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Earnings Call

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Presentation

Operator

Good morning, ladies and gentlemen. Welcome to the fourth quarter results teleconference for Travelers. [Operator Instructions] As a reminder, this conference is being recorded on January 20, 2022.

At this time, I would like to turn the conference over to Ms. Abbe Goldstein, Senior Vice President of Investor Relations. Ms. Goldstein, you may begin.

Abbe F. Goldstein
Senior Vice President of Investor Relations

Thank you. Good morning, and welcome to Travelers' discussion of our fourth quarter 2021 results. We released our press release, financial supplement and webcast presentation earlier this morning. All of these materials can be found on our website at travelers.com under the Investors section.

Speaking today will be Alan Schnitzer, Chairman and CEO; Dan Frey, Chief Financial Officer; and our 3 segment Presidents: Greg Toczydlowski of Business Insurance; Jeff Klenk of Bond & Specialty Insurance; and Michael Klein of Personal Insurance. They will discuss the financial results of our business and the current market environment. They will refer to the webcast presentation as they go through prepared remarks, and then we will take questions.

Before I turn the call over to Alan, I would like to draw your attention to the explanatory note included at the end of the webcast presentation. Our presentation today includes forward-looking statements. The company cautions investors that any forward-looking statement involves risks and uncertainties and is not a guarantee of future performance.

Actual results may differ materially from those expressed or implied in the forward-looking statements due to a variety of factors. These factors are described under forward-looking statements in our earnings press release and in our most recent 10-Q and 10-K filed with the SEC. We do not undertake any obligation to update forward-looking statements.

Also in our remarks or responses to questions, we may mention some non-GAAP financial measures. Reconciliations are included in our recent earnings press release, financial supplement and other materials available in the Investors section on our website.

And now I'd like to turn the call over to Alan Schnitzer.

Alan David Schnitzer
Chairman & CEO

Thank you, Abbe. Good morning, everyone, and thank you for joining us today.

For the quarter and full year, we are very pleased to report excellent bottom line results as well as successful top line growth. We attribute these results to our strong franchise value and excellent execution day-in and day-out in every aspect of our business. At the same time, we're forcing ahead on strategic initiatives designed to position Travelers for continued success.

Core income for the quarter was $1.3 billion or $5.20 per diluted share, generating core return on equity of 19.8%. These results benefited from strong underlying underwriting income, driven by record net written premiums of $8 billion and a very strong underlying combined ratio of 88.7%.

That brings full year core income to $3.5 billion or $13.94 per diluted share and full year core return on equity to 13.7%. Our full year core income includes record underlying underwriting profit, $2.9 billion pretax, catastrophe losses that were once again favorable compared to our market share, more than $0.5 billion of favorable pretax prior year reserve development and outstanding investment returns. In short, we're firing on all cylinders.

We are particularly pleased with the continued strong underlying fundamentals in our commercial businesses, where we are seeing the margin expansion we anticipated. The underlying combined ratio for the quarter improved by almost 4 points year-over-year in Business Insurance and almost 2 points in Bond & Specialty Insurance. Looking at the 2 commercial segments together, the combined BI, BSI underlying combined ratio was 90.4% for 2021, a significant improvement from 94.1% in the prior year.

Underlying results in Personal Insurance were impacted by other loss frequency returning to more normal levels as miles driven has increased and, to a lesser extent, elevated severity in both auto and property. Nonetheless, with a 96.5% all-in combined ratio, PI results for the year were solid. Our consolidated results demonstrate the value of our diversified group of businesses.

Turning to investments. Our high-quality investment portfolio generated net investment income of $624 million after-tax for the quarter and $2.5 billion for the year, reflecting reliable results from our fixed income portfolio and another quarter of terrific returns from our non-fixed income portfolio.

Our very strong operating results, together with our solid balance sheet, enabled us to grow adjusted book value per share by 10% during the year. After making important investments in our business and returning $3.1 billion of excess capital to shareholders, including $2.2 billion of share repurchases. In the fourth quarter, we repurchased $801 million of our stock.

Turning to the top line. Net written premiums grew 10% to $8 billion. Each of our 3 segments again contributed meaningfully to the top line growth.

In Business Insurance, net written premiums grew by 9% with renewal premium change of 9.2%, near an all-time high. At the same time, retention was higher. As we've shared before, strong retention is an important indicator of continued stability in the marketplace. New business levels were up 16%.

Renewal rate change in Business Insurance was down about 1 point sequentially. Exposure growth was about 4.5 points, continuing an improving trend and reaching its highest level in 15 years. That's a very encouraging sign, both in terms of economic activity and its contribution to written margin expansion. Excluding the workers' comp product line, renewal rate change in BI for the quarter was nearly 7%, and historically strong result.

Rate in workers' comp was a little more negative than we've seen over the past year, which is consistent with the strong profitability of the line. Overall renewal premium change in the workers' comp line was positive as exposure growth was meaningfully positive about as high as we've seen in a few years.

According to the U.S. Bureau of Labor Statistics, average hourly earnings rose at a nearly 6% annualized rate over the past 6 months, up from about 3.5% in the first 6 months of the year. Wage inflation is a benefit in terms of margin contribution.

