S&P Capital IQ

CONTENTS

CNA Financial Corporation NYSE:CNA

FQ2 2017 Earnings Call Transcripts

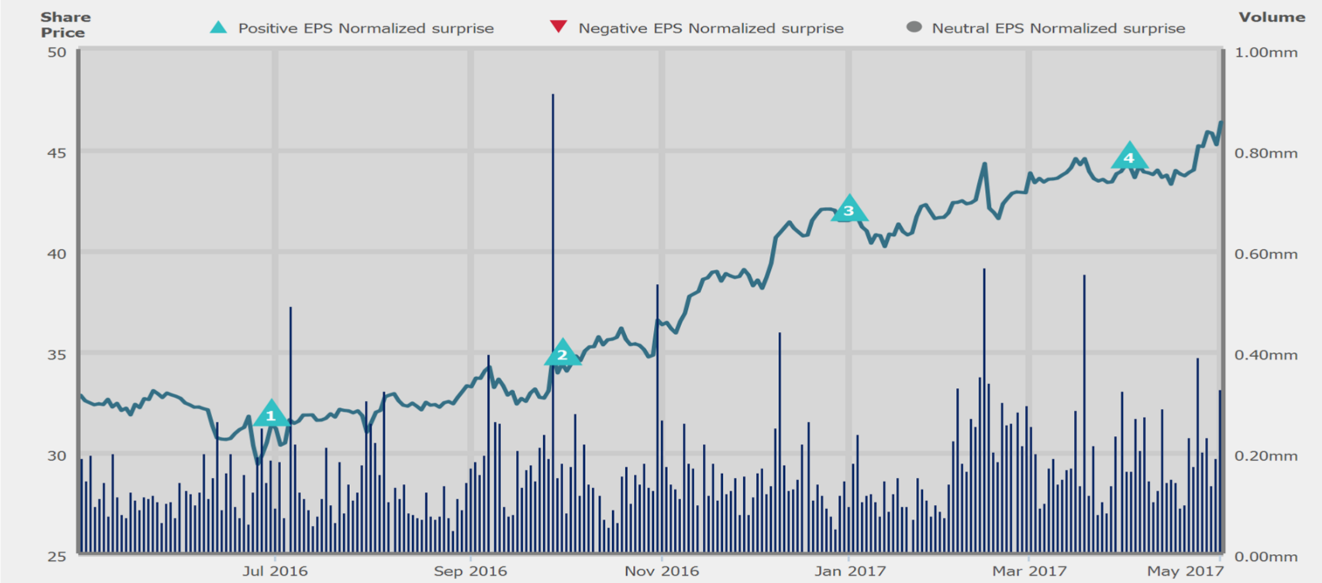
Monday, July 31, 2017 2:00 PM GMT

S&P Capital IQ Estimates

	-FQ2 2017-			-FQ3 2017-	-FY 2017-	-FY 2018-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.76	0.88	▲15.79	0.89	3.28	3.19
Revenue (mm)	1706.00	1702.00	▼(0.23 %)	1670.00	-	6808.00

Currency: USD
Consensus as of Jul-31-2017 12:44 PM GMT

Stock Price [USD] vs. Volume [mm] with earnings surprise annotations



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ2 2016	0.71	0.74	▲1 4.23 %
FQ3 2016	0.82	1.15	▲2 40.24 %
FQ4 2016	0.79	0.82	▲3 3.80 %
FQ1 2017	0.79	0.87	▲4 10.13 %

Call Participants

EXECUTIVES

D. Craig Mense
Chief Financial Officer and Executive Vice President

Dino E. Robusto
Chairman & CEO

James M. Anderson
Senior Vice President of Financial Planning & Analysis and Corporate Development

ANALYSTS

Cliff Gallant

Jay Adam Cohen
BofA Merrill Lynch, Research Division

Jeffrey Schmitt

Joshua David Shanker
Deutsche Bank AG, Research Division

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Robert Ray Glasspiegel
Janney Montgomery Scott LLC, Research Division

Presentation

Operator

Good day, and welcome to the CNA Financial Corporation Second Quarter 2017 Earnings Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Mr. James Anderson. Please go ahead, sir.

