operator

Good morning. My name is Connor, and I'll be your conference operator today. At this time, I would like to welcome everyone to the Intact Financial Corporation's Third Quarter Results Conference Call. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session.

Thank you. Samantha Cheung, Vice President of Investor Relations, you may begin your conference.

Samantha Cheung {BIO 19462616 <GO>}

Thank you, Connor and good morning, everyone. Thank you for joining the call today. A link to our live webcast and background information for the call is posted on our website at www.Intactfc.com under the Investor Relations tab. As a reminder, the slide presentation contains a disclaimer on forward-looking statements, which also apply to our discussion on this conference call today. Joining me today are Charles Brindamour, CEO; Louis Marcotte, CFO; Patrick Barbeau, SVP, Personal Lines; Alain Lessard, SVP of Commercial Lines; and Mathieu Lamy, SVP of Claims.

With that, I would like to turn the call to Charles to begin his remarks. Charles?

Charles Brindamour {BIO 7012323 <GO>}

Good morning, everyone and thanks for taking the time to join us today. Earlier this morning, we announced third quarter net operating income of $199 million, or $1.47 per share, 7% better than a year ago.

Growth accelerated across our platforms to a strong 8%, six points of which are organic. Our underwriting results are sound with a combined ratio similar to last year's at 93.2%, while our distribution income continues to grow rapidly, reaching $28 million in the quarter. As expected, investment income remains stable at $105 million, despite a tough yield environment.

Our performance led to an operating ROE of 16.9%, 2.6 points higher than last year. But our book value per share growth was modest at 4%, given the challenging capital market environment. On a year-to-date basis, we delivered net operating income per share of $4.40, up 15% from last year, on higher underwriting and distribution income. Our ROE outperformance remains strong after six months at 520 basis points, but narrowed from December 2014 as the industry's ROE improved to 10%, and we suffered from weaker capital market.

As mentioned earlier, we have seen strong top line in the quarter, driven by all lines of business. Both grades and units together drove 6% organic growth and we added two points from our acquisition of Canadian Direct Insurance. Even though our growth is strong, it does not come at the expense of quality and future profitability.

We're equipped with proprietary profit indicators at the client level to ensure our growth is a profitable one. Our initiatives to expand the business organically continue to pay off. New product launches such as cyber risk protection, our multimedia marketing campaigns, as well as improved digital experiences through our buy online offers, or quick quote, all helped offset pressure from declining rates in Ontario.

Our distribution activities are also contributing to our growth momentum. That said, despite our strong operating ROE, we expected better underwriting results, given the $81 million of catastrophes were slightly lower than what is typical in the third quarter, in addition to healthy support from prior year claims development.

The deterioration in the current accident year loss ratio was largely driven by losses from multiple non-catastrophic weather events, as well as large losses. We don't see this as a structural deterioration of the underlying performance of the business.

Let me give you a perspective by line of business now. So, during the quarter, personal auto grew 9%, including three points from CDI, driven by a number of customer improvements in a better competitive dynamic.

Although the combined ratio of 94.4% improved on prior-year claims development, frequency is slightly higher, which we attribute, in part, to non-catastrophic weather events, such as hailstorms. Our telematics data, which offers an apple-to-apple comparison with last year, does not provide evidence of higher number of kilometers driven.

With regards to the industry for personal auto, we expect minimal growth in the coming 12 months. As you know, rates vary across the country with premiums growing in Alberta and Atlantic, remaining stable in Quebec, and decreasing in Ontario, both of which are large contributors to our business.

We continue to believe that rate reductions in Ontario to be in line with the government cost reduction measures. To-date, the industry has taken close to 7 points of rate reductions, before reflecting the impact of the April provincial budget and last year's Bill 15. The government record (5:47) rate filings for the end of October this year are to be effective in the second quarter of next year.

We do expect three to five points in net cost reductions from the last reform package. We reflected some of those reforms in our latest rate changes already. This leaves us in a strong position to pursue our growth ambitions in that market.

In personal prop, we grew our premiums by 10%, including 3 points from CDI in what continues to be a hard market. Our new products, such as our Lifestyle Advantage, and our early rate actions in this market, continue to improve our competitive positioning.

Our combined ratio of 97.4% includes the higher level of non-cat weather events, as well as large losses and the remaining impacts of the Atlantic winter weather we talked about in the past couple of quarters. We don't view this as an ongoing issue. On a year-to-date basis, our combined ratio is four points better than year ago at 90.5%. Thanks to our home improvement plans. Overall our view of the industry for personal property has not changed and we see continued hard market conditions, leading to upper single digit growth over 12 months.

Let me take a moment to discuss our commercial lines of business. Our profitability initiatives in commercial P&C, combined with firmer market conditions, led to very strong results this quarter, similar to last year's better results. We grew our business 3% year-over-year, while taking robust actions to improve our performance, resulting in a combined ratio of 84.6% for the quarter and 89.1% on a year-to-date basis, in line with our low-90s target. The industry conditions continue to improve, and this industry segment should see mid-single-digit growth in the coming year.

While commercial auto premiums grew 8% in the quarter, we were disappointed with the combined ratio of 97%, which was primarily impacted by large losses and unfavorable prior-year claims development. We are implementing specific corrective actions, including rates, refine segmentation, underwriting strategies, as well as loss prevention, aiming for a sustainable combined ratio in the low 90s. While still competitive at the industry level, we believe the market is firming up in that line, which should help underwriting profitability.

At the end of September, we remained in a strong financial position, with $389 million in excess capital and an MCT of 195%, after reflecting the impact of weaker capital markets and completing the acquisition of CDI.

The integration of CDI into our operations in the West continues to be on-track with positive impact on top line and operating earnings. Our teams are ready to pursue other opportunities in the near-to-mid term.

In addition to growth and profitability, innovation is a key focus area of our development. During the quarter, we announced an agreement with Uber to develop tailored insurance products, our first foray into to the rapidly growing sharing economy. We also announced an agreement with TELUS to create a unique fleet management insurance solution for Canadian businesses, leveraging our telematics capabilities.

This year continues to be very active for our employees across the country, as we rollout new products and new technology interfaces, execute our branding initiatives and continue to consolidate distribution and manufacturing, so as to ensure our customer experience continues to be second to none.