In Bond & Specialty Insurance, net written premiums increased by 13%, driven by strong renewal premium change of 10.9% in our Management Liability business, and continued strong retention. In both of our commercial business segments, written margins continue to expand as written pricing outpaces estimated loss trend and we expect that to continue for a while.

In Personal Insurance, net written premiums increased by 10%. Renewal premium change in auto improved by more than 1 point. Renewal premium change in homeowners remained strong at 8.7%. Policies in force in both auto and homeowners increased to record levels.

The innovation and technology investments we've been making over the past number of years have had a meaningful impact on our 2021 results, and we're confident that ongoing and planned initiatives will continue to drive successful top and bottom line results going forward. Our scale, profitability and cash flow support our ability to invest well over $1 billion annually on technology.

By way of example, we're digitizing the value chain, leveraging cloud technology, leaning into artificial intelligence for everything from simple automation to deep learning, tapping into new data sources and build an increasingly accurate predictive models. With meaningful opportunities to transform the way business is done, scale is going to be an increasingly important differentiator.

Through our focus on optimizing productivity and efficiency, we have been able to meaningfully increase our overall technology spend over the last 5 years, while at the same time, significantly reducing our expense ratio. Importantly, over that period, we have improved the mix of our technology spend. We have increased our spending on strategic technology initiatives by 50% while reducing routine but necessary expenditures.

In 2021, our leading claim organization completed a strategic 3-year plan, we call right touch. That effort resulted in more than $125 million of annual run rate savings, which is reflected in our results.

In addition to creating efficiencies for us, investments in digital capabilities over the past few years have enabled us to improve the customer experience. Our timing was good. Pre-pandemic, we anticipated a higher rate of digital adoption. And when the pandemic accelerated the trend, we were prepared to meet the needs.

We are now using virtual claim handling capabilities on a significant majority of both auto appraisals and windstorm claims without the need for an inspection by a Travelers' claim professional. We are also handling significantly more water claims virtually as compared to pre-pandemic levels. In other words, we're delivering great experiences for our customers and a more efficient outcome for our shareholders.

Throughout Travelers, we see a lot of benefit and opportunity from artificial intelligence. We've shared in recent quarters the success we've had in deploying aerial imagery coupled with proprietary deep machine learning to accelerate damage assessment and claim resolution in the wake of catastrophes.

In the recent Colorado wildfire, we were able to serve some customers before they even had a chance to return to their homes. In severe wind events, our latest model can identify the extent of exterior property damage with a high degree of accuracy. These are some of the capabilities we use to meet our objective closing 90% of all claims to rising out of catastrophe events within 30 days and exclusively with Travelers' claim professionals instead of also relying on independent adjusters.

Resolving claims quickly and with Travelers' employees, again, it's about delivering great experiences for our customers and a more efficient outcome for our shareholders.

Other initiatives across the company leverage technology, data and models to support decision-making. We have more than 60 million data records related to businesses, individuals and distributors, including virtually every business in the U.S. These records are curated into well-designed proprietary data products. We leverage this with more than 2,000 external data sets, including high-resolution aerial imagery covering substantially all property exposures in the United States.

All of this data fuels our more than 1,000 advanced analytical models. Our models support risk selection and segmentation, pricing, reserving, claim response and more. Our tech data and analytics advantage is significant and hard to replicate. We deployed these capabilities across the value chain from customer acquisition to underwriting to claim handlers.

For example, understanding the size, condition and geometry of a roof can be significant to segmenting risk. But most homeowners understandably wouldn't note that had a hip roof or a gable roof, let alone its size or condition. So it's hard to get accurate information through the application process. We've developed and trained AI to evaluate those roofing characteristics using aerial imagery and are integrating that intelligence into our underwriting segmentation and pricing.

Powering all of this is our exceptional workforce. We start with world-class expertise in traditional insurance-related disciplines and enhance that with leading computer data and industrial engineers, design professionals, geophysicists, behavioral scientists, AI experts, roboticists, urologists, specialized health care professionals and so on. It takes all 30,000 of our Travelers' colleagues to deliver the financial performance and strategic achievements we're reporting today, and I'm grateful to them all.

To sum it up, we are very pleased with our results for the quarter and the year with cutting-edge expertise and risk and risk management, complemented by the strength we've built digital excellence and innovation. We are well positioned to identify and execute on the most promising opportunities in our industry. By extending our advantage in risk expertise, delivering industry-leading experiences and continuing to improve productivity and efficiency, we will continue to deliver meaningful shareholder value over time.

And with that, I'm pleased to turn the call over to Dan.

Daniel Stephen Frey
Executive VP & CFO

Thank you, Alan.

Core income for the fourth quarter was a terrific $1.289 billion, which brings the full year results to $3.522 billion. For the quarter, core return on equity was 19.8% and for the full year, core ROE was 13.7%. Our strong and consistent performance has resulted in double-digit core ROE in 9 of the past 10 years, averaging 12.6% over that time frame. We have consistently delivered a meaningful margin over both the 10-year treasury and our cost of capital, and we've done so with industry low volatility.

Underlying underwriting income was a very strong $867 million pretax, reflecting increased levels of earned premium in all 3 segments and an excellent underlying combined ratio of 88.7%. As was the case in the third quarter, improvements in the underlying combined ratio in both Business Insurance and Bond & Specialty were offset by an increase in the underlying combined ratio in Personal Insurance.