James M. Anderson
Senior Vice President of Financial Planning & Analysis and Corporate Development

Thank you, Sheila. Good morning, and welcome to CNA's discussion of our 2017 second quarter financial results. By now, hopefully all of you have seen our earnings release, financial supplement and presentation slides. If not, you may access these documents on our website, www.cna.com. With us on this morning's call are Dino Robusto, our Chairman and Chief Executive Officer; and Craig Mense, our Chief Financial Officer. Following Dino and Craig's remarks about our quarterly results, we will open it up for your questions.

Before turning it over to Dino, I would like to advise everyone that during this call, there may be forward-looking statements made and references to non-GAAP financial measures. Any forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the statements made during the call. Information concerning those risks is contained in the earnings release and at CNA's most recent 10-Q and 10-K on file with the SEC. In addition, the forward-looking statements speak only as of today, Monday, July 31, 2017. CNA expressly disclaims any obligation to update or revise any forward-looking statements made during this call. Regarding non-GAAP measures, reconciliations to the most comparable GAAP measures and other information has also been provided in the financial supplement.

This call is being recorded and webcast. During the next week, the call may be accessed on CNA's website.

With that, I'll turn the call over to CNA's Chairman and CEO, Dino Robusto.

Dino E. Robusto
Chairman & CEO

Thank you, James. Good morning, everyone. It's a pleasure to share our second quarter results with you this morning. We are pleased with our quarter and the progress we are making. Our P&C underlying combined ratio was on par with the best quarters that we have posted in the past 10 years, driven by improvement in our underlying accident year loss ratio. Additionally, our expense base was lower than a year ago. We also benefited from lower large loss activity, avoided outsized catastrophe losses and had favorable prior period reserve development. Core investment income remains steady, while limited partnership income was down this quarter. And our long-term care business continues to perform slightly better than breakeven.

But before we go into more detail on our results, let me give you the latest installment on our operational progress. Going back to our earnings call for the fourth quarter of 2016, I described the goal of growing underwriting profits by creating an enduring underwriting culture here at CNA, which would close the gap between CNA's historical combined ratios and those of our best-performing peers. Achieving that improvement requires pulling all the underwriting leverage that are available to us. We began that work in earnest in the first quarter.

On our first quarter call, I highlighted 3 key points: first, creating and filling the new role of Chief Underwriting Officer to further strengthen our underwriting governance and develop more profitable growth opportunities; second, the reenergizing of the dialogue with our agents and brokers regarding CNA's value proposition; and third, improving our talent. Let me take a few minutes to give you an update on our activities in the second quarter, starting with talent.

You may have seen our press release in May announcing Kevin Smith as the new leader of our Specialty business. Kevin's deep industry expertise is bringing a heightened underwriting focus and energy, which will further strengthen our value proposition across our diversified Specialty portfolio. His leadership is already facilitating more opportunities in the segments and lines of business where we enjoy a meaningful competitive advantage and commensurate profitability.

Similarly, we announced Nick Creatura as our new President of CNA Canada. Nick's extensive industry experience in the Canadian marketplace will also lead to improved performance of an already high-performing operation.

More broadly, we have continued to improve the level of talent across the organization through continued technical training and the best practices communication in all areas of the organization, as well as hiring proven talent across the supply chain, particularly in the underwriting and claim functions.

The newly formed Underwriting Committee has taken hold and we are beginning to see the benefits of tighter collaboration among underwriting, claim, risk control and actuarial, including a more structured underwriting audit process that is providing a strong feedback mechanism to our front-line underwriters.

Equally important to the activities we are doing internally to make ourselves better, we continue to gain traction with our distribution partners. In traveling to our branch locations across our global footprint and meeting with agents and brokers, I am hearing strong support for a reenergized CNA. But talk is one thing. What really gets me excited is when we get the opportunity to quote on high-quality accounts that historically have not been available to CNA. This is starting to happen as our partners gain confidence in the clarity and consistency of our appetite, our expertise and our ability to execute. Our entire underwriting management team is highly focused on building upon these recent successes.

