S&P Capital IQ

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RLI Corp. NYSE:RLI

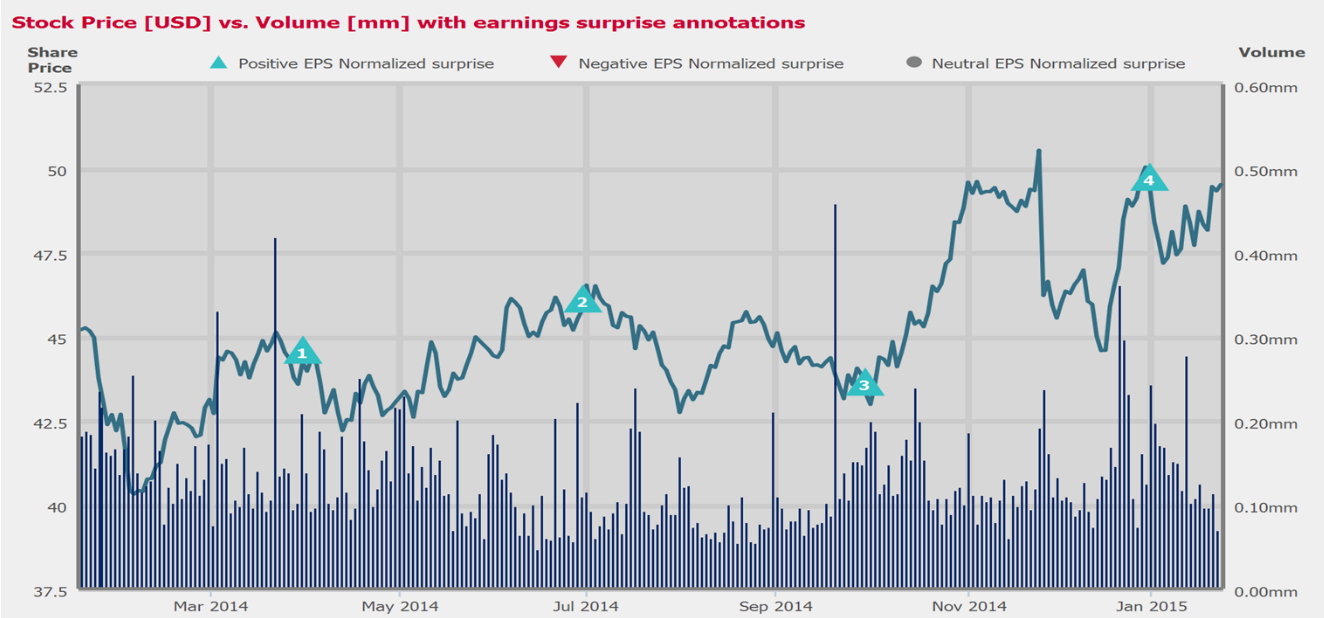
FQ1 2015 Earnings Call Transcripts

Tuesday, April 21, 2015 3:00 PM GMT

S&P Capital IQ Estimates

	-FQ1 2015-			-FQ2 2015-	-FY 2015-	-FY 2016-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.52	0.50	(3.85 %)	0.56	2.22	2.24
Revenue (mm)	185.97	195.78	5.28	186.66	746.36	750.65

Currency: USD
Consensus as of Apr-21-2015 5:15 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ1 2014	0.52	0.57	9.62 %
FQ2 2014	0.60	0.66	10.00 %
FQ3 2014	0.60	0.68	13.33 %
FQ4 2014	0.60	0.71	18.33 %

Call Participants

EXECUTIVES

Aaron H. Jacoby
Vice President of Corporate Development

Craig William Kliethermes
President and Chief Operating Officer

Jonathan E. Michael
Chairman and Chief Executive Officer

Michael J. Stone
Director

Thomas L. Brown
Chief Financial Officer and Senior Vice President

ANALYSTS

Jeff Schmitt

Kenneth G. Billingsley
Compass Point Research & Trading, LLC, Research Division

Mark Alan Dwelle
RBC Capital Markets, LLC, Research Division

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

Michael Zaremski

Randolph Binner
FBR Capital Markets & Co., Research Division

Presentation

Operator

Good morning, and welcome, ladies and gentlemen, to the RLI Corp. First Quarter Earnings Teleconference. At this time, I would like to inform you that this conference is being recorded. [Operator Instructions] Before we get started, let me remind everyone that through the course of the teleconference, RLI management may make comments that reflect their intentions, beliefs and expectations for the future. As always, these forward-looking statements are subject to certain risk factors, which could cause actual results to differ materially.

