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Earnings Call

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Call Participants

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Jon Paul Newsome
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Mark Douglas Hughes
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Matthew John Carletti
JMP Securities LLC, Research Division

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

Unknown Analyst

Presentation

Operator

Good day, and thank you for standing by. Welcome to the Skyward Specialty Insurance Group Fourth Quarter 2023 Earnings Conference Call. [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Natalie Schoolcraft, Head of Investor Relations. Please go ahead.

Natalie Schoolcraft
Head of Investor Relations

Thank you, Shannon. Good morning, everyone, and welcome to our fourth quarter 2023 earnings conference call. Today, I am joined by our Chairman and Chief Executive Officer, Andrew Robinson; and Chief Financial Officer, Mark Haushill.

We will begin the call today with our prepared remarks, and then we will open the lines for questions. Our comments today may include forward-looking statements, which by their nature, involve a number of risk factors and uncertainties, which may affect future financial performance. Such risk factors may cause actual results to differ materially from those contained in our projections or forward-looking statements.

These types of factors are discussed in our press release as well as our 10-K that was previously filed with the Securities and Exchange Commission. Financial schedules containing reconciliations of certain non-GAAP measures, along with other supplemental financial information, are included as part of our press release and available on our website, skywardinsurance.com under the Investors section.

With that, I will turn the call over to Andrew. Andrew?

Andrew Scott Robinson
CEO & Chairperson of the Board

Thank you, Natalie. Good morning, everyone, and thank you for joining us. We closed our 2023 strong, reporting adjusted operating income of $0.61 per diluted share. Gross written premiums grew 21% in the quarter and our combined ratio of 90.7% for the quarter included less than 0.5 point of cat losses. While it was a quiet cat quarter for the industry, we continue to be at the low end of our peer group even though over 25% of our business is property. Operationally, rate, retention and submission flow in the quarter continue to be strong. I will talk more about this later in the call.

Altogether, the execution of our ruler niche strategy continues to be excellent, and our aim to deliver top quartile financial returns is visible in our growth, underwriting profitability, shareholder returns and balance sheet strength.

With that, I'll turn the call over to Mark to discuss our financial results in greater detail. Mark?

Mark William Haushill
Executive VP & CFO

Thank you, Andrew. For the quarter, we reported net income of $29.3 million or $0.74 per diluted share compared to $20.4 million or $0.63 per diluted share for the same period a year ago. On an adjusted operating basis, we reported net income of $24.3 million or $0.61 per diluted share compared to $11.6 million or $0.36 per diluted share for the same period a year ago. In the quarter, gross written premiums grew by approximately 21% in our Transactional E&S, Captives, Industry Solutions and Professional Lines divisions, each grew over 20%. Only Global Property & Agriculture did not grow in the quarter, which is expected given the seasonality of this business. We continue to see excellent opportunities for this division in 2024.

Net written premiums grew by approximately 19% to $214 million in the quarter compared to $180 million in the fourth quarter of 2022. Fourth quarter 2023 net premium retention was approximately 67% versus 68% in the fourth quarter 2022. Year-to-date, net premium retention was approximately 62% versus 59% a year ago. The fourth quarter is when we renew our professional, workers' compensation and excess reinsurance programs. All of these renewals were orderly and we are satisfied with the terms and structures of these programs for 2024.

Turning to our underwriting results. The fourth quarter combined ratio of 90.7% improved 1.7 points compared to the fourth quarter of 2022. The 2.3 point improvement in the current accident year non-cat loss ratio to 60.9% in was principally driven by a changing mix of business. During the quarter, catastrophe losses were minimal and accounted for less than 0.5 point on the combined ratio compared to the fourth quarter of 2022, which was impacted by 1.2 points of cat losses from winter storm, Elliott.

Excluding the deferred benefit from the LPT, there was no net impact from prior year development. We continue to maintain a conservative position with respect to our loss reserves as our actuarial central estimate at the end of 2023 indicated that we are in a more redundant position than at the end of 2022. The expense ratio increased slightly compared to the fourth quarter of 2022. We talked in prior quarters regarding our business mix shift and investing in the business so this is in line with our expectations and a target of a sub-30% expense ratio.