Our employee's engagement makes a big difference and we're well on our way to building Intact as one of the best employers in Canada. In conclusion, our growth initiatives are paying us, leading to a strong top line, which will provide positive earnings momentum going forward. Our operating performance remains strong and our ongoing action should help us continue to outperform the industry's ROE by 500 points and grow NOIPS by 10% per year over time. With a competitive environment conducive to grow financial strength and a strong group of people across the country, we're confident in our prospects for the rest of 2015 and beyond.

And with that I'll turn the call over to our CFO, Louis Marcotte.

Louis Marcotte {BIO 18040440 <GO>}

Thanks Charles, good morning everyone. Our top line growth accelerated further in Q3 to 8% on an underlying basis. We saw growth momentum in all lines and all regions with a good mix of units and rate increases. Underwriting income grew 6% in the quarter, on higher earned premiums and stable margins, as our 93.2% combined ratio was unchanged from last year's.

Higher favorable prior year claims development and lower cat losses were offset by non-cat weather events and large losses. A non-cat weather event is considered one, when multiple claims related to the event do not reach our $7.5 million cat threshold. A large loss is defined as a single claim for an amount above $250,000. Both these items combined had an estimated two point impact on the underlying current year loss ratio.

Net investment income was stable at $105 million, as the benefit of incremental investments was offset by lower yield. We expect to see a mild erosion of our net investment income going forward, as the low yield environment continues to be challenging. The expense ratio of 29.8% is up slightly from last year, as higher variable compensation was offset by lower commissions.

Distribution income grew 40% in the quarter to $28 million, $82 million year-to-date, due to the expansion of our distribution operations and its higher profitability. These profits vary significantly by quarter but remain on track to hit $100 million in 2015. We expect these earnings to grow north of 10% over the next 12 months based on our existing portfolio.

Net operating income per share of $1.47 is 7% higher than last year, as a result of our growth and profitability initiatives and the items I mentioned earlier. There is also a positive impact from corporate and other income of $9 million, resulting from a one-time expense recorded last year.

Finally, the effective tax rate on operating earnings of the quarter was 20.4%, in line with our expectations, but 1.9 points higher than a year ago when we benefited from the resolution of specific tax items.

Let me now provide a bit of color on our underwriting results. The personal auto business delivered strong organic growth, driven by 6% increase in units. Our investments in our brands and in the digital experience, combined with a favorable environment have been instrumental in driving unit growth across the country. We reported a 1.4 point improvement in the combined ratio for the quarter. Favorable prior-year claim development increased 1.9 points from last year, partly due to the impact of industry pools.

The underlying current year loss ratio was up two points, which we attribute to non-cat weather events, such as hailstorms, and slightly higher frequency. With regards to risk sharing pools, whose results tend to fluctuate between quarters, we saw positive results from both the ceded pools, which we control and assumed pools, which we share with the industry. In the quarter, our share of the assumed industry pools represented a profit of $4 million, a $15 million improvement from last year.

In personal property, we also saw solid organic growth of 8% on rate increases and 4% unit growth. From a margin perspective, this line of business performed slightly better than a year ago, delivering a combined ratio of 97.4%. While we had fewer headline catastrophes this year, our results were impacted by the higher level of non-cat weather events, as well as multiple large losses and the remaining impact of the Atlantic winter storms.

These items combined, represent approximately seven points and explain most of the increase of the underlying current accident year loss ratio. On a year-to-date basis, our combined ratio of

90.5% is a proof point that our action plan and personal property has been effective.

Commercial P&C grew 3% in the quarter, all organic, essentially on higher rates. The market is firmer, evidenced by our average rate increases of 4.3% in the quarter. Although, we are watching economic indicators closely, particularly in the west, we have not yet felt much impact from a slowing economy on our commercial business except a bit of headwind in surety. The combined ratio remains very strong at 84.6% for the quarter, 89.1% year-to-date, and we expect another 1 to 2 points of improvement to be earned from our action plan.

On the commercial auto side, our combined ratio deteriorated 7.6 points to 97%, partly due to noise from the reallocation of reserves between auto lines, as well as an increase in large losses and some impact from U.S. exchange rates. Our corrective measures are aimed at curbing the impact of the last two items and returning to a combined ratio in the low-90s.

Finally, a few comments on our financial strength. Challenging capital markets resulted in net investment loss of $64 million in the quarter, a sharp reversal from last year's gains of $30 million. The loss was driven by impairments of $56 million (16:40), primarily from continued weakness in the energy sector, which represents only 6% of our invested assets. Our portfolio is well diversified, of high quality and the asset mix is stable.

Despite these challenging conditions, we ended the quarter in a solid financial position with a debt to total capital ratio of 17.3%, $389 million in excess capital and MCT of 195%. The impact of mark-to-market losses on our portfolio in the quarter was six points of MCT. Book value per share was down 4% from Q2, including $1.55 from unrealized losses reported in the quarter.

Both common and preferred shares were impacted by the markets. But the bulk of our unrealized losses were driven by the decline in the preferred share market, which was mostly impacted by interest rate expectations. Our preferred shares comprised 8% of the investment mix and are of high credit quality, with an average rating of P2 by DBRS.

The decline in value is generally not related to credit risk of the issuers. Our preferred shares with reset features have been most impacted by the recent market behavior. Nevertheless, we will remain long-term holders of preferred shares.

As you know, a prolonged decline in the value of our equities could lead to further impairments. This would have no impact on our financial strength, our MCT, or our acquisition capabilities. Impairments, if any, would negatively impact ROE in the year they are recorded. Fortunately, markets have rebounded in October, largely eliminating unrealized losses reported on our quarter-end balance.

Although final guidelines are not yet published, we expect our MCT ratio to be positively impacted by the upcoming changes in 2016, between 10 to 15 points over time. During the quarter, Moody's improved our outlook on our ratings from stable to positive. Also Fitch launched a rating for IFC signing a rating of A- to our senior debt.

Finally, we renewed our base shelf prospectus in September, increasing the amount to $5 million from $3 billion, to give ourselves a bit more room to fulfill our growth ambitions. Overall, we reported a sound performance in the quarter, particularly considering the capital market headwinds. We remain a solid financial position to capitalize upon growth opportunities. Our results this quarter show that our investments in CDI and organic growth initiatives are paying off. Distribution income is growing as planned, while our underwriting results continued to be healthy.

We have a strong platform from which to provide unparalleled service to our customers, while delivering strong operating returns for our shareholders.

