Credit Suisse 22nd Annual Virtual Financial Services Forum

Company Participants

- Beth A. Costello, Chief Financial Officer
- Christopher Jerome Swift, Chairman & Chief Executive Officer

Other Participants

- Michael David Zaremski

Presentation

Michael David Zaremski {BIO 20606248 <GO>}

Great. Good morning, everybody. Good afternoon for those in Europe. My name is Mike Zaremski, and it's my pleasure to introduce Chris Swift, Chairman and CEO of the Hartford; and Beth Costello, Chief Financial Officer. The format of today's presentation will be a virtual fireside chat.

I'll start off by quickly saying that it's been a whirlwind past year for almost everybody to say the least. I've been making the case to investors in spite COVID-19 headwinds and parts of the business. The P&C industry fundamentals are sound and there's actually underlying positive momentum in many areas. I was looking at the Hartford's 2022 for example consensus earnings forecast for example, and they've indeed decreased 13% of the kind of June, July 2020 lows with COVID uncertainty was at its peak.

So with that, why don't I pass it off to Chris to make some opening remarks as well. And then we'll get into a Q&A.

Christopher Jerome Swift {BIO 3683719 <GO>}

Thank you, Michael. It's great to be with -- Beth and I are great to be with you at your virtual conference here and we look forward to our conversations. I just thought I'd summarize a couple key facts about The Hartford that maybe investors would find helpful.

First, in spite of all the challenges in 2020, I thought the organization performed exceedingly well and persevered through a lot of challenge. In the end, we delivered over $2 billion of core earnings, a 12.7% core earnings ROE, and we are executing well on our key initiatives, including our expense savings program, The Hartford way.

The guidance we provided for 2020 from our core drivers perspective, I think, points to commercial lines ability to expand margins and grow in the topline. For personal lines, I would say, I think margins will remain healthy there, while driving patterns begin to revert to normal means going forward. And as we discussed, group benefits, first half of the year is going to be significantly impacted by what we think is going to be continued excess mortality due to COVID, but the underlying fundamentals of group benefits remain very, very, very solid.

So -- and then the last point is we have begun to execute our capital management program, which as we described is $1.5 billion of buybacks through the end of 2020. So, we feel good about returning and buying back shares to investors -- from investors. So overall -- my overall feeling that I would want investors to have is, I feel very optimistic as we head into 2021 and our ability to perform, create value for shareholders and ultimately remain a top competitor in an environment where there's a lot of good competitors out there. But, we're looking forward to a of competing every day for hearts and minds of agents, brokers and customers.

Questions And Answers

Q - Michael David Zaremski {BIO 20606248 <GO>}

(Question And Answer)

Okay. That's a great intro to kind of maybe set us up for some of the questions that I also surveyed some investors over the last couple weeks too. So some of these questions are from them. Maybe, Chris and Beth, I think most investors at a high level do understand that Hartford's growth trajectory for thinking about kind of premium and a topline growth has been steadily improving along with GDP levels lately. Maybe, you can kind of talk about some of the pluses and minuses you're seeing or thinking about in both maybe P&C and group benefits. I know there's nuances there. So we don't have to touch on every business line, but maybe the main points you'd like to get across.

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Sure. I think what we tried to say particularly in our last investor call with fourth quarter earnings, Michael, was I think you got to put everything in context to where we are today. And first, I just think about what is the macro backdrop. One, we're still in a pandemic. We're approaching hopefully 15% of our population being inoculated with the vaccine. But, they're still going to be some pressures in various sectors of our economy as we still deal with the pandemic broadly defined. Second, what I would say particularly is, for us, Beth and I have always talked about our firm being in employment centric firm, given our large presence in workers comp and long-term disability. Those lines are still performing very well from an overall profitability perspective.

But, when unemployment really spiked as it did in this second quarter and we're now just beginning to sort of build out, I mean there was a little topline pressure as people reduced payrolls, as exposures shrank. But, listen to the Fed yesterday, I'm sure like you. I mean, if the economy really can grow 6% next year, I mean that is going to put a little bit of a lift. I would say, a lot of lift particularly on jobs and wages, which again exposure should come back into our premium-based over -- building over the year. I think again most of this is probably second half of the year and that's why I think the first half of the year and the second half of the year in 2020 is going to be dramatically different.