Business Insurance and Bond & Specialty results both reflected the benefit of earned price that continues to exceed loss trends. The higher underlying combined ratio in Personal Insurance resulted from the comparison to unusually low auto losses related to the pandemic in last year's quarter as well as higher severity in this year's quarter. Greg, Jeff and Michael will provide more detail on each segment's results in a few minutes.

The fourth quarter expense ratio improved in all 3 segments and the consolidated expense ratio of 28.5% for the quarter brings the full year expense ratio to a historically low 29.4%. Even as we make significant investments in initiatives that we believe will drive our continued success, our ongoing focus on productivity and efficiency drove a 50 basis point improvement in this year's expense ratio, which is now more than 200 basis points lower than it was just 5 years ago.

As we continue to grow the business and maintain our focus on productivity and efficiency, we'd expect to remain in this mid-29% range in the near-term and then gradually move down to around 29% over the next couple of years. Of course, there will be variability in any given quarter, but on a full year basis, that is the path we're on.

Our fourth quarter cat losses were $36 million pretax. In this year's fourth quarter, we recognized recoveries of $255 million from the Property Aggregate Catastrophe XOL Treaty, the $221 million benefit for the quarter's cat losses and a $34 million benefit to underlying losses. The cat benefits by segment was $109 million in Business Insurance, $108 million in Personal Insurance and the remainder in Bond & Specialty Insurance. The underlying benefit by segment was $10 million in Business Insurance and $24 million in Personal Insurance.

Turning to prior year reserve development. We had net favorable development of $95 million pretax on a consolidated basis. In Business Insurance, net favorable PYD of $74 million was driven by better-than-expected loss experience in workers' comp across multiple accident years. The Bond & Specialty segment saw a net favorable development of $24 million. While in Personal Insurance, modest favorable PYD in homeowners and other was offset by modest unfavorable development in auto, with the net result to PI being $3 million unfavorable.

After-tax net investment income of $624 million reflected another quarter of very strong returns in the non-fixed income portfolio and fixed income results that were modestly better than our expectations.

Looking forward to 2022, we expect that after-tax fixed income NII, including earnings from short-term securities, will be between $430 million and $440 million per quarter, modestly higher than in 2021 as the benefit of expected growth in invested assets will be partially offset by a lower average yield on the portfolio given the continued low interest rate environment. Although interest rates have moved up somewhat recently, we still expect that new purchase yields will be lower than the yields on the bonds running off.

Page 20 of the webcast presentation provides information about our January 1st cat treaty renewals. Our long-standing corporate cat XOL treaty continues to provide coverage for both single cat events and the aggregation of losses from multiple cat events. While the treaty renewed on terms that were generally in line with the expiring treaty providing coverage for the $2 billion layer above the unchanged $3 billion retention, we increased our coverage in the $2 billion layer from 75% to 90%, thus increasing the amount of coverage available from $1.5 billion to $1.8 billion.

The 2022 renewal of the underlying Property Aggregate Catastrophe XOL Treaty resulted in placing 45% of the coverage layer. The treaty provides aggregate coverage of $225 million for the $500 million of losses above our aggregate retention of $2 billion. The per-event deductible has increased from $5 million in 2021 to $10 million for 2022. Hurricane, wildfire and earthquake events once again had a $250 million per occurrence cap.

Turning to capital management. Operating cash flows for the quarter of $1.7 billion were again very strong. All our capital ratios were at or better than target levels, and we ended the quarter with holding company liquidity of approximately $1.5 billion. For the full year, operating cash flow exceeded $7 billion for our strongest year ever reflecting the benefit of continued increases in premium volume, strong profitability and lower-than-normal overall claim payouts as courtroom and other settlement activity remained below historical levels.

As we've said previously, we are assuming that this lower level of payment activity is ultimately a timing issue. When establishing our reserves and when pricing our products, we assume that elevated severity related to social inflation has not abated at all.

Our substantial cash flow gives us the flexibility to continue to make important investments in our business, return excess capital to our shareholders and grow our investment portfolio, which increased to $87 billion at year-end 2021. We've added an impressive $15 billion or more than 20% to our investment portfolio in just the past 3 years. Interest rates increased modestly during the fourth quarter, and accordingly, our net unrealized investment gain decreased from $2.7 billion after-tax as of September 30th, to $2.4 billion after-tax at year-end.

Adjusted book value per share, which excludes unrealized investment gains and losses, was $109.76 at year-end, a healthy 10% increase from a year ago. We returned more than $1 billion of capital to our shareholders this quarter, comprising dividends of $216 million and share repurchases of $801 million. For the year, we returned $3.1 billion of capital to shareholders, including $2.2 billion of share repurchases.

Overall, we had an excellent year with accelerating top line growth, strong and improved margins in our commercial businesses and improved expense ratio and a balance sheet that positions us very well for the future.

And now I'll turn the call over to Greg for a discussion of Business Insurance.

Gregory Cheshire Toczydlowski
Executive VP & President of Business Insurance

Thanks, Dan.

Business Insurance had another strong quarter, rounding out a terrific year with respect to financial results, execution in the marketplace and progress on our strategic initiatives.

