S&P Global
Market Intelligence

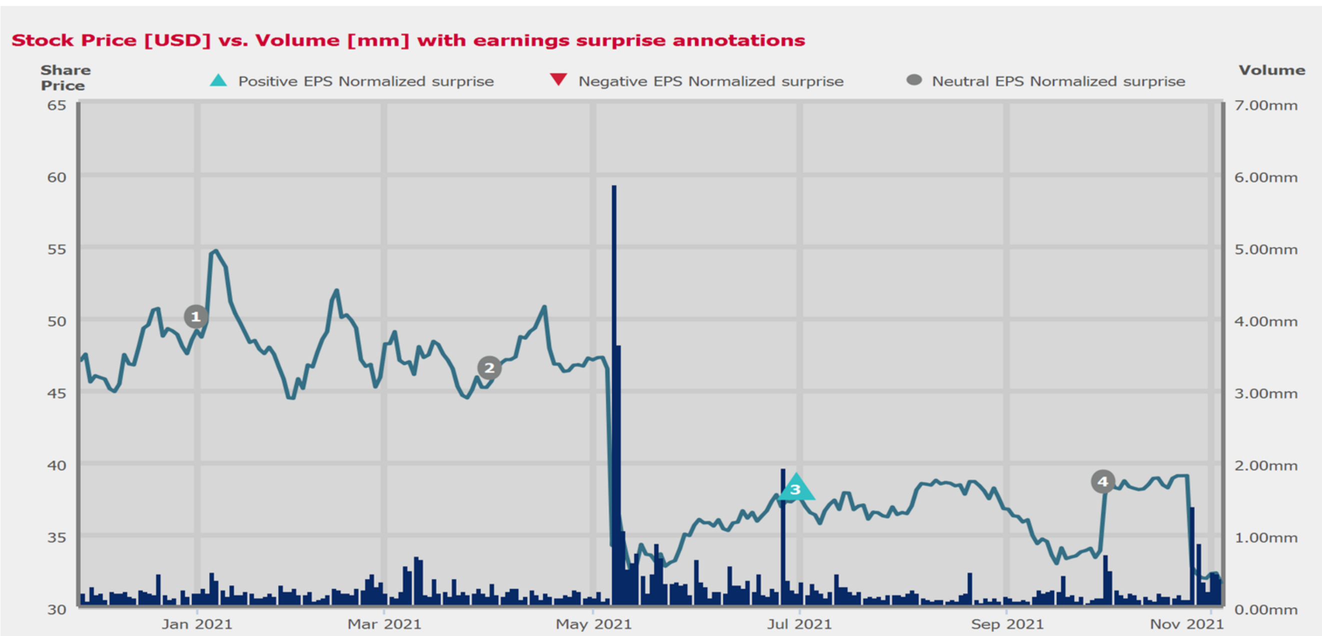
James River Group Holdings, Ltd.
NasdaqGS:JRVR
FQ3 2021 Earnings Call Transcripts

Wednesday, November 03, 2021 1:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2021-			-FQ4 2021-	-FY 2021-	-FY 2022-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	(0.64)	(0.72)	NM	0.45	(2.93)	NA
Revenue (mm)	194.42	190.99	(1.77 %)	199.17	764.28	NA

Currency: USD
Consensus as of Nov-03-2021 6:08 PM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ4 2020	(0.50)	(0.95)	NM
FQ1 2021	0.59	(3.54)	NM
FQ2 2021	0.51	0.54	5.88 %
FQ3 2021	(0.64)	(0.72)	NM

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EXECUTIVES

Brett Shirreffs
Senior Vice President of Investments & Investor Relations

Frank N. D'Orazio
CEO & Director

Sarah Casey Doran
Chief Financial Officer

ANALYSTS

Brian Robert Meredith
UBS Investment Bank, Research Division

Cullen Johnson
B. Riley Securities, Inc., Research Division

Dong Yoon Han
Keefe, Bruyette, & Woods, Inc., Research Division

Mark Douglas Hughes
Truist Securities, Inc., Research Division

Matthew John Carletti
JMP Securities LLC, Research Division

Presentation

Operator

Thank you for standing by, and welcome to the James River Group Holdings Third Quarter 2021 Earnings Call. [Operator Instructions] As a reminder, today's program is being recorded. And now I'd like to introduce your host for today's program, Brett Shirreffs, Head of Investor Relations. Please go ahead, sir.

