S&P Global
Market Intelligence

Intact Financial Corporation TSX:IFC

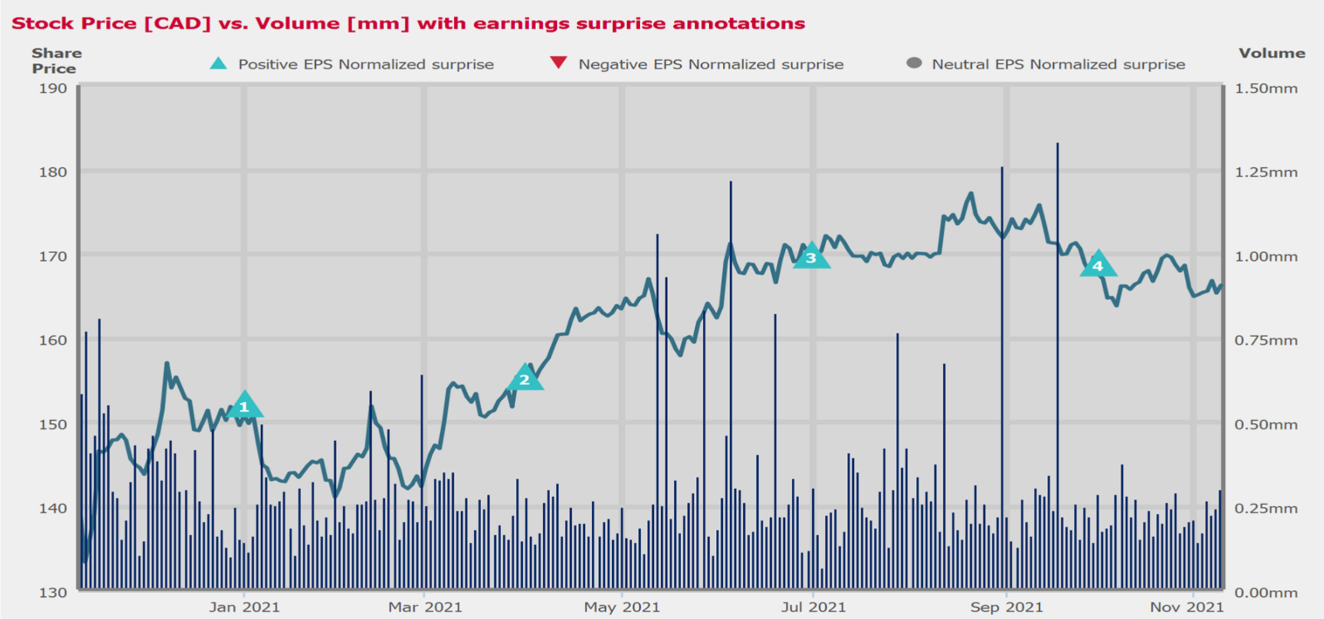
FQ3 2021 Earnings Call Transcripts

Wednesday, November 10, 2021 4:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2021-			-FQ4 2021-	-FY 2021-	-FY 2022-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	1.73	2.87	▲65.90	2.90	11.60	NA
Revenue (mm)	5093.17	4950.00	▼(2.81 %)	5060.50	16024.25	NA

Currency: CAD
Consensus as of Nov-10-2021 5:58 PM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ4 2020	2.36	3.18	▲1 34.75 %
FQ1 2021	2.15	2.50	▲2 16.28 %
FQ2 2021	2.40	3.26	▲3 35.83 %
FQ3 2021	1.73	2.87	▲4 65.90 %

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EXECUTIVES

Charles J. G. Brindamour
CEO & Director

Darren Christopher Godfrey
Executive Vice President of Global Specialty Lines

Isabelle Girard

Kenneth Anderson
Executive VP of Corporate Development & Investor Relations

Louis Marcotte
Executive VP & CFO

Patrick Barbeau
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Presentation

Operator

Good morning, ladies and gentlemen, and welcome to the Intact Financial Corp. Q3 2021 Results Conference Call. [Operator Instructions] I would like to remind everybody that this call is being recorded today, Wednesday, November 10, 2021. And I would now like to turn the conference over to Mr. Ken Anderson, Executive Vice President of Corporate Development and Investor Relations. Please go ahead, sir.

Kenneth Anderson
Executive VP of Corporate Development & Investor Relations

Thank you, Michelle. Good morning, everyone, and thank you for joining the call today. A link to our live webcast and published information for this call is posted on our website at intactfc.com under the Investors tab.

As usual, before we start, please refer to Slide 2 for cautionary language regarding the use of forward-looking statements, which form part of this morning's remarks and Slide 3 for a note on the use of non-IFRS financial measures, an important note on adjustments, terms and definitions used in this presentation.

With me today, we have our CEO, Charles Brindamour; our CFO, Louis Marcotte; Isabelle Girard, SVP of Personal Lines; Patrick Barbeau, EVP and Chief Operating Officer; and Darren Godfrey, EVP of Global Specialty Lines. We'll begin with prepared remarks followed by Q&A.

With that, I'll turn the call to Charles.

Charles J. G. Brindamour
CEO & Director

Well, thanks, Ken. Good morning, everyone, and thank you for joining us today. As society continues to navigate the shift from a pandemic to an endemic disease, at Intact, we remain focused on being there for customers in both good and bad times, protecting our employees in an evolving work environment and helping to build a resilient society that can grow and prosper. Our ability to do all this is largely due to the momentum in our business and the resilient and strong performance we continue to deliver. This last quarter was no exception. Yesterday evening, we announced third quarter net operating income per share of $2.87, a 3% increase over Q3 last year, driven by strong underwriting and distribution results with upper single-digit accretion from the RSA acquisition.

With our operations performing really well, a strong balance sheet and a favorable outlook for capital generation, we're pleased to increase our quarterly dividend by 10% to $0.91, continuing our 16-year track record of annual increases. Top line growth of 68% was obviously driven by the acquisition of RSA that put approximately 7 points of organic growth, reflecting strength in commercial lines across all geographies. The overall combined ratio was solid at 91.3, despite including 7.5 points of CAT losses, double the expected level. Following several severe weather events in the quarter, our teams moved quickly to get our customers back on track.

Now let's look at our results by line of business, starting with Canada. So in personal auto, premiums grew 27% year-over-year with 1% organic growth. The combined ratio was again strong at 85.1%. Our personal auto business is solid and it's well positioned to operate at the lower end of mid-90s as we integrate RSA. Looking at the industry, we expect muted premium growth in the near term, until driving patterns return to pre-pandemic norms.