Segment income for the quarter was $867 million, up more than $150 million from the fourth quarter of 2020 driven primarily by higher underlying underwriting income and net investment income. We're once again particularly pleased with the underlying combined ratio of 89.8%, which improved by 3.8 points from the fourth quarter of 2020. A little more than 1.5 points of the improvement was from earned pricing that continued to exceed the loss cost trends. Another 0.5 point came from the improvement in the expense ratio. The remaining approximately 1.5 points resulted from a combination of a lower level of property losses than we expected, and a favorable impact associated with the pandemic.

Net written premiums for the quarter were up 9% from the prior year quarter, benefiting from strong renewal premium change, high retention and an increase in new business levels. We're very pleased with these outstanding financial results for the quarter and more broadly for the full year.

Before turning to production, let me provide a little color on the full year results to put the quarter in context. The top line of $16.1 billion was an all-time high. Segment income of $2.4 billion and the underlying combined ratio of 91.7% were both excellent. These results were driven by the successful execution of our thoughtful and deliberate strategies, and we're well positioned for continued profitable growth.

Turning to the domestic production for the quarter. Renewal premium change was once again historically high at 9.2%, while retention remained exceptional at 85%. New business of $505 million was up 16% from the fourth quarter of last year, driven by our success with large accounts in Middle Market.

The 9.2% renewal premium change was up 1 point from the fourth quarter of last year, with renewal rate change of 5.2% and continued improvement in exposure growth to levels we haven't seen in more than a decade. The 5.2% renewal rate was down a bit sequentially, similar to the trends we saw in the first 3 quarters. The rate gains we achieved reflect our deliberate execution given the significant improvements in profitability across the portfolio after several years of meaningful rate increases and improvements in terms and conditions.

Written pricing, including the portion of exposure that behaves like rate, remains in excess of loss trend. So all other things equal, margins will continue to improve as this price earns in. Given social and other inflation, the frequency and severity of weather-related loss activity and the persisting low interest rate environment, we will continue to see pricing gains to further improve the profitability of our business.

As always, our execution in terms of rate and retention will be granular at the account or class level. In addition to our granular price execution, we also remain focused on careful management of deductibles, attachment points, limits, sublimits and exclusions, which also contribute to an increase in the price per unit of risk.

As for the individual businesses, in Select, renewal premium change was a strong 9.4% while retention was 82%. New business was up 12% from the prior year quarter, driven by the continued success of our new BOP 2.0 product, which is now live in 44 states. As a reminder, BOP 2.0 is our completely redesigned state-of-the-art product, which includes industry-leading segmentation and a fast, easy quoting experience. Looking back on the year for Select, we're pleased with the progress we've made in improving the profitability of this business, while continuing to invest for future growth.

In Middle Market, renewal premium change remained strong at 8.8%, while retention was once again historically high at 87%. New business was up 25% from the prior year quarter, driven predominantly by our success with large accounts, as I mentioned earlier.

To sum up, Business Insurance had a great fourth quarter and full year. We continue to improve the profitability of the book while investing in digital assets, analytics and industry-leading expertise to enhance our position as the undeniable choice for the customer and an indispensable partner for our agents and brokers.

With that, I'll turn the call over to Jeff.

Jeffrey Peter Klenk
Executive VP and President of Bond & Specialty Insurance

Thanks, Greg.

Bond & Specialty ended a strong year with another terrific quarter. Segment income was $170 million, up 4% from the prior year quarter, driven by higher underlying underwriting income. The underlying combined ratio of 83.3% improved by 1.7 points from the prior year quarter, reflecting earned pricing that exceeded loss cost trends and a lower expense ratio.

Turning to the top line. Net written premiums grew a very strong 13% in the quarter with contributions from all our businesses. In domestic management liability, we achieved double-digit renewal premium change for the fifth consecutive quarter at a level of just modestly below our record high third quarter.

Retention was higher sequentially and remained strong despite the impact of our strategy to non-renewed cyber accounts that do not meet our minimum cyber hygiene protocols. Early indications are that those underwriting actions are having some meaningful favorable impacts on the frequency of cyber claims we're seeing. Domestic surety posted solid growth in the fourth quarter reflecting our market-leading position and continued investments in providing meaningful value-added products and services to our customers.

Our international businesses again posted excellent growth, reflecting strong management liability, retention and rate. So both top and bottom line results for Bond & Specialty were terrific this quarter, capping off a great year, and demonstrating the strong value proposition we offer to our customers and distribution partners and excellent execution across our businesses.

And now I'll turn the call over to Michael.

Michael Frederick Klein
Executive VP & President of Personal Insurance

Thanks, Jeff, and good morning, everyone.

In Personal Insurance for the fourth quarter, segment income was $327 million, and our combined ratio was 91.1%, both solid results in the context of a challenging environment. We were pleased that our top line momentum continued in the quarter with net written premium up 10%.

In automobile, the fourth quarter combined ratio was 104.1%, an increase of 18 points compared to the prior year quarter, which reflected unusually low loss activity due to the pandemic. Automobile loss levels increased mainly due to miles driven and claim frequency effectively returning to pre-pandemic levels and to a lesser extent, higher loss severity as vehicle replacement and repair costs remained elevated.

These profitability challenges are environmental, and we anticipate that they will persist into 2022. In response, we began implementing rate increases. Rate increases have taken effect in 11 states since August. We anticipate additional increases in approximately 25 states throughout the first quarter, with more actions planned in subsequent quarters.