With that I'll return the call back to Samantha.

Samantha Cheung {BIO 19462616 <GO>}

Thank you, Louis. Connor, we're now ready to take questions. Thank you.

Q&A

Operator

Your first question comes from the line of Geoff Kwan with RBC Capital. Your line is open.

Q - Geoffrey Kwan {BIO 7413168 <GO>}

Hi, good morning. Just the first question I had was I know you guys gave some good color in terms of each of the division lines and then what happened. Just wondering if you can maybe give a little bit more maybe some examples. Because I'm guessing with the non-cat weather it may have been, for example like the wind and rain storms out here in Vancouver, and just trying to get a sense of what some of those events are. But also to around the larger losses, were they kind of geographic or maybe some examples of what those were?

A - Charles Brindamour {BIO 7012323 <GO>}

Sure. I think – thanks for your question, Geoff. I think the large losses are of course trickier to comment upon, because they are individual cases. But we might give you a sense of pattern maybe. I'll ask Mathieu Lamy, who has the pleasure to manage all those non-cat weather events, and maybe you could give us a bit of color Mathieu.

A - Mathieu Lamy {BIO 15207469 <GO>}

So, we had non-cat event, but still larger weather-related events in Alberta mainly – mainly in the West, hailstorm in Central Alberta. We had one hailstorm in Quebec and some wind and rain in Ontario a little bit. So, those are – that varies from year to year, since they are weather-related. They didn't make quite the threshold at $7.5 million, but there are still losses that are larger than...

Q - Geoffrey Kwan {BIO 7413168 <GO>}

Yeah.

A - Charles Brindamour {BIO 7012323 <GO>}

Yes. And one needs to keep in mind that there was $81 million of cash as well. And as you know, this is slightly below our expectation for the third quarter, but it's still a meaningful amount of catastrophes to absorb and manage.

Q - Geoffrey Kwan {BIO 7413168 <GO>}

Okay.

A - Mathieu Lamy {BIO 15207469 <GO>}

(21:45)

Q - Geoffrey Kwan {BIO 7413168 <GO>}

Okay, and then on the direct premiums written, it looked like a pretty good quarter. I know you've talked about the investment that you're making in brand, digital and whatnot there. Just was wondering if there's anything else you might attribute to it, whether or not it's also with the harder market conditions that given you typically have moved first on price that others were catching up and therefore you became more competitive within the market. And again if there is any other things that you would attribute to the strong performance.

A - Charles Brindamour {BIO 7012323 <GO>}

Yeah. Geoff, I think you're absolutely right. I mean, if you go back let say two years, you will have seen us take a fairly proactive stands on correcting issues, whether its commercial lines, being cautious in rate reductions and in Ontario to a certain extend and taking action in home insurance. And of course when we did that, unit growth was mutant. This prompted us to find ways to accelerate growth in other ways, in addition to putting in place our strategy when it comes to client experience and distribution.

Now, the market is correcting, as we've identified in the outlook, and our actions are paying up at the same time. So, I think when you put both at the same time, you get that sort of organic growth in the 6-ish percent range before CDI, which I would say, if it would be for our actions alone, I'm not sure we'd be at 6% necessarily. We'd probably be in the mid-single digit range, but we think this is a good environment for us to invest in client experience and in brand, and that's what we've shown in the second quarter following – and in the third quarter as well.

Q - Geoffrey Kwan {BIO 7413168 <GO>}

Okay. And just the last question I had was you talked about in terms of your cyber product and then you made the announcement on Uber. Is the Uber one is that an exclusive one and also just with respect to both of those lines, just if there's any thoughts as to what kind of potential impact it may have down the road on DPW?

A - Charles Brindamour {BIO 7012323 <GO>}

I'll ask Alain to give a better color on cyber, because it's the product that we've launched in commercial lines and I'll give you a perspective on the sharing economy.

A - Alain Lessard {BIO 21962461 <GO>}

So, basically we launch cyber early April this year with the objective of trying to get a take-up rate of the coverage up to 20% on our books. And so far we're quite pleased with the response, because at the end of September, we were running at about 15% of our policy taking cyber coverage. But if we look at it on a new business, we're running closer to 35% and that number has been increasing steadily. We have to understand that cyber is something that needs to be sold. It's a new coverage. It's a new risk for a lot of our customer. So, it's something there we need to educate both the broker and the customer. But once we'd educate them, they see the value of it and the protection it gave in terms of privacy breach and everything. So, we're quite happy with the take up so far on the Cyber coverage.

A - Charles Brindamour {BIO 7012323 <GO>}

And then, I think broadly on products, I mean we've highlighted examples of products launches that we made, but we are – if I look at the past 12 months, a number of new products that we've added on the shelves ranging from our UBI strategy, which have been paying up very nicely, our Lifestyle Advantage in home insurance, we've recently announced new features that will be rolled out in 2016 in home insurance in relationship with water coverage and then some of the things we do in commercial lines. With regards to Uber, I mean, close to 90% of Canadians want to have access to sharing economy offer like the one that Uber provides, and we're working with them in corporation with regulators to ensure that the insurance solution is as good as it can be available in the Canadian marketplace. And it is indeed an exclusive relationship at this stage.

Q - Geoffrey Kwan {BIO 7413168 <GO>}

Okay. Great. Thank you.

Operator

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

Q - Kai Pan {BIO 18669701 <GO>}

Good morning. Thank you. First question is on the – follow-up on the non-cat large losses. The 2 points impact, are those are sort of like if you take it out for both personal auto, personal property line, looks like the underlying combined ratio remain unchanged year-on-year. Is that your expectations, given the pricing – auto I can't understand, but on the property side, do we expect further underlying improvement, or where you think the margin now is sustainable for the future?

A - Charles Brindamour {BIO 7012323 <GO>}

I think that in personal auto, it is a fairly stable environment and we don't see much rate momentum in aggregate. I mean, rates are moving up. In Alberta, rates are moving up, in the Atlantic, they are down a bit in the Ontario. We think of automobile as a flat rate environment and a fairly stable cost environment. Home insurance I think is an area where there has been momentum in the past year and there's a bit of upside left in terms of some of the actions we've taken. I'll let Patrick who is the expert on the file to give you a better perspective there.