Brett Shirreffs
Senior Vice President of Investments & Investor Relations

Thank you, Jonathan. Good morning, everyone, and welcome to the James River Group Third Quarter 2021 Earnings Conference Call. During the call, we will be making forward-looking statements. These statements are based on current beliefs, intentions, expectations and assumptions that are subject to various risks and uncertainties, which may cause actual results to differ materially. For a discussion of such risks and uncertainties, please see the cautionary language regarding forward-looking statements in yesterday's earnings release and the risk factors of most -- of our most recent Form 10-K, Form 10-Qs and other reports and filings we have made with the Securities and Exchange Commission. We do not undertake any duty to update any forward-looking statements.

I'll now turn the call over to Frank D’Orazio, Chief Executive Officer of James River Group.

Frank N. D’Orazio
CEO & Director

Thank you for that introduction, Brett. Good morning, and welcome to everyone on the call. It's a pleasure to join you again having just yesterday completed my first year at James River as CEO. I certainly plan to cover the results of the quarter in a moment. But given the timing of this call, if I'd first reflect on some of the goals I originally set for the organization and review the progress we've achieved in my first 12 months. As I said on my first call with you last February, my primary objectives were to ensure that the company remain laser-focused on the market opportunity that we have in front of us to strengthen our position as a best-in-class E&S carrier with an expanded fronting and fee income business and to eliminate the overhang surrounding our commercial auto runoff portfolio.

I believe we've been very successful in executing on these 2 priorities. Having put a loss portfolio transfer agreement in place in late September, with coverage provided highlighted without an aggregate limit and fully collateralized, priced very close to our held reserves. And secondly, by driving strong growth and attractive rate increases throughout our 2 very strong insurance franchises, our E&S unit which has long been an industry leader and our Specialty Admitted unit, which we emphasize our fronting capabilities and fee income generation.

At the same time, I've also significantly added to my senior management team with the addition of highly experienced leadership in our new Chief Actuary and new Chief Claims Officer, who each joined us this past quarter and are playing pivotal roles in the risk framework of the organization as we invest in and bolster our enterprise risk program. James River has also added to its Board of Directors, adding 2 very strong independent directors with deep industry experience who will undoubtedly provide valuable guidance to the management team.

When I took the reign here as CEO, I told the Board I would emphasize growing our highly profitable core businesses. The core E&S business was approximately $615 million in gross written premiums on a trailing 12-month basis by the time I joined the organization. Over the subsequent 4 quarters, we've taken advantage of dislocation in the market as well as rate increases to grow the core E&S book by 25%. With the opportunities available to us today, the core E&S business should soon be exceeding $800 million in GWP. Rates in this segment have increased by more than 13% over the last 4 quarters, meaningfully in excess of loss trend. Accounts continue to stay in the E&S marketplace for longer as we've been able to provide renewal quotes on nearly our entire in force portfolio, each of the last few quarters. While our policy count has grown over 24% during the last year.

Our E&S segment grew 21.3% in this most recent quarter, which is a significant acceleration from Q2 and a validation that we remain a preferred destination for our valued wholesale market partners. I mentioned on our last earnings call that we saw a brief slowdown in new business volume during the month of May, around the time of our equity offering. New business volume returned to normal during June and July, and that momentum has continued during Q3. Just as importantly, the macroeconomic conditions that have created this market hardening still exist today. Concerns of social inflation, the impact of climate change, a continued low-interest-rate environment and the hangover effect associated with soft market era underwriting, lead me to believe that the market's current pricing and underwriting discipline should continue well into 2022.

Given our capabilities as an expert in the E&S Casualty arena, the relationships of our experience and dynamic underwriting team and what we see in terms of market opportunities in front of us, I have no doubt that our franchise will continue to be a leader and will continue to benefit from the robust market opportunities in the sector. In the Specialty Admitted segment, our fronting business has grown by almost $100 million of gross written premium on a trailing 12-month basis or approximately 27% since I joined James River. And in the most recent quarter, fee income was up more than 20% relative to the third quarter of 2020. We have another very experienced and capable team running this business that has deep relationships with both our underwriting partners and the strong panel of reinsurers that support the programs.