New business is only up mid-single digit year-to-date, which is not significant, but important because the quality of those accounts is better than it had been. Although encouraging, sustainable momentum in growing our target segments takes time to fully unfold. After all, broker and agent relationships don't turn on a dime. In some cases, we are only winning a part of an account, but as we continue to improve our underwriting execution, agents and brokers will become increasingly aware of our capabilities, expertise and appetite, which in turn will strengthen the momentum.

As we continue to make strides in underwriting, we are similarly focused on the expense ratio. Our year-to-date underwriting expense is 6% below the first half of 2016, and we continue to find areas to save. This has been achieved even though we have made investments to fortify our future in the areas of talent acquisition and technology, as well as to achieve longer-term savings. It is also important to note that we do not need to grow our infrastructure in order to grow premium. So as we continue to gain traction in the marketplace, we should see some incremental expense ratio improvement.

With that, let me make a few high-level comments on our second quarter financial results, and then Craig will provide additional detail by business unit. Net operating earnings were $239 million or $0.88 per share in the second quarter of 2017 compared with the 2016's second quarter results of $201 million. Operating return on equity was 8%. Our P&C business generated a 93.5% combined ratio in the second quarter, nearly 4 points better than 2016 second quarter results. Our underlying combined ratio was 94.6%, more than 3.5 points better than the second quarter of 2016, primarily driven by the loss ratio. Craig will get into the specifics, but I'd like to highlight that about half of the improvement in the underlying loss ratio is due to relatively benign large loss activity compared with the last several quarters, essentially some good luck, which we acknowledge. And the other half is a recognition of a continued improved frequency and severity trends that we have seen in parts of our Commercial and Specialty segments.

Similar to my first quarter observation, the P&C marketplace in the U.S. remains competitive but stable, with terms and conditions essentially rational. Within that context, our P&C net written premiums grew 5%, including written renewal premium change of nearly 2 points, [which is] consistent with our loss cost trends driven by exposure growth and essentially flat rate. We also had strong retention and modest but quality new business growth in the quarter.

Our Life & Group segment had net operating income of $5 million for the quarter, continuing to be near breakeven since 2015's unlocking event. For long-term care, favorable morbidity trends continue to exceed expectations. Overall, the long-term care book continues to perform as anticipated, and we are continuing to get approval for needed rate actions from many state regulators.

We're also pleased to announce that we are raising our regular dividend by 20% to $0.30 per share. Since instituting the quarterly dividend in 2011, we have increased it based on confidence in our earnings power. In light of our results in recent quarters and the expectation of continued improvement in our operational execution, we believe this is the right time for such an increase.

With that, I'll turn it over to Craig.

D. Craig Mense
Chief Financial Officer and Executive Vice President

Thanks, Dino. Good morning, everyone. Our second quarter 2017 net operating income of $239 million and net income of $272 million are much improved from last year's second quarter results. Underwriting profit was the story this quarter.

Our Property & Casualty Operations produced net operating income of $261 million, 14% above the prior year quarter. Notably, our improving underwriting discipline is evident in P&C Operations' underlying loss ratio of 60.5%, which is nearly 3.5 points better than the second quarter of 2016 and more than 2 points better than where we ended the full year 2016. In addition, we benefited from $55 million of favorable loss reserve development and a lower level of cat activity. Our expense ratio of 33.8 is almost 0.5 point lower than the prior year's quarter and 1 point better than our 2016 full year result.

Our Specialty segment had another strong quarter with a calendar year combined ratio of 89.9%, including a 57.7% loss ratio, which reflected nearly 4 points of favorable net prior year development. The favorable loss reserve development of $23 million was driven by a number of our professional liability products, predominantly across accident years 2013 through 2015 where we've seen improved loss trends and experienced favorable claim outcomes. Specialty's underlying combined ratio for the quarter was just below 93%, 1 point better than the prior year's second quarter, driven by underlying loss ratio improvement, reflective of the professional liability trends that I just mentioned and a lower level of large losses. The same relative comparison is true of Specialty's year-to-date underlying combined ratio of 93.9%, which is more than 1 point better than 2016's full year result, again driven by loss ratio improvement. Specialty's net written premiums were up 4% in the quarter, with growth led by surety and professional and management liability. Renewal premium change was up about 1.5 points, with rate up 1 point in the quarter. Retention remained very strong at 88%.