As we indicated last quarter, although it will take time for these rate actions to earn into our results, we remain confident we are on track to address the near-term profit challenges and continue to profitably grow our book over time.

In homeowners and other, the fourth quarter combined ratio improved by 4 points from the prior year quarter to 77.8% despite the fact that we continue to see higher severity related to a combination of labor and material price increases. As a reminder, for homeowners, we expect the fourth quarter to be the seasonally lowest quarter for loss levels. So notwithstanding the relatively low fourth quarter combined ratio, the homeowners product line continues to experience elevated weather and non-weather loss activity, and we will continue to seek rate in response. In addition, we are increasing insured values to align with labor and materials inflation, which will further contribute to higher renewal premium changes in the coming quarters.

Turning to production. We were very pleased to deliver another strong quarter in both auto and home. Domestic automobile policies in force grew 6% to a record level, driven by strong retention at 85%, while new business growth slowed to 4%. Renewal premium change improved from the prior quarter to 1.2% as the impact of our recent rate actions started to take effect. Renewal premium change accelerated during the quarter, and we expect it to accelerate further over the next several quarters.

Domestic homeowners and other delivered another excellent quarter with policies in force up 7%, also to a record level, driven by retention of 85% and renewal premium change of 8.7%. New business levels were strong and consistent with the prior year quarter. As I mentioned, we expect higher renewal premium changes going into 2022.

Our Personal Insurance success continues to benefit from ongoing investments to modernize our suite of products, expand our distribution partnerships and leverage the power of technology. One notable example was highlighted in our press release last week regarding the introduction of IntelliDrive Plus in 3 states. IntelliDrive Plus builds on our existing IntelliDrive capabilities by capturing mileage in addition to driving behavior, demonstrating our continued investment in telematics solutions to offer customers even more options to personalize their insurance.

Reflecting on the full year, we are pleased with our Personal Insurance results, which includes segment income of $760 million, a combined ratio of 96.5%, 10% net written premium growth and a record policies in force in both product lines.

In closing, while we face some environmental headwinds in the near-term, we remain confident in our ability to execute in the face of these challenges and are well positioned to profitably grow our business over time.

On behalf of Greg, Jeff and myself, I'd like to thank our distribution partners and our teams for a successful 2021.

Now I'll turn the call back over to Abbe.

Abbe F. Goldstein
Senior Vice President of Investor Relations
Thanks, Michael, and we're ready to open up for your questions.

Question and Answer

Operator

[Operator Instructions] And your first question will come from Michael Phillips with Morgan Stanley.

Michael Phillips

My first question goes to auto and -- first to auto and then speed to which I guess you think you can get improvements there given you're more of a package writer. So we've seen retention held study -- relatively steady. Others are seeing drops there as they kind of curtail growth. Your pricing of 1.2%, clearly, it's not enough, obviously, but I'm sure you'll take more as you said. But is the fact that you're more of a package writer, more of a hindrance to your ability to get the improvements that you think you need over the course of the year versus peers that don't have as much package? Is that more of a hindrance? And will that create more of a slowdown in profitability as the year comes out?

Michael Frederick Klein
Executive VP & President of Personal Insurance

Sure, Michael, it's Michael Klein. So I would say the short answer is, no, but let me unpack that a little bit. So first, the fact that we're a package writer, I actually think the benefit of being a portfolio of solution providers showed through in our results this quarter with relatively strong performance in home balancing some of the challenges we see in auto, number one. Number two, because we have a balanced portfolio of about 50% property, 50% auto, our overall segment results are actually less sensitive to the trends in auto than the average competitor who was more, say, 60%-40%, 70%-30%.

Probably most importantly, though, is there's nothing about our being a portfolio solution provider that influences our result to improve profitability in auto. As you mentioned, the 1.2% that we posted in the quarter is encouraging, but clearly not enough, which is why we're on a path towards accelerating renewal premium change over time. And we're in the process of continuing to evaluate our loss experience, final adjusted rates based on that loss experience and file for take and get approval for the rate we need to improve the profitability of the line.

Michael Phillips

Okay, Michael. That's helpful. I appreciate that. And obviously, the package and the homeowner benefits really helps. Second question is specific to reserves and it's specifically on COVID reserves that you set up at the beginning of COVID. So almost 2 years ago, everybody the sky is falling, it's going to be the worst industry ever, clearly, it's not the case. But we've had Delta, we've had Omicron and so there's still some concerns. But I guess last I've seen from you guys' comments on that is still the bulk of your reserves there, which I think are north of $250 million, far an IBNR. So at what point do you get comfort in saying that either comes down because they're not going to get reported? Or have you seen anything that's been reported is it still the bulk IBNR? So where do we get some comfort that -- where do you get comfort that it's time to maybe move that number down?

Alan David Schnitzer
Chairman & CEO

Michael, it's Alan. Let me start, and then I'll just kick it over to Dan. But just to clarify, we never said the sky was falling. We never said this was going to be the worst... Just to clarify industry commentary. But let me turn it over to Dan for the substantive response.