And then third, Hartford-specific, I think you know more than the most, we've been hard at working and improving the franchise, making investments, doing M&A to add capabilities, building our own organic growth capabilities with new products and services. And I really feel like it's all coming together very beautifully next year, where our agents and our brokers really know our expanded capabilities and are looking to use more of our products in solutions with our shared customers. So you think about the industry verticals, you think about global specialty, you think of some of the improvements that we've focused on in middle market, I think all that is coming together to have a margin improvement story and a topline growth story.

One business, I would call out just because I know it gets a lot of attention is small commercial. As you know, small commercial is the gem of a business for us. We've been added for over 30 years making investments and it's a marketplace we know very well. We know distribution very well in there. We know all the fin-tech startups in a very well and watch things closely. But, I would say, that business is starting to normalize and will pivot again to top-line growth as exposures and it's payrolls come back on particularly in the second half of the year.

We're still seeing is some minor exposure shrinkage through year-end. I think, premiums were down about 1% in small commercial overall. Just again, not a bad outcome just given the environment. But, I do feel that's going to pivot back to sort of modest growth going forward and our business owners product that we've totally revamped and we think is really, really innovative is -- has grown 12 -- almost 12%, 11% in the fourth quarter. And I expect that double-digit growth rate it to continue, because it's such a revolutionary product. So that's just one example in one of our businesses, Michael.

Q - Michael David Zaremski {BIO 20606248 <GO>}

Great. And I guess on a recent earnings call an investor asked me, I think your colleague used language, said transformed middle and large commercial over the last year or two. Maybe, you can kind of touch on what that means.

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Yeah. I think the way I would describe it is, I think we finished year one of a three year process, project plan to really transform middle market from -- I'll call a couple dimensions. First, just how we underwrite product there; two, efficiency; and three, again, a little bit of growth and profitability.

On the underwriting, the weight is simply think of it is, right now I'd say slow process for us, and I think most of the middle market players out there a lot of manual activities in spreadsheets going back and forward. So, we're really ultimately looking to simplify the underwriting process with advanced data, analytics, pre-fill using digital tools to ingest data, have more common -- more commonality in our processes from agent -- to agent, ultimately, trying to reduce our speed and turnaround times, because sometimes and very complicated lines if you're quoting, workers comp and GL and property all together, it could take 20, 25 days to get back to an agent. So we're really trying to get that down, and we've gotten most of our comp turnaround time down into that 4 to 5 to 6 day time period. And speed counts in this business and ultimately, efficiency. So that's the second thing, is how can we'd be more efficient, how can we have a better customer experience for our internal employees and our agents.

And then third, the profitability actions that Doug and Mo Tooker overtook over the last 18 years. So it really tune some aspects of our middle market book, it was -- it's painful to do, right, shutting business or raising rates, but you have to if you're going to maintain or try to grow your margin. So, I would say we're largely done with that. There might be a couple little spots that we still need to tune a little bit in 2021, but that's what we mean holistically that we're trying to transform middle market in the way business gets done and ultimately, our profitability and growth profile.

A - Beth A. Costello {BIO 15349374 <GO>}

Just to be clear Chris, you said 18 years, I think you meant 18 months.

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Yeah, 18 months. Yeah.

Q - Michael David Zaremski {BIO 20606248 <GO>}

And Chris, just a follow-up, the first part of kind of these transformations to me it sounded kind of like the digitization of some of the business processes. Are you -- just curious, because it's tougher for our investors to get kind of under the hood and really understand how the brokers are transacting with the likes of Hartford? What do you say Hartford is kind of trying to be a first mover in this digitization process? Are you playing a little catch up? Just trying to get a sense of where you feel your position in that kind of middle and large commercial space?

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Yeah. It's hard for -- it's really hard for me to sort of have a good picture on just how others compete, but I would say, we're probably in the first mover cohort. There's others that I'm sure are working on things. Middle market and large commercials are very important segment to us. So as I said, over the last 18 months, not 18 years, we've been focusing a very, very keenly on improving the overall results and the business processes in that area and we're going to continue to do that. We still got two more years to go. But, committed to fundamentally changing the way we interact with our agents and brokers.

Q - Michael David Zaremski {BIO 20606248 <GO>}

Okay. Great. And I guess, I asked because I sense from speaking to some brokers that with -- on the micro commercial I call it a very small commercial, you guys are ahead of the pack, and it's an easy -- it's an easy process for them. So, maybe switching gears to the Hartford expense initiatives that are well underway, maybe you can kind of offer some insights into what are that you talk of a lot of savings that's going to benefit investors, it isn't benefiting investors. Do you -- is there any cyclycality element to this where some of it, if we get into a soft market could maybe go away or maybe even you want to give back some of the saving to the consumer to elevate your -- the natural rate of growth?