A - Patrick Barbeau {BIO 18476397 <GO>}

Yes, on property – personal property, there is still some rates going up, because unwinding capping on renewals that's across the country. But as you know we talked about it, a very difficult to answer in the Atlantic, Canada, and that has affected our result all the way through August, and we are taking some additional actions there to make sure we address this situation, so additional rates being taken in those provinces and a few product adjustment. So, this is a line that we need to stay alert and proactive to keep our positioning, but we are very confident in where we are and correcting the few places we see.

A - Charles Brindamour {BIO 7012323 <GO>}

Perfect. And I think it's probably worth touching on commercial lines. If I just take the spirit of your question, there's been a bit of noise. Commercial P&C, if you know we've then working on improving the performance of that line of business over the past few years, we've been trying to be opportunistic in a firming-up market place. And we're showing strong mid-80s combined ratio in that line, and we're increasing rates by 4.3% in the quarter. So, for me, and Alain correct me if I'm wrong, I think it's about 4.3%...

A - Alain Lessard {BIO 21962461 <GO>}

4.3%, yeah.

A - Charles Brindamour {BIO 7012323 <GO>}

...in the quarter. I think the area of focus for us in the past few months after a few quarters of, I would call this, disappointing or average performance, is commercial auto. And maybe Alain, you could touch on the key points that we're deploying in the coming weeks and couple of months in commercial auto to address the fact that we're just not happy with the mid-to-upper 90s performance in the line.

A - Alain Lessard {BIO 21962461 <GO>}

Yes. So, basically when we look at the situation in commercial auto, there has been a lot of element and noise coming out throughout the year. Okay. But the results have been what it is in the last four quarters and, because of that we have implemented corrective measure.

I'm going to touch a little bit on some of those. Clearly on the rate side, we are increasing rates mostly in provinces and in segments where we think we need and we're facing headwind. The first one that's been released lately is we're increasing our rates in Alberta by 9%. That's been approved. It was a filing done August that's been approved last week. So, that will be coming up and affecting our results in the first quarter of 2016.

Also we've rolled out in 2012 a new, I would say, fleet system. And that fleet system has accumulated a lot of information over the last five years. And we're basically bringing to our fleet raising algorithm, the same kind of power and segmentation we did in P&C, and that again will be gradually rolled out in the future.

I will also a touch a little bit on the exchange rate. Part of our trucking book is exposed to exchange rate like between the region 10% to 30% of our exposure is in the U.S. And the exchange rate over the last 12 months have basically cost us 15% to 20%. We've taken some rate action, but clearly not sufficient enough, but we're doing and we're adjusting again our rates to reflect the closer exchange rate that we're basically living this year. So, that's on the rate side pretty much was going on, plus on adjustment here and there in sub-segment smaller portfolio and the different provinces.

We're also rolling out underwriting action, okay, more control reviewing the eligibility classes and we're also bringing review of our risk sharing pool facility ceding rules, things like this. And also lately we're doing more on the prevention side. All of our large trucking accounts are being visited our preventionist prior to coding to make sure they meet minimum prevention requirements that we've up-taken.

And we also, as you see, rolled out a new prevention tool for our fleet manager in conjunction with a partnership with Telus to again improve and promote a lot more prevention at the fleet management level. So, we believe clearly that all of those actions are what will bring our combined ratio back to the 90% level.

A - Charles Brindamour {BIO 7012323 <GO>}

Yeah, so clearly the spotlight is on commercial auto at the moment. Maybe additional color, what we're seeing now in commercial auto in the third quarter was a sort of 1.2% rate increase rolling in the system. We see that getting roughly three to four times higher than that in 2016.

Q - Kai Pan {BIO 18669701 <GO>}

Thanks so much for expanding into commercial auto. Do you know was exactly the reasons for this rising frequency or severity? And also for the action you're taking right now, normally how long would it take for the combined ratio to return to your target levels?

A - Charles Brindamour {BIO 7012323 <GO>}

The issue in commercial auto is not frequency driven. In fact frequency is down in the quarter. Year-to-date frequency is down minus 0.6% in commercial auto. I mean it's essentially a severity issue. And Alain has talked about foreign exchange on U.S. base losses and you know, when you get into trucking for instance, you have movement back and forth around the front tier. And that's how those U.S. dollar related losses emerge. We've got a number of large losses, and the fact that we've seen an increase in severity across the land I think is why we're saying we need to take action.

We've refined our reserving for commercial auto. There are certain elements of reserving that were looked at in aggregate between personal and commercial auto and there's been some refinements in the third quarter that I've pushed our perspective on commercial auto off a bit. Obviously, not very impactful on personal auto, because personal auto was so much bigger than commercial auto. But when you make this change, you also put some pressure on your perspective of the severity.

And so there was enough noise for us; there's not one single cause, one single source of inflation, just enough noise and a better marketplace to actually put corrective measures in place. The second part of your question was long. I mean underwriting measures can have an impact fairly quickly. Rates, as you know, you can expect in the first part of 2016 to see our rates increase closer to 4%, and that will be earned over an 18 months sort of horizon.

Q - Kai Pan {BIO 18669701 <GO>}

That's great.

A - Charles Brindamour {BIO 7012323 <GO>}

Our expectation is to see some momentum and some results in the near-term. It's not a three year plan.

Q - Kai Pan {BIO 18669701 <GO>}

Great. My last question is on the investment side and the impact on your MCT. It looks like the market actually declined like 8.5% in Toronto exchange in the third quarter. Your (35:25) 10% decline in the active market resulting in 3 points impact on – 2 to 3 point impact on MCT. It looks like the quarter is a little bit bigger. Could you kind of expand a little bit? And also, what's that MCT level? Would it have any impact to your capacity for financing future acquisitions?

A - Louis Marcotte {BIO 18040440 <GO>}

So, the guidance on sensitivity is, as you mentioned however, it actually, we measure it as 10% on common equities and then 5% on preferred. Commons have deteriorated 10% in the quarter, 9% or something in Toronto, as you said. Prefs, north of 14%. And that's what drove the decline in the market value. So, the commons have down in line with the market, but the prefs have also impacted the MCT because of a 14 plus market decline in the quarter. So, the two together actually drove the MCT decline.

Q - Kai Pan {BIO 18669701 <GO>}

Okay.

A - Louis Marcotte {BIO 18040440 <GO>}

So, on the capacity front – so this is a – we don't see that as a reduction in our acquisition capacity. All transactions we would look with the capital generation, we can do on a quarterly basis, we think, we can keep on – keep the same capacity for acquisitions. We don't see that as an issue.

