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The Hanover Insurance Group, Inc. NYSE:THG

FQ2 2008 Earnings Call Transcripts

Friday, August 01, 2008 2:00 PM GMT

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Call Participants

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Presentation

Operator

Good day ladies and gentlemen and welcome to the Quarter Two 2008 Hanover Insurance Group Incorporated Earnings Conference Call. My name is Michelle and I will be your coordinator for today. At this time, all participants are in listen-only mode. We will be facilitating a question and answer session towards the end of today's conference. [Operator Instructions]. And as a reminder, this conference is being recorded for replay purposes. And I would now like to turn the presentation over to your host for today's conference, Ms. Sujata Mutalik, Vice President of Investor Relations. Please proceed.

Sujata Mutalik

Thank you, operator. Good morning and thanks for joining our call for the second quarter earnings conference call. Participating in today's call are Fred Eppinger, our President and Chief Executive Officer; Gene Bullis, our Executive Vice President and CFO and Marita Zuraitis, President of Property & Casualty Companies.

Before I turn the call over to Fred for a discussion of our results, let me note that our earnings press release and a current report on Form 8-K were issued last night. Our press release, statistical supplement and a complete slide presentation for today's call are available in the Investors section of our website at www.hanover.com.

After the presentation, we will answer questions in the Q&A session. Our prepared remarks and responses to your questions today other than statements of historical fact may include forward-looking statements. There are certain facts that could cause actual results to differ materially from those anticipated by the press release, slide presentation and conference call. We caution you with respect to reliance on forward-looking statements and in this respect, refer you to the forward-looking statement section in our press release and slide 2 of our presentation deck.

Today's discussion will also reference certain non-GAAP financial measures such as segment income after taxes, total segment income and segment results excluding the impact of catastrophes, ex-cat loss ratios and accident year loss ratio among others. A reconciliation of these non-GAAP financial measures to the closest GAAP measure on a historical basis can be found in the press release or the statistical supplement which are posted on our website as I mentioned earlier.

With those comments, I will the turn the call over to Fred.

Frederick Henry Eppinger
Former President & CEO

Good morning everyone and thank you for joining the call today. I am very pleased with the second quarter results. After-tax segment earnings were $55.5 million or $1.07 per share. Combined ratio was 95.5% and annualized P&C levered operating return on equity was 13%. Net written premium growth exceeded 3% for the quarter and was in line with our expectations given the competitive market conditions.

Additionally, as you know, we announced yesterday we have entered into a definitive agreement to sell our remaining run-off life business to Goldman Sachs... a Goldman Sachs entity, resulting in a modest GAAP loss as expected while generating about $220 million of incremental liquidity for us at the holding company. This provides additional financial flexibility for us and allows us for more efficient capital management.

Gene and Marita will review the specifics of this quarter's results in their remarks. My comments will focus on how we are fairing relative to our expectations so far this far and taking into consideration the market challenges why we believe we can continue to compete successfully and outperform and industry and many of our peers.

We withstood the highly active cat quarter well. Our cat losses of $38 million, while very high for this quarter, was at the low end of our expected range given the overall 6 billion reported loss sustained by the industry and our market share in the affected geographies. I think everyone knows that Michigan was one of those places hard hit.

As you know, cat management has been one of our priorities for the past five years and we have taken many steps to diversify and manage our cat exposure. We continue to proactively manage our cat concentration using model data to set underwriting guidelines for our field and to monitor the quality of our growth. We've also restructured our reinsurance programs to make them more effective.

Overall, we have made meaningful progress, which we believe should lead to lower earnings volatility and give us a meaningful advantage over the regional companies that are overly concentrated. Additionally, our ex cat underwriting performance has improved significantly and is a reflection of the high quality of our underwriting team. We have demonstrated our ability to make the right decisions, balancing our growth objectives with the importance of maintaining margin.

Our ex cat accident year loss ratios have improved through the first half of the year and we expect to maintain an improvement for the full year. Additionally, we continue to sustain favorable development of prior year reserves. Plus [ph] our ex-cat accident year loss performance and our track record of consistent development speak to our underwriting strengths and our conservative approach to pricing. We will be relying on these skills even more as we successfully compete in today's challenging economic environment.

Our financial position remains strong and gives us greater flexibility in the market. Companies are being challenged not only by the soft P&C cycle, but with the added pressures arising from the disruption in the financial market. We remain very pleased with our investment portfolio. We have highly diversified, predominantly fixed income portfolio, one that has no exposure to sub-prime mortgage risks. Furthermore, we are pleased to be one of the few companies to receive financial strength rating and debt rating upgrades from both Moody's and S&P this year. Moody's upgraded us in January as you know and S&P upgraded us in June. This third party market validation of our financial position stands out.

While the pace of our success is being challenged by today's market conditions, our performance under these conditions further validates the soundness of our strategy. More than ever, product distinctiveness, strength of agent partnerships and the effective operating model that efficiently deploys professionals and rapidly responds to unique opportunities will be the differentiating factor for our company. Clearly, there is a coming disruption in the marketplace that will create tremendous opportunity for strong companies.

But in today's market, going head to head for genetic middle market or large business or completing on price through thousands of agents with an undifferentiated auto product will put significant strain on return. We are positioned to compete in a more effective and distinctive way.

You've heard me say this before. We have not had the luxury of this journey during a hard market. So our company has been built to withstand tough competitive pressures. We have worked diligently to develop a product offering that is complete and of offers distinctiveness to our mid-sized partner agents. And at the same time, we have substantially improved our operating model and agent facing technology, enabling us to compete on ease... on service and ease of doing business.

Leveraging these tools, we continue to form new and deep and existing partnerships with agents in a very thoughtful manner. You are seeing the difference in our growth with a 3.3% net premium growth in the second quarter. This growth came primarily from our commercial specialty lines and was supported by strong renewal retention in both personal lines and core commercial.

In addition, we see strong growth with partner agents that are consolidating their own market. Personal lines growth was just under 1% for the quarter, which lines up well with our expectations for the quarter and is consistent with our overall expectations of flat growth in the year.

As we discussed last quarter, we have four states in our portfolio that will be challenging from a growth perspective. Michigan, with its weak economy and shrinking personal lines market, presents a significant challenges. Additionally, our coastal exposure management actions in Florida and Louisiana have and will continue to have an impact on our growth rate this year. But they will also help us with our long-term margin.