Growth in our fronting and program business slowed a bit during the third quarter as new programs added in 2020 have begun to complete 12-month renewal cycles, but our growth was still up double digits from the prior-year quarter, which was largely due to newer fronting relationships. I would note that the deal-driven nature of the fronting and program business can produce large swings and premium results from quarter to quarter. It can take months, if not more, to bind a program. And so top-line results for this segment can be lumpy. I would expect our long-term growth over the next few years is not likely to be in an absolute straight-line for this segment. I would also dismiss any suggestion that our prospects for this segment are hampered by our recent ratings change.

Most of our competitors in this space carry the same A- stable rating as we do, but I believe our team and level of experience set us apart as we've been in this business now for nearly a decade. We've renewed all of our programs that have been up for renewal since our downgrade and submission activity for new program opportunities was up more than 30% during the third quarter. We continue to have a healthy pipeline of new deals, and my optimism and outlook for this business remain intact. Although I'm pleased with the growth in our proven key segments, I want to make it clear that we remain a bottom-line focused company. Our E&S business continues to report very attractive margins with underlying combined ratios in the low 80s, while our Specialty Admitted segment is growing fee income at double-digit rates and driving underwriting income in that segment.

Now, turning to my second priority that I referenced earlier. As you know, finding a legacy solution for our runoff commercial auto portfolio that provided economic finality was a key priority for James River. After a month-long process to evaluate options related to our legacy reserves, we were able to execute a transaction to bring economic finality to substantially all of our run-off portfolio. This exposure has been transferred on a fully collateralized basis to a counterparty that is well-known to us. And I believe the ultimate cost of the transaction further supports the change in actuarial methodology that was introduced in Q1. The entire leadership team worked very hard to make this happen, and we're very pleased with the outcome. The transaction removed a significant distraction and helped to strengthen our balance sheet meaningfully. We have benefited from a return to a stable ratings outlook as a result of the executed transaction.

Moving forward, in addition to focusing on the fabulous market opportunity that remains in front of our insurance businesses, my priority now is to stabilize our Casualty Re segment. This is a business that we've been in for over a decade. And quite frankly, the results have not met our standards. Before I joined the organization, the decision was made to shrink the business substantially, and it's down more than 35% from its recent peak a few years ago. While we do feel much better about the prospects for performance of the recent accident years, the persistence of our emergence from older underwriting years is not acceptable, and the scale of the segment does not warrant increased investment in the coming year. The most immediate action that we can take is to continue to meaningfully reduce our exposure by exiting treaties that have proven to be unprofitable and reacting quickly to reserve indications while we continue to analyze our options for the segment.

The focus of the organization is on our insurance and fronting businesses. That is our future. We'll begin to significantly shrink top-line writings of our Casualty Re segment over the course of the next year as we focus the growth of our organization on our higher returning U.S. insurance businesses. Casualty Re's Q4 activity is largely already underwritten and bound at this point in the calendar, but I'm committed to putting a significantly greater focus on our U.S. businesses going forward, and that will become more obvious in Q1 2022. The $15.1 million of reserve strengthening in the quarter was extremely disappointing and largely reflects the increased loss emergence we saw during Q3. Nearly 3/4 of the development was related to general liability treaties and primarily came from the 2014 to 2017 accident years. More than half of the reserve development came from treaties that we no longer write.

Since I arrived at James River, we've consistently booked to the actuarial indication or higher when booking our reserves for this segment. Our reserves for Casualty Re are reviewed by third-party actuaries on an annual basis, and our held reserves at the beginning of 2021 were consistent with the external estimate we received.

