S&P Capital IQ

CONTENTS

Old Republic International Corporation

NYSE:ORI

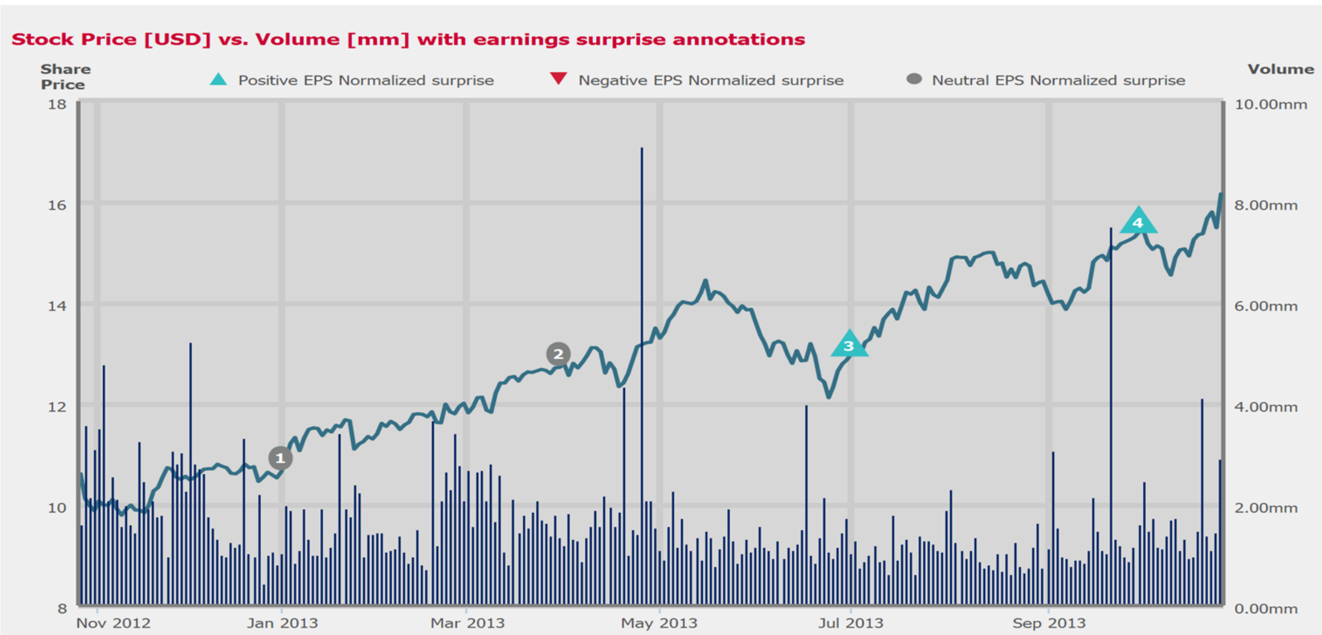
FQ4 2013 Earnings Call Transcripts

Thursday, January 23, 2014 8:00 PM GMT

S&P Capital IQ Estimates

	-FQ4 2013-			-FQ1 2014-	-FY 2013-	
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL
EPS Normalized	0.20	0.33	▲57.14	0.24	1.12	1.25
Revenue (mm)	1315.10	1330.10	▲1.14	1285.00	5367.50	5294.50

Currency: USD
Consensus as of Jan-17-2014 6:20 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ4 2012	(0.05)	(0.09)	NM
FQ1 2013	(0.04)	0.20	NM
FQ2 2013	0.02	0.37	▲1750.00 %
FQ3 2013	0.11	0.35	▲218.18 %

Call Participants

EXECUTIVES

Aldo Charles Zucaro
Chairman and Chief Executive Officer

Karl W. Mueller
Chief Financial Officer and Senior Vice President

R. Scott Rager
President and Chief Operating Officer

Rande K. Yeager
Chief Executive Officer and President

Rande K. Yeager
Chairman of Old Republic Title Insurance Co., CEO & SVP of Old Republic Title Insurance Co.