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Yeah. I'm going to let Best comment also. But I would just give you the context, Michael. We've been at this,I would say, really hard for the last five quarters now, and feel really good about where we're at. I think we said early on, I mean, we're trying to reduce expense ratios into the ranges that we've talked about. And if top-line expands, that's great, that's additional lift, that will probably drop, but if also topline gets a little soft, we still want to then extract the dollars that produce -- produces that expense ratio outcome.

So we've geared it two ways into to ultimately achieve dollars and expense ratio outcomes because that's important. We still feel again that the investments that we've made over the years in our overall operation, whether it'd be technology, whether it'd be digital, whether it'd be advanced data and analytics, those will continue. But we wanted to drop the majority of the benefits in this program to the bottom line over '21, '22. And then we can recalibrate really where we're at from overall run rate and overall investment need perspective in '23 and beyond. So I know that's looking out just probably quite a bit for some, but just to tell you our mindset.

So Beth, would you add to your perspective of the program?

A - Beth A. Costello {BIO 15349374 <GO>}

The only thing that I just would reemphasize is, we were very intentional and not just talking about this as a dollar amount of savings, but also what we expect to see from the expense ratio, because I think sometimes for investors it can be really hard to find the dollars of savings, because there's other things that can be pluses and minuses.

So, we're really anchored on that overall expense ratio improvement in P&C, and then also in group benefits. And a little bit on the loss side as well, because a part of this initiative and the savings that we're generating is going to come from how we adjudicate claims and the expense associated with that. So it really is across all areas of the company. But, the true proof as to whether or not we're making progress is going to be in that expense ratio as that is what we are focused on.

Q - Michael David Zaremski {BIO 20606248 <GO>}

Understood. And quick follow-up, were there any kind of tough elements to this in terms of attrition in people or is this kind of plan that was more on the digital kind of technology side that were tougher decisions have to be make made in terms of flattening that structured organization or something?

A - Beth A. Costello {BIO 15349374 <GO>}

Yeah. I mean, it's a combination. I mean, obviously to achieve the savings that we're talking about there are people impacts. We are a service business, and so a lot of our class our people. And so some aspects are just looking at the organization and how its structured and so forth. But, this is all about being sustained.

And so to sustain things you have to change processes you have to improve them. And so a component of this is doing that as well. That's why we were very clear in showing their some invest dollars that are going into achieving this program, because there are things that we need to invest in to -- as you commented on digitization and things of that sort that will get us to our ultimate goal.

So it's always difficult when you go through these types of initiatives, but as we look at what we think it will do for us in the long run and improving our overall efficiency, improving customer experience because again, we don't want to take any steps backwards in that area and really looking at this as a way to continue to improve that experience across all our businesses is top of mind as we look at executing across roughly over 600 individual initiative that make up this program.

Q - Michael David Zaremski {BIO 20606248 <GO>}

It's helpful. Maybe we can touch on, Chris you mentioned, we -- I think more than half of the people listening today follow you rather closely and understand that the drivers of the improved commercial P&C margin outlook. Maybe, you can kind of talk to you what's driving the improved outlook? I think some of this what we just talked about, but I think there's other elements as well.

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Yeah. I would -- I'd share in Michael, as you know, the guidance that we provided particularly in commercial -- our focus on commercial and we could talk about any other the businesses almost 3 points of margin improvement as we measured it on an underlying basis ex-COVID between years, which is pretty meaningful. If you really then peel that is the first layer, I would say approximately 2 points of that is loss ratio improvement and 1 point is expense ratio. And if you peel it even more, I think the biggest contributors in sort of rank holder our global specialty, middle market and small.

We've talked quite a bit, and that we have a large workers comp book that is performing exceedingly well. But, we don't expect -- we expect more of the same in 2021, maybe a little less negative on rate pressure in totality, but not a huge turnaround in small from a margin in perspective. Middle could be flattish to maybe slightly up, just we have a little bit more freedom of rate in middle. But, I think the margin expansion is it will be driven by obviously ex-workers comp, but mostly coming from global specialty, our specialized industry verticals some of our excess liability, our umbrella product lines and then the rest of metal market.