Our Commercial segment's calendar year combined ratio of 95.1% was among the best in the last 10 years. Commercial's underlying combined ratio was 94.5%, more than 3 points better than the prior year's quarter and also among the best results over the last 10 years. The underlying loss ratio of 59.4% was more than 2 points better than last year's second quarter and was driven by a lower level of large loss activity and improvement in workers' compensation. Over the past several years, we have been seeing improved frequency trends and benign severity in workers' comp, but given its long-tail nature, we wanted to wait until we were confident that trends were sustainable before acting on them. Our reserve review this quarter strongly reinforced these assessments. Our recognition of these trends in workers' comp is the driver of our favorable loss reserve development of $34 million, which was spread across accident years 2013 through 2016, as well as our lower accident year loss ratio. The expense ratio of 34.5% was more than 1 point better than the prior year period. Commercial's net written premiums in the quarter were up 4%, driven by our middle markets business. Renewal premium change was nearly 2 points, with rate flat and exposure growth of 2%. Retention was 82%.

Our International segment generated a calendar year combined ratio of 100% this quarter, a significant improvement over last year's calendar year combined ratio of 118.6%. This quarter's result is in line with International's 2016 full year calendar combined ratio of 99.1%. This year's quarter benefited from no catastrophe losses. Prior year reserve development was insignificant in the quarter and the underlying combined ratio was 101%, a favorable comparison to second quarter '16's underlying combined ratio of 115.3% and International's full year 2016 underlying combined ratio of 102.9%. International's net written premiums were up 13% with growth coming from CNA Hardy's relatively new health care and technology business and its well-established energy and marine specialisms as well as broadly across our Canadian business. Having said that, it's important to remember these growth percentages reflect a small base of premium in the individual geographies. For example, double-digit growth in Canada translates to an increase of only $8 million for the quarter. Rate was flat and retention showed slight improvement through recent quarters.

Our Life & Group business produced $5 million of net operating income this quarter, an outcome consistent with the last few quarters and our expectations. The favorable morbidity that Dino mentioned was driven by lower severity. Pretax investment income was $475 million in the second quarter compared with $502 million in the prior year quarter. Income from our fixed maturity portfolio was $457 million compared with $449 million in the prior year quarter, reflective of a higher invested asset base and steady yields. Our limited partnership portfolio had a relatively weak quarter, producing $16 million of pretax income, a less than 1% return, compared with $46 million of pretax income in the prior year quarter.

Our investment portfolio's net unrealized gain was $3.1 billion at quarter end, a 14% increase since the end of the first quarter.

The composition of our investment portfolio is relatively unchanged. Average credit quality of our fixed maturity portfolio remained at A. Fixed income assets that support our traditional P&C liabilities had an effective duration of just under 4.5 years at quarter end, in line with portfolio targets. The effective duration of the fixed income assets, which support our long-duration Life & Group liabilities, was 8.7 years at quarter end, which continues to reflect both the low interest rate environment and our tactical decisions.

At June 30, 2017, shareholders' equity was $12 billion and book value per share was $44.39 a share, an increase of 6% since December 31, adjusting for the $2.50 of dividends. Shareholders' equity, excluding accumulated other comprehensive income, was also $12 billion. Book value per share x AOCI was $44.26, a 4% increase from year-end 2016, adjusting for the $2.50 of dividends paid. More notably, the year-over-year increase was just under 10%, adjusting for the $3 of paid dividends.

Cash and short-term investments at the holding company were $534 million at quarter end. In the second quarter, operating cash flow was $233 million. We continue to maintain a very conservative capital structure. All our capital adequacy and credit metrics are well above our internal targets and current ratings.