These risk factors are listed in the company's various SEC filings, including in the annual Form 10-K, which should be reviewed carefully. The company has filed a Form 8-K with the Securities and Exchange Commission that contains the press release announcing the first quarter results. RLI management may make reference during the call to operating earnings and earnings per share from operations, which are non-GAAP measures of financial results. RLI's operating earnings and earnings per share from operations consist of net earnings after the elimination of after-tax realized investment gains or losses.

RLI's management believes this measure is useful in gauging core operating performance across reporting periods, but may not be comparable to other companies' definitions of operating earnings. The Form 8-K contains reconciliation between operating earnings and net earnings. The Form 8-K and press release are available at the company's website at www.rlicorp.com.

I would now like to turn the conference over to RLI's Vice President, Corporate Development, Mr. Aaron Jacoby. Please go ahead, sir.

Aaron H. Jacoby
Vice President of Corporate Development

Thank you. Good morning to everyone. Welcome to the RLI earnings call for the first quarter of 2015. Joining me on today's call are Jon Michael, Chairman and CEO; Mike Stone, President and Chief Operating Officer; Tom Brown, Vice President and Chief Financial Officer; and Craig Kliethermes, Executive Vice President, Operations. I'm going to turn the call over to Tom first to give some brief opening comments on the quarter's financial results. Then Mike and Craig will talk about operations and market conditions. Next, we'll open the call to questions, and Jon will finish up with some closing comments. Tom?

Thomas L. Brown
Chief Financial Officer and Senior Vice President

Thanks, Aaron, and good morning. We are pleased to announce another solid quarter. Starting with our most important metric, we posted an 89.5 combined ratio in the quarter. By segment, our underwriters did an excellent job, Casualty turned in a 95 combined ratio, Property achieved an 81 and Surety an 85. Consistent with past performance, our underwriting results benefited from favorable development, $7.1 million in this quarter. You may recall this is the 1 quarter where we don't in fact perform a full actuarial reserve study. While underwriting margins were excellent, on the premium side, growth continued to moderate. As expected, the first quarter experienced the impact of a loss of our crop reinsurance relationship, excluding the effect of crop, gross premium would have been up 1%. Certainly not a robust level of growth, but prudent given market conditions.

We are particularly pleased to see our Surety segment turn in 5% growth, given its sub-90s combined ratio profile. At the other extreme, the Property segment was down 17%, or 5% excluding crop. With an 81 combined ratio unaffected by reserve changes or catastrophe losses, the Property segment performed well. Finally, the Casualty segment came in with 2% top line growth as incrementally tougher conditions in our E&S products was offset by growth across several other products, including our still expanding professional services business.

In general, given current market conditions, this quarter's growth remained within our expectations of how our underwriters respond to challenging market conditions with a focus on underwriting profitability.

Turning to investments. Investment income was essentially flat in the first quarter compared to the prior year despite paying a $130 million special dividend at the end of 2014. Interest rates continue to provide little help here, however, our invested asset base was up slightly on positive operating cash flow in the quarter of $23 million.

On a total return basis, we earned 1% in the quarter, driven by market to -- mark-to-market gains on our fixed income portfolio. Additionally, margin continued to prosper. Its contribution to earnings was up 12% over last year.

In total, we achieved diluted operating earnings per share of $0.50 in the quarter and book value per share growth of 2%. Over the last 4 quarters, book value per share increased 17%, including dividends. Over all, a very good start to the year.