So again, I think the rate environment we see is still going to be healthy. A lot of different reasons for that, which we've talked about. But, I still think there is a lot of pressure on social inflation. the 10 years, people think it's spiked, but you got to put it in context it's still below 1.5%. So we're still going to be in a low environment. And, I think that's still points to a very friendly rate environment for carriers, I still continue to believe in the next 18 months, for sure.

Q - Michael David Zaremski {BIO 20606248 <GO>}

That's helpful. Maybe let's switch gears then Chris, to the group benefits. I think investors understand the mortality impacts you spoke to and it was fair for us to unfortunately look at kind of mortality rates and on our -- on the screen to get a sense of when that impact can fall off?

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Yeah. When does it stop, right?

Q - Michael David Zaremski {BIO 20606248 <GO>}

Yeah.

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Yeah. You're right. I mean, what -- we are over 500,000, that's today estimated by CDC caused directly by COVID. But again, I think what we've -- all industry participants have talked about is the concept of excess mortality due to COVID and just people not taking care of themselves during the pandemic here. And not doing the regular maintenance on a human body that is required so that you remain healthy and don't get sick, and you discover things more quickly.

So we know where we're at. I think your question ultimately is, as you said, when does it stop? I think we were transparent and clear in our earnings call at the year end that I see this as more of a first quarter impact -- first half of the year, but 75% of the impact in the first quarter. And then continuing into the second quarter. The dollar amount that we gave on a point estimate of our excess mortality, which there's a range around but sometimes it's easier for investors just anchor around a point estimate is a $160 million of excess mortality, again occurring mostly in the first half of '21. So, I think that's where we're at.

And all the data that I follow and I'm sure you're do too is, the vaccines are beginning to bend the curve of infections. Death rates will follow, but you could see them particularly after the holiday season and I consider in a holiday season basically in November and in December. There was a spike, and now that that's spike starting in to come down. So there's an encouraging signs, but again, we still have to keep our guard up as a nation, as individuals and contribute to that overall healthy environment and recovery from COVID.

The only watch item is the multi-variants that are coming out of a different parts of the world and is there a second spike due to the variations of -- in the mutations on the virus, I don't know. But, I still think this is a first half of the year or first half of '21 issue, and we should be in a much better position as we revert back to normal in the second half of '21, Michael.

Q - Michael David Zaremski {BIO 20606248 <GO>}

Understood. And just one -- yes, sorry Beth. Go ahead.

A - Beth A. Costello {BIO 15349374 <GO>}

I just want to add to that, because I know the question was specific to group benefits and the comments that we made about our expectations for 2021. But as a reminder, we do still expect to see some impacts in the P&C lines as well, I mean provided an estimate of that and just like group benefits we'd expect that to be more heavily weighted to the first half of the year, and to the first quarter just given what we're seeing.

Q - Michael David Zaremski {BIO 20606248 <GO>}

And just one nuance, is there any IBNR concepts in group benefits similar to P&C where you're kind of maybe trying to front-load maybe some of the impact that might even take place and this second half of the year?

A - Christopher Jerome Swift {BIO 3683719 <GO>}

I'll let Beth. Again, we've talked about our accounting quite a bit as a reformed accountant. I mean, you have a concept of IBNR in life insurance, but it's when you cut off on a quarter or month end, you try to estimate what you think the deaths were that occurred during that quarter or during that month. We don't reserve for death that are going to occur in April or May, at this point of time, Michael.

Q - Michael David Zaremski {BIO 20606248 <GO>}

Okay, understood. And maybe if we talk about group benefits, the guidance excluding kind of COVID impacts. I think the margins still look fairly excellent, but maybe a little bit below last year's guidance. Is that -- am I remembering correctly maybe can kind of talk to some of the nuances, what drove that?

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Yeah, you're playing Colombo on me. Do I remember correctly? Of course, you do. I mean, you know our numbers. So yeah, what we've said is, ex-COVID the midpoint has come down by 0.5 basis point or a 0.5 point -- half a full point, over the year. And this is primarily due to what we think is going to be less favorable development both on the LTD book and the life waiver book.

And again, you have to put that in the context of we still are sitting on and it can generate healthy margins, but the margins that were generated over the last three, four years were exceptionally strong, just particularly due to incidence rates and recoveries happening at a much faster rate from a recovery side or lower incidences than we had price for, reserved for initially. So, that's what's contributing to contributing to all the positive prior year development, which I just don't think it's going to occur at the same rate that we have in the past.