In personal prop, premiums grew 34%. Organic growth was healthy at 5%, driven by firm market conditions, which we expect to continue given the challenges that weather and climate change present. The combined ratio of 93.5% is right in line with our view that this segment should operate sub-95 and even with severe weather. In commercial lines, premiums grew 33% in the quarter, including 8 points of organic growth. The 91.2% combined ratio was strong reflecting our profitability actions over time. Looking at the industry, we see hard market conditions continuing. Our Canadian commercial lines business is well positioned to deliver low 90s or better performance going forward.

Moving to our UK&I business, the first full quarter added $1.3 billion of premiums to our platform, in line with our expectations. The combined ratio of 93.9% was solid and included 10.3 points of CAT losses, approximately 6 points above expectations. Personal lines with a 97.9% combined ratio is clearly an area of focus for the team, and we already have action plans in place. In commercial lines, the 90.5% combined ratio was strong. Overall, the UK&I business is in a good position, and we're focused on building sustainable outperformance. Looking at the industry, we see softness in personal lines in the U.K. ahead of reforms next year, while the commercial lines environment is hard.

In our U.S. commercial business, premiums grew a very strong 21% in the quarter with hard market conditions and solid new business contributing. The combined ratio at 92.8% was solid, despite including 4 points of cats. This business has very good momentum and the U.S. team is executing on its objective to deliver sustainable low 90s performance.

Turning to our RSA acquisition, which we closed in June, the integration and transition are on track across the board. In Canada, nearly all of our RSA colleagues have been onboarded into our HR platform. There is strong traction and engagement with the brokers and affinity partners, which further solidifies our outlook on volume retention. Policy conversions in Canada are well underway, and we're on track to begin to shut down systems, in 2023.

We're also integrating our claims operations and leveraging our supply chain capabilities to deliver a strong customer experience while realizing synergies.

In the UK&I segment, it's all about building outperformance. There are 3 near-term areas we're focused on. First, for personal lines, we've already launched initiatives to increase pricing sophistication, and to be ready to compete as pricing reforms come into effect in 2022. Second, in commercial lines, it's about growing in the segments where RSA has already a sound and high-performing offer. It's about building on our strength. A great example is the mid-market in the U.K. At the same time, we're tightening our focus in areas where the economics are not stacked in our favor. And the third area we're looking at in the U.K. is to simplify the business operating model and the technology platform to increase agility and help deliver on our outperformance.

Our global specialty lines, there's been strong collaboration and engagement across regions. Intact's onboarding into RSA's global network has commenced, which brings in-house the ability to support global customers. Finally, we're spending considerable time assessing the potential capabilities for global franchises and I've identified opportunities to leverage our expanded scale and expertise to drive meaningful outperformance.

Alongside the RSA integration, our teams continue to advance our strategic road map. Distribution earnings have become a significant contributor to our outperformance and growth with EBITDA compounding at over 20% over the last 5 years.

We expect the momentum to continue in 2022 and as we continue to build scale in Canada. In August, BrokerLink acquired Archway Insurance and South Coast Insurance, doubling our size in Atlantic Canada, and becoming one of the leading East Coast brokers. In our direct business, belairdirect has evolved our offer to create a simplified insurance experience for customers by reducing the number of products, forms and rules by over 50% in the last 2 years.

Our coverage is now easier to understand and coupled with the improvements to our apps to drive digital engagement yields a better customer experience and that's driven our industry-leading direct distribution expense ratio to below 20%. The significant CATs experienced in this quarter act as a reminder that our customers are facing the devastating impacts of climate change right now.

Globally, the last decade was hotter than any period in the past 125,000 years and Canada's heating at twice the global average. Society's collective efforts to transition to net zero carbon emissions are critically important. At the same time, we must double down on adapting to the current extreme weather impacts of climate change. And this requires an approach that includes government, NGOs, businesses and individuals. And in fact, we've invested in community efforts to help get critical projects off the ground including through our significant investments in the Intact Center on climate adaptation.

Our investment team recently joined Climate Engagement Canada an initiative that drives dialogue between the financial community and corporate issuers on climate change risks and opportunities. And we're taking important steps to transition our own business to net zero.

These clear actions will ensure that we can help society better protect our customers and win in the marketplace. In support of this, I've just wrapped up a few days at COP26, the United Nations Climate Change Conference in Scotland, as a member of the Canadian delegation. And it's our goal to help build a clear road map to future-proof society.

In conclusion, momentum across the business is very strong. and the RSA acquisition has significantly advanced our strategic road map on all fronts. Our ability to deliver strong results, react quickly when weather events happen and make strong progress on the RSA integration and our broader strategic agenda would not be possible without our people. And I want to thank them for their continued engagement and coloration.

As we set our sights on 2022 and beyond, we have a clear focus on what we want to achieve, and that is to provide second to none customer experience with an engaged workforce and to continue to deliver on our financial objectives to grow net operating income per share 10% annually over time and to outperform the industry ROE by 500 basis points every single year.

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

Louis Marcotte
Executive VP & CFO

Thanks, Charles, and good morning, everyone. We delivered solid results again this quarter, despite heavy CAT losses, well above our expectations for the third quarter. I'm very pleased with the performance of all of our operations, delivering a 91.3% combined ratio and net operating income per share of $2.87. These results include RSA's Canadian and UK&I operations. And as expected, the acquisition was immediately accretive, contributing 8% to our Q3 net operating income per share. Underwriting income grew 15% to $426 million compared to a very strong Q3 last year as robust performances across all segments continued to reflect the benefits of our actions over time.

As expected, prior year development was healthy at 2.6% of opening reserves. We continue to expect favorable PYD in the 1% to 3% range in the long term, but at the upper end of this range in the short term.

Net investment income of $191 million increased by 34% year-over-year, driven by the addition of RSA's investment portfolio. We expect a similar level of net investment income in Q4. Distribution EBITDA and other income continued to outperform our expectations, growing an impressive 30% in the quarter, driven by higher variable commissions as well as solid organic and M&A growth. Keep in mind that these earnings are partly offsetting the elevated variable commissions in our Canadian expense ratio.

Looking ahead, we expect growth for the fourth quarter to be in the mid-teens following a strong Q4 last year. For 2022, we expect EBITDA to surpass the $400 million mark on the back of continued momentum in the business.

Looking at underwriting results in a little more detail. First, the Canadian segment. In personal auto, the underlying loss ratio of 62.5% remained strong, slightly increasing in the quarter to reflect an uptick in driving activity.

Our telematics data suggests that kilometers driven are nearing pre-pandemic levels, but claim frequency remains below historical averages. Favorable prior year development was healthy at 4.7%, reflecting reduced uncertainty around claims patterns during the pandemic.

In personal property, the 93.5% combined ratio reflected 17 points of CATs, which is 10 points higher than expected. This was offset by a weather-driven 4.4-point improvement in the underlying loss ratio and higher favorable prior year development.