Scott Eckstein

ANALYSTS

Christine Amanda Worley
JMP Securities LLC, Research Division

Stephen Mead
Anchor Capital Advisors, LLC

Thomas Graham Kahn
Kahn Brothers Advisors LLC

William Dunloy Laemmel
Divine Capital Markets LLC

Presentation

Operator

Good day, and welcome to the Old Republic International Fourth Quarter 2013 Earnings Conference Call. Today's conference is being recorded. [Operator Instructions] I would like to remind everyone that this conference is being recorded. And I would now like to turn our conference over to Scott Eckstein with MWW Group. Please go ahead.

Scott Eckstein

Thank you, operator. Good afternoon, and thank you for joining us today for Old Republic's conference call to discuss fourth quarter and full year 2013 results. This morning, we distributed a copy of the press release. If there's anyone online who did not receive a copy, you can access it at Old Republic's website, which is www.oldrepublic.com.

Please be advised that this call may involve forward-looking statements as discussed in the press release dated January 23, 2014. Risks associated with these statements can be found in the company's latest SEC filings.

Participating in today's call, we have Al Zucaro, Chairman and Chief Executive Officer; Scott Rager, President and Chief Operating Officer; Karl Mueller, Senior Vice President and Chief Financial Officer; and Rande Yeager, Chairman and Chief Executive Officer of Old Republic Title Insurance Companies.

At this time, I'd like to turn the call over to Al Zucaro for his opening remarks. Please go ahead.

Aldo Charles Zucaro
Chairman and Chief Executive Officer

Well, thank you, Scott, and good afternoon to everyone on behalf of all of us at Old Republic. In this conversation, we're going to follow the same approach as we have in recent quarters. There are again 4 of us who will participate in discussing the major factors that bear on the results for the final quarter and the full year 2013. Scott Rager will cover our General Insurance segment; Rande Yeager, our Title business. Karl Mueller will comment on significant financial matters and I'll make a few remarks at the beginning and at the end of the call.

So let me start by addressing the overall picture and the run-off business, in particular, that had such a large impact on both the final quarter and full year results of 2013.

Now the results for last year's final quarter, by the way, represented the third consecutive quarterly period of profitability since the onset of the Great Recession in 2007, mid-2007, for us. And the big drivers, of course, of this renewed profitability are represented by the very dramatic turnaround in the Mortgage Guaranty run-off book of business and the very positive operating momentum that we have had for a while now in our Title business. Since Rande Yeager will cover the Title segment in a few minutes and, of course, as I said, Scott will cover the General Insurance business, before that, I'll just say a few words relative to the run-off book before turning the call over to my other associates.

Let's see. With respect to the Mortgage Insurance line, in particular, which is, as you know, as you can see in the news release, it's by far the largest element in the run-off book. We've been experiencing a very steady decline in loss provisions applicable to previously reported defaults. Since the last quarter of --

[Technical Difficulty]

We're getting a buzz on our end here.

Okay. Let's see, where was I? I was talking about the decline in the loss provisions that apply to the previously reported defaults at year-end 2012. And in this regard, the much lower claim provisions are largely caused by the rate at which previously reported defaults are being cured or are otherwise being closed out without payment and thus eliminated from the inventory of open claims. And as most everyone knows, publicly available data relating to housing and mortgage lending and employment trends are all moving in a generally favorable direction. And these are the major big picture factors that are driving the positive trends in the MI claim costs.

Nonetheless, we've still -- we've continued to maintain a relatively high average claim reserve prolonged in default and we are doing this in the face of a declining risk-enforced inventory, which, by the way, is down by almost 20% year-over-year and a traditional primary default rate that's down by something like 11% year-over-year. And you can see the statistics in the statistical exhibit that we've posted this morning on our website. We mentioned these particular factors because they are most explanatory of the lower claim costs we've experienced in 2013.

Now in addition to the substantial reduction in these MI claim costs, we've continued to operate the runoff in MI at a very low expense ratio. And we've done this in the context of a steadily declining earned premium base and all that, that implies for the management of a business with a long-term profitability as the fundamental objective. And as we've said in the past, this achievement would not have been possible and we are most grateful for having retained a very, very good and fine group of professionals who are fully committed to manage the RMIC business for both its current runoff state, as well as for its planned, and we believe, necessary reactivation in a financially sound and very competitive and cost-efficient manner.