Turning to our investment results. Net investment income was $14 million in the quarter, an increase of $8.7 million compared to the same period of 2022. Consistent with our investment strategy to deploy all free cash flow to core fixed income, in the fourth quarter, we put $118 million to work at 6.5%. The net investment income from our core fixed income portfolio almost doubled to $10.7 million from $5.9 million in the prior year quarter, driven by improving portfolio yield and a significant increase in the invested asset base. Our embedded yield was 4.5% at December 31, 2023, versus 3.7% a year ago. Our core fixed income portfolio is now over $1 billion, a $410 million increase from a year ago.

Net investment income in the fourth quarter of 2023 and 2022 were impacted by negative equity mark-to-market adjustment in our opportunistic fixed income portfolio. Just a reminder that last quarter, we provided a redemption notice on $42 million of the opportunistic fixed income portfolio. Given the actions that we have already taken and inclusive of that notice of the $172 million in the opportunistic fixed income portfolio, at December 31, 68% was in redemption. We anticipate reinvesting the proceeds from this part of the portfolio into our core fixed income portfolio. At December 31, we had approximately $270 million in short-term and money market investments resulting from strong operating cash flow of over $335 million.

During the quarter, our yield on short-term investments continue to be north of 5%. We will continue to deploy this liquidity into our core fixed income portfolio. During the quarter, we executed a successful upsized follow-on offering of 5 million shares of common stock. Skyward sold 2.2 million and Westaim sold approximately 2.8 million, reducing their ownership to approximately 17%. We continue to see strong interest from our existing and new shareholders and we appreciate their support for our company and our strategy.

In terms of how we look at 2024, we expect full year adjusted net income to grow over 30% to between $105 million and $110 million based on a combined ratio between 91% and 92%, inclusive of 2 to 2.5 points of cap.

With that, I'll turn the call back over to Andrew for concluding remarks.

Andrew Scott Robinson
CEO & Chairperson of the Board

Thank you, Mark. Our fourth quarter results capped off what was truly a defining year for Skyward Specialty. Operationally, we had another great quarter as we grew double digits in 7 of our underwriting divisions. We continue to realize pure pricing increases in the high single digits, which is above our estimated loss cost trends. Our new business pricing was up again over our in-force book, and retention remained strong in the low 80s. All our strong indicators of the attractive underwriting margins that we are generating should continue. We also continue to see strong submission activity, which is up over 34% from the prior year, the largest year-over-year increase we have ever achieved.

Our full year results are also notable, particularly in the context of the lead-up to our IPO. During that period, we communicated core metrics and committed to building a company that consistently delivers top quartile performance. Our 2023 results demonstrated our progress towards this commitment. For the year, we delivered record growth of 28%, a combined ratio of 90.7% and adjusted operating income of $80.8 million, and we achieved a return on equity of 15.9% and grew fully diluted book value per share by 24% from $12.87 to $15.96.

The year marked a significant underwriting achievement for us. As we now have all 8 of our underwriting divisions producing more than $100 million as compared to 5 at the end of 2022. Each division is now at a scale that can substantially contribute to the company's earnings. The 3 divisions that reached $100 million this year were Surety, Transactional E&S and Professional Liability.

In just 3 years, we've grown these 3 businesses in aggregate from $44 million to $383 million, driven by significant investments in talent and technology. All 3 are generating outstanding returns and have added meaningfully to the diversification of our earnings. While each division is delivering at or above our minimum target returns on capital, we continue to capitalize on market opportunities to grow both top line and margins and ensure that we shape our portfolio to those areas that offer the best risk-adjusted returns on capital. As such, we have ongoing investments in new underwriting areas, product adjacencies, teams and, of course, technology.

As I reflected on the progress following what was a remarkable year for Skyward Specialty, I find myself energized and inspired by what we have accomplished in such a short period of time, and also the possibilities for 2024 and beyond. And of course, we remain laser-focused on executing our ruler niche strategy and our progression towards generating top quartile returns at all parts of the market cycle. Finally, I'd like to thank my 510 colleagues for their excellent performance in 2023 and their commitment to drive to achieving our shared goals for 2024. We I'd now like to turn the call back over to the operator to open it up for Q&A. Operator?

Question and Answer

Operator

[Operator Instructions] Our first question comes from the line of Matthew Carletti with Citizens JMP.