Finally, in Massachusetts, we are transitioning to a new competitive market as you know in which we have filed an average 8% rate decrease. However, we fully expect to offset this rate pressure with increasing PIP counts by the end of the year on the strength of our value proposition. I am convinced we have the best... we are the best company for wining independent agents in Massachusetts and our sophisticated product approach and limited distribution strategy will help the best agents win.

Outside of these four states, we continue to see the validation of our strategy, leading to positive growth momentum. This growth is driven by an improvement in renewal retention and a new business production that has remained stable and with partner agents contributing significantly to the flow of our new business.

All in all, we expect our personal growth will likely be flat to marginally up for the year and we expect to deliver on our overall growth guidance of mid single-digit growth in the aggregate by leveraging strong commercial lines business segment growth and continued growth from targeted personal lines states.

Turning to commercial lines, we grew 7% of the quarter, which is in line with our expectations. This growth reflects the impact of our specialty business growth from our investments in individual professionals, our small acquisitions of Verlan and Professionals Direct as well as an [ph] increased growth from our partner agents as they leverage our capabilities for their own growth. Growth in our specialties was 14% in the quarter, and we expect it to accelerate through the year. Renewal retention in our core business also remains strong for the quarter despite highly competitive pricing pressures.

Of course, we are affected by the market conditions, particularly in the middle market commercial segment where pricing and competitiveness continues to be intense. At the same time, we continue to maintain a positive outlook for commercial lines growth on the strength of our specialty portfolio and from excellent positioning of our small commercial platform. We have made significant upgrades to our small commercial model and platform during '07. And with many of those enhancements included... which include the more pricing, sophisticated pricing and ease of doing business.

The performance in our small commercial business has started to gain traction and we expect to gain further momentum as the adoption of this enhanced model continues to increase with our existing and new partners.

Overall, I am very pleased with our progress. We are tracking well against our expectations of margin and growth and seeing good traction against our strategy despite the market. The somewhat slower pace of growth along with a greater focus on specialty is putting a little bit pressure on the pace of improvement in our expense ratio. While we continue to gain operating efficiencies, we also believe that it is in our best long-term interest to continue to make opportunistic investments in our business platform, thereby positioning us well to take advantage of the disruptions that we are beginning to see.

Because of the solid loss performance I see sustaining this year, I believe we can make some incremental investments and capitalize on some of the opportunities while generating solid returns with a combined ratio in the mid 90s. It remains our objective to get another 1 to 2 points out of our core expense ratio. However, it will take a little longer to emerge because of the investment we plan on taking in the next two quarters... we are making in the next two quarters.

Before I turn the call to Gene, I want to comment on the FAFLIC transaction. I am very pleased with the outcome of the deal. It improves our capital structure, it eliminates a significant element of complexity and confusion and understanding our business and we are able to obtain this outcome with the right economics and an excellent outcome for our life policyholders. I am glad that we have the additional liquidity provided by this transaction inclusion [ph], which we will put to work to increase shareholder value either by strengthening our P&C franchise through strategic acquisitions, by returning excess capital to shareholders in the form of additional share buybacks or some combination of them both.

With that, I will now turn the call over to Gene for a financial review of the business.

Eugene M. Bullis

Thank you, Fred. Good morning everyone. As usual, a slide presentation accompanies my remarks and I trust all of you have this available.

Please turn to slide 5 for a review of our recent announcement on FAFLIC. As you know, yesterday, we announced the sale of our remaining run-off life business, First Allmerica, or FAFLIC to Commonwealth Annuity, a Goldman Sachs company. We have been working towards this for some time and we are very pleased with the outcome.

Commonwealth Annuity is a company that has worked well... we have worked well with before. As some of you may recall, in 2005, we sold our variable annuity business to Commonwealth Annuity. This transaction is expected to close in the four quarter of 2008 and is subject to regulatory approvals that are customary for such deals.

The businesses included in the FAFLIC sale are the closed block of traditional life insurance policies, group retirement business and guaranteed investment contract businesses.

Hanover will continue to retain FAFLIC's accident and health assumed [ph] pool business through a reinsurance agreement. The accident health business has been in run-off since 1999 and its projected total net GAAP insurance liabilities of about $130 million represents about 10% of the total insurance liabilities of FAFLIC.

As we announced in our press release, we expect total net proceeds from the sale including pre-close dividends to approximate $220 million after certain transaction costs and intercompany account settlements.

In connection with the closing of this transaction, Hanover is seeking approval from the Massachusetts Department of Insurance for a pre-close dividend consisting of various assets valued at approximately $160 million. The company expects to sell the majority of the dividended assets such as the home office building, certain tax attributes and other assets that were held at FAFLIC to its wholly owned subsidiary, Hanover Insurance. Both the proceeds and this dividend are expected to increase liquidity at the holding company by approximately $220 million.

The transaction is also expected to result in a projected net after-tax loss of approximately $66 million. The rating agencies have responded very favorably to this transaction and our financial strength ratings and ratings outlook were affirmed by Best, S&P and Moody's in their public comments issued yesterday. Specifically, they view favorably the increased liquidity resulting from the monetization of the capital in the run-off business, which could otherwise only be released through occasional dividends. And they also recognize that the sale is expected to have only a modest impact on Hanover Insurance's capital adequacy and profitability. We were very pleased with this response.

Pursuant to FAS 144, Accounting for the Impairment of Disposal of Long Lived Assets, we have now classified the for sale FAFLIC entity as discontinued operations and have reflected the $66 million estimated GAAP loss in our second quarter financials.

Turn to slide 6 for a review of our second quarter financial results. We reported an after-tax net loss of $10.2 million or $0.20 per share in the second quarter of 2008 compared to net income of $59.8 million or $1.14 per share in the prior year quarter. The current quarter's net income reflects the estimated loss on the sale of FAFLIC of approximately $66 million or $1.27 per share.

Additionally, net income for the current quarter also included a gain of $11.1 million or $0.21 per share, resulting from the sale of our premium finance business, AMGRO, that closed in June of 2008 as well as net realized investment losses of $7.6 million or $0.15 per share, primarily from increased impairments. This increase in investment impairments in the current quarter was attributable to credit market conditions and was not directly associated with financial institution issuers.

Turning to segment income after taxes, which now represents the results of our ongoing P&C operations and excludes realized gains and losses from investments. Earnings were at $55 million or $1.07 per share for the second quarter. This compares to $56.7 million or $1.09 per share for the second quarter of last year.

Turning to slide 7, our property and casual business generated $94 million of pre-tax income, down from $96 million in the prior year quarter. Pre-tax catastrophe losses were $38 million in the current quarter or $23 million higher than the prior year period. The interest expense on our long-term debt remains unchanged at $10 million and our GAAP effective tax rate remains steady at about 34.5%.