With respect to the CCI runoff, which you see in one of the tables in the release, the operating statistics reflect a similarly substantial reduction of year-over-year claim costs, together there, as well, with a very low expense ratio. The CCI coverage is obviously a much smaller portion of the RFIG runoff, but it is affected by the same positive housing and general economic factors that apply to the MI line. And while the CCI claim costs as such are in a downtrend, the line, unfortunately, remains burdened by a relatively high level of litigation costs, which we currently believe will persist for a while longer.

But leaving aside these ongoing litigation issues, we think that both MI and CCI claim costs should continue in a longer-term downtrend and that the MI runoff line, in particular, should trend toward profitability for the foreseeable future.

Now speaking of MI in this morning's news release. We once again mentioned our objective of essentially selling that business by having it access the capital markets to, in effect, recapitalize itself. And as we speak, the senior RMIC executives, together with the investment banking firm we've retained to do that, are making good progress toward that objective. So that within the next several weeks, we should be in a position to report on this capital raise and on RMICC's ability to exit the ORI consolidation.

And by the way, as we've also indicated in the past, in a stand-alone RMICC company, Old Republic would retain a small minority interest. And at some future date, our intent has been that we would most likely sell or otherwise dispose of this interest in one fashion or other.

Now in all these regards, I should also reiterate a basic objective we've had since placing the MI business into run-off under the supervision of its main insurance regulator in the person, in the institution of the North Carolina Department of Insurance. Now that objective, of course, has been to remain focused on the fundamental obligation of an insurance institution to first and foremost address the legitimate interests of its policyholders, of its main stakeholders. As in the MI business, those stakeholders, the more important ones, are obviously the regulator charged with overseeing insurance companies, as well as the lenders who have bought the MI subsidiaries' policies and expect to receive the benefits from those policies.

Now for some time, we have reported in our footnotes and what have you that the various modeling techniques we use to assess the ultimate financial outcome of the MI run-off that those models point to a realistic, we think, possibility that all or substantially all of the MI claim obligations could be met by the end of a 10-year period that, in our case, would extend through 2022.

Now again, as is the case with all models, however, there are always uncertainties when one peers into such an extended period of time. So our conclusion has been and it remains that we can achieve and provide greater certainty of outcome for MI policyholder interests by effectively shortening the run-off period and, in so doing, accelerate the payment of the deferred claim payment obligations, or DPO as we refer to them shorthand, that we've accumulated during the run-off period to date. Now as of year-end 2013, these DPO balances amount to approximately $550 million and they are held in the reserves of our MI insurance subsidiaries. And with regulatory approval, we do have the funds in hand to pay off these obligations.

So we come full circle to the idea of -- by -- of recapitalizing the MI subsidiaries and in so doing we can at once eliminate the supervisory burden carried by the insurance regulatory authority, and also enable a new shareholder group to reactivate the business for the greater good of an important part of the insurance industry.

So that's how we come to the conclusion and the need of recapitalizing the MI business and, in so doing, exiting it in so far as Old Republic is concerned.

Let's see. Having said all this, I guess I will now ask you, Scott Rager, to provide some comments relative to our General Insurance business.

R. Scott Rager
President and Chief Operating Officer

Good enough. Okay. Thanks, Al. For information, I will be referencing numbers excluding the effects of the CCI runoff in my following comments, so that everybody can follow along if they wish.

The General Insurance Group's numbers are definitely moving in the right direction as to both growth and composite underwriting ratios with net premiums earned up 9.9% for the quarter and 8.1% for the year. Composite ratio was 96.7% for the quarter and 97.3% for the year and being at that point it was down about 0.5% from year-end 2012. The claim ratio ticked up a bit year-over-year, but was a little more stable in the fourth quarter. And we believe the positive premium rate developments we've experienced over the last 24 months or so will continue into 2014. This should result in a return to historically lower claim ratios in the workers' compensation and general liability lines, in particular, on a going forward basis. Still the workers' compensation claim ratio continues to run a few points higher than we'd like, but we think we'll see a gradual improvement in the next several quarters as to that matter.