I'll close now with just a few comments on market conditions and the quarter itself. Our headline E&S rate increase was 8.7% in the third quarter and stands at 14.5% on a year-to-date basis. The rate moderation relative to the second quarter reflected a slowdown in some of our larger units. For example, rates in Excess Casualty were up 12% in the third quarter, a very attractive level, particularly given the amount of rate already achieved in that line of business and ahead of our view of loss trend, but this is down from nearly 30% in the second quarter. Excluding the Excess Casualty line, rate increases were stable compared to the second quarter. I would also point out that we saw similar overall rate moderation in Q3 and Q4 of 2020 before experiencing significant rate acceleration in the first half of 2021.

In total, the third quarter represented the 19th consecutive quarter of renewal rate increases in the E&S segment, compounding to 46% over that period. This jump in rate, combined with significant improvements in terms and additions over this period, has given us confidence to pursue our growth objectives. As I mentioned earlier, absent what would be nonrecurring events for the quarter, the underlying E&S business is producing combined ratios in the low 80s, and we continue to see margin expansion across the company. Going forward, the strength of our core E&S business should no longer be burdened by our commercial auto runoff results. After completing the LPT transaction, our IBNR as a percentage of our reserves has increased meaningfully to 65.7% in E&S and 62.9% across the company, increases of 8 and 5 points, respectively, from June 30.

Overall, we feel very good about the current market in which we're operating and our ability to take advantage of these very favorable conditions. There is ample opportunity for us to continue to grow profitably in both E&S and Specialty Admitted. Our ratings are strong and stable. Our underwriting teams remain embraced by our distribution partners, and we remain focused on effectively deploying our capital and generating attractive returns on equity.

And with that, let me turn the call over to Sarah.

Sarah Casey Doran
Chief Financial Officer

Thanks, Frank. Good morning, everyone. Given Frank's extensive comments on the current quarter as well as the past 12 months, I'm going to focus my comments on a few discrete parts of the quarter as well as some other key financial items. Last night, we reported a net loss of $23.9 million for the quarter and had a $26.8 million operating loss. This loss was impacted by the aforementioned commercial auto LPT that we executed at the end of September, bringing economic finality to substantially all of our commercial auto runoff portfolio. We also had 2 other unique impacts on the quarter, which I will further explain in a moment.

Frank has already commented on the adverse development in the Casualty Reinsurance segment. So to sum the unique impact of the quarter in E&S, first, as we mentioned in conjunction with our 8-K filing and the signing of the commercial auto LPT, there is the impact of the transaction, of which the majority is related to claims expense. Second, there is the $5 million net impact of the Ida cat losses. We have a small, geographically diversified excess property portfolio that the company has written for many years, which is heavily reinsured. Our reinsurance incepts at $5 million of losses and provides for $40 million of limit. We also benefit from a substantial surplus share treaty. For that reason, the $5 million of net losses should not grow.

Last, this quarter was unique in that we had $8.1 million of reinstatement premiums for casualty treaties in different years, caused by losses we experienced in those accident years. Reinstatement premiums are a function of excess of loss reinsurance, which is what these treaties are. Generally, our casualty treaties works such that the first reinstatement premium is due on first loss of the treaty. But thereafter, we have a few free reinstatement premiums to provide coverage should further losses arise. As these treaties protect losses in prior accident years, the $8.1 million is a straight reduction to net written and net earned premium in the current quarter. Absent these 3 impacts, as Frank mentioned, the combined ratio for the E&S segment would have been 83.4%, which has improved by about 2 points as compared to the 85.2% in the comparable quarter last year.

The E&S ex cat accident year loss ratio, adjusted for the casualty related reinstatement premiums and the commercial auto LPT would have been 64.6%, consistent with our performance year-to-date and in excess of our historical fully developed loss ratios for prior years in core E&S. Absent the casualty related reinstatement premiums, which again, served to reduce net written and net earned premium in E&S by $8.1 million, net written and net earned premium in E&S would have grown 25% and 22%, respectively, over the prior year quarter, a meaningful acceleration from the growth rate of last quarter.

Moving on to our group-wide expenses. Our group expense ratio was 24.8% this quarter as compared to 24.8% in the third quarter of last year and 26% last quarter. We had favorable adjustments to bad debt expense and certain accruals for taxes, licenses and fees within the Specialty Admitted segment this quarter, which served to lower the segment expense ratio by about 5 points. This was partially offset by a higher expense ratio in Casualty Re due to lower sliding scale commission reductions and less premium earned. It also benefited meaningfully from the scale we continue to build in our E&S and specialty admitted segments.