Q - Kai Pan {BIO 18669701 <GO>}

Okay, great. Well, thanks so much for the time.

A - Charles Brindamour {BIO 7012323 <GO>}

Thank you.

Operator

Your next question comes from the line of John Aiken with Barclays. Your line is open.

Q - John Charles Robert Aiken {BIO 21267604 <GO>}

Good morning. Just a follow-on in terms of the investment portfolio. Given the weakness that we saw in the quarter and the volatility that it introduced to your MCT ratio as well as the book value, is there any thoughts to changing your investment strategy or the mandate that you've given your team?

A - Louis Marcotte {BIO 18040440 <GO>}

No, so we've looked carefully at this, and we remain long-term holders of the prefs and our mix is expected to be somewhat stable to what it is today.

Q - John Charles Robert Aiken {BIO 21267604 <GO>}

Great. Thanks Louis. And a follow-on to your prepared commentary in terms of the distribution, I believe you mentioned that you're expecting 10% growth in 2016 with your existing portfolio. So, then, first of all, did I get that correct and secondly does that mean that any additional acquisition of brokers would actually add to that 10% number?

A - Louis Marcotte {BIO 18040440 <GO>}

So, yes to both, John. It is what I mentioned 10% next year, and then that's existing portfolio. So, future acquisitions would be incremental.

Q - John Charles Robert Aiken {BIO 21267604 <GO>}

Good to see I was paying attention. Thank you.

Operator

Your next question comes from the line of Meny Grauman with Cormark Securities. Your line is open.

Q - Meny Grauman {BIO 15238080 <GO>}

Hi, good afternoon. Just wanted to follow up on Uber and just ask a question about whether you're taking any actions or tracking the use of personal insurance among Uber drivers, and what's your perspective on that as being an issue or something that needs to be addressed and corrected?

A - Charles Brindamour {BIO 7012323 <GO>}

I'll ask Patrick Barbeau to share his perspective of the impact on personal insurance.

A - Patrick Barbeau {BIO 18476397 <GO>}

Yeah. So, on Uber, as we said for now, we have announced the partnership, but we are just in the process of working with regulators to find the right solution to start issuing the policy. So, right now we don't have – we have not started to have them on our book. In terms of perspective on the results on the personal line side for those drivers, well, there is a likely an additional exposure but we will have a product that will be priced for that additional risk. So, this is not for us a concern. I think the risk would be probably rated. And Uber has been in place in a few different parts of the world already with some experience. So, we can start with something and not from a blank page.

Q - Meny Grauman {BIO 15238080 <GO>}

Thank you very much.

Operator

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

Q - Brian R. Meredith {BIO 3108204 <GO>}

Yeah, thanks and good morning. Charles, I just wanted to go back to the personal auto and some of the frequency you're seeing there. Last quarter, you talked about the frequency being up and you thought it was kind of one-time due to small claims. This quarter I noticed in the MD&A you said it was not because of increase in kilometers driven. Any other things you could point to as to why we're seeing the increase in frequency and personal auto? And any views on whether that's going to moderate here going forward?

A - Charles Brindamour {BIO 7012323 <GO>}

I'll ask Patrick to share his perspective on the kilometers driven, because we've been pretty rigorous in trying to measure that Brian because you know, you've heard the increase in kilometer driven as a reason for frequency increase in the past and particular south of our border anyways. So, I will ask Patrick to just share his perspective on that and then we'll tell you what we've observed in a little more detail in the quarter.

A - Patrick Barbeau {BIO 18476397 <GO>}

(40:42) So, on the UBI, as you might recall, we have launched this initiative early in 2014. So, we now have some history and are able to compare the kilometers driven by our clients in the quarter this year, compared to the same quarter last year. And we've been doing that for – well, three quarters now, since the beginning of the history. Our history is not long, but we have accumulated over 1 billion kilometers driven by our clients in the program so far. So, I think it's starting to be a good indication. Of course, it's not the total of the portfolio; it's about 10%, 15% of the portfolio. But on that one that we can measure at this point, we're not seeing an increase in the average kilometers driven by clients.

Q - Brian R. Meredith {BIO 3108204 <GO>}

In any of the province where we've looked at?

A - Patrick Barbeau {BIO 18476397 <GO>}

No, there's some situations, but nothing significant enough for us to conclude any trends at this point.

A - Charles Brindamour {BIO 7012323 <GO>}

And it's almost a driver-by-driver comparison. So, it's as tight as you'll get a reading on kilometers driven. Maybe you want to share a bit of perspective on what has been creating bit of frequency pop across the land.

A - Patrick Barbeau {BIO 18476397 <GO>}

Yeah. So, to recap I think we have mentioned 2 point deterioration on the current accident year loss ratio for personal auto in the quarter compared to last year. This is due to frequency. Severity for that line is flat year-over-year in the quarter. That's two points. It's about half of it that's explained by again the weather events that we talked about, the hail, especially that affect claims in auto as well, not only personal prop. The remainder, we don't have very good explanation, besides there is more accidents in our experience. But we're not – what we're doing is rates will be going up in Atlantic and Alberta. We're slightly accelerating those rates increase and we're taking some also in Quebec, just to make sure that we're proactive and if there is anything beyond that we are maintaining our margins.

A - Charles Brindamour {BIO 7012323 <GO>}

There is a bit of noise in the frequency number, as a result for instance of having more motorcycle than we used to, following the JEVCO acquisition. The frequency of motorcycle is highly seasonal, as you know, and year-over-year it shouldn't make a big difference, but that's part of the noise. I think the integration of Canadian direct insurance brings the different profile of claims within relative terms, because in the West, there's way more glass claims (43:24), so you see a number pushing the frequency up, but you should have an offset on the severity side of things. In fact, in the quarter itself, the severity is down a bit, but not as much as the frequency. So, there is a bit of noise there, but the biggest drivers are non-cat weather events and hail in Alberta clearly being the biggest driver of what we see on the frequency side of things.

Q - Brian R. Meredith {BIO 3108204 <GO>}

Got you. And then Charles my second question. Can you just remind us your thoughts on share buyback? The stock is down a fair amount. And obviously I know your first priority is to look at potential for organic growth as well as the M&A but would you think about buying back some stock here?