We continue to experience moderate premium rate increases in the various books of our several operations and in the aggregate. And also as a group, we've continued to manage our operations efficiently as demonstrated by the rather stable expense ratio, even after considering the near 2% added variance we experienced in 2012 relative to that year's treatment of deferred acquisition costs.

In our view, the composite ratio of 97.3% is a good benchmark of how the business performed in 2013. We're still seeing opportunities for new business in almost all parts of the General Insurance group of companies. Customer retention levels remain within or even exceed our expectations. And the economy, in general, is providing additional support for some organic growth within the book as well.

Our current expectation is that the growth patterns we've seen in 2012 and 2013 should likely continue into 2014.

So I guess, in summary, we're about where we thought we'd be at this point considering the general economic and competitive influence in our various markets. And we firmly believe we're well positioned to meet the future underwriting performance and growth expectations in the 5-year plan we posted on our website earlier in 2013.

So having highlighted the General Insurance operation, I'll now turn the phone over to Rande Yeager for his comments on our Title business. Rande?

Rande K. Yeager
Chief Executive Officer and President

Great. Thanks, Scott, appreciate it. My whole group capped off the year with another good quarter. Each of the 4 quarters beat the previous year's results, something that we're very proud of here. In the most recent quarter, we reported pretax income of $25.7 million compared to $20.2 million in 2012's fourth quarter. Pretax income for the year was $124.3 million compared to $73.8 million last year.

For the quarter, premium and fee revenues was up -- were up 2.5% over 2012. And for the year, premiums were up 19%.

We're continuing to experience favorable claims development. And for the quarter, the claims ratio dropped from 7.0% in 2012 to 6.1% in 2013. The expense ratio, as well, dropped slightly to 89.7%. Our agency revenue made up a bigger percentage of our total premium as sort of a factor in that. Interest rates ticked up over the past few months and that has slowed refinance activity a little. Purchase money transactions are helping to make a reduction in that refinance activity, so that's why our results are better than they were last year.

Moreover, we continue to gain market share. And in the third quarter, which is the most recent information that we have, it indicates that we had 15.2% of the national market. I think, personally, there'll be more challenges in 2014, but we're very optimistic about the Title business' progress and our opportunities. There's a lot of excitement amongst our people with regard to the near and long-term prospects of our operations.

And with that, I will turn the discussion over to Karl Mueller.

Karl W. Mueller
Chief Financial Officer and Senior Vice President

Okay. Thanks, Rande. This morning, we reported total assets of $16.5 billion as of the end of December and that's largely unchanged from both the September 30 balance and up just slightly from year-end 2012. The makeup of the balance sheet is also substantially unchanged from earlier quarters in 2013, as well as year-end 2012.

The year-end 2013 cash and invested asset balance of $11.1 billion reflects modest growth resulting from the investment of positive operating cash flows. This growth was offset to some degree by reductions in the fair value of the bond portfolio, in particular. This was due to the modest rise in interest rates that the U.S. economy began to experience in 2013.

Also as noted in the earnings release this morning, investment income has continued in a downward trend as new investments are being made at market yields that are generally lower than those applicable to bonds, say, that have either been sold or matured during the year.

Looking then to the liability side of balance sheet, the year-end 2012 consolidated loss reserves have developed favorably throughout 2013. Taking it by the pieces, the General Insurance reserves have trended slightly favorable. Title insurance reserves, as Rande noted, have developed pretty much in line with original estimates. And the RFIG run-off segment reserves developed most favorably in 2013 by comparison to deficiencies that were reported during 2012 and for several years prior to that. This morning's release does, in fact, quantify the effect of this favorable development on the 2013 Mortgage Insurance claim ratios.

We ended 2013 with a debt-to-equity ratio of 15.1% and a debt-to-total capitalization ratio of 13.1%. These ratios have trended downward consistently during 2013 from the comparable ratios at year-end 2012 of 15.9% and 13.7%, respectively.

Al commented earlier on the status of the recapitalization plan for the Mortgage Insurance companies. Upon the successful completion of the plan, Old Republic will no longer have a controlling interest in the mortgage operations and will thus deconsolidate the Mortgage Insurance subsidiaries. At that point in time, the potential risk of an accelerated maturity of our convertible debt securities attributable to our MI subsidiary, Republic Mortgage Insurance Company, will have been mitigated.