Now let's turn to slide 8 for a review of our segment results, starting with a discussion of personal lines. Pre-tax earnings from our personal lines business were $39 million in the current quarter compared to 55 million in the prior year quarter. Catastrophe losses were $24 million in the second quarter of 2008 compared to $9 million in the second quarter of 2007. Excluding catastrophes, segment income was $63 million in the current quarter compared to $64 million in the prior year quarter. Excluding catastrophes, current actual year loss margins improved by about $3 million in the quarter. The ex-cat current accident year loss ratio was 57.4%, down 1 point from the prior year quarter, driven by improved homeowner severity. Large losses in our homeowners' line were at normal levels in the current quarter compared to high incidents of lines [ph] losses in the prior year quarter. Partially offsetting this improvement in severity was the high incidents of non-cat weather-related losses predominantly in homeowners again. We quantify the impact of these non-cat weather-related losses to be about 1 point on our overall accident year ratio in the current quarter.

We noticed good improvement in personal auto frequency this quarter, not unlike what we are hearing from others. There is certainly some valid speculation about improved dollar [ph] frequency being driven by high gas prices and lower mileage driven. While this could well be true, it's too early to tell. We are tracking these trends. We are not reflecting it in our pricing or our reserving yet.

Prior year loss and LAE reserve development was favorable by $21 million in the second quarter of 2008, down $2 million compared to the same quarter of 2007. Prior year reserves continue to develop favorably across all lines. The favorable development of prior year reserves is predominately in our auto line and relates to our more recent accident years.

Finally, expenses were about $2 million higher in the current quarter, primarily due to higher loss of adjustment expenses resulting from a larger number of cat and non-cat weather-related losses.

Turning to commercial lines on slide 9, pre-tax earnings from our commercial lines business were $53 million in the current quarter compared to 39 million in the second quarter of 2007. Catastrophes were 13 million in the current quarter compared to $5 million in the second quarter of 2007. Excluding catastrophe, segment income was 66 million in the current quarter or $22 million higher than the prior year quarter. This increase in commercial lines earnings is primary due to improved ex-cat accident year loss margins. Our ex-catastrophe accident year loss ratio improved across all lines and was 43.9% in the current quarter compared to 50.1% in the prior period quarter. This improvement is attributable to lower loss severity and growth in specialty lines as the lower specialty loss ratio continues to favorably impact our ex-cat accident year loss performance, arising from the correlated mix shift. In addition, losses in last year's second quarter were unusually high due to high incidents and large losses in our CMP line.

The favorable development of prior year reserves was $16 million in the second quarter of 2008 compared to $13 million in the prior year quarter. Reserves developed favorably across all lines with the improvement coming principally from our commercial multiple peril and workers' comp lines and related primarily to a more recent [ph] accident years.

Debt investment income was up $4 million in the current quarter, primarily due to the transfer of employee benefit-related assets and liabilities from FAFLIC to Hanover Insurance at the beginning of the year.

These earnings improvements were partially offset by higher expenses. Underwriting and loss adjustment expenses were higher, resulting from the continued investment in specialty lines, which include the integration of our recent specialty acquisitions which carry a higher expense ratio relative to our existing book, which is the flipside of the mix shift benefit on the loss ratio.

Turning to slide 10 for a recap of our key underwriting ratios. Our combined ratio was solid at 95.5%, up 1 point from the prior period despite significantly higher tax, 6 points on the combined ratio in the current quarter compared to 2 points last year. Offsetting this is a solid 3 point improvement in our ex-cat accident year loss ratio, which is at 52% for the quarter. Favorable development of prior year loss reserves remain consistent and contributed over 6 points of benefit to the combined ratio on both periods. Our culture of strong underwriting discipline is evident in these ratios.

Our expense ratio is short of our guidance, driven by several factors, including increased specialty growth, the disadvantage from moderately lower earned premium growth and our ongoing investments in the operating platforms that are all targeted to improve our long-term position. While we remain committed to our objective of reducing the expense ratio on our core business by 2 points over the next 24 months, our objective is to deliver combined ratios to balance the maximization of short-term returns with investments that improve our long-term prospects.

As Fred indicated, we'll most likely fall short of our goal to improve our expense ratio by 1 point this year for both LAE and OUE [ph] combined. We expect to come in flat to our full year ratio of 43.9% in 2007. However, we will continue to position ourselves for expense ratio improvements as our business model productivity and growth strategies take hold.

Overall, our net written premium was $641 million for the current quarter, up 3.3% from the second quarter of last year. This overall growth was in line with expectations and is supported by growth in commercial lines of 7%, primarily form our specialty business and an uptick on our personal lines growth to 1%, arising primarily from improved retention. Marita will discuss production in more detail in her remarks.

Turning to a review of our investment portfolio. The quality of our investments portfolio remains solid. The company holds 6 billion in cash and invested assets at June 30, 2008, which includes 1.3 billion of FAFLIC assets that are classified as held for sale.

Fixed maturities represent 91% of our investment portfolio with a carrying value of 5.6 billion. 94% of our fixed maturity portfolio is rated investment grade. We continue to have no exposure to investments in sub-prime mortgages or sub-prime mortgage backed securities and little or no exposure to the secondary credit risk presented by financial guarantors.

Residential mortgage-backed securities constituted about 1.1 billion of our investment assets with less than 15% held in non-agency securities.

Commercial mortgage-backed securities constitute $468 million of our invested assets. Approximately 92% of our CMBS holdings were from pre-2005 vintages with 5% from 2007, 3% from 2006 and no 2005 vintage. Our entire CMBS portfolio has a weighted average loan to value ratio of 67.1%.

As of June 30, 2008, we held 808 million of municipal bonds in our portfolio with an overall rating of AA-. Financial guarantor insurance enhanced municipal bonds represent 356 million or 44% of this portfolio. The overall credit rating of our insured municipal bond portfolio giving no effect to the insurance enhancement was A-.

Finally, let me turn to slide 15, which is a new disclosure on agency securities. We hold 1.2 billion in agency securities, of which 1.1 billion represents ownership in Fannie Mae or Freddie Mac issued or sponsored securities. Our position consists of 951 million of mortgage-backed securities and 174 million of non-subordinated senior debt. We have no investments in preferred stock or equity.