And with that, I'll turn the call over to Mike Stone. Mike?

Michael J. Stone
Director

Tom, thanks, and good morning, everybody. Another excellent quarter, not as good as in the recent past, but still a combined ratio in the 80s, and in some ways, much better as the market continues to get more difficult. We are maintaining our underwriting discipline in the face of some aggressive competition. We do as we say we will do. Profit, underwriting profit, combined ratio under 100, drives our company, our employees and our underwriters. 89 combined ratio, while not indicative of halcyon days, not bad. Under these conditions actually quite exemplary. Our written premium was essentially flat, considering the significant reduction in crop premium.

Now let me talk a little bit about what's transpiring in our markets. As Tom mentioned, Casualty's gross written premium was up 2% with a combined ratio of 94.7. Overall, rates are basically flat. Some areas are off on rates, for example, our general liability and commercial umbrella down just a little bit less than 5% in rate. We've had good success and some growth in these products, which are our largest Casualty products, but they're off some 8% in gross written premium in the quarter. Some products, again, example, transportation still getting some rate, a little bit less than 5%, but competition has definitely reemerged in this space. Overall, Casualty is still the bright spot.

Property. It's tough out there. You've heard all the pundits, alternate capital, pension funds, et cetera were awash in capital. Some of which is happy with less return than we demand. It's interesting times no events of any real magnitude in the U.S. in quite some time, though we had an overall combined ratio of 81. We are off 17% gross written premium, as Tom indicated. $10 million of that -- $10 million gross written premium, but $8 million of that was crop, which we were noticed on last year after ProAg was acquired. Frankly, very little profit in that business for us.

In addition, our Catastrophe business, DIC, that's quake and wind, off 9% and 6%, respectively, gross written premium -- in gross written premium. The market is very competitive. Rates off 10% plus. But there -- these areas benefited from reinsurance cost reductions, and these savings, were quickly translated to lower prices for our customers. We've been in the space for many years, decades, with experienced underwriters, deep producer relationships and world-class portfolio exposure management. We'll be in this space when others run post event.

Our Marine business looks to have turned a corner, posting a sub-100 combined ratio for the quarter. My kudos to the Marine team. We continue to add product, for example, a couple of small homeowners programs, a builder's risk program. Marine shoots that should grow over the next few years, probably not enough to allow Jack to climb, but meaningful, nonetheless.

Surety. Gross written premium was up 5%, combined ratio 85, a good quarter. Surety has been a good story for us, and we are seeing nice gross -- nice growth in most of our products. As I have mentioned in prior quarters considerable competition in this space, but we have a nice foothold, foothold with great underwriters and superior producer relationships and outstanding technology.

So an excellent underwriting quarter. We've been through insurance markets, hard and soft and in between. We've outperformed through all, and we're well positioned and prepared to continue with dedicated, excellent product leaders, underwriters and supporting cast. I like where we are with our underwriting leadership and product portfolio as we encounter a more competitive environment. Craig?

Craig William Kliethermes
President and Chief Operating Officer

Thanks, Mike, and good morning. I'm going to provide a little more color, although, maybe not as much color as Mike on reinsurance pricing and loss trends. .

For the quarter, we did place a couple of smaller treaties this quarter in our Surety and smaller professional liability space, and as we've seen throughout the year, we continue to see risk-adjusted rate reductions and better terms and conditions. We made no material changes in our retentions. The continued reduction in our reinsurance cost gives us a little more room to compete in a market that seems to want to continue to give up rate. On the price change front, we continue to get it where we need it. On the RV space and transportation and Marine, we continue to see fairly significant middle single-digit rate increases. In the E&S space, particularly on the CAT side, we are seeing rate reductions on the CAT side close to double digits.

Overall, for the quarter, Casualty was slightly positive on the rate front and Property was down about 5% rate reduction. Our renewal rate changes sometimes look a little muted as we walk away from underpriced business and new selection to maintain our underwriting margins.