Then, the last point would be just a lower rate environment. That'sa loan duration liabilities LTD, so rates coming down and it does have a little bit of a compression. But, you put it into context, I mean this is still a strong double-digit low to mid -- double-digit range ROE business -- that -- again we're one of the -- I think the top two players -- the top two largest players in the business. We're growing our voluntary capabilities. We have strong distribution relationships and a brand that people recognize and trust in the benefits place, which I think all bodes well for us. And particularly as payrolls come back, I think again we can begin to recover growing our top line in '21.

Q - Michael David Zaremski {BIO 20606248 <GO>}

That's helpful. Maybe moving to Beth to investment income. I think it was a positive surprise on the 4Q call when you kind of talked about the overall yield pressure being around 10 basis points in '21 verses '20. Are there any shifts to making the portfolio and this is the core fixed income portfolio to kind of offset the loan strain environment?

A - Beth A. Costello {BIO 15349374 <GO>}

Yeah. So one thing just to be clear, what my reference the 10 basis points, I was talking about what we generated in the fourth quarter. And so obviously, fourth quarter was a little bit lower than what the full year is. And yeah, I mean I think as we look at just our overall asset mix, nothing significant that we're changing a little bit on the margin. And I guess if you look at full year '20, what we'd expect in full year '21, I'd also remind you that for a portion of the year we were caring elevated liquidity just as we were managing through the pandemic and that had a little bit of impact on our reported yield for the overall year for '20.

But, I would not call out any significant changes in the concert of our portfolio our HIM Co folks, continue to look for opportunities to make sure that we're getting the right yields that we need and obviously with the mindset of not taking undue risk. We don't want to put outsized risk on the portfolio because we've been really pleased to see how its performed from a credit perspective through this period. So again, nothing particular I would call out.

Q - Michael David Zaremski {BIO 20606248 <GO>}

All right. Next question. I'd say a lot of investors feel the Hartford stock is very attractive from a valuation standpoint. And thus, sometimes ask why doesn't Hartford kind of exclusively gear capital management towards buybacks and why do they just door need to be left open for M&A? So I don't think -- Chris that's probably I have a question for you.

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Yeah. No, Beth and I will cover it. I understand the question and I think we've been pretty clear. Over a longer period of time we've always had a balanced capital management, philosophy. But more recent periods in the context of your real question is what else do we think we need to do from a competitive side to continue to grow our franchise and I think we have all the capabilities inside the four walls of the organization today. We need to mature it, need to make sure all our agents and distribution partners know our full capabilities. But that's internal activities and blocking and tackling, and it's hard work and the team is working hard to do that.

But I really don't feel like there's any gaps in our profile that we should fill in your vis-a-vis M&A. And we've said we want to be able to grow. So incrementally that's going to take some level of capital. It's not a lot if we're going to try to grow over the next couple of years in this environment. We've just raised the dividend, which we've been a consistent razor of our if I could say it that way of our dividend. And we announced a $1.05 billion program over two years and as we know in the property and casualty business, there's a lot of variables and a lot of unknowns, right? Who would have forecast what just happened in Texas. We still have a lot of natural perils we are exposed to.

So I would not want investors thinking that we're not committed to doing our buyback program, because there's some alternative motive. That said, look we're always going to be aware of what's happening in the marketplace. And if there's ways that through M&A that can add value and create value from a financial side, we'll consider that. But as I said, that's a lower priority right now, just given what we're focused on and what we've been able to achieve over the last couple of years in building out organically or through acquisitions our products sets and capabilities. So that's what I would say.

Q - Michael David Zaremski {BIO 20606248 <GO>}

Maybe, since you brought up Chris, Texas, I know it's very early days, very wide band of what the entry loss could be. Anything you'd like to comment on what Hartford is seeing so far. I think some people were surprised that some forecasters are saying could be just as much commercial as personal ones?

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Yeah, I would and Beth can add her perspective. I would say yeah, first, it's just a major event that again started basically if you think about it in the Northwest that you have seen snow. I used to live in Houston. So seeing snow in Houston and down in Galveston and the beach it's just a sort of amazing. And then obviously now things continued into the mid-Atlantic area. So a huge multi-day event that is both personal lines affected and commercial lines. So I think the counts that we would have in right now particularly in Texas, I would say, Beth it's somewhat 50-50, personal lines and commercial lines right now. And we'll have to be a watch how that develops in across different parts of the country, but yeah, truly a horrific event from another human toll perspective, but also from some significant property damage, primarily due to freezing.