With that, I'll turn it back to Dino.

Dino E. Robusto
Chairman & CEO

Thanks, Craig. Before we move to the question-and-answer portion of the call, let me leave you with some summary points. We continue to make fundamental underwriting improvements across the business.
The second quarter underlying combined ratio of 94.6% was one of our best in the last 10 years. Our underlying loss ratio was 60.5%, an almost 3.5 point improvement from last year's second quarter. The expense ratio is nearly 0.5 point lower than a year ago. We are earning more opportunities to quote on high-quality accounts from our agents and brokers. Our long-term care business continues to be stable and executing efficiently. We have increased the quarterly dividend to $0.30 per share.
With that, we'd be glad to take your questions.

Question and Answer

Operator

[Operator Instructions] Our first question comes from Josh Shanker with Deutsche Bank.

Joshua David Shanker
Deutsche Bank AG, Research Division

If I listen to your peers for the most part over the past week, 1.5 weeks, this quarter has been typified by a -- experienced a -- of a high frequency of larger-than-usual losses creating a headwind in terms of loss ratio. For you guys, you talked about a little bit of luck here and there, that this was a breadth of having those types of losses, which is kind of counter to everybody else. Do you think there's underwriting involved in this? Do you think this is a -- this is just a luck situation? Why are your results, I guess, coming out differently than everybody else's for this quarter?

Dino E. Robusto
Chairman & CEO

Josh, hi, it's Dino. I mean, I think it's -- we said in the prepared remarks, pretty well captures it, right? You sort of bifurcate on the loss ratio improvement. And as we said, a part of it, a little bit less large loss activity. We look at it against a historical comparison. We see it's a little bit less. So you might be prudent to assume that in some subsequent quarter, you might get a little bit of a reversion there. And so it's in that vein that I acknowledged essentially a little bit of luck, but then the other half being benign trends that we have been seeing in both frequency and severity across Specialty and Commercial. And with our continued intense focus on building an underwriting culture, that's where we think we're going to continue to see the improvement.

Joshua David Shanker
Deutsche Bank AG, Research Division

Okay. And I don't mean to take away from underwriting, but I guess this question is for Craig. I was a little surprised at the weakness in the limited partnerships this quarter. I guess, one, is this an anomalistically light quarter? It wasn't such a bad quarter for the market would be the first question. And two, in terms of intellectual capital at CNA, is limited partnership a class that you're putting money to work in right now for future returns? How do you think about that?

D. Craig Mense
Chief Financial Officer and Executive Vice President

Josh, I'd say that it's just -- it's reflective of the makeup of the portfolio. Remember, I said last quarter that we had kind of diminished the long equity bias of the portfolio. And I suggest you look more at the year-to-date returns, which are 4.5%, which are pretty much in line with what I think we've told you and others we would expect from that portfolio, something around 7% to 8% return on an annual basis. So I think -- and remember also the makeup of this portfolio of ours is only 30% is private equity and real estate and 70% is hedge funds. And it's all -- 80% of it is real-time mark-to-market. So [I don't think] there's anything unusual there. And I think we also, maybe a year ago, I can't even remember how long ago calls told you that we were reducing our allocation to hedge funds because we thought it was more difficult for them to provide differentiated returns, given it had become a slightly more crowded space. I hope that's helpful.

Operator

Our next question comes from Bob Glasspiegel with Janney.

Robert Ray Glasspiegel
Janney Montgomery Scott LLC, Research Division

Following up on Josh's question then, where Loews mentioned that gold was a pressure sort of in their corporate investment portfolio. Do you have some exposure to gold as well?

D. Craig Mense
Chief Financial Officer and Executive Vice President

We have a small exposure to gold in the LP portfolio.

Robert Ray Glasspiegel
Janney Montgomery Scott LLC, Research Division

But that didn't drive the minus underperformance at all?

D. Craig Mense
Chief Financial Officer and Executive Vice President

No, no, no. It's not over -- we're not -- we have no overweighting to that. It's a small part of the healthy -- of the over $2 billion of LPs that we own.