Finally, on to investments. Net investment income for the third quarter was $15.3 million, an increase of 2% from the third quarter of last year and about 7% from the prior quarter. The increase is due to increased returns from both our renewable energy portfolio and some other private investments. We ended the quarter well within our target operating and leverage ratios of 1.2x and 29% respectively.

So with that, I will hand it back to Frank.

Frank N. D’Orazio
CEO & Director
Thank you, Sarah. Operator, please open the lines for questions from our listeners.

Question and Answer

Operator

[Operator Instructions] Our first question comes from the line of Mark Hughes from Truist.

Mark Douglas Hughes
Truist Securities, Inc., Research Division

Is there any impact? You mentioned the new Chief Actuary and Chief Claims Officer. Did that influence in any way the approach to the Casualty Re reserve development?

Frank N. D’Orazio
CEO & Director

No, not necessarily. Dave joined the organization just this quarter, as you know, joined in August, and our prior -- our Chief Actuary retired at the end of September. So while he was a key part of the Q3 review, he's not been with us for a full quarter, not completely finished his initial review. In essence, what you saw relative to the quarter and Casualty Re was no change relative to methodology.

Mark Douglas Hughes
Truist Securities, Inc., Research Division

Okay. And then the reinstatement premium, could you talk a little bit more about that in particular circumstances that drove that, that, at least in my experience, seems unusual that you would have that magnitude of a loss that would trigger the reinstatement premium. Just a little more detail on that would be helpful.

Sarah Casey Doran
Chief Financial Officer

Sure, Mark. It's Sarah. I can help to conceptualize that a bit more. As I mentioned, there are both Casualty, XOL treaties that we have in E&S that we've had in E&S for many, many years, the same structure et. cetera. And if I think about those, the -- for lack of a better term, the [indiscernible] is that we had losses from 2 different years on the treaties. So we triggered 2 different reinstatement premiums. As I mentioned, typically, you pay for the first reinstatement premium, and then you get a number of free reinstatements. So to the extent, we had further losses on those particular accident years. There would likely be a 0% financial impact from any future reinstatement premium. But what that does is conceptually net down our losses to, call it, a $1 million to $2 million range on anything we're writing, which obviously protects our balance sheet, kind of plays through the low volatility focus of our E&S business.

This cover largely helps with, I would say, 4 or 5 divisions within E&S. And one of the things to consider here with regard to XOL treaties and the way these are priced is there is going to be a factor for our growth but a different way. We have grown a fair amount, which point effect, makes the restatement premiums relatively large compared to where the -- they have been a few years ago when we weren't growing as much. But I think the import here is there is some randomness in that they both came through in the same quarter. And I would not expect to see those triggered for the foreseeable future.

Mark Douglas Hughes
Truist Securities, Inc., Research Division

Anything on the nature of the loss, what sort of end market, what industry perhaps? Is this social inflation? Just a little more characterization of the underlying issue?

Frank N. D’Orazio
CEO & Director

Yes, sure. So the 2 reinstatement losses that you're referencing came out of the energy segment. I'm not sure how familiar you are with our energy underwriting unit there, but it's not a large unit. I think we did roughly about $15 million in premium last year, primarily focused on oilfield services. We are not a big E&P or coal underground mining type of underwriting shop. Certainly, there has been a push within that underwriting department to cut our limits to take some of the volatility out of the underwriting segment. It has historically been very profitable line of business for us. But we have pushed policy limits down. So now I would say roughly a little more than half of the policies that we write out of that unit have limits under $5 million, $5 million or less, I should say.

Mark Douglas Hughes
Truist Securities, Inc., Research Division

Okay. And then any commentary in terms of business flow activity early in the fourth quarter?

Frank N. D’Orazio
CEO & Director

So sure. I mean I would say that -- and we referenced this, I guess, in Q2, right? So we saw some slowdown in terms of growth in E&S in May. But it picked right back up in June and July, and that really continued through the rest of the quarter and into the fourth quarter as well. So policies in force, that count is up about 24%. Numbers of binders on our small business initiative is up 11%. We continue to see the benefit of strong support from our wholesalers with a negative outlook removed. So it's all been quite positive, particularly since the outlook will stabilize.