Daniel Stephen Frey
Executive VP & CFO

Sure, Michael. So it's a fair question. We say the same thing exiting 2021, as we've been saying for the past several quarters, which is when we look back, back to the beginning of the pandemic and the reserves that we established related to losses specifically for the pandemic. Sitting here at the end of

2021, it's still the case that the majority of those losses are sitting in IBNR. And as we've said in each of the last few quarters, I think we've taken a cautious approach in that regard. I think there's uncertainty as to what the ultimate severity may be for some of those claims. We know courts are not yet fully reopened. So reporting patterns may be slowed. We're just going to continue to take a cautious approach.

Having said that, within our PYD figures, there is favorability from accident year '20. There's also favorability from accident years, '19, '18, '17, '16, '15, '14 and so on. So I think we're trying to be cautious. We're not ignoring where there's good news. I just think the degree to which we're reacting to that good news has been pretty cautious.

Operator

The next question is from Brian Meredith with UBS.

Brian Robert Meredith
UBS Investment Bank, Research Division

A couple of questions here. First, I'm just curious, when we take a look at the renewal rate trends here and take -- and your historical kind of loss trend that you've talked about, I think it was around 5%. How close are we to that? And I think I just want to clarify, I think you also said that you're expecting to continue to take rate that will kind of be margin accretive throughout 2022.

Alan David Schnitzer
Chairman & CEO

Brian, it's Alan. I think we said the price. There's industry observers get very, very focused on that rate and loss trend number. And I think in some circumstances, that's appropriate and some is just not. And you look at the overall 9.2 points of price, if you look at our effective execution and segmentation of that across the book that 9.2, if you look back over 15 or 20 years, you can't find that many quarters with price at that level. And so the combination of the rate we're getting and the exposure continues to contribute to written margin expansion.

Brian Robert Meredith
UBS Investment Bank, Research Division

Got you. Makes sense. And then I'm just curious, taking a look at your full year underlying combined ratio in your Business Insurance. I mean, it's probably as low as it's been in the last decade or more. I guess my question there is, are you thinking there fees to get lower here? Or are you kind of at an acceptable level kind of from a return perspective at this point?

Alan David Schnitzer
Chairman & CEO

I think we're going to stay away from giving a lot of specific forecasts. I mean, Greg, I think, did speak to that in his prepared remarks. So we do think that there are continue to be headwinds, and Greg specified what they were. We continue to think that we've got to do more to offset those. And so we'll continue to price and execute to do that. But I think we're going to avoid giving specific outlook on a metric.

Operator

The next question will come from Ryan Tunis with Autonomous Research.

Ryan Tunis

I had a couple on the ag treaty. First of all, was there any benefit on the underlying loss ratio this quarter for the recoveries on that? Or was it all just cats?

Daniel Stephen Frey
Executive VP & CFO

Ryan, it's Dan. So I know I go through the comments fast, but in my comments, I gave you $34 million of benefit to the underlying in the quarter, which was $10 million to BI and $24 million to PI, but the lion's share [$220-plus million] was to cats.

Ryan Tunis

Got it. And then follow-up is, I think in the past, you've sort of set the self-retention on that treaty in such a way kind of in line with your view of what -- internally of what your cat load was. Should we interpret the higher self-retention in the aggregate as you guys having raised your internal view of your cat load? Or was that just a function of renewal discussions, harder terms and conditions?

Daniel Stephen Frey
Executive VP & CFO

So a couple of comments there, Ryan. One, I think some of the analysts have assumed that the attachment point was a proxy for our cat load. We've never said that and it doesn't work quite that way. Having said that, the increase in the attachment point is generally going to be reflective of the growth of our business. So as the business is bigger, we would expect cat losses on a dollar basis to grow. And then the attachment point and the change from $5 million deductible per event to a $10 million deductible per event. That's the combination of what was available in the marketplace and what we felt was an appropriate deal to pursue.

Operator

The next question is from Jimmy Bhullar with JPMorgan.

Jamminder Singh Bhullar
JPMorgan Chase & Co, Research Division

I had a couple of questions. First, just on the auto business. You mentioned the 1.2% increase on rates that you got. Can you compare that to what you're actually speaking in terms of price hikes and just the process of sort of getting approvals and how they should flow through? Just trying to get an idea on whether you think margins can begin to improve if inflation does not cool down? And then I had another one.

Michael Frederick Klein
Executive VP & President of Personal Insurance

Sure, Jimmy. Thanks for the question. It's Michael. So the 1.2%, right, is the written renewal premium change across the portfolio. You could sort of think of it as including a weighted average of the rate we've achieved in the states we've gotten it, right? So 11 out of, call it, 46 states, we got rate in. The other important thing is the 11 -- the number, the 11 that I gave you is a new business effective date, not a renewal effective date. So there's a little bit of a lag in the impact on renewals underneath that 1.2%.

What I would say is, in terms of the process, we are largely being successful in achieving the rate we're asking for state-by-state. Obviously, every state is a little bit different. But as I mentioned, we're pursuing the right we think we need based on the trends we see.

Your point about what happens with severity and loss trend from here is a really good one, right? The filings we got approved in the fourth quarter of last year, were based on our experience and our outlook for trends at that point in time. And as we seek additional rate as we move into 2022, we'll continue to update those assessments and those assumptions, and that will drive the rate we request on a state-by-state basis. But the 1.2% is really mostly a function of the fact that it's in 20% of the states we're writing in. And as we get more rate approved in more states, that will drive that acceleration.