Matthew John Carletti
JMP Securities LLC, Research Division

I was hoping I could go 30,000 feet per second. And if we rewind a year ago when you guys were out on kind of the IPO road show, technology was a big theme about how you guys embrace it and use it to power your underwriters claims, so on and so forth. And I was hoping you might be able to kind of fast forward a year. And what has changed there? I mean we hear a lot about AI and things like that. Is that something you're working on embracing? Just maybe a quick bring us up to speed just on how big a role that plays in your organization, how that might have changed over the past year?

Andrew Scott Robinson
CEO & Chairperson of the Board

Yes. Well, I think that probably we're moving at like -- I would say, very, very rapid pace, right? So a lot of stuff being done very quickly. And yes, I would just say to you that nearly in every part of our business, next week, we have our Board meeting and the first session is claims. And as part of our claims presentation, our data scientists are going to show how is it that we've been able to isolate on the claims that have the highest propensity for reserve development, so the managers can be watching those with greater intensity, kind of separating out the 20% that account for the potential 80% of movement. And all of that is kind of like the -- just turning the crank on the intelligence that we're trying to bring to the desktop of our -- in this case, our claims professionals as well as in our underwriters.

And look, it's not one single thing. Great example right now is that we've completely flipped within auto, the notion of using telematics. If there's a GeForce event, we're not waiting for a first notice of loss to come in we're outbound reaching out to the risk manager of the entity that had the GeForce event to determine whether there was an accident. And if so, then we can rapidly respond off the back of that. And that just fundamentally sort of turns things upside down. And so all those little angles, right, that I'm describing, these are just things that we've got a long list of things that we can be doing. We're always trying to figure out what's the stuff that we can really make an impact in our business. And it's just -- it's a big part of our DNA. And those 2 examples, there's equal number of examples on product, on underwriting, et cetera, et cetera.

Matthew John Carletti
JMP Securities LLC, Research Division

Great. That's helpful. And then if I could just sneak another one in, question for Mark. Mark, you mentioned that at year-end, 68% of the $172 million of Westaim funds are in redemption. Can you help us with the time line of kind of how long that usually takes? Is that kind of a quarter or 90-day process or can it take longer for those funds to kind of be redeemed and reinvested?

Mark William Haushill
Executive VP & CFO

Sure, Matt. No, it won't be a quarter. I'm looking for about 30% of it to be redeemed in '24, time will tell. But I think -- that's what I'm looking for, 30%-ish in '24 and the rest of it in '25. We'll let you know, but it will take a little bit of time.

Andrew Scott Robinson
CEO & Chairperson of the Board

And Matt, these are just -- what these are -- we're just letting the loans mature, right? So they were reasonably well laddered, but it's not sort of 50-50, 50% in the first year, 50% in the second year. And the average duration was around 2 years, a little under 2 years, correct.

Operator

Our next question comes from the line of Mark Hughes with Truist.

Mark Douglas Hughes
Truist Securities, Inc., Research Division

Mark, the guidance of $105 million to $110 million. That's coming off of the 2023 base, is it $81 million? Am I seeing that properly?

Mark William Haushill
Executive VP & CFO

Yes. Yes, sir, you are.

Mark Douglas Hughes
Truist Securities, Inc., Research Division

Okay. And that seems like a pretty strong result. Anything you can say in terms of the contribution from net investment income and the top line as you think about that guidance.

Mark William Haushill
Executive VP & CFO

Do you want to deal?

Andrew Scott Robinson
CEO & Chairperson of the Board

Yes, Mark, this is Andrew. I think we'll leave it to you guys to put your models together. But with the guidance that Mark gave on combined ratio between [91, 92] and the cat portion of that, you can -- you know what our gross to net is, I'll just say to you that, that should be pretty consistent. And so you can work your way through it by just taking our written premium in 2023, put your earned premium for 2024 and kind of fill in the blanks. I will say that our plans -- if you're asking specifically about growth, we don't want to give guidance on growth. Our internal plans are for 15%. That's what we're planning for. That's based on the market conditions that we see and the investments that we've made.

I would also say to you that it is our view, and we've said this a number of times that a measure of us during at least a, what I would describe a functional market is that we should be able to double up the growth of our competitors. And again, our competitors are the guys you can directly compare us against in sort of the -- that we compete against in the sort of the public company specialty space, but it's also includes the primary insurance division of the diversified Bermudian guys and a handful of others.