Robert Ray Glasspiegel
Janney Montgomery Scott LLC, Research Division

Got it. And on the long-term care favorable morbidity, could you give us a little bit more color on what you saw in the quarter?

D. Craig Mense
Chief Financial Officer and Executive Vice President

Well, as I said, it was severity driven, meaning that what we saw really was duration of claims being less than we had anticipated and built on our expectations. And that's because people were recovering faster than we anticipated; or mortality, so to say, why mortality was up a little bit more than we anticipated.

Robert Ray Glasspiegel
Janney Montgomery Scott LLC, Research Division

And we're sort of halfway through the year and you've got those sort of 4 things that you look at that drive sort of the long-term care reserve. It seemed like you were emphasizing you're being pleased with pricing a little bit more than you thought. Is that going to be a positive delta if this continues to play out through the year?

D. Craig Mense
Chief Financial Officer and Executive Vice President

Well, I'm not sure. If I'm understanding your question correctly, Bob, you're asking if rate increases are positive. Yes, I would expect the rate increases will be a -- they will be a positive towards margin improvement over the course of this year. But having said that, I think it's way too early to start speculating about what the outcome of our fourth quarter claim and life reserves outcome is going to be.

Robert Ray Glasspiegel
Janney Montgomery Scott LLC, Research Division

Never too early to get me to -- get you to try to speculate on that, Craig.

D. Craig Mense
Chief Financial Officer and Executive Vice President

I was expecting that, Bob.

Robert Ray Glasspiegel
Janney Montgomery Scott LLC, Research Division

I appreciate that. And the fact that I'm focusing in on partnerships and long-term care means that the PC quarter was good and don't have any questions there.

Operator

Our next question comes from Meyer Shields with KBW.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Dino, you mentioned a couple of times that the new business you're writing now is higher quality. I was hoping you could explain what that means. Is that better loss propensity, lower loss ratio or something else?

Dino E. Robusto
Chairman & CEO

Yes, I mean, I think it's a couple of dynamics. I mean, clearly, good underwriters and good underwriting governance, which we've been spending a lot of time on can clearly identify the quality of the new business. But we also -- we see it, right? We see in the terms and conditions that we can achieve. We see it in the historical loss experience. We see it because we are using risk consultants up front more on prospective accounts so we can get the detail on the exposures before we quote it. And the last sort of dynamic or vector is we have new underwriters that have joined the organization. And you bring in that additional underwriting talent they have from their past exposures to other businesses and familiarity with them. And so you put all that together and we can identify that we've seen some very high-quality new business. Now as I said, right, you don't win at all. And in some cases, you only win a piece of it. But we're getting more of the opportunity or earning the opportunity, if you will, to see more quality business. And as we continue to improve our performance, our execution, how we message our appetite to the distribution network, hopefully, we'll get to see a few more wins.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay, that's very helpful. And one question for Craig, I guess. If you could explain the tax rate in Life & Group? I apologize if I missed that before.

D. Craig Mense
Chief Financial Officer and Executive Vice President

It's just a reflection, Meyer, of the heavy concentration we have in tax-exempt municipals in the investment portfolio.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay, so just it's being recorded in that segment? No, I'm sorry, [erase] that segment. Okay, I think I got it.

Operator

Our next question comes from Jay Cohen with Bank of America Merrill Lynch.

Jay Adam Cohen
BofA Merrill Lynch, Research Division

Most of my questions have been answered, one just kind of numbers question. In the Commercial segment, it looked like the acquisition expense ratio was the lowest we've seen in, I don't know, looks like 8 or 9 quarters, just eyeballing it. And I'm wondering if there was anything unusual there. Is this normal variability or a function of maybe business mix changing?

D. Craig Mense
Chief Financial Officer and Executive Vice President

No, there was a -- well, there were a couple of -- there was a little small help there. But what you're really seeing is a lack of any aberrant other impacts, remember, with no adjustments from anything else in previous quarters.

Jay Adam Cohen
BofA Merrill Lynch, Research Division

Got it. But should we look at this number maybe being a little bit lower than normal run rate?