Looking at commercial lines, high single-digit organic growth is driven by rate momentum in what continues to be hard market conditions. The underlying loss ratio of 50.6% was very strong as the benefits of our profitability actions continue. The overall expense ratio in Canada increased 2.2 points to 32% largely driven by a high level of variable commissions following continued strong underwriting performance. The addition of RSA had a positive impact on the expense ratio, thanks to a higher proportion of direct business and the benefit of synergies.

Overall, our Canadian business performed very well despite heavy CAT losses. The addition of RSA's Canadian segment had a slightly positive impact on the combined ratio in the quarter. We saw solid performances in personal lines, while commercial lines saw a fair bit of nonweather-related CAT losses.

In the U.S., our business is doing very well both from a top and bottom line perspective. Rate momentum continues to be strong and favorable market conditions. Our 93% combined ratio after 9 months is aligned with our low 90s expectations after considering excess CAT losses.

Turning to the UK&I, I'm pleased with the first full quarter of results. If we normalize the reported combined ratio for excess CATs, we are ahead of expectations, thanks to benign non-CAT weather and fewer large losses. It remains early innings and although it has only been 1 quarter, we like what we see thus far. We expect this business to run sub-95 in the near to midterm. IFC's earnings per share for the quarter was down close to 30% due to RSA-related integration costs as well as the partial sale of shares and impairment losses related to a venture investment that IPO-ed in Q1 of this year. After considering the $273 million gain recorded in Q1 and realized losses and impairments this quarter, we are left with a net gain of $69 million on this investment. Our remaining position in the stock today is minimal.

As we near the 1-year anniversary of the announcement of the RSA acquisition, our view of the financial merits of the transaction remains very compelling. We delivered high single-digit accretion after 4 months against a strong stand-alone performance of IFC. We delivered $24 million in earned synergies year-to-date and are tracking towards an $85 million run rate by the end of 2021. I'm confident we can beat our $250 million target within 36 months, and this is without reflecting any risk selection improvements to the loss ratio.

And finally, we've agreed to an exit of the Danish business on favorable terms. When considering all of these elements, we see the IRR of the RSA transaction tracking near 20% above our initial calculation.

Moving to our balance sheet. It's been a busy quarter. Our teams have been working hard to combine our asset portfolios, migrate the asset allocation towards our optimal mix and at the same time, capture opportunities in the market. We have also been successful at refinancing of some of the U.K. capital instruments into Canadian debt instruments with positive impact on our financing costs and capital structure. Finally, we have derisked our Canadian pension plans by purchasing annuities representing approximately 1/4 of the total Canadian pension obligations.

Our financial position continues to be strong. We closed the quarter with approximately $2.7 billion in total capital margin, a healthy buffer to absorb potential shocks, reflecting strong regulated capital ratios in all jurisdictions. Our debt to total capital ratio was just below 24% at the end of the quarter. Most of the proceeds from the sale of Codan Denmark will be used for deleveraging. The remainder will be used for growth opportunities or buybacks as for our well-established capital management framework. We expect to reach our debt to total capital ratio target of 20%, well ahead of the initial objective of 36 months. The strength of our results over the past year has led to an operating ROE of 18.3%. With the acquisition of RSA and the progressive return to normalcy, we expect our operating ROE to migrate towards a mid-teens level.

Given the pace of earnings growth, further bolstered by RSA's earnings and synergies and the strength of our balance sheet, we have increased our dividends by 10% this quarter, and we expect to resume our usual dividend increase announcement at the Q4 earnings release in February 2022. As society cautiously moves towards a post-pandemic new normal, our priority remains delivering on our strategic road map. With the RSA integration well on track and strong earnings momentum supported by favorable market conditions, we are well positioned to emerge from this pandemic with continued strength and outperformance. Together with RSA, we have a highly resilient platform with significant growth potential, and I am confident in our ability to continue to create value for our shareholders.

With that, I'll give it back to Ken.

Kenneth Anderson
Executive VP of Corporate Development & Investor Relations

Thank you, Louis. In order to give everyone a chance to participate in the Q&A, we would ask that you kindly limit yourselves to 2 questions per person. Of course, if there's time at the end, you can certainly requeue for follow-ups. So Michelle, we're now ready to take questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from Paul Holden of CIBC.

Paul David Holden
CIBC Capital Markets, Research Division

So I want to ask, first off, maybe you can dissect a little bit more the trends for personal auto, just in terms of frequency and severity? And I guess there's some particular concerns around severity trends for the industry. So maybe you can address that and how you're thinking about that going forward.

Charles J. G. Brindamour
CEO & Director

Thanks, Paul. I think that's an important question. Driving is definitely very close to normal, if not abnormal, patterns of driving though are different. Maybe I can ask Isabelle to share her perspective on what we're seeing from a driving point of view and, to a certain extent, frequency. But I think more importantly, maybe Patrick can give us perspective on what we're seeing from a severity point of view in claims. We've been on that for years, as you know, and Patrick will provide his perspective. But Isabelle, why don't you kick this up?

Isabelle Girard

Sure. So in terms of driving and frequency, driving space close to about 5% below historical average for a few weeks now. but we still see fluctuations week-over-week in one region versus the other. Frequency is also still below pre-pandemic level, but it has been at its highest since the start of the pandemic entering into September. So we're following a lot of mobility indicators, both internally and externally and all those indicators are showing consistently higher driving in 2021 versus 2020.

What we see also is that return to the office, weekdays congestion, especially the morning rush hour and public transit indicators are steadily increasing since the end of the summer, but we see it's taking a bit longer than anticipated to return to the pre-pandemic levels. And we believe that's what is explaining and part why frequency is still below historical levels, even if the driving is pretty close. As people continue to return to the office in the coming months, we expect the driving activity to continue to rise, and we'll be following that very proactively to add up our strategy. So that's what we think the ...

Charles J. G. Brindamour
CEO & Director

Yes. Thanks, Isabelle. So Patrick, I mean, we've been observing inflation in personal automobile for some time. Why don't you share with us what you're seeing now and what was there before, maybe?

Patrick Barbeau
Executive VP & COO

Great. Yes. So on the severity side, it's important to take into account, as you point out, some mitigating actions that we've been taking as well as some offsetting factors that we currently observe in the supply chain. So in severity, first of all, it's important to mention that on the injury side, we see no severity increase there. And this is reflective of our prudent approach in reserving since the start of the pandemic.

On the short-tail line, so the physical damage, we do see a 5% increase in severity when we compare Q3 this year versus same period last year, and it's driven by 2 main factors. The first one Isabelle talked about driving habits that create less concentration of driving in the rush hours, especially in the morning that creates proportionately more severe accidents. So we -- there's less of the small bumper claims in the mix, and that in itself is driving about 3 points of that overall 5% increase in severity.