Moving to slide 20, on this slide, we have some key metrics that outline the strength of our balance sheet. You see slight contraction in the book value at June 30, 2008, which is due to the estimated non-recurring loss on the sale of FAFLIC of approximately 66 million or $1.27 a share. Excluding ALCI, shareholders equity and book value per share were up even with the FAFLIC loss. Our debt to total capital was up slightly, resulting from the write down of FAFLIC but it's remain solid and reflects our exceptionally strong capital position.

Liquidity at the holding company will improve significantly after the FAFLIC closing and completion of our related transitions. Holding company cash and cash equivalents were 262 million at June 30th and is expected to increase by $220 million as a result of the FAFLIC transactions. This additional liquidity will not be available until some time in the fourth quarter. By that time, the hurricane season will also be behind us and we will be in a much better position to evaluate our alternatives and we will have more to say about capital management at that time.

In the meantime, we have continued our stock buyback program and have repurchased 1.4 million shares so far for approximately 60 million and have 40 million available under our current authorization.

Before I will turn the call over to Maria... Marita, let me recap our outlook for the year. We maintain our guidance on net written premium growth. We expect mid single-digit growth in commercial lines and we expect to grow in personal lines to be relatively flat, for overall net written premium growth of mid-single digits. We now expect our aggregate underwriting loss adjustment expense ratio to be flat with 2007's ratio. However, we still expect to achieve modest growth in operating earnings per share, assuming normal cats for the remainder of the year.

In summary, even with difficult market conditions, we believe our business platform will be capable of delivering above industry average results.

With that, I will turn it over to Marita for a review of our property and casualty business.

Marita Zuraitis
Former Executive VP, President of Property & Casualty Companies

Thanks Gene. Good morning everybody and thanks for joining our call. We had another solid quarter as you can see from last night's release. And I am particularly pleased with the strength of our earnings despite a high level of catastrophe losses in the quarter.

Catastrophes contributed over 6 points to our combined ratio, yet our overall combined ratio is 95.5%, reflecting strong underwriting. Our ex-cat accident year loss ratio was under 52% for the quarter or 3 points better than the prior year quarter and favorable development of prior year reserves continued to remain solid. I am proud of our disciplined underwriting teams who have maintained a solid book of business under challenging conditions while delivering growth consistent with our expectations.

This high quality underwriting provided us the flexibility to absorb unseasonably high catastrophe losses this quarter while still exceeding our targeted return on equity.

Let me provide a little more color on the $38 million of catastrophe losses sustained in the quarter. As you know, this was a sizable event for the industry with over $6 billion in reported losses in many states across the country. In most of these states, we have meaningful presence. However, about a third of the catastrophe losses in the quarter were from the storm that impacted Michigan where, as you know, we have the fourth largest market share. Our overall losses and losses from individual storms that impacted the quarter were either proportionate or lower than our market share would indicate.

Catastrophes are part of our business, which is why we have spent the last five years managing this risk and diversifying our exposures to minimize earnings volatility and preserving our capital. I am pleased with how we have faired through this highly active cat quarter and it gives me confidence that our efforts focus on reducing concentrations, the non-renewal of our Florida home business, managing concentrations of business in our core states like Michigan and New York, strengthening our underwriting guidelines through proactive use of model data and the close monitoring of the increased exposures in our new growth states like Georgia, Virginia and Illinois are being effective.

While we actively manage exposure to improve our risk profile, we are equally committed to honoring our obligation in the event of a loss and being thoughtful about the needs of the affected parties. Our claims teams were highly responsive during this active cat quarter and our efforts were recognized by our agents and their customers. There is always a randomness where catastrophes hit, which is why careful exposure management is not enough and has to combined with the right reinsurance structure. Our second quarter performance along with the changes that we have made to our catastrophe reinsurance treaty give me added confidence with our ability to reduce earnings volatility and preserve capital through this hurricane season, which has been predicted to be an active one.

At this point, I would like to update you on the latest change we have made to our cat treaty. Effective July 1st, we brought an additional $200 million in limit for Northeast exposure. This is in excess to the $700 million limit we purchased at the normal 1/1 renewal date. This layer has a 45% Hanover co-participation and increases our coverage tower to $900 million for the Northeast. With this added layer, our reinsurance limit will cover us for a 1 in 250 year event. We were able to purchase this cat cover at a competitive price of $3.5 million and we feel good about this additional balance sheet strength.

Let me now turn to a discussion of each of our business segments, providing some insight on underwriting profitability and growth in the quarter.

Our personnel lines segment recorded net written premium growth of about 1% and a combined ratio of 98.4%, which includes almost 7 points of catastrophic losses in the quarter. Despite this, our accident year loss ratio improved by 1 point relative to the second quarter of 2007. Favorable development of prior year reserves was solid at $21 million and comparable to the prior year quarter. Loss trends showed modest improvement, driven by improvements in both severity and frequency despite the higher incident of non-cat weather losses. We continue to take pricing action in most of our states and earned pricing remain stable at about 1.5% in the quarter. This figure includes Massachusetts with its average 8% rate decrease. Excluding Massachusetts, earned pricing would have been 2.8% in the quarter.

Now turning to growth. Personal lines growth of about 1% is in line with our expectations given the current market conditions. And I'm also pleased that this growth reflects a substantial lift from improvements in retention. Our business mix has shifted to a more desirable high quality, multi-car, multi-line business which aligns with our account focused strategy. These accounts are typically less price sensitive and therefore have higher retentions. And while high quality new business continues to be hard to get, we have maintained our new business production year-over-year thanks to the increased support of our partner agents.

Last quarter, we disaggregated our overall growth into two parts. We talked about the challenges we face in the four states of Michigan, Massachusetts, Louisiana and Florida and our outlook for these states. Offsetting the challenges that these four states have, we talked about the increasing growth momentum we observed in the remaining states. At the end of the second quarter, we are tracking the expectation for both of these groups.

In Michigan, where we see no signs of economic release, we continue to focus on maintaining profit margins. The weak economy and shrinking personal lines market has resulted in lower Michigan policy counts. However, we are managing this state well and that reduction is not getting any worse.

Personal lines policy counts have been down about 1% for the past five quarters and this trend continued in the second quarter. Net written premium was down 1% in the quarter, better than the 4% decrease we recorded in the first quarter of 2008 and is as we had expected. Net written premium in our homeowners' line grew despite lower policy counts due to inflationary rate adjustments we had been able to take on the book. The net written premium decline in personal auto also moderated during the second quarter, benefiting in part from the rate action taken on our auto book earlier in the year and we have more planned for the subsequent quarters.