Jamminder Singh Bhullar
JPMorgan Chase & Co, Research Division

And besides California, are there any major states where you're having a hard time getting price increases because I think California hasn't approved anything so far?

Michael Frederick Klein
Executive VP & President of Personal Insurance

Again, I would say, most of the states that we are working with, we've been able to get approved what we thought, and I really wouldn't point to any states that have been a particular challenge.

Jamminder Singh Bhullar
JPMorgan Chase & Co, Research Division

Okay. And then on workers' comp, I think there's been hope for almost 2 years now, the pricing would turn. What are you seeing? And what are your expectations on pricing for that line?

Gregory Cheshire Toczydlowski
Executive VP & President of Business Insurance

Jimmy, this is Greg Toczydlowski. In Alan's prepared comments, he mentioned that we saw a little more of a negative than we have in prior quarters on that. And that really is generated based on the strong industry profitability and profitability from ourselves also. So a couple of quarters back, we would have thought that we would have been getting above 0, but the pandemic had -- with the contraction of the economy, some very favorable results overall on frequency on workers' comp. And so the bureaus that really regulate that particular product or all at a state level looking at direct COVID losses and indirect COVID losses, and they do a pretty good job of predicting where the future loss costs are. And so we think it's going to be a little bit longer than what we did a couple of quarters ago just because of that strong profitability before it might get above 0.

Operator

The next question will come from Elyse Greenspan with Wells Fargo.

Elyse Beth Greenspan
Wells Fargo Securities, LLC, Research Division

My first question on -- related to inflation and loss trends. Are you guys seeing any upward factor on loss trends and full-term closing, climate change or any other factors? And then I know it came off a couple of times on the call, but can you just confirm that within BI, your loss trend assumption does still sit at that 5% level that you've been talking about?

Alan David Schnitzer
Chairman & CEO

Yes. Elyse. Yes, we have not changed our general view of loss trend in BI. But remember, loss trend is a long-term view of a loss inflation. And there are other levers for us to account for other sort of loss activity going on that we don't necessarily think as part of long-term trends. So we can change the things here. We can book losses relative to what we see in any particular quarter. And so I think you heard from Michael, in particular, I know your question was about BI, but you heard from Michael, in particular that we did book some losses in PI, we did in BI as well for severity, think labor and material inflation. So we did see a little bit of that, and that's reflected in our numbers.

I think you heard from Dan in his prepared remarks that in terms of social inflation, while I would say what we're seeing maybe is a little bit better than what we saw a few years ago, but we're assuming that's due to distortion in the data, and that hasn't abated at all. So we continue to account for that.

And you mentioned climate change. Climate change is a hard one to think about in any given period because you think about weather patterns over a long period of time. But clearly, if you just look at 4 of the last 5 years, our cat experience was worse than what we would have expected. And so whether that's climate change, whether that's other factors, think demographic changes, people moving into harm's way, people building larger homes. I mean, there's all sorts of things that are contributing to that. But we do see weather patterns, and we do take weather patterns into account in our loss picks and our pricing.

Elyse Beth Greenspan

Wells Fargo Securities, LLC, Research Division

Great. And then my second question, Alan, you made the comment that within price should outpace lasted for a while. And I know when you make that comment, you responded to an earlier question, right, that you're more looking at the RPC for that 9.2% as it relates to the trend. But how should we think about thinking about the gap, I guess, continuing to narrow between that [9%] and that [5%]? And would you expect, you say some time, is that a comment sustaining to all of 2022?

Alan David Schnitzer
Chairman & CEO

Elyse, again, as we look out into the future, and this is always the case, there's nothing unusual about this moment in time, but the crystal ball gets a little bit easy sometimes. And so it's hard for us to be very specific about how long anything is going to last. Any trend is going to last in this business. But when we look at overall pricing in BI in excess of [9%] and think about where loss trend is, we're comfortable where the trends are heading in. And I shared as we do from time-to-time that our pricing ex workers' comp was [7%], which is also a historically very strong number.

And so we look at all that and say, it's going to continue to -- certainly based on our view of estimated loss trends, continue to contribute to margin expansion for exactly how long, I don't know, and it's going to vary by line. Greg pointed out and you can see in the data, we've been getting pretty good price increases for a while now, which has changed our overall return profile and view of rate adequacy.

So from here, some lines will keep going up. Some will go sideways, some will -- the rate of increase will decrease. But we're very comfortable. We executed on a very deliberate basis. We've got the data. We've got the insight. And really importantly, we've got the underwriting expertise at the point of sale to know what we want to do on that marginal account. So it's about getting the right price on the account and either putting it in the portfolio if we don't have it or keeping it if we do. And so we're very comfortable with the execution and what the outlook is.

Operator

The next question is from Alex Scott with Goldman Sachs.

Taylor Alexander Scott
Goldman Sachs Group, Inc., Research Division

The first one I had is on Bond & Specialty. If we consider the COVID that I think was included in the year ago number, I want to say it was 2 points or so. Underlying loss ratio got to touch worse despite a lot of rate being taken. So I just was interested if you could unpack that for us a little on some of the drivers were?

Daniel Stephen Frey
Executive VP & CFO

Alex, it's Dan. So just to be clear, you're looking at the Bond & Specialty underlying combined ratio for the fourth quarter?