A - Charles Brindamour {BIO 7012323 <GO>}

Yes. I think that, no – there are good opportunities out there to consolidate the market (44:27) that perspective has not changed whatsoever. But on days like that, I'd love to have an open NCIB. I think that – I will say on this one, my philosophy is not to have an NCIB that you don't use.

And given the opportunities that exist in the marketplace right now, I didn't feel we needed to have an open-ended NCIB, because I didn't think we would actually use it. But would we have one, we definitely will be opportunistic with it. But as you know you cannot just start an NCIB overnight. You need various approvals from the board and authorities. But I would love to have an NCIB, yes.

Q - Brian R. Meredith {BIO 3108204 <GO>}

Okay. Thank you.

Operator

Your next question comes from the line of Paul Holden with CIBC. Your line is open.

Q - Paul Holden {BIO 6328596 <GO>}

Thank you. So, first question is going back to personal auto for a second now. So, we've seen frequency trend up I guess for a few quarters now and you said that you will respond by increasing rates in Alberta and Atlantic Canada. Does that suggest we should assume that frequency will remain at these elevated levels or perhaps even trend higher?

A - Charles Brindamour {BIO 7012323 <GO>}

The point on rates going up in Atlantic and Alberta is not really frequency-driven. Rates are up right now. We've seen some severity in these jurisdictions. In the big scheme of the country, severity is down for a number of reasons. But the trigger for the rate increases in the Atlantic and Alberta has not really been a structural perspective on frequency. Would you agree with that Patrick?

A - Patrick Barbeau {BIO 18476397 <GO>}

Yeah. So, we've talked for a couple of years about BI in Alberta, the impact of (46:40) decisions and stuff like that. We have an action plan, but we are taking rates also, because severity is increasing, because of that part of the coverage, so that's one example. So, yeah, and Atlantic, a bit of the same; there was an increase in caps (46:54) and stuff like that, that are affecting also severity. But I don't expect an acceleration of frequency. That's not the reason why are we increasing rates; it's more, we're being preventive. We observe a slight uptick in frequency over the last couple of quarters, and we're taking some rates to protect our margins but we don't necessarily expect more to in the coming quarters.

A - Charles Brindamour {BIO 7012323 <GO>}

There is not a structural view change on frequency at this stage.

Q - Paul Holden {BIO 6328596 <GO>}

Got it. And then next question would be related to personal property. So, when I look at Q3 for the last several years, we also – we obviously see some seasonality in terms of the combined ratio. This year was less cats but more non-cat losses. So, given that your long-term target over time in this line of business, $95 million is it safe to assume in sort of Q3 we should normally expect something above 95%, somewhere between 95% and 100%. Is that a fair way to look at it?

A - Charles Brindamour {BIO 7012323 <GO>}

Well, look, we're saying we want run that business sub-95% in good and in bad times, okay? And we're not saying we're happy with 95%. I think we want to have some room to absorb rougher years. So, that's I think the first point of clarification. The second point of clarification is that indeed, as I think we've talked about the burden of natural disasters Q3 tends to have half of the yearly run rate, which is probably close to $100 million – would you say, Patrick?

A - Patrick Barbeau {BIO 18476397 <GO>}

Yeah.

A - Charles Brindamour {BIO 7012323 <GO>}

This quarter at $81 million of catastrophes, plus a bunch of smaller things, which quite frankly probably when you add everything up, it doesn't look too far from what a normal cat Q3 would be. So, should one expect a combined ratio above 95% in the third quarter, I'll have to go back and think about it. But I would be inclined to see not necessarily – not necessarily.

Q - Paul Holden {BIO 6328596 <GO>}

Okay, good. And then final question is with respect to organic growth. And I appreciate you did give some growth expectations line by line. And it kind of suggests to me that maybe the 6% organic growth, give or take, is probably a good run rate for the next year or so. Is that a fair characterization?

A - Charles Brindamour {BIO 7012323 <GO>}

In aggregate I would say that's at the top end of what I expect we can produce in that environment. I don't think the run rate is necessarily far from that, but I would be very happy with more than 6%, don't get me wrong. But we're quick to put corrective measures in place where we see inflation. So, we're happy with 6% pre-CDI. We're happy with our capital position, which will allow us, just like with CDI, to add on top of that organic growth platform. But our objective is to grow earnings. That's really what we're focused on. And we're grateful that the environment allows us to grow organically at 6%, but our eyes are on the growth at the bottom.

Q - Paul Holden {BIO 6328596 <GO>}

Got it. And then just sort of follow up to that, how should we be thinking about unit growth more specifically say versus what we saw in Q3?

A - Charles Brindamour {BIO 7012323 <GO>}

Well, what we saw in Q3 is – units were fairly strong. I think when you look at the rate environment, you can expect – I mean unit growth in Q3 was 7.5% with CDI. So, obviously, if you exclude CDI, you remove probably at least a couple of points there. And I think if you look at what we talked about during the call, including increasing rates in commercial auto, maintaining the sort of great change perspective that we've seen at slightly above 4% in commercial auto, it will be interesting to see how the units react to the actions we're taking in commercial auto at this stage. I expect our unit run rate in personal prop to be pretty good. There is no reason for me to think that the unit growth rate in personal auto will deteriorate. I think we'll have to keep our eyes on commercial lines, as we're being opportunistic both in P&C, as well as in auto.

Q - Paul Holden {BIO 6328596 <GO>}

Okay. That's helpful. Thank you very much for your time.

Operator

Your next question comes from the line of Doug Young from Desjardins Capital Markets. Your line is open.

Q - Doug Young {BIO 5640851 <GO>}

Yes, good morning. Just a few hopefully quick questions. Just going back to commercial auto, and I just want to get maybe a little level deeper in terms of what drove some of the issues this quarter around the large losses. Was there a particular region like I know you put in price increases through in Alberta. Was that predominantly where the large losses came from? Or are you seeing more large losses in the US, excluding the FX impact? Is that where you're seeing it come from? And then further is there a particular distribution channel where you've had some issues with, and I'm assuming this is long-haul trucking that we're talking about, but is there a distribution channel where you've had some challenges with?

A - Charles Brindamour {BIO 7012323 <GO>}

It's all distributed through independent brokers and Intact Insurance. So, no to the distribution channels. I'll let and Alain give further perspective on large losses.