As I said, our focus in Michigan remains on the bottom line, maintaining margins while maximizing our opportunities for growth. We have stepped our agency management actions and we are working closely with our partner agents to gain market share. We continue to believe that barring any further deterioration in the economy, we can maintain and over time improve our performance.

Turning next to Massachusetts. Net written premium was up about 10% in the second quarter. This was better then we had expected. As you may recall, managed competition came into effect starting April 1, 2008 and at that time, our average 8% filed rate decrease came into play together with a more sophisticated multi-variate auto product. The results were good. Our product faired well in the market and we gained business in this new competitive environment. Our personal auto policy counts in Massachusetts were up 7% relative to the prior year quarter and our net written premium was up 12%. Of course, these are early indications and we know we benefited from the increased flow of new business as the advent of managed competition resulted in more shopping by consumers. We recognize that this increased flow will not likely be sustained at these levels. However, the performance of our new auto policy in the second quarter as well as the lift we got in homeowners policy counts this quarter gives me confidence that we will compete effectively in this new environment and that our total account value proposition works with our agents in the state, which in turn will enable us to grow our market share over time.

Despite this positive outlook, 2008 will remain a transition year for us and we do not expect Massachusetts to meaningfully contribute to the overall premium growth in the year.

Finally, turning to Florida and Louisiana where we have taken exposure management actions that have significantly improved our risk profile. We are tracking according to plan. The non-renewal of our Florida home policy is progressing as planned and our exposure actions in the Luciana are also on track. Our expectation is for a 16% reduction in premium by year-end around in these two states combined. Growth trends in the remaining states are increasingly positive with a growth rate of 4% in the second quarter, coming predominantly from increased retention, resulting from our improved mix of business.

As you may recall, we have taken significant corrective actions during the latter part of last year to improve profitability of our Connections Auto book. We can now see the mix improvement that these actions were specifically designed to address. The proportion of our new business with multi-car policies and whole account business has increased and is already translating into better retention and improved margins.

In summary, I am very pleased with the personnel lines results in the quarter and I am confident that we will continue to deliver solid margins in this segment while maintaining net written premiums at last year's level despite the challenges we face relative to our state mix and the market in general.

Turning next to commercial lines. We had another solid quarter with segment earnings of 52.7 million and a combined ratio of 91.7%, which includes 5 points of catastrophe losses. Reserves related to prior accident years continue to develop favorably across all lines, reflective of our disciplined underwriting. Our current ex-cat accident year losses also improved 6 points to 44% in the quarter. This improvement is attributable to lower severity trends, resulting primarily from a normal level of large losses in the current quarter compared to an unusually high number of large losses that were detailed in the prior year quarter.

Additionally, growth in our specialty lines, which typically carry a lower loss ratio, continues to favorably impact our accident year loss performance. Net written premium growth of 7% in the quarter and in line with our expectations. This growth came primarily from specialty business, which grew over 20%. As expected, the integration of PDI and Verlan provided a good lift in the quarter. The assimilation of these two acquisitions is going well. We were pleased with our partner agents response to the new capabilities introduced with these acquisitions and we have started to leverage the Hanover agency distribution to cross sell these new specialty products.

Our other specialty grew 14%, driven primary by our bond business where the availability of high business opportunities still remains good. Our underwriting discipline remains strong in this area and our conservative appetite intact. Our traditional business also continued to show positive momentum in the quarter with some growth in exposures and improved retentions. Pricing is increasingly competitive, particularly in middle to large market segments and new business is getting more and more difficult to find at reasonable price.

However, we are continuing to compete effectively in the small market segment on the strength of our new small commercial platform and I continue to hold a positive for growth in this segment as a small commercial model continues to gain traction with our partner agents.

To sum up the growth story in commercial lines, I continue to remain confidence that we will meet the mid single-digit growth objective we laid out at Investor Day and I also feel good about making our overall commitment to mid single-digit growth. Even more importantly, while we expect to make our growth goals, we expect to do so by maintaining or improving our accident year margin as we did in the first half of the year.

I think our results have demonstrated our commitment to underwriting discipline, putting margins and prudent risk management before growth and gaining market share in a manner that is true to our strategy.

And with that, I will turn the call back to Sujata.

Sujata Mutalik

Thank you, Marita. Operator, we will now take questions.
Question And Answer

Question and Answer

Operator

[Operator Instructions]. And your first question comes from the line of Jay Gelb of Lehman Brothers. Please proceed.

Jay Gelb
Lehman Brothers

Thanks. Good morning.

Frederick Henry Eppinger
Former President & CEO

Good morning Jay.

Jay Gelb
Lehman Brothers

Fred, I think you've spoken over time about the potential for a return on equity enhancement after the sale of the life insurance is complete and you are able to deploy those proceeds. What's your thoughts in terms of how much enhancement might be anticipated as a result of when that transaction is fully completed and the proceeds deployed?

Frederick Henry Eppinger
Former President & CEO

Yes, I think you can do the math. But as we look at the holding company, it's a combination of really two things, Jay. One is obviously there was... if you think about it... there was dead capital, amount of dead capital that's out there if you think about the ROE based on the GAAP number of almost $300 million. Obviously, our GAAP level of capital changes because of one [ph], the losses, but also all of a sudden, that becomes liquid and goes to the holding company. So if you think about the math of that drag of that 300, obviously, if that is deployed towards businesses that are in 12 plus reten... percent ROE or is given back to shareholders, the math just is one to one with every dollar that I can make that happen.

The other thing, the complexity I think that will unfold over time is obviously our capital structure and the way our debt is structured et cetera is kind of a legacy of where we were and our rating status et cetera and the risk of having this dead business on your books. And so as we get more clarity at the end of the year with the rating agencies, particularly Best, about where we are now with our rating on the P&C side and the liquidity needed, my views will become more regular when you look at our capital ratios and combining your holding company with your P&C.

Now that's yet to unfold as we talk to the rating agencies, but obviously we had this odd situation which we had "contagion risk" from this life book that has been decreased over time because we got out of the volatile stuff. But now, we are basically out of all those risks. I mean we don't have any of that. So we are a much purer P&C business. And so my view is that it's both the use of the immediate capital, but then thinking about the capital structure to become a more normal P&C company. So I am pretty encouraged by both aspects of that, right. So if we think that there are opportunities to do what we have done with little acquisitions or investments in people that can return 12% while you are essentially taking a 0% return and making it 12. And if we can also... we can't do that, we can also give it back, right, like we did at the last life transaction where I gave 200 plus million back after the last time we liquidated the life transaction. So we're going to also consider that because if there isn't opportunities to use the capital, we'll make a judgment on how much we think we should hold. And you can see further discussion and announcement when we know more about the cat season and our best conversations and... but again, in the past, what we did is gave back a bunch and then we utilized some.