And we've been consistently at 28% growth, more than doubled up the growth of that cohort this year. And we believe that kind of 15% growth is in line with sort of doubling up the growth of that cohort next year. That's our plan. We'll leave it to you guys to figure out whatever you want to put into your models, but that's what our plans call for.

Mark Douglas Hughes
Truist Securities, Inc., Research Division

Understood. And then, Mark, anything on the net investment income that's relevant here?

Mark William Haushill
Executive VP & CFO

Mark, we just talked about $1 billion fixed income portfolio with a yield of 4.5%. You and I can do the math. I expect that to continue throughout '24. The other components can be a little bit more variable. So I'll leave it to you to model out the portfolio in terms of fixed income. With the rest of it, just time will tell. We've done well on opportunistic, but it has moved around a little bit, as you know, in '23.

Mark Douglas Hughes

Truist Securities, Inc., Research Division

You guys are asking me to do a lot of work.

Mark William Haushill
Executive VP & CFO

I can help you with that.

Andrew Scott Robinson
CEO & Chairperson of the Board

If you want to send us your models, we can fill out your models, how about that?

Mark Douglas Hughes
Truist Securities, Inc., Research Division

Global Property, I hear what you're saying, it's not a seasonally strong quarter, but even on that basis, it was down a little bit year-over-year. You had a lot more meaningful growth earlier in the year. Anything going on in particular in the fourth quarter.

Andrew Scott Robinson
CEO & Chairperson of the Board

I genuinely, Mark, will tell you, don't read it. It would give you a false negative if you look at that. It's a very, very light quarter. I think we let one account go. We also roll [Agra] into that division, and there's no premium written for Agra in the fourth quarter. So honestly, I can say with great confidence already knowing how we started the year that you don't let that sort of give you a false negative. Look, obviously, the property market is, I think it's either at its peak or maybe past its peak. But I feel very good about where we are in both the profit as well as the sort of growth opportunities that are available to us given our discrete focus there.

Operator

Our next question comes from the line of Andrew Anderson with Jefferies.

Andrew Anderson

Looking at the GPW growth from Professional Lines and Transactional E&S, can you kind of help us think about the source of growth there? And how much of that is retained net?

Andrew Scott Robinson
CEO & Chairperson of the Board

Yes. Well, without knowing the sort of the context of your question, I can only assume that given everything that's been talked about in the D&O market and particularly the public D&O market, that probably underlies it a little bit. First off, everything that's claims made rolls into our professional underwriting division. So our main driveline there is our miscellaneous professional, which, quite honestly, is a relatively small face value, less than $1.5 million average limit.

All types of classes included in that as well are things like employed lawyers, tech E&O, our excess lawyers offering. As you saw, we also did a media liability offering, including the professional portfolio as well is our architects and engineers book of business. It also does include management liability, which I'll come to in a second. And really, what's been a big growth line for us is in the health care professional market.

For management liability, just to maybe get in front of a conversation, look, I feel great about our management liability book, but I think it's probably noteworthy that almost all of that today is a private company. Less than 1/4 of that is public, and of that 70% is Side A and 30% is side ABC. It probably has a 50% retention rate. We've been letting it go.

And on the positive side, on our management liability, like we are we're in as going after very niche areas, right? So we've been very successful in areas like [indiscernible] [Web3], cannabis, amongst others, which are true sort of specialty risks where we have some pretty darn legitimate expertise as compared to the rest of the market. So our professional sort of growth in our portfolio is very atypical of maybe how it is you would compare us against others.

And then lastly, to your question because our average limit is so low, we are principally keeping it net. It's not entirely but it's principally net.

Andrew Anderson

Very helpful. And maybe thinking about casualty loss picks here, can you kind of give us some color on how accident years '16 to '19 are developing, both for business within the LPT and non-LPT business?

Mark William Haushill
Executive VP & CFO

Sure, Andrew. Good question. Look, so I'm glad you brought it up. The industry is talking about the '19 and prior years. Good reminder, the LPT covered policy years 2017, which, of course, would include part of the '18 accident year. Before we went public, we took the LPT up to the co-participation limit. We're not seeing any surprises on inflation and/or loss costs. We've talked about that. Our rate increases have exceeded what we think our inflation and loss cost trends are. And Andrew, we haven't pulled that through in terms of our income statement. We've been conservative, meaning with loss picks, we're not taking full credit for rate increases. Does that answer your question?