A - Alain Lessard {BIO 21962461 <GO>}

If I can give a bit of color on what's explaining the deterioration in results, we mentioned a few elements, okay? Between the refinement of our reserve, looking at selecting the parameter based solely on commercial automobile, a little bit of exchange rate impact and a little bit of large losses impact throughout the year. Just wanted to say that these account overall for about five to six points throughout the year and explain about six point of the deterioration, okay? We don't necessarily see these elements as recurring, okay, unless there is a further deterioration on the exchange rate and elements like this. If I look at the large losses, we haven't seen clearly that it's coming from either a single region or - a single region. We have large losses even in the Quebec region, where we don't see any bodily injury in everything. We have a bit more large losses coming out this quarter through the trucking. But if I look at it on a yearly basis, it's not necessarily the situation.

So, it's not a clear pattern, and also because of the driver - the mileage on the trucking side, we do expect to see a little bit more large losses because they are spending about normally 10% to 30% of their kilometers are driven in the U.S. and whenever there is an element there with the BI and everything, we do price and expect for a larger losses and we saw some of it this pattern. But we don't come out right now with a clear pattern, saying we've identified one source, one element of the large losses.

Q - Doug Young {BIO 5640851 <GO>}

Okay. So, there is not - so the severity out of the U.S. isn't abnormal relative to what you've seen in the past excluding the FX?

A - Alain Lessard {BIO 21962461 <GO>}

The thing that affected us this year in the U.S. it's a pinpoint, it's the fact that a lot of our reserve are being reviewed on an annual basis. And as people review the reserve, they correct it for the exchange rate that may have been open last year at 1.10 and today it's 1.30. So, they adjusted for the exchange rate, but that is a one-off element.

A - Charles Brindamour {BIO 7012323 <GO>}

Mathieu, do you want to add on this?

A - Mathieu Lamy {BIO 15207469 <GO>}

No, no, that's true. So, (55:59) the reserve and the exchange rate changed like over the last 12 months. And that through the year, that's got adjusted, but the effect is mainly in the number now at this point.

Q - Doug Young {BIO 5640851 <GO>}

And I know that Charles you mentioned this through independent channel, but do you retain all the pricing and underwriting and client management?

A - Charles Brindamour {BIO 7012323 <GO>}

Yeah.

Q - Doug Young {BIO 5640851 <GO>}

Yeah. Okay.

A - Charles Brindamour {BIO 7012323 <GO>}

Yeah. Absolutely. That's the business we're in. So, people don't have our pen; people never have our pen, but certainly not in commercial auto. If I look at the commercial auto action plan, it's highly segmented, but it's fair to say that trucking is the area where the actions are most robust.

Q - Doug Young {BIO 5640851 <GO>}

Okay. And then just a few number questions. Louis, what's the size of your reset preferred book?

A - Louis Marcotte {BIO 18040440 <GO>}

So, the total preferred share portfolio is about 1.1%. And then the reset is about half of that.

Q - Doug Young {BIO 5640851 <GO>}

Okay. And then the non-cat – and I know you've kind of given some good explanations for Q3 of this year, do you recall what the non-cat losses roughly were last Q3? Was it at all significant? Just so we can do year-over-year comparison?

A - Louis Marcotte {BIO 18040440 <GO>}

It was a much lower, but I'll give you a – give me a minute, I'll give you a more precise....

Q - Doug Young {BIO 5640851 <GO>}

Okay. And then just lastly while you're looking at that, the Atlantic Canada the losses on the winter storms creeping into August, can you just enlighten me on how that what transpires that it creeps into August?

A - Charles Brindamour {BIO 7012323 <GO>}

Yes, that's a question – you're not the only guy asking that question. It's been asked a fair bit. I'll ask Mathieu to give his perspective on that.

A - Mathieu Lamy {BIO 15207469 <GO>}

So, the harsh winter condition lasted late into the spring, caused by snow fall. We call that ice damning, and those losses got reported late, and they got reported through the summer. We even got a second wave when people went to their seasonal properties and discovered their trailers with roof issues. So, that's still July and August. We got late reported loss on this. And the severity of those losses was higher than expected because of the amount of snow we got this winter. That's the color I can provide on this.

Q - Doug Young {BIO 5640851 <GO>}

All right. Thank you.

A - Charles Brindamour {BIO 7012323 <GO>}

Okay. Thank you.

Operator

Your next question comes from the line of Tom MacKinnon with BMO Capital. Your line is open.

Q - Tom MacKinnon {BIO 2430137 <GO>}

Yes, thanks. Louis, I think you mentioned that 6% of your invested – total invested assets were in energy. Can you provide what the breakdown is of those energy assets by common and preferred and fixed? And then I've got of follow-up question.

A - Louis Marcotte {BIO 18040440 <GO>}

Sure. In the meantime, I'll just remind you that in our energy sector, we're a bit split between the infrastructure, the transportation and the production. And that's important because it talks to the quality of our portfolio, because we're invested there but we believe that our choice of investments has been fairly of high quality. So, that's important to remember. We just pull out the specific details where we are on fixed income, or energy as part of common shares is about 20%. And I'm referring to my stats sup for information. So, it's 20% of our commons; it is 14% in the prefs and in fixed income, it's not material. So, it's really in the commons and in the prefs that we see them. And those are the figures at the end of Q3.

Q - Tom MacKinnon {BIO 2430137 <GO>}

And I think you mentioned there was the $1.55 per share unrealized mark-to-market loss in the quarter.

A - Louis Marcotte {BIO 18040440 <GO>}

That's right.

Q - Tom MacKinnon {BIO 2430137 <GO>}

I think you said this has rebounded since then. Is that – maybe just give the magnitude of the rebound and where we're seeing that rebound?

A - Charles Brindamour {BIO 7012323 <GO>}

So, we've seen markets rebound and this is a mix of the – the unrealized position includes fixed income, prefs and common equities. The three of them together have rebounded. We had a net unrealized position of a $121 million and we're back up north of $100 million since the end of October. So, we've seen that gains on the bond side. The pref unrealized is lower than it was, and so were the commons.

So, that would be since the end of September, right?

A - Louis Marcotte {BIO 18040440 <GO>}

End of September, I'm sorry. Yes.

A - Charles Brindamour {BIO 7012323 <GO>}

People would have noted that.

A - Louis Marcotte {BIO 18040440 <GO>}

So, on the three types of investments, there was a rebound since the end of September. So, that starts with the volatility of the markets and hopefully (61:01).