On the loss trend front, we think it's been pretty stable overall, more favorable on our auto liability, a little better than we thought. We have seen a little hangover from the economic downturn in our contract Surety business. And we believe lower reinsurance cost and benign loss cost trends continue to drive a very competitive market. Our underwriters will remain disciplined and act like the owners that they are. They will continue to grind it up in this market in different cedes as they have in the past.

Aaron H. Jacoby
Vice President of Corporate Development
Thanks, Craig. We can now open the call up for questions.

Question and Answer

Operator

[Operator Instructions] And we'll take our first question from Randy Binner with FBR Capital Markets.

Randolph Binner
FBR Capital Markets & Co., Research Division

I wanted to ask a question about the reserves. And thanks for the reminder. I think it's Tom who has said that there's no formal actuarial review in the first quarter. I think historically, there seems to be a small reserve release in the first quarter and then it grows. So the first part of the question is can you just remind us how that process works each year?

Craig William Kliethermes
President and Chief Operating Officer

Randy, this is Craig Kliethermes. We -- the first quarter is pretty much a mechanical process. We look at kind of an actual versus expected. What losses we would expect to come in and how they've actually come in relative to that. So we don't really do a formal or full-blown reserve study for that quarter. That's really the only quarter that we don't do a full reserve study. So next quarter, second quarter, and we always do it in 1 year or 1 quarter in arrears. So next quarter, we'll actually do a year-end reserve study for all of 2014, and so then we have that in addition to the actual versus expected.

Randolph Binner
FBR Capital Markets & Co., Research Division

Great. And then the follow-up is for Casualty lines, it's 2015 now. There was the period where we had kind of the financial crisis and recession. That's roughly the '09, '11 accident years. And so if there was going to be a problem, it probably would have been in there, those seemed to have stabilized. And then '12 and '13 from our view seemed to have benign loss trends, and pricing was higher at the same time. Any preliminary view you can help us with, especially kind of '11, '12 and '13, how those are looking now that some time has passed?

Craig William Kliethermes
President and Chief Operating Officer

I mean -- this is Craig again. I mean, we have seen favorable development out of '11 and '12 and '13. And frankly, we've seen favorable development out of most of the accident years, but we've realized a favorable development over those years. I can't really comment on -- I mean, we think we've realized and put into our numbers all the things that we've -- we can recognize to date, so that's what I can tell you.

Randolph Binner
FBR Capital Markets & Co., Research Division

Okay. But nothing -- I guess relative to your expectations, say, for medical cost utilization or other loss drivers, is your experience different in those years than it would have been in other years or is it similar for some -- for all others, a little bit of a different question because you've had such solid redundancies for a long time? I mean, is there a deviation that's notable in those years from your initial expectation? Or is it similar to what you've seen in the past?

Craig William Kliethermes
President and Chief Operating Officer

It's similar to what we've seen in the past. The only difference is I think that, I guess, on the adverse front, I mean, I think certainly, there was a hangover impact from contract Surety in those years. That is always on a delayed basis relative to the economic downturn. It takes some time to realize those losses. Not really realize the losses in our numbers, but actually to have the losses materialize with our customers because we get a little financial problem, but that doesn't necessarily trigger a claim. They have to actually go into default, and that usually takes a couple of years after the actual economic downturn.

Randolph Binner
FBR Capital Markets & Co., Research Division

Got you. And then just one other one if I could for -- I think this would be for Mike, but he mentioned a lot of alternative competition, if you will, in the Property area. Have you seen any of that coming to your Casualty book?

Michael J. Stone
Director

No. We really haven't yet. I would suspect that it will in the not-too-distant future, but we haven't -- we really haven't seen the impact of that. Obviously, the impact we have seen a bit is from Berkshire. They're a new specialty company that's been around for a couple of years now. We're starting to see the -- a bit of the impact from them, mostly in the professional liability D&O space and some in the Surety space. So there's plenty of competition out there, Randy, and there has been for a while. So we would expect that to continue. And like I said, we've been through this before. We've got the -- we think we've got the right products and the right people, and we'll be able to continue to outperform.