Andrew Anderson

Yes, that's helpful.

Operator

Our next question comes from the line of Meyer Shields with Keefe, Bruyette, & Woods.

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

One quick question, I guess, on the catastrophe load. I know it's really, really light compared to most of your peers, but it's also at least the upper range is higher than you guys have produced in worse pricing environment. And I was wondering, is this intentionally a conservative outlook? Or is it something changing in terms of the overall mix of cat exposure?

Andrew Scott Robinson
CEO & Chairperson of the Board

No. Our cat -- what we use for our cat number is a combination of AAL and 10-year history. So we're we feel like we're giving appropriate sort of recognition to the cat that's in our book. And then it's our job to be able to sort of continue to successfully grow our property portfolio in a way that ensures that we're not adding a lot of concentrated aggregate, which when you're talking about 2 or 2.5 points of cats in total, that's where you can really get yourself messed up as you have a lot of [agri] in a small area and some of that happens, and maybe hurricane what it might be combative storms or something else. And so we're really good at our [indiscernible] management. And yes, I think that what you find probably given our book of business, if you looked over 5 years, and we'll probably be in that 2 to 2.5 point range, which is a pretty darn good outcome given the amount of property that we have in our portfolio overall.

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

Okay. No, that's very helpful. You also mentioned property growth prospects. Does that include increasing exposure along with rate increases?

Andrew Scott Robinson
CEO & Chairperson of the Board

Yes. Well, look, there is obviously just growth in values given inflation, there's growth in values related to business interruption. And depending on what part of our portfolio, right, all of that's true in our Global Property. In our Transactional E&S business, like we might nicely supplement business interruption. We are likely doing actual cash value on the buildings. And so a lot of that you're not -- there's not a lot of exposure growth per se given how we oftentimes structure those policies. But that's not to say that we're not seeing sort of maybe the equivalent increase in price running through rate that theoretically should be assigned to exposure for those kinds of risks. Does that help?

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

It does, yes. And one last question, if I can. We've been seeing a lot of reserve issues verbal up around the industry. And I'm wondering what that implies for maybe talent becoming available at competitors or from competitors.

Andrew Scott Robinson
CEO & Chairperson of the Board

That's a really good question. I don't know if I can see a correlation to it, to be honest. Look, not that this is going to sound a little bit flippant, but I would believe that we probably would not want the talent that we flushed out of an organization due to adverse development.

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

Okay. No, right. Sometimes the reaction is a little bit imprecise, which is the -- what I was asking about, but I can't really get what you say anything?

Andrew Scott Robinson
CEO & Chairperson of the Board

Yes. Well, one thing I will say, though, which has been the case for my 3.5 years here, we've been very targeted and intentional with our recruiting, right? So we tend to have a very good view of the people that we're recruiting, their track records, their underwriting [indiscernible], their distribution following, et cetera, et cetera. And so like I wouldn't say that we're not recruiting from a general pool. We're recruiting quite intentional way. And the media liability announcement, a few weeks back was a great example of that, that has been an area of focus for us for a long time, and we were only targeting one of three teams. And so when we were able to move on one of those teams, we get so really fast.

Operator

Our next question comes from the line of Paul Newsome with Piper Sandler.

Jon Paul Newsome
Piper Sandler & Co., Research Division

A couple of questions, then I think I want link. One is, I want to ask your response to the concerns that the competitive environment has gotten a lot, at least significantly worse over the last year and maybe even more recently. And I would like -- I was wondering if the sort of the second question. If you could combine that with a conversation of what you think about is happening from a rate versus inflation perspective. Because my sense is the fear is in the specialty lines, the competitive environment has just gotten to the point where the baseline is you're sort of flat with respect to what you're getting from rate versus inflation. And of course, the series of how that continues to turn over. But what's your response to that? And what do you see as you're looking both in your book and outside of your own book that may or may not line up with those years.