Operator

Our next question comes from the line of Matt Carletti from JMP.

Matthew John Carletti
JMP Securities LLC, Research Division

Frank, I was hoping to circle back to your commentary on Casualty Re. I caught what you said about you expect the top line to significantly shrink, particularly starting in Q1. What I was hoping you could give us some more color on is what you plan to do to address the back book because shrinking it forward isn't going to take care of prior reserve issues. I know it's reinsurance. Is it ADC or an LPT a possibility or something that's being considered? Is there -- you commented that you've always kept it at or above actuarial indications.

But I mean, if we look back over many quarters and years like those actuarial indications have consistently been short. Is there a deeper reserve study? Or are you considering kind of changing the actuarial approach? I'm just trying to get out, are you willing to make a commitment to kind of as you brought economic finality to the Uber issue, is there a commitment to bring economic finality to the back book here in Casualty Re?

Frank N. D’Orazio
CEO & Director

No, Matt, it's a good question. So you're right. It's a 2-step process relative to the strategic action, relative to underwriting operations, but then also to use your terminology to back book. So we're going to finish our actuarial review for the segment. So again, this is Dave's first full quarter working with the Casualty Re portfolio. But to your point, I'm going to be open to exploring our options fairly thoughtfully. Some more complex than others, but I'm going to be open options, particularly if we can improve the certainty associated with that portfolio, especially after what we were able to accomplish on the commercial auto runoff block and the value that it added to our organization. And we're doing that now.

Matthew John Carletti
JMP Securities LLC, Research Division

Okay. Great. And on the -- sounds like the deeper dive that's taking place. Any sense on timing? Is that something we could expect alongside or with Q4 reporting? Or do you suspect it would take longer than that to get through the numbers?

Frank N. D’Orazio
CEO & Director

We're expecting to complete our review of the reserves in the fourth quarter. This is underway.

Operator

Our next question comes from the line of Brian Meredith from UBS.

Brian Robert Meredith

UBS Investment Bank, Research Division

A couple of ones here. Just quickly, Sarah, the wind-down of the reinsurance sort of taking it down, any tax implications that you need to be aware of will have any effect on tax rate going forward? Is that at all limiting factor to doing some type of a transaction?

Sarah Casey Doran
Chief Financial Officer

No. We want to do what's right for the business, Brian. And I wouldn't think that we're not going to drive the business based on tax implications. I think there's many different things we can think about here, and that's what the team is committed to doing. I wouldn't hold tax out as a reason not to be a full force on kind of looking at the segment going forward.

Brian Robert Meredith
UBS Investment Bank, Research Division

Great. Understood. But will it have an implication for your tax rate here going forward?

Sarah Casey Doran
Chief Financial Officer

Yes. Again, I don't see it, Brian. We're early days in this, but I'm not seeing a meaningful implication, right?

Brian Robert Meredith
UBS Investment Bank, Research Division

Okay. Great. And then second question, I'm just curious, the cat loss you had in the quarter on, I guess, what you said in excess property, maybe you can kind of -- it's something that obviously unfamiliar with cat losses with James River. And I understand you've got a lot of great reinsurance protection. Can you maybe describe kind of what it was, what happened, why it was so unusual?

Frank N. D’Orazio
CEO & Director

Sure, Brian. So as you know, our excess property book, it's always been fairly small, less than $50 million in GWP, about 5% to 7% of our core E&S business. It's a pretty well-diversified book geographically, heavily reinsured, as you mentioned, to the 1 in 1,000 level on an OEP basis. It's engineered to perform very well. And our loss here was really driven by the fact that this was a $30 billion event. I think that's how we think about this underwriting unit is it's -- it performs very well. When you have a very noteworthy or large event, we're going to have some loss. And I think that we were fairly conservative in terms of how we evaluated our potential loss from this event. We are into -- based on where our protections attached from a property standpoint, this event can't get worse for us.