Q - Michael David Zaremski {BIO 20606248 <GO>}

And with this being event that potentially you could utilize some of your reinsurance partners protection or too soon to say?

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Yeah, I wouldn't want to speculate, Beth, but I would say that depending on levels of loss it's why we buy reinsurance and we've structured, call it, deductibles in various retention levels to take into account these types of events. So Beth, I don't know if you want to describe our reinsurance program again.

A - Beth A. Costello {BIO 15349374 <GO>}

Yeah. I mean again, I think that there is a very high likelihood that we would see some recoveries under our reinsurance programs. And we provide pretty good I think disclosure on our 10K that lays it all out. I'm primarily focused on that layer that's the 100 -- the 250 excess of a $100 million. It's kind of hard at this point to see us getting all the way up to where that $350 million layer starts to work in. But as Chris says, early days and the way that our reinsurance program works these -- this event would be covered by that layer that we have. So we'll just have to wait and see.

Q - Michael David Zaremski {BIO 20606248 <GO>}

Thank you.

A - Beth A. Costello {BIO 15349374 <GO>}

And I should remind you on that layer that we have that's 250 excess of a 100, we do have a $50 million deductible on that. So for our first event you really kind of think about losses up $150 million and then it would seed it into the quota share.

Q - Michael David Zaremski {BIO 20606248 <GO>}

Okay. Yeah, you have very good disclosure on that. Okay. Maybe both, we have a few minutes left, we'll touch on personal lines. I'll throw a couple questions as you can choose. You did mention new AARP products being launched. So if it's too early feel free -- just well be able to wait a couple months. But also just kind of curious about is the pandemic throne kind of cause you guys to create a new playbook for how to kind of price the business to try to maybe I don't know, if some of your clients are asking for a discount or you feel deserve discounts? Just a more broad question.

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Yeah/ Let's tackle the AARP one first because it's actually quite exciting and I understand the second point of the question, it's no less important. But I think the context here for this Michael is it we struck a new 10 year arrangement with AARP, I think through the end of 2032 now really with the idea of recommitting to one another.

And fundamentally, we thinking principle tenants in the program that has been very successful over the past 30 years. But ultimately, both parties agreed that we probably needed to modernize the program, modernize it from the importance of lifetime continuity agreements, modernize it for six month auto policies so that we could have a broader filter of people that we could filter into the organization and ultimately see how they perform and take more rapid actions in managing your book than we did with 12 month policies and likewise.

The homeowners your product is a good product. We have a decent sized book of business, but modernizing that so that LCAs lifetime continuity agreements aren't down there. Again, all with the idea of how can our both organizations commit to grow faster and capture more natural market share of their membership base. So, our first two products, our first two states will roll out here by the end of March. Auto will fast follow what with homeowners in those two states by June. I think there's another 7 or 8 states that would happen in the second quarter.

And ultimately, we got states and territories to roll products out to, and I think that is scheduled to happen through the end of '22. I think we could get it done by the end of '22, but you never know with various regulatory approval and timelines there. So, that's our objective and I think then we could start to more effectively grow, given that we have more flexibility and how we think about attracting customers. Because, our ability to generate quotes and responses with our direct marketing to the AARP channel was -- is very good. Just our hit ratios given some of the constraints on the program, just what weren't high enough. So as we loosen some of those constraints up because, then we have more ways to manage once they're a customer, I think will contribute greatly to a higher growth rate going forward.

Lastly, we really -- both organizations AARP and the Hartford are focused on the 50 to 65 year old demographic. So, we'll have to wait a little bit for you, Michael. But, that is a growth area and if you're going to try to grow in that area, you're going to have to deal with youthfuls at home, you're going to have to deal with teenage drivers. And again, we're prepared to do that when we think about our underwriting, we think about data, we think about pricing, all of it is just modernizing the program focused on a broader segment of the AARP membership base.

Q - Michael David Zaremski {BIO 20606248 <GO>}

That's helpful. I think we'll leave it at that. And I really appreciate your insights, Chris and Beth. And thank you everyone for tuning in and wishing you a good rest of the quarter and we will speak soon.

A - Christopher Jerome Swift {BIO 3683719 <GO>}

Great. Thank you for having us, Michael.

A - Beth A. Costello {BIO 15349374 <GO>}

Thank you.

Q - Michael David Zaremski {BIO 20606248 <GO>}

Thank you.