Q - Tom MacKinnon {BIO 2430137 <GO>}

And obviously that's a positive for the MCT since then, correct?

A - Louis Marcotte {BIO 18040440 <GO>}

Yes that's right. That's right.

Q - Tom MacKinnon {BIO 2430137 <GO>}

Okay, thanks.

A - Charles Brindamour {BIO 7012323 <GO>}

Thank you.

Operator

Your next question comes from the line of Mario Mendonca with TD Securities. Your line is open.

Q - Mario C. Mendonca {BIO 2450557 <GO>}

Good afternoon. Just to clarify the last question, Louis, you said it's now north of $100 million, you mean north of $100 million positive now?

A - Louis Marcotte {BIO 18040440 <GO>}

That's right. So, of the $121 million unrealized at the end of September, we've recovered a bit more than $100 million by the end of October.

Q - Mario C. Mendonca {BIO 2450557 <GO>}

Okay. So, just a modest negative now if we were to market now?

A - Louis Marcotte {BIO 18040440 <GO>}

That's right.

Q - Mario C. Mendonca {BIO 2450557 <GO>}

Okay. And then couple of other quick number questions, and the industry in Ontario auto price reduction, 6.8%, I think you've disclosed that. I didn't see the reference to what Intact has taken in price reductions?

A - Patrick Barbeau {BIO 18476397 <GO>}

Yeah, so that's at the end of Q3. IFC overall has taken a bit less than 10%. The difference being that we have reflected, as we discussed it previously, the impact of Bill 15 already.

Q - Mario C. Mendonca {BIO 2450557 <GO>}

Okay.

A - Patrick Barbeau {BIO 18476397 <GO>}

(62:09) So, those are the numbers. That doesn't include the first round of the filings from the last reform, which was the (62:19) discount that will be implemented in January. Those were approved mainly in the month – after the end of the quarter. That's an additional one point that we can foresee for the industry.

A - Charles Brindamour {BIO 7012323 <GO>}

So, I think when we say 3 to 5 points of reforms coming in terms of cost reduction, probably fair to assume that you'll see that at the industry level. I think our point is that a portion of that has been reflected in the rate actions we've taken so far and, as such, one should anticipate something less in that when it comes to the Intact family.

Q - Mario C. Mendonca {BIO 2450557 <GO>}

Okay. One another quick numbers question. On the preferred share portfolio, could you tell us year-to-date the total amount of preferred share impairment, charges taken, plus any realized losses? I don't suppose – I don't know if you sold any so just the impairments if that's the case year-to-date.

A - Louis Marcotte {BIO 18040440 <GO>}

Yes. So, on the – overall prefs have been down in the quarter. They went down to $152 million (63:29). Their specific year-to-date impairment is $38 million (63:33).

Q - Mario C. Mendonca {BIO 2450557 <GO>}

So, that's the total amount?

A - Louis Marcotte {BIO 18040440 <GO>}

Total amount of impairments year-to-date on prefs $14 million (63:39), in Q3.

A - Charles Brindamour {BIO 7012323 <GO>}

And the $38 million (63:41) is largely credit driven.

Q - Mario C. Mendonca {BIO 2450557 <GO>}

Right. So, you've not taken any impairment charges – and this is where I was going with this. You have not taken any impairment charges as it relates to just simply lower interest rates on the resets?

A - Louis Marcotte {BIO 18040440 <GO>}

No, and that's an important point. Our impairments tend to be triggered by credit events rather than interest rate triggers. So...

Q - Mario C. Mendonca {BIO 2450557 <GO>}

And this is where the next question is going then. Your policy is if the preferreds are in an unrealized loss position for 18 months, this is my understanding of your policy – if they are in an unrealized loss position for 18 months or more, you impair them. Is that true as it relates to the interest rate impact?

A - Louis Marcotte {BIO 18040440 <GO>}

So, I will say that's a good question and we are currently reviewing that. So, that's a...

Q - Mario C. Mendonca {BIO 2450557 <GO>}

So, you don't know yet?

A - Louis Marcotte {BIO 18040440 <GO>}

We're facing this, so the policy as you said is an 18 month policy with a simply a timeframe. At this point though, we're challenged by the fact that it's not credit related its interest-related. And so we're sort of doing the...

A - Charles Brindamour {BIO 7012323 <GO>}

So, historically the impairments were credit driven.

Q - Mario C. Mendonca {BIO 2450557 <GO>}

For sure. I just wasn't sure if you were going to stick with the policy, or revise it because this is a different circumstance. And your answer is we don't know.

A - Louis Marcotte {BIO 18040440 <GO>}

We are going to refine it, if appropriate.

A - Charles Brindamour {BIO 7012323 <GO>}

But historically its credit driven.

Q - Mario C. Mendonca {BIO 2450557 <GO>}

I understand that. And then one final question, personal property. Like Doug, I was a little surprised to see these charges coming through and I suspect everybody else was, these claims related to the winter storms. My question is, is this not something that should have been anticipated and built into the reserves? Or is this just such a big surprise that there would be that much snow in Atlantic Canada?

A - Charles Brindamour {BIO 7012323 <GO>}

I think the reporting pattern was a surprise to us, every month. And there is not an equivalent model that we've seen in the past that would trigger reserving for that reporting pattern. And when a cat happens, within one evening of the phones starting to ring, after a cat, we know roughly what the ultimate will be, because we have a database of cat reporting models. This sort of pattern is the first time we see that. So, I would say, first of all, this was a not a cat; this was a 35-day winter event. And we were really surprised in June and July that we had have those sorts of reporting taking place, and August was a shock. So, in theory, one could have put maybe some IBNR for that, but we've never seen such a reporting pattern.

Q - Mario C. Mendonca {BIO 2450557 <GO>}

It's helpful. Thank you.

Operator

There are no further questions at this time. I will turn the call back over to Samantha Cheung.

A - Samantha Cheung {BIO 19462616 <GO>}

Thank you all for your participation today. The telephone replay will be available following this call for a period of one week. The webcast will be archived on our website for a period of one year, as well a transcript will also be available on our website following this call.

As a reminder, we will be hosting our Annual Investor Day in Toronto during the afternoon of Wednesday, December 2, and our fourth quarter and year-end results for 2015 will be released on February 10, 2016. Thank you, again.

Operator

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