Shareholder's equity as of year end was just shy of $3.8 billion or $14.64 per share, which is an increase of $0.61 per share from the prior year end.

Operating earnings per share in excess of shareholder dividend added $0.19 and $0.65 to book value for the quarter and for all of 2013, respectively. All other changes in book value for the year are included in the table on Page 7 of this morning's release.

From a parent company liquidity perspective, we ended the year with approximately $216 million of cash and highly liquid securities that are readily available to the ORI holding company. This balance is, in fact, down from September as we made additional investments in our General Insurance group of companies during the fourth quarter to support their continued growth. We do remain confident that the sources of cash to the holding company are sufficient to meet our foreseeable operating needs.

So there you have the financial highlights. And at that -- saying that, I will now turn it back to Al Zucaro for closing remarks before we go to questions and answers.

Aldo Charles Zucaro
Chairman and Chief Executive Officer

Okay. So again, there you have it. And so far as our comments and highlights of what's happened in this latest quarter and for the whole year, the bottom line pressures and the potential threats to company -- to the parent company liquidity, as Karl just mentioned, that were of some concern in recent years, we believe, are now clearly behind us. So now we are, I must say, happily looking forward to growing Old Republic's business on a very solid ground in its core areas that would remain after the MI sale, so to speak, and of course, those 2 core areas are the General Insurance business and its multiplicity of subsidiaries engaged in various niche markets, as well as our fast-growing and breathing [ph] Title Insurance business under Rande's leadership.

So on this note, I suspect we will now proceed with the question-and-answer period that we've provided for in this discussion.
So operator, if you can turn it on to whoever has questions, that'd be great.

Question and Answer

Operator

[Operator Instructions] We'll go first to Stephen Mead with Anchor Capital Advisors.

Stephen Mead
Anchor Capital Advisors, LLC

Al, can you talk a little bit more in terms of the insurance business and provide a little bit of sort of color as it relates to the different sort of lines of business and talk about, sort of, from the terms of volume and price?

Aldo Charles Zucaro
Chairman and Chief Executive Officer

Are you talking about the General Insurance business, in particular, right?

Stephen Mead
Anchor Capital Advisors, LLC

Yes.

Aldo Charles Zucaro
Chairman and Chief Executive Officer

And you've seen -- Steve, you've seen the statistical exhibit, I take it, that we posted on the web this morning. And as you look at that, you will see that we had some pressure from a loss cost standpoint in the workers' comp area and that's a continuation of pressures we've experienced since 2011, in effect, and those continued to about a similar extent in 2013 as they did in 2012. And as I think Scott intimated before, we think that those should start to abate as 2014 moves along and as we get further help from the rate increases that are flowing through the system with respect to comp as well as the general liability line, in particular. I think Scott also indicated that we think we've got very good growth opportunities in General Insurance, that the competition seems to be relatively reasonable and stable. So we don't have any, to our way of thinking and particularly in the niche areas in which we play, we don't seem to have any crazies out there that are undermining the fundamental need for rate support in a -- that's necessary in a very volatile part of the business. So things look good. I can't think of a single part of our business or single industry that we serve that does not have good opportunities for growth and growth at a profit. If you look at the statistics, as I say, in the exhibit, as well as in the brief table that's shown in the news release this morning, you will see that when you eliminate the CCI product from the General Insurance business that the business is beginning to clock in with a 96%, moving towards a 95% composite ratio. We're going to get some help, I think, ultimately from the investment side of the business as rates start to increase and we've got a very liquid investment portfolio, which can be easily repositioned to take advantage of rate improvements when they come down the pipe. So things look good in the General Insurance business going forward.

Operator

[Operator Instructions] We'll go next to Christine Worley with JMP Securities.

Christine Amanda Worley
JMP Securities LLC, Research Division

I had a couple of numbers questions. For starters, on the general liability line, it looks like your loss ratio ticked up a bit in the quarter. I was just wondering if -- what was driving that?