The remaining 2% continues to be driven by the technology in cars. So when we say that, we mean that the parts are costing -- are higher but also the complexity of the repair process that creates more costs. We've identified that at least 3 years ago and have started to implement mitigating factors in the way we handle the claims as well as in pricing. There's a lot of indicators on the price of new and used cars, and we see as well here in Canada, double-digit inflation on market values on these cars and even higher figures in the 20s for some makes and models. But this is where we have some important offsetting factors. This has very limited impact currently on our severity -- the severity of our claims because when a car is declared total loss, which is when we have to replace the car by a new one or a used car, we sell the damaged car for the parts. And we've seen significant increases there in the recoveries.

So net-net, on the total loss when I look at Q3, the total loss severity is actually slightly down in Q3 this year versus last year. So we're reflecting these trends in our actions. We continue to leverage the tools that we have to mitigate some of it. And this is why when we look forward, we say this business is well positioned to operate in the lower part of the mid-90s on a go-forward basis.

Charles J. G. Brindamour
CEO & Director

Thank you. Thanks, Patrick. That worked for you, Paul?

Paul David Holden
CIBC Capital Markets, Research Division

It does. It's very helpful. So I mean partly given that answer, what I want to ask is a bigger picture question. So Louis just said that your expectation is for the ROE to migrate back down into the mid-teens, which has been your long-standing target. I would ask today, given increased scale advantages, investments you've highlighted that you've made in the business over time to increase your competitive moat. And then just more favorable earnings mix, I would argue over time. Like why isn't that ROE objective pushing to something a little bit higher?

Charles J. G. Brindamour
CEO & Director

Yes. Paul, the objective is to outperform the industry's ROE by at least 500 basis points every year. We've built out clearly our leadership position in Canada. And the strengths we've invested in, namely pricing, risk selection, claims, supply chain management over the past couple of decades are driving the outperformance. Keep in mind, we're building a business in the U.S., and I think the U.S. team has done a great job to create outperformance over a 4-year horizon, and I'm very pleased with the trajectory there.

But I think in the U.K., we need to build outperformance. And as such, when I think about the objective, there's a lot of momentum in the organization. No doubt about it. We've invested in our strengths, the sandbox in which we're operating is bigger, and we need to create outperformance across the platform, and that's what we're focused on.

Louis, I don't know if you want to provide additional color here, but not going to guide towards, yes, a point estimate. But Louis?

Louis Marcotte
Executive VP & CFO

Yes. Maybe I think if you listen to the guidance in terms of long-term expectations for the combined ratios as we get back to normalcy that tends to migrate towards the mid-teens ROE. So that's consistent. I think we're trying to guide everyone here into the guiding or the gliding of our ROE towards that mid-teens level compared to where it is today. And the other dimension we need to keep in mind is the NOIPS growth objective as well. So we got to balance EBITDA too here. And I think the mid-teens target that we're aiming for is consistent with the NOIPS growth target that we're trying to achieve as well.

Operator

Your next question comes from Geoff Kwan of RBC.

Geoffrey Kwan
RBC Capital Markets, Research Division

You've had this dynamic now where the pandemic helps the claims ratio and that in turn has increased your expense ratio from the higher variable commission, which has also resulted in higher distribution income. And so my question is, is relative to the pre-pandemic levels, like what has been the net impact on the ROE from these different variables?

Charles J. G. Brindamour
CEO & Director

Thanks, Geoff. Well, first of all, the expense ratio is up not down because of variable commission. That's the first point I would make. I think that as you think through what we've done in the pandemic, and you go back to March 2020 when the pandemic started. We put in place right at that moment, a relief program that was risk-based and needs-based and provided our customers close to $650 million of relief effort. A big portion of that has been earned already.

And beyond some of the relief provided rate adjustments where appropriate, again, based on a risk and on a need basis. It's also important, Geoff, to keep in mind that we've put up in commercial lines north of $100 million of reserves for pandemic. So in balance at this stage, if you take a long-term perspective, the net benefit is -- there's no real major net benefit here, give the relief we've provided given the impact that the commercial lines cost of COVID has been and some of the rate adjustments that have been put in place.

Louis, I don't know if you want to provide additional color on this front?

Louis Marcotte
Executive VP & CFO

Well, I would say the variable commissions are up. But keep in mind, they're sharing some of the benefits we have from the better combined ratios, and then we get some of it back to distribution. So the net effect of the higher CPCs is largely offset by the distribution income. And then it leaves a net benefit of just a better performance net to us, and that's positive to the ROE. It's clear. We have not necessarily tried to match the exact ROE benefit with that dynamic. But given the strong combined ratios we've delivered despite higher CPCs that's positive, and then we capture the distribution income in our ROE calculation. So I think net-net, it's positive. It's just -- I wouldn't be able to take a number specifically to the pandemic portion of it.

Geoffrey Kwan
RBC Capital Markets, Research Division

Just my second question is, just as we're starting to see more growth in terms of sales of electric vehicles, what sort of work or what have you done to give yourself comfort around appropriately pricing auto insurance policies for EVs to avoid negative surprises down the road?

Charles J. G. Brindamour
CEO & Director

Yes. It's interesting, Geoff. So first of all, it's not a big portion of the car pool. I'll just say that. And second, there's a very different profile in terms of claims both frequency and severity within the electric vehicle category, where the difference for cheaper electric vehicle is quite not the difference, but the patterns are very different for the more expensive electric vehicles. So it's hard to generalize. I'll ask Isabelle to share her perspective on that because she's pricing for these differences.

Isabelle Girard

Yes. So we've talked about in the past, our pricing segmentation that is quite precise with machine learning, but also with the data we have internally. So despite the electric vehicles being a small proportion of the pool of vehicle, we're working with our claims colleagues to look at the data we have, and we price each make, model and year individually, and that include the electric vehicles as well. So we're able to be very segmented in our pricing to reflect different types of costs we may have for those vehicles, and that's what we've been doing in the past and continuing to do the more we get information and data on those vehicles.

Operator

Your next question comes from Michael Phillips of Morgan Stanley.

Michael Wayne Phillips
Morgan Stanley, Research Division

First question is on casualty loss trends. I guess, what are you seeing today there? And what do you think -- where do you think that's headed over the next year or so? And how does that differ for your U.S. business versus your Canadian commercial lines casualty business?

Charles J. G. Brindamour
CEO & Director

Yes. Thank you. Again, another pattern we've been on for a number of years. And I'll ask Darren to share his perspective on that? And then maybe, Patrick, you can chime in if there's anything to add.