Andrew Scott Robinson
CEO & Chairperson of the Board

Okay. Well, let me -- I'll move first just -- I'll make a couple of industry observations, not to sort of take too much of the time on that. But if you follow what's been going on, I will tell you that there's no consistent theme. You're hearing, in some instances, discussions on professional. When the earnings season -- before the year in the season, started, there was a very large announcement around -- that was driven a lot by professional. Then you're hearing -- you've been hearing the drumbeat of auto for a long time. Now it's GL and access, making into the next -- and so there's no clear theme.

I think really great companies, of which there are some fantastic competitors that we see. Like everyone has been talking about rising loss cost here for a long time. it feels like a combination of the media and the analyst community, investment community said, well, now it's a good time to do -- to dump your kitchen sink in this quarter. And some companies did that. But I think a lot of the great companies who have been talking about just the inflationary environment on liability have recognized that in both how it is that they're writing risk and how it is that they're booking their loss ratios.

For our part, listen, nothing's ever perfect. But to Mark's point, in the third quarter of 2022, we moved to take our LPT reserve position to the top of the copart, right? We've been incredibly conservative not released the dollar of reserves since I've joined, right? And we've reported out very consistently about our pricing above loss cost trend, our new business pricing and all that's to ensure that our balance sheet is strong and getting stronger period-over-period. People's -- other companies' decisions about what to do in this quarter, like that's just -- to me, that's a little bit of a conundrum. It seemed like it was a kitchen sink for some.

But the competitive environment certainly feels like it has consistently been a relatively rational environment. There are some crazies out there. The reason we're not doing anything in public D&O because the people who are writing that business, particularly a lot of the MGAs are nuts. We see something similar on certain areas within auto. Occasionally, I asked my underwriters to send me examples of stupidity that are happening in the market where our competitor is just undercutting for no reason at all on what likely is a challenging kind of exposure. And I, of course, get a handful of those every week.

And so you see kind of solely behavior. But in aggregate, it feels like the market this quarter, the market last quarter, the quarters before, are relatively orderly and constructive. And that's showing through in our results 34% increase in submissions in the quarter is absolutely astonishing out, some of that's because of the talent that we brought with us. But that tells me that there's plenty of opportunity. The fact that we grew by 21% versus proportional to the submission flow, also tells me that our [indiscernible] are doing a fantastic job of weeding through and picking out the things that really suit us at terms that suits us.

So I -- when I look at this, I feel like it's been a kind of a rational orderly market in aggregate. Sanza, some of the areas that have been talked about for some period of time and the actions that folks have taken in the fourth quarter, it feels like I don't know, there was almost a ski patch that was created that occurred in the fourth quarter that some took advantage of. And we're just trying to be more consistent, more orderly about how it is that we're approaching things and holding on to our reserves and allowing ourselves to have a position where we can consistently see the seasoning and the redundancy play out. And at that point, we would move.

Operator

Our next question comes from the line of Bill Carcache with Wolfe Research Securities.

Bill Carcache
Wolfe Research, LLC

Following up on your investment portfolio commentary, what's your latest thinking on the possibility of extending the duration of the core fixed income here ahead of the rate cutting cycle that most expected to begin in the coming months?

Mark William Haushill
Executive VP & CFO

Right now, we're not looking to extend duration. Our duration is right at about 4 and has been for quite some time. Not real -- honestly, not real interested in extending it out just yet. We'll see how things play out, but not right now.

Bill Carcache
Wolfe Research, LLC

Understood. That's helpful. And separately, if I may, Andrew, at a high level, can you speak to how focused you are on the risk that some of the E&S business that you've written, you could ultimately see move back to the admitted markets over time. How much exposure do you think you have there?

Andrew Scott Robinson
CEO & Chairperson of the Board

I -- it's hard to sort of partition and it's also about what you believe as an industry event last week and a big topic of conversation. What I can tell you is that within our Transactional E&S unit and within our Global Property unit. And I'd say in most parts of our Professional unit, we're not writing what I would describe as kind of E&S light. I think that the stuff that we're seeing is very sticky into the E&S market. And so I feel good about that. But that said, right, the challenge around it is it's not just whether that is true in E&S business, if there's less flow into the E&S marketplace, there's more competition for the business that's there. And so it does obviously have a second order effect. But I'd be surprised if it's more than a small percentage of our business that ultimately will end back up in the admitted market.