But again, this is to me, you can see us becoming more normal, right. I mean it's just... because one of the issues we had was not just that the capital was in a life business and wasn't earning return; we had to get regulatory approval to get access to it. So it wasn't accessible; it was both... it was zero returns and trapped. And now it will be at our discretion based on what's appropriate to maximize the shareholder value of the company and to make sure that our ratings are sustained and improved. So I think it's a much straight thing. And again, you can do the math and we can give you more specifics as the close comes. But it's pretty straightforward.

Jay Gelb

Lehman Brothers

Right. All right. And thanks for that answer. And then in terms how the overall company wide GAAP book value impact is, my sense is that the proceeds from the sale of the life company were at least higher than we were expecting.

Unidentified Company Representative

Yes.

Jay Gelb
Lehman Brothers

It looks like with that GAAP capital going out and then getting the cash back in, if my math is right, it doesn't look like there is going to be much dilution at all to book value at the end of the day. Is that right?

Frederick Henry Eppinger
Former President & CEO

Exactly. I mean if you have think about what most people had estimates out there, right, they had somewhere around a $3 million detriment to GAAP. That was kind of... if you look across most of you guys and how you looked at it. And as turned out, it's not; it's about 1.25. So I am very pleased with the outcome. I mean I couldn't have been happier with it. And plus, it's with a great counterparty. So, Goldman is a very stable company. So both are... I think the regulators are going be very pleased and in our early conversations, they are with the quality of the company that it's going to plus we have already done a transaction with them. So the little hidden things that you sometimes get in these kind of transactions we believe will be minimal because we have already gone through a more complex transaction with the same entity. So I just believe on all fronts, the certainty of it is great, the outcome for shareholders and for the regulator is great and the financial implications, at least when I look at what you guys estimated and frankly, what I thought, it's a very good outcome.

Jay Gelb
Lehman Brothers

Right. And then on a broader issue, I mean with just one day post-announcement, now that Hanover is pure play property casualty company and we're seeing some other regional pure play property casualty companies getting taken out at two times book or higher. Is that some thing that's coming up more on your radar screen?

Frederick Henry Eppinger
Former President & CEO

It's interesting. Again, we'll... I believe our job is to maximize the value... the shareholder value of this institution and do it by making sure the franchise is as valuable as it possibly can because of the capabilities and the strengths of it. And I believe that we have set ourselves up. And again, I believe very strongly that '09 is going to have a very challenging accident year results for a lot of our competitors. I also believe you are going to see a ton of transactions hit the street. I see a lot of big guys are going to be selling divisions and parts of their P&C businesses. You are going to see a flood of that in the next 12 or 18 months, as you do in most cycles.

So I don't how that's going to play out. But what I do know is that we have positioned the company with a unbelievably strong balance sheet with great capabilities and the ability to create a heck of a lot value in a disruptive market. The rest of it I can't control. But I can tell you with a hell of a lot stronger company than we were three years ago, two years ago, six months ago. And I think that for partner agents, we are a very attractive option to them. So I look at it and I see we have more shareholder value creation opportunities today than we ever had. I mean there... if you could imagine how many calls I get now from very good teams that are scared and the disruption that's being created by these transactions and the fallout of these transactions create a lot of different ways to create value for our shareholders. And we are open to all of them. That's our job; to make sure that we are thoughtful and we open to all of them. But I can tell you that things are unfolding just as we expected them three years into a soft market.

Jay Gelb
Lehman Brothers

Excellent. Thanks very much.

Frederick Henry Eppinger

Former President & CEO

Yes.

Operator

Your next question comes from the line of Dan Farrell of Fox-Pitt Kelton. Please proceed

Dan Farrell
Fox-Pitt Kelton

Hi, good morning.

Frederick Henry Eppinger
Former President & CEO

Good morning Dan.

Marita Zuraitis
Former Executive VP, President of Property & Casualty Companies

Good morning.

Dan Farrell
Fox-Pitt Kelton

I think obviously you said given that you've got so much capital now at the holding company over... you are going to be a little over 450 million, you are going to look towards repurchase and doing deals. Can you talk about your view of the environment for those sort of smallish transactions that you did like the PDI and Verlan, which clearly have done well I think so far and just maybe talk about what you can do going forward?

Frederick Henry Eppinger
Former President & CEO

Yes, exactly. I mean obviously, we are not the kind of player that's going to go out and pay two times book for something. I mean people with expectations of 4% ROE don't even register with me very [ph]. So when I look at the environment, what I believe is that the pricing for these acquisitions are going to come down dramatically over the 12 to 18 months. There is going to be a flood of them. The results, and particularly in the specialty business that are coming home to roost. If you look at some of the specialty turns underneath peoples [ph] data, you are seeing these accident years, particularly in some of the liability lines that came pretty rapidly.

And I was that the S&P conference and I agree with what Bill Berkley [ph] said when we were doing the presentation together. '09 looks to be a troubling year for some of these weaker players. And so when I look at this, I believe that the ability to pick up teams that have distinctive kind of brand recognition and capability are going to be there and they're going to be there where we can make the economics make sense. And now, if they're not, we won't do it. But I just... I look at every day we have opportunities with from private companies or equity-based companies that are a little subscale, but they have a good position in one thing or another that are under the radar screen that other people are not going to be that interested in because of their size and ability to move the needle that really make a difference to us given our strategy. So I think on one front, there's a lot of opportunity.

The second point I would make is that I really do believe, I have said it time and time again, the more likely situation is that there will be transactions among the big guys. They are people right now talking about selling big pieces of their business. You know the obvious ones, but there's more than the obvious ones. That disruption, when those things change hands, create unbelievable opportunity for us. If you look at where we have built our marine business, it was essentially because of the St. Paul Travelers merger. We were able to take a lot of those teams and capitalize on that disruption. That opportunity is going to be ramping in the next 18 months if we're thoughtful. So I look at that as also an opportunity.

Now, do I think in... like in a place like personal lines where scale matters and diversity of geography, there will also be opportunities? Yes, but that's more in my view of an expense play. You have to look at it as a short-term economic benefit because that really is about enhancing your claims and pricing capability by geography. Those will also be available. My issue with those, however, is that you have got to be very careful at those prices because I think what you are going to see is those personal lines books will be at renewal rights deal within 18 months because the guys that are selling, for the most, because there will be some big guys that sell for strategic reasons. But a lot of those are going to be because they are subscale and they are going to get adverse selection.