Darren Christopher Godfrey
Executive Vice President of Global Specialty Lines

Yes. Thanks, Mike. I mean you're right relative to One. This is one that we've been watching for quite some time around social inflation, both in Canada and in the U.S. Social inflation is not a new topic for us. It's not incrementally increasing. That's not our observation at this point in time. It clearly is more relevant, though, for our U.S. operations than our Canadian operations, where our book in the U.S. is more heavily skewed towards casualty type exposure. So it's very much relevant to the U.S. So we're watching very carefully. I mean it exists. It's in place, but nothing of material concern. And in fact, if I look at sort of our loss trends that we have in place at the moment in the U.S. relative to the rate that is flowing through the book, we have a meaningful gap at the moment between our loss trends and our rates that are flowing. So we're quite comfortable from that standpoint.

From a Canadian standpoint, obviously, we've been watching this one quite some time. It's obviously been very, very relevant on the personal auto side that we've been fighting, obviously, in terms of longer tail coverage for some time. Obviously, on the commercial side, it's more property influenced compared to the U.S. But nonetheless, we're still watching very, very closely social inflation. But similar to the U.S., nothing material, no real sort of net change in the environment of late. But again, there, we're also still continuing to push quite strong rates as well.

And then, obviously, lastly, on the U.K. as well, too, very, very, very similar from a Canadian standpoint, strong rates, watching both property inflation, social inflation, but good margin versus loss trends at the moment.

Charles J. G. Brindamour
CEO & Director

I think on the U.S., the point -- there's a few points that need to be made. So first of all, the duration of the liabilities in our U.S. book is actually very short. It's less than in the Canadian book. It's a little more than 2 years. That's the first point. The second point that I would make is when we bought the U.S. business, we've shut down 3 lines of business in the months following closing. The lines of business that we've shut down are the lines of business that have been most impacted by casualty inflation in the U.S. We saw that. We had, I think, a reasonable read on older accidents years development and felt that we couldn't compete in a number of sectors, whether it's health care, whether it's architect and engineers programs and so on, and we exited these lines.

I would say where -- our footprint in the U.S. now actually looks really good, short tail. And we have a few lines of business where we're going through a curtailing of the portfolio lines that are under profitability improvement and they would be lines that have been more exposed to casualty inflation, but we've been working on these lines for 3 years. So these would be lines we have not exited, stayed in, we feel we have a good shot at winning, but we're working hard on the inflation there.

Patrick, do you want to share your perspective from a claims perspective.

Patrick Barbeau
Executive VP & COO

Yes, very much aligned with what was already shared. Maybe the only additional point I would make is we have a competitive advantage in the way we handle casualty claims. We have a team that will reach with the internalization of RSA, about 600 lawyers and law professionals that handles more than 80% of these claims internally in Canada, and we've started 2 years ago to internalize a portion of the U.S. as well. So I think that helps us manage these trends, but also understand very well the driving forces and where it's happening.

Michael Wayne Phillips

Morgan Stanley, Research Division

Second question then would be a little more higher level kind of industry may be a possible question, but as it relates to you guys. In the past year, we've heard more certainly in the U.S. of desire for OEMs to offer insurance, whether it's GM [indiscernible] or whatever else. And how do you think about that? Is that something that you see there? And if so, to what extent? And is that more of a threat to you guys or an opportunity in partnerships or just how do you think about that trend?

Charles J. G. Brindamour
CEO & Director

Mike, we've been focused on disrupting potential for over a decade. That's a theme that we've been focused on, which has shaped really many of the actions that we're taking today. And our perspective back then was, and it's still very much the case, that disruption will take place at the distribution level more so than at the manufacturing level. That's our thesis, at least, or that's the basis on which we operate.

And I would say OEMs would be potentially one of those elements that could disrupt distribution. We've seen anything concrete meaningful at this stage. No. But we're certainly prepared for that. It's really hard to manufacture a P&C product, quite frankly. Pricing, risk selection, claims management, prevention and so on, it's hard to replicate for players.

The OEMs, as you know, in particular in the U.S. have been in that business before and largely got out over time. It doesn't mean they can't come back. But it's not clear to me that this is the most prevailing threat.

But anything that can disrupt the distribution of the product, we're focused on. What have we done about it over the last decade? Well, in retail, we've built the strongest brands in the marketplace in which we operate. We want to make sure that when Canadians think about P&C insurance, the first 2 brands they think about are Intact Insurance and belairdirect.

And the second thing we've done is we try to digitize our distribution footprint and our customer experience. As you know, we've invested in designs for many years, 7, 8 years aggressively. The other element that we've done is we've built our own distribution arm with BrokerLink, which is north of $3 billion of revenue. We have partnerships with a number of consolidators. It is contributing to our earnings while it's creating strategic optionality, which is really good. And then invested in ventures as well to make sure that we were in the flow of disruption. And I think when I put all that together, we remain hypervigilant about disruption in distribution, but feel like we've got many toolbox or many tools in the toolbox to deal with that.

Now if you start from the premise that disruption will take place at the distribution level, then as a manufacturer of the product, you want to make sure that's you're second to none. And that's why we've invested heavily in our predictive power capabilities and expanding our data set in AI. That's also why we've invested aggressively in the claims operation to make sure that we manage claims ourselves to make sure that we're deep in the supply chain so that when people want to disrupt distribution, they want to make sure that impact is onboard from a manufacturing point of view.

So we're preparing for this. OEM, I think, is just one potential disruptors in distribution, but we feel that we've created good optionality in the organization and built strong competencies to fight disruption if and when it comes.

Operator

Your next question comes from Jaeme Gloyn of National Bank.

Jaeme Gloyn
National Bank Financial, Inc., Research Division

First question, just in -- still in personal auto with driving seeming to begin to normalize and severity a little bit higher. Can you talk about the timing for when you might start to think or even -- or maybe you are in the process of filing for rate hike approvals in various provinces? Can you just sort of talk us through where you are on that stage?

Charles J. G. Brindamour
CEO & Director

Yes. Isabelle, why don't you share your perspective on that? Maybe talk a little bit about seasonality as well in personal automobile, which I think is relevant for people to assess the sort of run rate and where this is going.

Isabelle Girard

Yes. So as you mentioned, driving is normalizing, but there are still a few things that continue to evolve, and we're really focusing on following those trends. Frequency remains below historical level because people are still readjusting their driving habits and we've been proactive throughout the whole pandemic to follow this and readjust our rating strategy accordingly. So it's not only that we made one move in our rates and that we're waiting for the new norm to adapt. We've been continuously adapting it throughout the situation. So that's maybe one point to clarify.