Randolph Binner
FBR Capital Markets & Co., Research Division

When you -- if Casualty kind of picks up this alternative capital wave, which -- I mean, I'm a believer that, that will happen. Do you think it will come from folks using a fudging relationship or as a side call or something I haven't thought of? How does that kind of articulate itself do you think in the Casualty market as we look forward?

Michael J. Stone
Director

Well I think it -- who knows. But I think the ways you mentioned probably are ways that certainly somebody supporting an MGA in some fashion or another. People underwriting on behalf of that capital certainly we've talked to people about that. So I would probably not unlike what the [indiscernible] on the Property side. You could see that coming at some point in time. I don't think -- I don't think it's tomorrow. I think there's still things that need to be worked out, and I don't think they worked it out yet, but this is -- we're an industry that's evolving, and I would expect it to continue to evolve.

Operator

And we'll take our next question from Meyer Shields with KBW.

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

Jon, you mentioned I think, and I don't want to misinterpret this, that the savings from -- savings on reinsurance you expect to basically use to compete. Is that going to have a measurable impact on combined ratio that we ignore all the external factors?

Michael J. Stone
Director

I'm sorry, Meyer, it's Mike Stone. Exactly what did you -- what was the question again?

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

Oh, I'm sorry. Whether the plan to sort of deploy the savings from cheaper reinsurance into adopting a more competitive posture. Is that something that's likely to have an impact on reported combined ratios?

Michael J. Stone

Director

Well, I mean, I think it's certainly -- it has had some impact already, right? Obviously, we haven't given up price or we would have better combined ratios, but again, it's the marketplace out there and obviously, we don't set the price, the market sets the price. All I'm saying is we benefited from the fact that we had reinsurance savings. The problem is, is those reinsurance savings quickly translate into customer savings, and frankly, that's what they should do at the end of the day. It's the ultimate consumer that should be saving. We keep it for a little bit and -- but the market is pretty competitive right now in the CAT space.

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

Okay. And then 2 quick questions on Marine, if I can. One, are you at the profitability levels that you target or is there still room there? And second, did the West Coast port strike have any impact on the results in the quarter?

Michael J. Stone
Director

Well, on the first question, we're not where we want to be. And so we're sub-100, but we're not sub-90. And I'm not sure we get to sub-90, but if we get to low 90s, that would be great. So we got a ways to go there. And certainly, the work stoppage had some impact on submission activity and opportunities, but not in our space that greatly.

Operator

And we'll take our next question from Mark Dwelle with RBC Capital Markets.

Mark Alan Dwelle
RBC Capital Markets, LLC, Research Division

A couple of questions. First one on numbers. Mike Stone, when you were discussing the Casualty segment, you talked about general liability and commercial umbrella being down 5%. Was that rate or was that the premium volume that was down 5%?

Michael J. Stone
Director

Mark, that's rate. Less than 5% actual, yes. And so order of magnitude just a little less than 5% for the quarter for those 2 combined.

Mark Alan Dwelle
RBC Capital Markets, LLC, Research Division

Okay. Second numbers question, just were there any losses in the quarter that you're classifying as catastrophe losses? Or just everything was attritional this quarter?

Thomas L. Brown
Chief Financial Officer and Senior Vice President

The CATs were nominal. This is Tom Brown.

Mark Alan Dwelle
RBC Capital Markets, LLC, Research Division

Okay. Next question related to the transportation, the transportation book. You had commented that the rate improvement there, I think, was 4% to 5%. It was one of the lines that was continuing to hold up. Can you talk about that from a standpoint of, first, which segments of the transport book is it that you're mainly writing? And whether that kind of rate environment is reasonably homogenous across the different subcategories?

Michael J. Stone

Director

Well, we write trucks, long haul trucks. We write buses, and we write some commercial auto. And on the write front, it's -- trucks probably a little less robust than the other 2. Craig, you can comment.

Craig William Kliethermes
President and Chief Operating Officer

Yes, I mean, I'd say most of the rate, we probably get it from the public sector, and it's an area that probably needs it. So...