So again, I look at the world... if you look at the last three cycles, three to four years into the cycle is when the separation, the have and have nots happens. The big guys that are thoughtful will capitalize on it. The key will be saying no to certain transactions and capitalizing on others. I don't need them. I just... let me be clear. I don't feel that I need any big transaction. I think I can create tons of shareholder value more than any regional company in this country over the next couple of years without them. But I will be continuing to take advantage of taking teams. And if there is an acquisition in a brand that makes sense, we will look at it. I have turned down 20 of them in the last 12 months. So this isn't something that I think I need or that I have a... the money is burning a hole in my pocket or any of that. If it isn't out there, we will give it back.

The other thing I would tell you is that I feel very positive about our conversations with Best. I mean we've got to earn it, we've got to make sure that we continue to demonstrate. But if we get Best to move in a positive way at the end of the year, the beginning of next, we are the only financial service company in the country that's got the three big rating agencies to they give us an upgrade in this period of turmoil. That creates more momentum than people realize. I mean agents watch that. And if you look at us, we are going counter to all the trends. And I feel good about that because what it says is that our partnership strategy, our ability to get unfair advantage with some of these consolidating agents is big.

And let me make one final point. In our calls, we talk about the consolidation of the carriers. The other big trend that's obvious, right, is the... it's accelerating consolidation of the agents. Our whole strategy is built on the premise that that was going to happen. And so if... all indication are showing that that's going to accelerate. And if capital becomes a little bit more available, it's going to happen really rapidly. So by picking the winning agents and building a strategy that kind of helps them increase their earnings as they consolidate, creates an enormous opportunity for us. You are going to see us establish for instance our new organization on for broker that are multi state and multi organization to serve there needs in a specific way because what we are seen is just a tremendous opportunity from the fall out of that as well so again I just lot of stuff happening right now if you good about where we are we will be thought full we will be prudent. And but I do think that the opportunity are there again a big are seen somebody 10 times our size something little lose than little very significantly to us that easy to integrate and not as complex because we are not that big so lot of things with other people would consider grounding areas, grounding errors can create great shareholder value for us so its not bad place to be in give in the kind of little of the large transaction.

Dan Farrell
Fox-Pitt Kelton

Okay. That was a very helpful answer. Thank you.

Frederick Henry Eppinger
Former President & CEO

Yes.

Operator

Your next question comes from the line of Rohan Pai of Banc of America Securities. Please proceed.

Rohan Pai
Banc of America Securities

Hi, good morning.

Frederick Henry Eppinger
Former President & CEO

Good morning Rohan.

Rohan Pai
Banc of America Securities

Hi. I just wanted to... I mean the questions I had were on the specialty lines. Did you guys... and maybe I missed it, but did you guys give the contribution of Verlan and PDI in this quarter for the premiums written?

Marita Zuraitis
Former Executive VP, President of Property & Casualty Companies

Yes, we did not specifically break it out. The list would be relatively small when you add it to everything. We had about 20% growth across specialty, 14% in the core, it would be included in that. The interesting thing about PDI and Verlan to Fred's earlier comments is it's the reason these type of acquisitions give us some early lift and we have a lot of confidence in the future lift is because all of our agents have this business. It fits very clearly in our appetite in our wheelhouse, it's what we do. And with agents having these capabilities with us, knowing what partner agents have it, we can see the future lift. But early on, they are relatively small and they wouldn't really begin to show up in the numbers yet. But we are starting to see that lift with the limited number of agents that we brought these capabilities to so far, and there is a lot more to come.

Rohan Pai
Banc of America Securities

Okay. And so I guess the sequential margin improvement that you see in this specialty line, it seems that the combined ratio ex cat and reserves has gone down to below 80%. So I guess that's not coming from these new lines; it's on your core inland marine and surety?

Marita Zuraitis
Former Executive VP, President of Property & Casualty Companies

Yes, most to that would be coming just by the share numbers from bond and inland marine.

Frederick Henry Eppinger
Former President & CEO

Yes.

Rohan Pai
Banc of America Securities

Okay, great. And then finally just on the bond book, if you could for one, tell us if there's any benefit you are getting from maybe the dislocation from liberty mutual surety I mean and Safeco. And also what you are seeing on the credit side, maybe not on your own book, but just generally across the market, if you are seeing any deterioration there?

Marita Zuraitis
Former Executive VP, President of Property & Casualty Companies

Yes, what I would say about the overall is we intentionally gave you all a very clear break down of our surety business and investor day and those numbers percentage vise really haven't changed but you are exactly right this disruption on has allowed us to take advantage of individual account opportunities with partner agents on the surety segment without comprising our under writing or changing our appetite there is if you are wiling to keep you underwriting powder drive if you will there is a lot of opportunity out there that are very good underwriting team can take advantage of but clearly some of it would come from that as well as others and we think that there is even more opportunity as we continue to take a disciplined approach to growth while we are hanging tight with a very strong underwriting drill around that.

Rohan Pai
Banc of America Securities

Okay. Great. And Marita, just one more thing on the credit environment overall, not on your own book, because I realize that you guys are being much more conservative and narrow focused. But just the surety market overall, are you seeing any deterioration in trends?

Marita Zuraitis
Former Executive VP, President of Property & Casualty Companies

Well, we wouldn't. Again, we have tightened up our underwriting criteria, we have a very small percentage of larger contracts surety type things. And because of our appetite and where we play, we can either avoid or underwrite the types of things that you're talking about. So no, we don't see... we obviously know the trends are there, but we don't see any change in our trends.

Rohan Pai
Banc of America Securities

Okay, great. Thank you.

Marita Zuraitis
Former Executive VP, President of Property & Casualty Companies

You're welcome.

Operator

Your next question comes from the line of Michael Phillips of Stifel Nicolaus. Please proceed.

Unidentified Analyst

Thanks. Good morning everybody.

Frederick Henry Eppinger
Former President & CEO

Good morning.

Unidentified Analyst

Questions at around personal lines, if I could for a minute.

Frederick Henry Eppinger
Former President & CEO

Sure, sure.

Unidentified Analyst

How much of your... everything I guess I'm going to say is I hear what you are saying on those four states that you mentioned at the beginning: Michigan, Florida, Louisiana and Mass. But how much of the drag of those four states is, it is a home owner's drag versus another drag. Since I get mostly in home owners drag. Except from mains obviously?