We also see, as Charles mentioned, seasonality in the 2 lines of business that have impact on frequency. We're entering into the fourth quarter with the winter period where we can see spikes in frequency that are related to weather events. So just to give you a perspective, on Q4, we expect around 3 points of unfavorable seasonality relative to personal 2 lines of business. So that's also something that we'll need to take into account. And a bit like Patrick mentioned, on the severity side, while we've been at this for many years now, we also need to make sure that we follow the trends and readjust to the new norm that may comes out from the pandemic.

So all that saying that we've been quite active during the pandemic to adjust our rating strategy to this. We're continuing to be very proactive in communication with regulators on what we see to make sure they are aware of our relief effort, of our strategy as well and the gradual approach we want to take going forward to reflect the new normal.

Charles J. G. Brindamour
CEO & Director

So as I said, Jaeme, at the start, we provided a fair bit of relief as a onetime relief payment to Canadians, done the same thing in SME, adjusted rates where we felt that driving patterns would be different for an extended period of time. But we've done it in a way where we can react very quickly from a pricing point of view should driving patterns shoot up. We did not put ourselves in a position whereby you price 12 months out and then 3, 4, 5 months into your pricing cycle, driving a shot back up.

And the regulators, I think, have been constructive in this process understanding that this environment is very, very -- it's a new zone. And as such, we've created optionality, but we've given a lot of relief so far but not all true rates, some of it, as I said, through one shot payments because we felt rating is tricky here because you price for 12 months and the world is changing.

Jaeme Gloyn
National Bank Financial, Inc., Research Division

Got it. Understood. Second question is on the U.K. performance in this quarter looks good on the combined ratio. But I want to focus in more on the premium side of the equation. It looks like flat in personal and reflecting hard markets in commercial. I was just hoping you could give us a little bit more color and frame how premiums look this quarter versus the industry growth rates? And then frame some of the dynamics that are at play and how we should expect that premiums to evolve in both personal and commercial lines in the U.K.?

Charles J. G. Brindamour
CEO & Director

Yes. High level, I mean, look, it is early. But since closing, what have we done? I've talked earlier in my remarks in terms of putting action plans to improve pricing and risk selection, okay? So that is critical as far as I'm concerned to create outperformance in the U.K. The team had built a lot of good momentum. These results that you're seeing this quarter are not the product of the actions we've put in place this quarter. They are the product of the work of the team over the past few years.

And so first point, pricing, risk selection improvements. Second point, rationalizing the footprint of the organization. We want to make sure that we play where we can win, and we want to make sure that we play where the economics are favorable to us. And so there's a number of elements across the platform in both personal and in commercial lines at the moment, where we're trimming positions in certain distribution relationships and so on.

And then the third element that is coming is the pricing reforms in personal lines in early '22 that one needs to take into account. There is a big dislocation at the industry between new business pricing and renewal pricing, new business pricing being lower than renewal pricing, the regulatory change, which I think is quite good, will level up new business and renewal pricing. This will create, I think, opportunities in the marketplace, but the personal lines environment in the U.K. and certainly in the first part of 2022 will likely be quite dislocated.

So when you put all that together, I see a couple of things. In commercial lines, you're in a healthy hard market environment, we're curtailing our position in certain segments but I do expect healthy growth in that line of business and an expansion of our margins there in commercial lines. And not inconsistent, I guess, with where we are in the cycle in relationship with the inflation, both in Canada as well as in the U.S. First line is a whole different ball game for the 3 reasons that I've mentioned.

We are curtailing the footprint. We're bringing pricing improvement. And then there are the reforms and the team's perspective, and they've been very disciplined this year. That's why you're not seeing much growth in personal lines. We're just not densing with the market gyration here, we have a rise firmly focused on the combined ratio, we have our eyes on creating outperformance.

And I do expect that we won't see much growth in personal lines in the near term as regulations work through the system. And as performance improvement measures roll out in personal lines in the U.K. There might be growth opportunities as a result of the reforms. And if there are, we'll be there to capture them. But we are in a moment where we want to make sure we're positioned to create outperformance. And as such, I wouldn't bank on rapid growth in personal lines in the near term.

Operator

Your next question comes from Brian Meredith of UBS Securities.

Brian Robert Meredith
UBS Investment Bank, Research Division

A couple of questions here for you. I just want to dig in a little bit more on the physical damage severity in personal auto. I appreciate the answer with respect to used car prices up, but you're selling the scraps, obviously, for more money, so that helps offset it. But that also would imply that parts inflation is potentially pressure on severity as well. And are you seeing that from parts inflation as well as other supply chain issues like getting cars fixed and back in the road, additional rental car prices, those things. Are you seeing that?

And I guess, as a follow-on to that, does Intact have things in place to help mitigate that and kind of have an advantage over the industry in mitigating the severity?

Charles J. G. Brindamour
CEO & Director

Yes. I think it's really good to go one layer down, Brian, because you're right. There is stuff happening in the supply chain that is changing the mix a little bit, and I'll let Patrick provide his perspective on labor in the state of the repair industry. And probably worthwhile, Patrick, going back on a number of the measures we've put in place 2, 3 years ago to deal with the inflation that we've been focused on in physical damage just to give a sense to Brian, of the advantages that we have from a claims management and a supply chain management point of view.

Patrick Barbeau
Executive VP & COO

Right. So Brian, from -- on the parts side, in Canada so far, we don't see a ton of disruption in terms of availability of parts. For sure, like many other industries, this industry is facing a hard labor market. And -- but so far, it hasn't had a ton of impact on our cost. The frequency overall being lower and the way we approach our Rely Network. So we have good capacity within our preferred providers. So that, I think, is one of the key advantage that we've built over the years, and we have good capacity, not only for current levels of frequency, but even as it returns towards normal. So that's one, I think, a key important aspect.

On the used car parts, there's a portion of the salvage I focused on selling the salvage cars, 4 parts, but there's also an auction process where some of these cars actually bought and repaired because of the demand in the -- so it's not only all of it used in parts.

With regards to some of the other advantages and actions that we've taken, a big portion -- an important part of what we've done in the past 2, 3 years is leveraging our data and deploy it to the front line of claims. So one of the key elements in controlling costs in this environment with higher technology, more complex repairs is to be able to make quick decisions right from the first call or the first notice of loss with our clients in terms of will we repair that car or will we declare a total loss and replace it? Because then you can direct the client more efficiently at the right place, avoid multiple towing costs, storage fees and all of these things that also increase the length of time we have to provide a rental.

So by leveraging our data and claims and the data lab, we've deployed tools that can quickly identify this. And we've seen savings actually with these actions on the rental the towing, the storage, which are, at the end, also a significant part of the repair process.

Charles J. G. Brindamour
CEO & Director

Then I think worth also mentioning that ordering automobile parts is something we've been doing to fully leverage our scale over time. We've been doing that for many years, but that certainly comes in handy in a world where there are inflationary pressure.