Mark Alan Dwelle
RBC Capital Markets, LLC, Research Division

Okay. All right, that's fine. And then the last question that I wanted to ask, I mean, you guys have indicated and have said and I think we all modeled, crop premiums go away this year. The amount that came out of the first quarter was probably a little bit greater than I had expected, but I just want to verify my understanding, there was about $50 million of total premium. The second and the third quarters are going to be the greatest quarters for that, and the first and the fourth will be the least quarters for that. Is that correct?

Thomas L. Brown
Chief Financial Officer and Senior Vice President

That's correct. And from our perspective, I think it was down about where we expected it to be. But there could be differences in our -- in your modeling from -- if you look at it.

Mark Alan Dwelle
RBC Capital Markets, LLC, Research Division

I'm sure my model was perfect. No, I just wanted to clarify it. I think it's just a small difference, but I just want to make sure I have the sequencing correct.

Operator

And we'll take our next question from Jeff Schmitt with William Blair.

Jeff Schmitt

Just want to talk about the competitive environment for Surety. Are you seeing any new players enter that market there other than, obviously, Berkshire is fairly new, but are you seeing anyone else sort of trying to jump in there?

Michael J. Stone
Director

This is Mike Stone again. We haven't seen anybody in the last -- through this quarter, but certainly over the past year, we've seen a number of additions to the competitive landscape. And Berkshire is in there on the bigger stuff. So the larger accounts where they got quite a bit of capacity.

Jeff Schmitt

Right. And I mean, are they rational in their pricing, I presume? Are they. . .

Michael J. Stone
Director

Why does everybody always presume that Buffet is rational. But yes, I think by and large, that's a -- they're a rational competitor as we think about competition in most areas. I think you'll see that they'll be rational over the cycle. Certainly, they're going to be in the larger premium items at this stage, given their fairly newness to the space.

Jeff Schmitt

Yes. And then real quick on the transportation book. I know you touched on it a couple of times. Could we get a sense just roughly how big that book is on a premium basis?

Thomas L. Brown
Chief Financial Officer and Senior Vice President

Sure. Yes, say, $70 million overall basis.

Craig William Kliethermes
President and Chief Operating Officer

$70 million on an annualized basis.

Thomas L. Brown
Chief Financial Officer and Senior Vice President

Yes, quarter-on-quarter was $15 million.

Operator

And we'll take our next question from Mike Zaremski with Balyasny.

Michael Zaremski

Quick follow-up on the pricing versus loss cost comments from the prepared remarks. I think I understood the comments about loss cost trends remaining at benign levels. But did you say risk-adjusted pricing levels were now declining a bit? Just hoping to clarify that, I guess, Property versus Casualty. And I did understand obviously that commercial auto is up.

Craig William Kliethermes
President and Chief Operating Officer

Yes. I think Mike talked about some decreases in our GL and maybe our umbrella side of the Casualty book, but overall our Casualty book was actually up about 1 point risk-adjusted rate change for the quarter. So we actually still did realize an overall increase for the quarter. Property on a risk-adjusted basis was down 5%. However, the CAT side of that, if you look at just the CAT side was down closer to double-digits rate adjust -- risk-adjusted rate change.

Operator

[Operator Instructions] We'll go next to Ken Billingsley with Compass Point.

Kenneth G. Billingsley
Compass Point Research & Trading, LLC, Research Division

I just wanted to ask a question on the crop insurance side. And maybe on comments that you made in prior quarters. I believe you had said you were interested in getting back into the space, but your comment this quarter was that it wasn't that profitable a bit since any profits, I guess a good profit. But can you talk about maybe has your opinion changed about that space? Are you still looking for opportunities there? Or you're looking elsewhere?

Michael J. Stone
Director

Ken, this is Mike Stone. So my comment was really as a reinsurer, it was difficult to make an underwriting profit. It was -- so there's no cash that we have. Anything it's sort of negative cash and at least the years in which we were in the business, it was basically breakeven, maybe a little bit of loss. We -- the agricultural space, some areas around that, we'd still be interested, but MPCI requires big commitments. Those are scaled businesses as we've seen. We like the little niche here and there, but not the amount of premium that -- and exposure to that space that comes with being an MPCI AIP.