D. Craig Mense
Chief Financial Officer and Executive Vice President

Yes, slightly lower.

Operator

[Operator Instructions] Our next question comes from Jeff Schmitt with William Blair.

Jeffrey Schmitt

Quick follow-up on the large losses. Are you saying you're seeing those fewer number or the average sizes, is it a frequency or severity issue there?

D. Craig Mense
Chief Financial Officer and Executive Vice President

I think it's a fewer number of large losses. Now remember, you can add one other thing in there, that it's -- we have a heavier casualty book and not a first party book. That's maybe part of the other explanation for the difference between us and others. But maybe go on to say as Dino, half of the improvement in the accident year in Commercial, but it was less than really 1/3 of the improvement in Specialty. So I don't want to overemphasize the large losses. But we did want to just point out that we did have a bit of what we thought would be good luck relative to what our expectations for level of large losses will be in the portfolio.

Jeffrey Schmitt

So I presume luck, you're just meaning natural variability.

D. Craig Mense
Chief Financial Officer and Executive Vice President

Yes, exactly.

Jeffrey Schmitt

How much do you think though is driven by any changes in the legal environment? Is that a part of this?

D. Craig Mense
Chief Financial Officer and Executive Vice President

I don't think any.

Dino E. Robusto
Chairman & CEO

No. Yes, across 1 quarter.

Jeffrey Schmitt

Okay. And is there any more color you can provide on the workers' comp space, what you're seeing there in terms of rate and loss cost trends? Obviously, it sounds like it's trending well.

D. Craig Mense
Chief Financial Officer and Executive Vice President

Yes. I mean, it's trending very well and we've been seeing the benign frequency trends or negative trends continue for a long period of time. I think you've heard that really across the industry. Another factor that we've noticed for a while has been -- and we're recognizing in the loss -- in both our reserves and our loss ratio [pick] this quarter is that medical costs have also been declining. So that's a function of we look at the cost per pharmacy visit being down, the costs per doctor visit being down, the number of doctor visits being down. Now we would attribute that partially to being the impact. And we see it more pronounced in California where there was reform in 2014, but it's pretty broadly based across geographies. So -- and then as far as rates ago, one of the things we mentioned this quarter was renewal price change. You can see that we're getting some earned exposure, so about a point or so of earned exposure. That, too, is kind of helping with loss cost, offsetting loss cost trends.

Operator

We will take our next question from Cliff Gallant with Philadelphia Financial.

Cliff Gallant

I was curious about -- as you go on the road and you talk with distribution within your agents, what kind of things are you hearing from them? Are there any consistent demands on their part or concerns that you could share with us?

Dino E. Robusto
Chairman & CEO

No, I don't think it's really about concerns. I think it's they're clearly happy that they're seeing a re-energized CNA. And I believe I've referenced it before. I mean, agents and brokers always want to have the sort of largest number, the broadest cadre of underwriting specialists, right? That sort of bring tailored products and services to whatever target segments they go after. And so as we go out there, our underwriters -- but also the executives talking about the appetite, talking about our capabilities, talking about our performance. In fact, one of the things we do when we're out traveling to them is we give them specific examples of the types of businesses that we insure and do. Because one of the things that can happen or it's potentially happened after a sort of protracted period of re-underwriting and retrenchment, what ends up happening is agent brokers can lose sight of what it is that we all can do. And so they might know what's for one segment like health care or technology, but the reality is, these are very sort of multisegment large agents and brokers that have a lot more potential for us. So they're clearly welcoming of the opportunity. And there's always business that gets remarketed, even quality business for a host of different reasons. And so they welcome the opportunity to have CNA come to the table. And that's really what the dialogue is mainly about.

Operator

And there are no further questions. I will now turn the call over to Mr. Dino Robusto for closing remarks.

Dino E. Robusto
Chairman & CEO

Great. Thank you very much, everyone, and we'll talk to you in a quarter.

Operator
That concludes today's conference. Thank you for your participation. You may now disconnect.