Marita Zuraitis
Former Executive VP, President of Property & Casualty Companies

Yes. I mean we can break that all those for you specifically but I would say in general that's probably not the case. That it's all the home owners drag. I mean obviously when you look at Michigan and the size of that state it really does rive our numbers. And the economy is having impact in both farm owners and other. And the overall personal lines markets in that state is shrinking. We are able to meditate some of that business aligning ourselves with the right agent. And looking hard on managing getting as much price increases we can with improvements in the product and working with those agents to you know maintenance as flat of a position as we can. But the personal lines market and in that economy is just shrinking. So I would say it's just as much auto as it is homeowners in that state. Obviously, in Florida and Louisiana, it is homeowners. We sold our homeowners business Florida, we are taking very tough action in Louisiana as we... as the population moves north. But that is obviously being driven on homeowner side. So it really gets down to an individual state dissection of the numbers. We tried to give you transparency on --

Frederick Henry Eppinger
Former President & CEO

And let me make a... I want to make a comment on personal lines because I think there is a real change in the marketplace that we are kind of excited about. And it's a two-fold change. Word is that there is a price... obviously, everybody is talking about pricing. But what's interesting about it is I would argue that part of the reason why the big guys in particular are being so aggressive at pricing in auto right now is that they expanded too many agents. And so so many of them have appointed so many agents and then they try to go head to head with each other and they are getting adverse selection. And the deterioration in their auto that they have had to really take aggressive pricing.

And what's interesting to us is that their pricing umbrella is good, but what's also good about it for us, because we go to our agents with this notion of a limited distribution. It has made all our agents more interested in giving us an unfair advantage over the national guys because they are commoditizing the business because they are giving every aggregator access to their products. So one of the things we haven't built into our thinking yet is this level of conservations we are starting to have with so many agents about giving us more of an unfair advantage because, one, we go at it on a account basis versus a line of business auto basis and two, they are really nervous about the commoditization these big guys are doing by giving aggregators.

And one of the biggest example was Safeco before they sold. They had expanded their agents dramatically. You heard them talk about how many agents. And that kind of things scares agents at kind of shopping markets.

So we're actually... we look at both the price increases we think that will come through in the second half of the year and the ability to get some share shift from partner agents as they want to go with people that have a more constrained distribution as a real potential here. I think you're going to see a turn in the auto market in the next 12 months as people struggle with this market of how you grow and how you compete with the likes of a GEICO. And our whole view of not going head to head on auto but doing it on an account basis, do it on a limited agencies basis, go after and help them shift share within their shelf space to me is going to get real nice traction in the next 12 months if people get really scared about all the pricing action that is driven by the big guys because of the adverse selection they're getting by going to aggregators.

So again, it's not showing completely in the numbers for us or everybody. You're starting to see that today [ph] and you are starting to see the conversation happen in a more dramatic way. So in general, I'm probably more optimistic about personal lines for the next 12 months that I've been in quite a long time because I was assuming that the market would last longer, soft like commercial. And I think it's going to actually be shorter because of the pricing actions and the more targeted actions by some of the bigger players.

Unidentified Analyst

Okay, great, thanks. And the comments I guess on the pricing action of the competitors in personal lines, particularly auto I guess is a good segue to make my follow-up question. We are seeing that turn I think already for some of the big guys as they progress [ph].

Frederick Henry Eppinger
Former President & CEO

Absolutely right.

Unidentified Analyst

Recently in the past X number of months, pretty recent. I think that's in contrast to what... I guess what I understood from you guys the past pretty consistent modest, albeit modest rate increases when you could for the past couple of years.

Frederick Henry Eppinger
Former President & CEO

What you do... again, our philosophy is a little different, because our game is about account rounding and retention. Our view is you stay ahead of inflation in every state every quarter every month. And so we don't go... we don't do price discounts, we don't do price reductions, we don't compete on price. A lot of these guys have 14, 10, 12% reductions in the last couple of years. What you have seen us do constantly is get it over inflation.

Now are they giving us an umbrella because of this disruption? You bet. When they were taking decreases, we were steady. And if you looked at our home owners, we were taking very steady increases. So what's happening now is because they are having to take 14% in Tennessee, we are able to shift underneath them. But you won't see us go for 14; you'll see us go for 5. Because what we will do is build in the extra margin, but enhance the retention of our agents. We will... we don't have to do the knee-jerk reaction that they do in some of these states because of their adverse selection. And what I am hoping is that you will see our 2... or whatever it is now... 2.5 creep up. And again, so, I'm pretty bullish.

The other thing you are seeing in their rate increase, you've got to understand we don't have a Florida book. A lot... if you look at their books, they are [indiscernible]. We don't Texas personal lines, we don't have California personal lines and we don't have Florida personal lines. That's what the high premium per policy is. And what you are seeing in those states, particularly Texas and Florida, they are getting behind. And so we don't have a lot of those to make big numbers come out. We are a very Midwestern, North Eastern company. But it is an interesting time because they are having to dramatically adjust where I am very comfortable that we will improve our accident years given the prices we have already filed and we are in the process of filing in the states we are in. So it's a little different philosophy of pricing.

Marita Zuraitis
Former Executive VP, President of Property & Casualty Companies

Fred's right. I mean the solid 2.8% we got in the quarter outside of Massachusetts, I feel good when you combine that to retention trends holding and improving. It tells you you can continue to take that approach that he outlined quarter after quarter.

Marita Zuraitis
Former Executive VP, President of Property & Casualty Companies

Yes. We believe we will see accident year improvement. And I don't think... so many of the other folks aren't talking about that yet.

Unidentified Analyst

Thanks. I think that's a big point. Was that... roughly, was that 2.8, Marita, was that just auto excluding Mass, or was that everything?

Marita Zuraitis
Former Executive VP, President of Property & Casualty Companies

That's everything.

Unidentified Analyst

That's everything.

Marita Zuraitis
Former Executive VP, President of Property & Casualty Companies

I think it's everything. We'd have to go back and check, but I think it is everything.

Unidentified Analyst

That's okay. Thanks so much.

Marita Zuraitis
Former Executive VP, President of Property & Casualty Companies

Yep.

Frederick Henry Eppinger
Former President & CEO

Thank you.

Operator

And that does conclude the question and answer session. I will now turn it back to Sujata for closing remarks.

Sujata Mutalik

Thank you everyone and thanks for joining our call again and we'll be here to answer any follow-up questions.

Operator
Ladies and gentleman, that does conclude the presentation for today. You may now disconnect. Have a great day.