Brian Robert Meredith
UBS Investment Bank, Research Division

Makes sense. And then my next question is sticking with personal auto. 1% organic growth. Obviously, there's some headwinds with respect to BC. But I'm just curious, are you being more cautious with growth in Canada in personal auto given the integration of RSA and maybe some uncertainty with respect to claims inflation. Why isn't this a time that you're really trying to get some organic growth?

Charles J. G. Brindamour
CEO & Director

Well, yes, I think that if we could get more organic growth at the conditions we think are right from -- and I think with the point of view, we would, Brian, no doubt about it. We're well positioned. We've done a lot of work in automobile insurance for many years. We think that we priced adequately and we'd love to grow.

I think part of the issue, if I peel that onion, I would say there's not a lot of -- I don't want to use the word traffic because that would be confusing but shopping is down. Retention is up historically high, shopping is down. And as such, the cost of generating sales is up meaningfully, okay? So that's the first thing that one needs to take into account, at least that's how we think about the business. So that's the first point.

The second point is that when you price a product, you price 12 months out using 3 years -- 3 to 5 years of historical data. Right now, how much credibility do you put on the driving patterns you've seen in the last 6 months? Some people put a fair bit of credibility and took aggressive rate actions, we didn't we reflected risk. We provided a ton of relief, but we understand that if the world changes in 3 to 6 months from now, and we're pricing 12 months out, we have to have some degree of caution.

And as a result, our ability to sell is maybe not as good as it's been historically. So then there's -- you put all that together, Brian, there's the cost of generating traffic, there's how competitive one is. And then there's how much do you think you should charge for a world that will gradually return to normal over the pricing period and you get a sluggish growth in commercial and personal lines in the near term, let alone the fact that there's not much rates going around.

And so that is the issue. If we could grow more in personal automobile, we would, because we're comfortable with how that business is positioned to perform in the mid- to long term. But the dynamics in the marketplace are such that it's not easy to grow.

Isabelle, I don't know if there's anything -- any additional color you want to provide here.

Isabelle Girard

I think you said it right. I think the right momentum and pulse, for sure. It's not the main driver of growth these days. I think because of that as well, our retention is all being very strong, but that creates less moments for shopping for customers in the market in general. And maybe I would just add, we also see less new vehicle sales versus historical in the last few months. So that's also reducing the shopping moments for our customers. So we believe also it's one driver of why we're seeing less people shopping for insurance than historical.

Operator

Your next question comes from Mario Mendonca of TD Securities.

Mario Mendonca
TD Securities Equity Research

Charles, it would seem to me that over the next 12, 18 months, a lot is going to change for your company. But one area in particular that I'm focused on is personal lines in the U.K. where the change could be the most sort of fundamental. What I'm going with is, does your companies -- in fact, have to be a personal lines player in the U.K. Is there some either regulatory reason or maybe it's relevant because it helps to absorb overall costs in the organization. But do you think Intact needs to be a personal lines player in the U.K. at all?

Charles J. G. Brindamour
CEO & Director

It's a key strategic question, Mario. You went straight to what -- I think is an important question in relationship with the U.K. Keep in mind, we're #2 in home insurance, we're very strong in pet insurance, and both these lines of business are performing really well. And so I would consider that this is a position of strength to a certain extent. We're very small in motor. Keep in mind, we're, I think, 17th, 18th, I forget exactly what position we are. Motor is 1% of Intact Financial's revenue base, 1% motor in the U.K.

And so I think you want to make sure you can win in that segment. No doubt about it. But I think there are strengths in personal lines. The exercise we're going through with the team right now is how do we position ourselves to win in personal lines in the U.K.? How do we position ourselves to outperform? Can we win? How do we position ourselves to outperform pricing, risk selection, claims a no-brainer. But then can you outperform and grow is the question? And is outperformance generating adequate returns on capital?

These are the questions that are on the table, Mario, we closed the deal in June, we've put in place near-term profitability improvement plan. Auto is 1% of Intact Financial's revenue base, personal lines is 7% of Intact Financial's revenue base. There are strengths there but we're actively engaging with the team to make sure that the business in the U.K. is positioned where we can win, where we can outperform and where we can generate a return that compensates for the risk that we're taking.

And so I think your question is definitely one that is looked into. I do think there's strength and we want to build on that.

Mario Mendonca
TD Securities Equity Research

One sort of related question then. In the U.K., is there a bundling dynamic between auto and home that would necessitate keeping an auto business to maintain the strong position you have in property insurance?

Charles J. G. Brindamour
CEO & Director

No. Much less than Canada. In fact, in Canada, we have far more overlap between personal automobile, home insurance. In fact, we have a single product or a single offer for both products in the Canadian marketplace. In the U.K., there's a much greater dichotomy is our observation between both these products. So I don't -- from the basis of customer experience, I don't see the connection there. The question is, you need both to have a solid, credible personal lines platform with distributors. I think that is the bigger question as opposed to whether customers look for base. Can you cross sell? I think you can, but I'm not seeing a ton of evidence as that it's been done effectively in that market.

Operator

Your next question comes from Tom MacKinnon of BMO.

Tom MacKinnon
BMO Capital Markets Equity Research

Sort of progressing a little bit on that questioning. What have you learned now? It's been probably like 5 months since you closed the RSA deal, in particular, of the UK&I, what kind of businesses have surprised you either on the upside or the downside? You talk about being more comfortable with your RSA accretion targets and more comfortable with achieving your cost synergies targets. To what extent is some of that attributable to your outlook on the UK&I and which businesses are sort of surprising either on the upside or downside with respect to that?

Charles J. G. Brindamour
CEO & Director

Yes. I'll ask Louis to chip in. If I start at a high level, what are we very pleased with from an upside point of view is the quality of the people we have on the ground in the U.K. Second to none, there's a lot of strength there, and we want to build on that. I think that I'm impressed and thrilled about the opportunity that exists in the midsized commercial lines business in the U.K. the opportunities that exist in the regions.

We built our Canadian business as a very deep local footprint where we work with brokers to own -- not own, but have a very deep presence in the small and midsized space. We insure 1 in 4 businesses in Canada. We understand the regions, we understand the brokers, and we understand the SME space.

RSA in the U.K., first of all, super strong brand, very well respected. I was with brokers actually last night talking exactly about the competitive set in the U.K. and the opportunities that exist in midsize. And you know what, I think there's a meaningful commercial lines opportunity. And the RSA team has a very strong regional franchise, very strong regional platform. And clearly that is an area of surprise in terms of upside, not so much in terms of performance because we knew what the sort of performance we were looking at coming in this transaction, but rather size of the opportunity.