Kenneth G. Billingsley

Compass Point Research & Trading, LLC, Research Division

So when you say when -- the crop reinsurance you refer, are you quota or excess?

Craig William Kliethermes
President and Chief Operating Officer

This is Craig Kliethermes. There was a quota share arrangement. And I think what Mike said is on the MPCI and the Hale program itself, I mean, we're probably not -- I mean, I'll never say never. If somebody presents us a deal that we can't refuse and we still think that the economics are there, but overall, the economics in that program, I think, have declined significantly with some of the government changes that they've made to the program. The rate reduction, the way the SRA, the reinsurance agreement works. It's not as -- the margin is not as large as it used to be. Particularly, for someone that's a reinsurer, that's acting as a reinsurer. Now in the Ag space in general, as Mike said, if we found an opportunity in the Ag space and also that would include fringes around the current MPCI program. So as with any government program, they usually design it for the average person, but it doesn't necessarily work for everyone. So if we found an opportunity and we've looked at a few to nibble around the edges of that program, that would not be backed by the federal government, it would be an independent program or the government program, we might take advantage of that opportunity if we see one present itself.

Kenneth G. Billingsley
Compass Point Research & Trading, LLC, Research Division

And are there any spaces attractive...

Michael J. Stone
Director

Ken, can you speak up a little bit or get closer to the phone?

Kenneth G. Billingsley
Compass Point Research & Trading, LLC, Research Division

Is this any better?

Michael J. Stone
Director

Yes, that's better. Thank you.

Kenneth G. Billingsley
Compass Point Research & Trading, LLC, Research Division

Are there any other spaces that you're currently in that you're looking to expand? I know you probably don't want to stay in places that you're not actively in right now, but given the current market conditions, are there some opportunities there that you and others are likely taking advantage of right now?

Jonathan E. Michael
Chairman and Chief Executive Officer

It's Jon Michael, Ken. Yes, we're looking and constantly looking at opportunities, both organically, add-ons, small M&A, bigger M&A. So we're active in all of those things and probably more so than ever at looking at opportunities today. And I don't want to give you any specifics of what we're looking at, but we're looking a lot at different things. Across all segments, I'll say that.

Kenneth G. Billingsley
Compass Point Research & Trading, LLC, Research Division

Okay. And lastly, you have historically been prudent underwriters, and with the preparation for 2015 and I'm sure at 2016, people are already looking at. I'm going off the comments you guys have made in the past, are more people golfing now than before?

Jonathan E. Michael
Chairman and Chief Executive Officer

It's not Lake Wobegon here, we're not resting on laurels. So no, golf season hasn't started yet. So...

Kenneth G. Billingsley
Compass Point Research & Trading, LLC, Research Division

Okay. So there's still some opportunities to target. Nobody's out on the course yet?

Jonathan E. Michael
Chairman and Chief Executive Officer

Right.

Operator

And with no further questions in the queue, I will turn the conference back to Mr. Jonathan Michael.

Jonathan E. Michael
Chairman and Chief Executive Officer

Well, thank you, all, for joining us today. We had a good quarter, not a great quarter. Combined ratio was 89. That is ROI-like. We've had 10 years or more of 90 combined or lower. Adjusted for crop reinsurance, our premiums were actually up a little bit. It's a competitive environment across all of our segments, but we remain disciplined in this marketplace. Capital is abundant. It's driving pricing lower, especially on the low-hanging fruit, like CAT insurance, catastrophe insurance. That's wind and earthquake. So we're pleased with the quarter, and we are working diligently to remain disciplined in this marketplace. Thanks, and we'll talk to you again next quarter.

Operator
Thank you. Ladies and gentlemen, if you wish to access the replay for this call, you may do so by dialing 1 (888) 203-1112, with an ID of 7023958. This concludes our conference for today. Thank you, all, for participating, and have a great day. All parties may now disconnect.