Aldo Charles Zucaro
Chairman and Chief Executive Officer

Well, that's -- of the 2 lines that have been challenging to us, Christine, comp is the biggest of course. But the GL line, because it doesn't have the kind of volume and the number of accounts that we have in comp, tends to be very, very volatile. It is also the line that's got some remaining A&E types of claims in there and sometimes those claims can't be called correctly from a reserving standpoint. So when we settle them or pieces of them, sometimes we do get hit. So I would say the combination of this relatively small number of accounts, relatively small number of claim counts, is what makes the line particularly volatile and that's why you're seeing what you see. I wouldn't be surprised if this year you experience a complete turnaround and we'll be at a loss to explain why all of a sudden why it's gotten so much better.

Christine Amanda Worley
JMP Securities LLC, Research Division

Okay. So I mean, was there specifically an A&E sort of claim in the quarter then? Or you're just sort of speaking a little bit more globally?

R. Scott Rager
President and Chief Operating Officer

It was more a combination of several claims throughout the system that just turned out -- it became a severity issue as to individual claims for the most part.

Christine Amanda Worley
JMP Securities LLC, Research Division

Okay. And then sort of on the other side of the claim then, financial indemnity, in that line in the quarter, you had a negative loss ratio. So I was wondering what was that? What was driving that?

Aldo Charles Zucaro
Chairman and Chief Executive Officer

That came mostly or substantially, correct me if I'm wrong, Scott, from the surety operation where when we get a claim in surety, particularly if it applies to contractor business, which is one of the areas that we play in, that we would not necessarily recognize the salvage opportunities that may be there until we've got them well in hand. And I believe, again correct me if I'm wrong, Scott, that in 4Q, we did recognize some of these recoveries that had not previously been booked, as I say, until we had greater confidence that they would be there. That's the main reason you see the negative. It's a takedown of reserves by virtue of recoveries of salvage.

Operator

We'll take our next question from Thomas Kahn with Kahn Brothers.

Thomas Graham Kahn
Kahn Brothers Advisors LLC

I'm sitting here with 2 perplexed ORI shareholders, Bill Knox and Andrew Kahn, and we're trying to figure out how the disposition of the business that you're going to dispose of in the next few weeks benefits shareholders more than just keeping it. In other words, they're saying, why not keep it and it'll create more shareholder value as it runs itself off, as opposed to disposing of it as you described in your comments. And I was unable to help them with an intelligent answer, so I thought we'd lateral the ball back to you.

Aldo Charles Zucaro
Chairman and Chief Executive Officer

Okay. Well, as a -- I think we tried to explain what is occurring or what has been occurring with that business in these terms: That business -- as you know, the business operates by virtue of regulatory rules. And from a regulatory standpoint, the only reason why the company is in existence is because of special regulatory considerations having to do with the treatment of the so-called DPO, deferred payment obligation, claim reserves. Were it not for that treatment, the company would be insolvent. So what has occurred by putting the company in run-off has been that we have bought it time -- together with the insurance regulators, we have bought time to, in fact, generate profits to offset the deficit that exists in its capital account. But there's never any assurance that a regulator would, in fact, give us the length of time, and I believe I mentioned this, a 10-year period extending to 2022, that would be extended for us. So we don't know that. More importantly, however, again as I tried to say, we have to be focused on the needs of policyholders. And in our case, the policyholders for the Mortgage Guaranty business are basically the major lenders, the major banks that, in fact, made real estate loans to individuals, home purchase loans or what have you, and indirectly, Fannie Mae and Freddie Mac, which, as you know, are the major purchasers and securitizers of mortgages in this country. So that's what I tried to say in my remarks and that is that we have to be focused on the basic obligations of an insurance institution to its policyholders as opposed to the shareholders.

Thomas Graham Kahn
Kahn Brothers Advisors LLC

So once the policyholders -- let's take 2 scenarios. One scenario, Al, is you effectuate the plan that you're talking about and that's plan one. And plan two is just let the situation stay as it is and continue to improve. How do the policyholders and the stakeholders compare with those 2 scenarios?

Aldo Charles Zucaro
Chairman and Chief Executive Officer

Well, because the policyholders, the beneficiaries of the policy, heretofore, since we put the company in run-off operating mode, have taken a hit on their income statement and balance sheet, therefore, by virtue of not getting paid the so-called deferred payment obligation. As you may know from what you've heard in the past or what you read in our footnotes, the runoff plan with the insurance department approval was put in place to allow the MI companies to pay 60% of all claims settled and retain the 40%. Those policyholders cannot recognize that 40% until they get it.