The areas where that need works, we had a really good sense of as well. And I would put them in 3 buckets, and these are 3 buckets where we're focused. First motor, the performance in automobile insurance, that are referred to as motor in the U.K., needs a lot of work, and there's a lot of actions focused on that to improve that performance. The second area is at the small end of commercial lines. There's a fair bit of dislocation in the marketplace and there's work to do on the performance of the very small end of commercial lines. We're focused on rationalizing the footprint there.

And the third bucket, which we knew would be challenging, but we're focused on rationalizing the footprint there is that there's a number of distribution relationships in both personal lines and commercial lines where the economics are not stacked enough in favor of our operations, and we're shrinking the footprint there because we need to be focused as a firm.

So these would be the 3 areas where I would say it's upside, but work is needed to create upside there. And I think there's a big growth opportunity in midsized commercial lines in the U.K.

The specialty lines business, whether it's the London market business, the marine business and so on, I think the connections that we're treating now with North America will give us access to a broader pool of customers. And that's why the global SL capabilities, in my mind, is an opportunity. I think this is an area where the competitive set is thin as far as I'm concerned. The environment or the ecosystem is really conducive to us stepping up our global capabilities, and we're focused on that. Numbers, they're in line with what we thought are better. And so I'll let Louis give his perspective on that.

Louis Marcotte
Executive VP & CFO

Thanks, Charles. So yes, the numbers are better. The team in the U.K. was already on the path of improvement. So we're sort of trying to make sure we keep on that path and make the corrections we think are required here. Maybe one area that is attracting a bit of attention to is the technology in the U.K. and what needs to be done to deliver on the outperformance targets we set for ourselves.

But if I come back to synergies, the confidence is really coming from all the markets that we've added to our platform. And you'll remember that most of the synergies are coming from Canada. So the confidence is both how we're executing in Canada, how we're executing in Europe and that drives the comments of being -- feeling confident that we could beat the target of $250 million.

And just we see the execution so far. I talked earlier about having $24 million already earned after 4 months, run rate at the end of the year at $85 million. It just makes us more confident as we work closer with the teams, both in Canada and in the U.K. that those targets are achievable, and we look to try to beat them.

Tom MacKinnon
BMO Capital Markets Equity Research

Yes. And as a follow-on, I think that $250 million doesn't include any kind of loss ratio potential improvements, which you were able to get when you bought OneBeacon. Is there anything you can share with us just in this 4 months of RSA in terms of any kind of loss ratio improvements?

Louis Marcotte
Executive VP & CFO

So you're right. They are not included in the $250 million. And I will say we're -- this is really what's being done now in terms of putting our minds together, developing the strategies and trying to generate additional loss ratio improvements. At this point, I will say I don't think there's a lot of visibility in the very short term, but we certainly think there's going to be some upside in the mid to longer term improve the loss ratio. But at this -- we're not quantifying that yet. It's still a bit early.

Charles J. G. Brindamour
CEO & Director

Yes, I think that's exactly right. I think, Tom, the deal was not predicated on loss ratio improvements. And our guidance is on what the deal was predicated on. Now clearly, we have action plans to improve performance. But we want to make sure that we have good visibility on it before we start putting numbers on the table. In the meantime, I think Louis has been clear about the IRR now that we see on this transaction, this should convey confidence that we're well on our way.

Operator

Your next question comes from Lemar Persaud of Cormark.

Lemar Persaud
Cormark Securities Inc., Research Division

So my first question is just continuing along the discussion on the opportunity synergies. So I'm wondering if you can help me understand which geographies are outperforming your expectations the most? And is there anything you can do to help us ring fence around how much your synergies are expected to come in at? I'll tell you where I'm going with this, like going back to Louis comments on $85 million run rate synergies by the end of 2021. It sounds like this outperformance can be pretty substantial, extrapolated over 36 months. And then Also, when I think back to the announcement of the [DOL] it always felt like you assumed synergies, particularly in the UK&I was relatively conservative in nature. So anything you guys can offer on that would be helpful.

Louis Marcotte
Executive VP & CFO

So on the first part of the question, so we are tracking, I would say, ahead of schedule that doesn't mean that the quantum will be hugely different than the target we set, but the timing might be a bit better than we anticipated. And I'd say we're giving accretion numbers right now that are earlier than what we initially anticipated. You'll remember our guidance was upper single by 12 months. I think we're there faster. And we're there against a strong stand-alone performance from IFC.

So I think -- and this drives a bit the perception that we -- the IRR is a bit better than we thought at the beginning because we're going faster than expected, but I would not necessarily change the targets. It's just the timing at which they'll be met that I think is going faster than we had anticipated.

In terms of the markets or the geographies where they're being delivered, I would stick to our initial guidance around 3 quarters being in Canada and the rest being in the U.K. And you have to remember here, we did not have a business in the U.K. to start with to generate the synergies. So most of the for that part of the acquisition were sort of head office synergies, corporate or common costs, group costs that we could eliminate because they would become redundant, but in the operations themselves harder because we didn't have an operation of our own to blend with. So that's why that was heavily weighted towards Canada.

If you look at Canada, it's 6 points, I would say, of combined ratio. When you take the synergies we're targeting, that is very consistent with the prior big acquisition, which was AXA back in 2011. So it's a similar quantum, if you want and that's well on its way to being realized within the time frame we set for ourselves.

Lemar Persaud
Cormark Securities Inc., Research Division

And then my second question is just on distribution EBITDA. Again, it continues to be stronger than expected. I'm wondering if you could breakdown, how much of this growth was organic versus M&A? And then more broadly, what factors could cause this growth to slow?

Louis Marcotte
Executive VP & CFO

So the breakdown here, just simply said, if I take 29% quarter-over-quarter improvement, 2/3s of that is additional variable commissions. So 2/3s is, I would there, stay pretty much organic. And then third is recent M&A activity for both our BrokerLink business as well as our broker financial services business. So the majority of it is organic, but there's a fair contribution from M&A. I would say the market is fairly active these days. There's a lot of activity going on in the M&A front. So our perception that momentum will continue is supported by both the performance of the business as well as the market environment.

Operator

There are no further questions on the phone line. So I will turn the conference back over to Mr. Ken Anderson for closing remarks. Please go ahead, sir.

Kenneth Anderson
Executive VP of Corporate Development & Investor Relations

Well, thanks, everyone, for joining us today. Following the call, a telephone replay will be available for 1 week, and the webcast will be archived on our website for 1 year. A transcript will also be available on our website in the Financial Reports and Filings section.

Lastly, our fourth quarter 2021 results are scheduled to be released after market close on Tuesday, February 8. Thank you again. This concludes the call for today.

Operator
Ladies and gentlemen, this does conclude the conference call for today. We thank you for participating and ask that you please disconnect your lines.