Operator

Our next question comes from the line of Cullen Johnson from B. Riley.

Cullen Johnson
B. Riley Securities, Inc., Research Division

Sticking at the higher retention ratio in the fronting book. Was that just a pretty standard fluctuation quarter-to-quarter, do you think? Or was that more of an intentional move there?

Sarah Casey Doran
Chief Financial Officer

Yes. That's a great question, Cullen. There was not an intentional move. As Frank said, as we've characterized, that book is just lumpy depending on when certain deals come on and when they don't. And I think, on average, as we've said, our retention there is probably going to be 10% to 20% over the whole book. But you're going to feel that at different points in time. Obviously, there'd be some that might go up to 30, but that should be our average overall, as I've stated.

Cullen Johnson

B. Riley Securities, Inc., Research Division

Okay. Great. And then I think last quarter, we kind of talked about loss cost trends at roughly mid-single digits broadly across the entire portfolio. Is that still a reasonable way to think about that figure here?

Frank N. D'Orazio
CEO & Director

Yes. No, I think so. I don't think anything's changed. When we think about the portfolio at a high level, mid-single digits is a good way to think about it, maybe slightly above that on Excess Casualty and kind of right there for the primary million dollar limits. Again, if you take a look at the rate that we've experienced over the last '19 quarters, 46% over that period of time, we feel very good about where we are versus our view of trend.

Operator

Our next question comes from the line of Derek Han from KBW.

Dong Yoon Han
Keefe, Bruyette, & Woods, Inc., Research Division

I know you talked a lot about the consistent adverse development in Casualty Re in detail. But I was hoping that you could provide some color on what that implies for social inflation within the E&S lines? And how do your accident year loss picks kind of reflect that? I know you're still kind of doing the reserve study, but I was hoping if there are some details on that.

Frank N. D'Orazio
CEO & Director

Yes. Sure. So listen, I think all insurance companies have some exposure to social inflation. We've certainly seen some aspects of it. I think overall if you're talking about the E&S book, based on our focus on SME business, I think we're probably a little bit more insulated than most. I also think that the industry talks about social inflation, like I said, 2020, 2021 phenomenon. I think something that has been kind of ticking up over the last 5 to 7 years. And so to some extent, you've got a little bit of this exposure baked into your loss history. But I think we're fine. We obviously take a look at it on a pretty close basis, and that's factored into our overall views relative to the loss picks.

Dong Yoon Han
Keefe, Bruyette, & Woods, Inc., Research Division

Got it. That's helpful. And then my second question is on the fronting business. I know you've had pretty good growth there in the past year or so. But are you seeing any increased competition from peers? I know there were some recent launches of start-ups and other carriers kind of getting to the space?

Frank N. D'Orazio
CEO & Director

Yes. No, I think you're right. There have been some new entrants in the space, particularly over the last 18 months. I would say Falls Lake is considered a leader in the space. I would suggest our fronting pipeline is very strong. Commission growth has been strong and is up 30% for the quarter. At any given point in time, we've got as many as 3 to 6 programs in various stages of diligence.

And like I said during my prepared comments, it oftentimes takes several months to actually onboard a program. But right now, we're very bullish about the prospects for the segment. Q4 activity is good. We've actually bound a new program. We expect to onboard 2 more over the quarter, and we're just giving another notice on a fourth that I think has got a little bit more of a lead time because it's a book role and there's a notice of cancellation provision to the incumbent. So again, I'm very excited about the prospects for growth in the segment.

Operator

Thank you. This does conclude the question-and-answer session of today's program. I'd like to hand the program back to Frank for any further remarks.

Frank N. D'Orazio
CEO & Director

Okay. Thank you, operator. I want to thank everyone listening on the call for their time today and for the questions we received this morning. I'll wrap up the call by reiterating my appreciation for the staff of James River and our ability to continue to grow our U.S. insurance segments profitably while continuing to deliver on our corporate objectives to make this a stronger and more profitable company. I look forward to speaking with you again early next year to discuss our Q4 results. Thank you, and enjoy your day.

Operator

Thank you, ladies and gentlemen, for your participation in today's conference. This does conclude the program. You may now disconnect. Good day.