Thomas Graham Kahn
Kahn Brothers Advisors LLC

But are we saying in scenario one, where we doing nothing, they continue to get paid only a portion? But in scenario two, where 2 weeks from now you sell the company, are they going to be in the position to get 100% of their claims paid?

Aldo Charles Zucaro
Chairman and Chief Executive Officer

Correct.

Thomas Graham Kahn
Kahn Brothers Advisors LLC

So in other words, if the transaction or whatever your contemplating takes place, these policyholders should say, "This is great because now we're going to get all of our claims paid to us because there's new capital in the company and the company is in the position to pay what they were deferring in the past."

Aldo Charles Zucaro
Chairman and Chief Executive Officer

Correct.

Thomas Graham Kahn
Kahn Brothers Advisors LLC

So the policyholders are much better off doing the transaction. Now what about the shareholders?

Aldo Charles Zucaro
Chairman and Chief Executive Officer

The shareholders are in a no-win, no-loss position. It doesn't mean anything to the shareholders.

Thomas Graham Kahn
Kahn Brothers Advisors LLC

In other words, if the shareholders retain this business for 10 years and it works its way down versus doing the transaction that you're contemplating the next few weeks, it's indifferent in terms of shareholder value.

Aldo Charles Zucaro
Chairman and Chief Executive Officer

Yes. Because as I tried to say, Tom, before in my comments, the profits that would inure, so to speak, to the shareholders would have to be plowed back into the company in order to make it right because the company, without that DPO accounting treatment, is not solvent.

Thomas Graham Kahn
Kahn Brothers Advisors LLC

Okay. So what I can tell these 2 neophytes who are sitting here with me that you folks have done a capital analysis of this cognizant of your long-time and friendly shareholders and that this, in no way, disadvantages -- we're not giving away something that they may think we're giving away.

Aldo Charles Zucaro
Chairman and Chief Executive Officer

No, we're not giving anything away. We are focused on what we should be focused on primarily as an insurance organization and that is to focus on policyholder rights, first and foremost.

Thomas Graham Kahn
Kahn Brothers Advisors LLC

That I appreciate. But as money managers, these 2 gentlemen here are focused on...

Aldo Charles Zucaro
Chairman and Chief Executive Officer

I understand.

Thomas Graham Kahn
Kahn Brothers Advisors LLC

Their focus is a little -- it's somewhat different. They're tied into each other.

Aldo Charles Zucaro
Chairman and Chief Executive Officer

I know, I know. But the point is that, whether you invest in a bank or in an insurance company, both of which are institutions vested with the public interest, as a shareholder, you have to recognize that your interests are secondary to those of the depositors or the policyholders, as the case may be.

Operator

We'll take the next question from Bill Laemmel with Divine Capital Markets.

William Dunloy Laemmel
Divine Capital Markets LLC

Rande, you had incredible opportunities to pick up agencies in the Title business. And my goodness, I noticed that one opened up down the street here in New York. So I just wondered are those opportunities still like they were? Or do you think they'll diminish somewhat?

Rande K. Yeager

Chairman of Old Republic Title Insurance Co., CEO & SVP of Old Republic Title Insurance Co.

No, they still exist and there's a smaller pool of underwriters who are the companies with capital to make deals with those companies. So as the market kind of shrinks for opportunities for agents who are looking for exit strategies, we're getting more and more contacts relative to agents that would like to make deals with us. So I honestly, Bill, see them picking up.

Operator

And it appears there are no further questions. At this time, I'd like to turn the call back to management for any additional or closing remarks.

Aldo Charles Zucaro
Chairman and Chief Executive Officer

We've pretty much gone through our list here of points we wanted to make, and we appreciate the few questions that were raised, very edifying. And as always, we appreciate everybody's interest in our company and the long-term support that we have been truly blessed with by our shareholders. So on that note, we will bid you good afternoon, and look forward to our next visit sometime in April when we will be discussing 1Q 2014 results. So you all have a good afternoon.

Operator
Ladies and gentlemen, that does conclude today's conference, and we thank you for your participation.