We -- I would describe ourselves as a true, true E&S writer. We're looking -- when I give you examples, I try to write a great example, while we're being very thoughtful around where we're at management liability, and we're doing the only private company, you want to do a Web3 risk free or you want to do a cannabis risk. Well, that's not going into the standardized markets any time that I can imagine. And it takes real expertise that tends to be the domain of a small number of people, and that's generally true across our business.

Operator

Our next question comes from the line of Gregory Peters with Raymond James.

Unknown Analyst

This is Sid on for Greg. When we look at your growth over the last 2 years, it looks like it's really been driven broad-based but more specifically in Global Property, Transactional E&S and Professional Lines. So just hoping you can comment on the outlook from here. Should we expect the growth to be more balanced across your book? Or do you still see some more attractive opportunities in certain underwriting divisions versus others?

Andrew Scott Robinson
CEO & Chairperson of the Board

Yes. There's no question about it that we will -- first of all, big believers in micro cycles, right, that while the market is orderly in aggregate, as I mentioned, there's certain areas where things just aren't rational, right? And no matter how good you are, you're going to have reduced opportunities to compete there. What I'd say to you is we certainly have taken advantage of the property market. You had mentioned 2 areas. Surety's being another area that we've seen a lot of growth in. I feel that sort of our plans for this year a relatively widespread across our business and maybe less spikes in a particular area or particular areas.

But inevitably, I think one of the sort of strong features of this organization is that we're really good at when we see a market opportunity to kind of reallocate our resources and jump on top of it. And so I suspect that while the best laid plans are sensible, it's probably not how the year is going to play out for us. And I'm sure that we'll reflect back on 2024 with an area or 2 where we had better growth than we expected, and we'll have a couple of areas where we had worse growth because the marketplace changed on us.

I tend to find that our execution is not the reason that we're not -- we're always -- we've always been very good in execution. So it tends to be marketplace driven. But as I said, I think it's more balanced and more widespread sort of as our working assumption for this year.

Operator

Our next question comes from the line of Michael Zaremski with BMO.

Unknown Analyst

This is Jack on for Mike. My question is on reinsurance seating levels. I know there was some gross to net premium lumpiness last quarter. I guess, longer term, is the current 35% plus seating level, the right percentage to think about or do you expect those levels to fall over time?

Andrew Scott Robinson
CEO & Chairperson of the Board

Yes. I think that for -- this is Andrew. For 2023, I believe that our gross to net number was -- I'm not looking at this, 62.7%, I believe, in aggregate for the quarter -- for the year, excuse me. I could be wrong on that, but right around that number. And I think our general expectations are that, that's a good number rolling into next year a reasonable planning number.

I think as you do, given our outlook for 2024, when you just run the numbers and you kind of apportion underwriting income and investment income, I think you'll sort of tie back to that kind of low 60s gross to net.

Unknown Analyst

Okay. Great. And then, I guess, sticking to 2024, can you talk about how business do you expect business mix to impact the loss ratio? I know that in 2023, a shift toward property put downward momentum on your attritional loss ratio. I was just wondering about any color for 2024.

Mark William Haushill
Executive VP & CFO

Yes. So implied in our view is a relatively consistent loss ratio underlying just sort of back out what we've said about expenses and then take out cat and so forth, you'll find that we're broadly in line. And from a mix perspective, we have -- we've definitely been shortening up our portfolio. So this -- at this point, at the end of 2022, I believe that 49% of our business or thereabouts was what we call short duration, less than 2-year liabilities. This year, it's 53%. I think that as we look forward to 2024, it might go up a little bit more towards shorter tail liabilities, but that really -- there's not really much going on here in terms of mix that's driving our underlying accident year. And there's also not much going on in terms of our recognition of rate over loss cost run going in there as well. We're planning our working assumptions are for something that's relatively consistent.

Operator

Thank you. I would now like to hand the conference back over to Natalie Schoolcraft for closing remarks.

Natalie Schoolcraft
Head of Investor Relations

Thank you, everyone, for your questions, for participating in our conference call and for your continued interest in and support of Skyward Specialty. I'm available after the call to answer any additional questions that you may have. We look forward to speaking with you again on our first quarter earnings call. Thank you, and have a wonderful day.

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