Taylor Alexander Scott
Goldman Sachs Group, Inc., Research Division

Yes. Just the year-over-year, I think, by our math, it got a little worse when we exclude COVID, although I'm not totally sure exactly if there was any COVID impact that maybe was in this quarter. But could you just talk about sort of that year-over-year comp, ex COVID and what some of the drivers are?

Daniel Stephen Frey
Executive VP & CFO

Yes. We're really -- so the printed number just to make sure we're looking at the same thing as an 83.3% this quarter, down from an 85% last quarter. That's mostly driven -- that improvement is mostly driven by the impact of earned price relative to loss trend. COVID in the fourth quarter of last year was not a big factor.

Taylor Alexander Scott
Goldman Sachs Group, Inc., Research Division

Got it. Okay. Then maybe switching over to Business Insurance for my second question. As mentioned, I think, a couple of times that there's a lot of other factors beyond just the pure rate versus loss trend. And some of those being exposed to acting like rate, terms and conditions changes. And you spoke a lot about what you're doing on claims handling and becoming more efficient. Is there a way for us to think about order of magnitude impact from some of those things and how much improvement could kind of continue from those elements that are a little harder to quantify?

Alan David Schnitzer
Chairman & CEO

Yes. Alex, I don't know that there really is. I mean, there's a lot of potential things in there. In addition to pricing and wherever interest rates go, you've got risk selection and mix and reinsurance and claims handling expenses, terms and conditions. And I think frankly, it's hard on the inside to calibrate the impact of those. And we've obviously got more insight into it than you do and methodology for doing it. But I'm not sure how you do it from the outside. Dan, am I missing something?

Daniel Stephen Frey
Executive VP & CFO

I don't think so. There's a lot of things around the edges. I think the fundamental point is, it's not -- margins are not just going to necessarily behave in line with the headline rate versus trend.

Operator

The next question will come from Paul Newsome with Piper Sandler.

Jon Paul Newsome
Piper Sandler & Co., Research Division

Congratulations on the quarter. My first question is on auto. And I don't even know if we have enough data, but my sense is that driving behavior changed. And so even though frequency is kind of back where it was pre pandemic, people are driving at different times in different ways. Is there any way to quantify that impact? Because I think we're thinking of severity as sort of a pure inflation impact, but I don't know if that's the case. And just wondering if your data suggests one way or the other.

Michael Frederick Klein
Executive VP & President of Personal Insurance

Sure, Paul. Michael -- it's Michael. It's a great question. I think it's something that we continue to monitor. I would say that there are a couple of places that we have data that demonstrate changes in driving behavior. One is just the driving patterns, right, commuting versus non-commuting, time of day. And whether you look at external data sources, whether we look at our own IntelliDrive data, we do see a shift in those driving patterns.

The other item that, again, I think you'll see in here, talk about quite a bit is just change in driving behavior. And so in the context of those new driving patterns, we and industry observers have observed increased speeds. When you look at the -- unfortunately, the continued rise in fatalities on highways, some of the data shows increased evidence of fewer people wearing seatbelts, having an impact on fatality data. And again, our own data and that from others also indicates increases in distracted driving, interacting with the phone while operating the vehicle.

So I think we do see changes in again, time of day, type of driving and actual driving behavior that will have an impact on losses. Quantifying exactly how much of the change is driven by that is more challenging. Frankly, when we look at increased severity in auto, the biggest drivers continue to be used car prices and labor in parts to repair vehicles, particularly in the context of coverages like collision and property damage.

Jon Paul Newsome
Piper Sandler & Co., Research Division

And then my second question is Business Insurance. Normally, at least my -- normally when I think of seeing exposure increases that has essentially a related claims increase, as you can imagine, higher exposures. But there's also an embedded piece of effective price increase in exposure, which ordinarily is very hard to figure out if it's there. Is there anything that would make this time different from the past with the impact of exposures because what we're seeing today is, exposure is rising in some parts because of relief from COVID as opposed to what I think you normally think of a sort of ordinary economic growth.

Alan David Schnitzer
Chairman & CEO

I don't know how to answer that question with great precision. I mean, it's in part why I chose to point out the wage inflation from the Bureau of Labor Statistics because wage inflation relative to headcount increase, for example, you'd think of as a relatively larger increase to margin contribution. But other than that -- and it's all sort of a blunt instrument. We spent a lot of time thinking about how we should be thinking about the contribution of exposure to margins and it's complicated for us. And again, another place where we probably have more insight into the data. But it's a complicated analysis and there's a lot of judgment involved. But at least one component to think of is wage inflation versus headcount increases.

Operator

The next question will come from Josh Shanker with Bank of America.

Joshua David Shanker
BofA Securities, Research Division

It was an outstanding quarter in the homeowners' silo. And obviously, you guys are taking rates there, one quarter does not make the show. How close are we to rate adequacy in homeowners? And when we look at the margins in homeowners versus auto, when you're thinking about a bundled customer, do you need to make profit in both the home and the auto part? Or do you look at the customer and let's make a profit on the customers' complete package of policies?

Michael Frederick Klein
Executive VP & President of Personal Insurance

Sure. Thanks, Josh. It's Michael. I would say the answer to the second part of your question is yes. We like to make money on the customer, but we really do. We price the lines at lines of business. And while we talk about account pricing sort of across the organization, Greg talks about it all the time in Business Insurance, the way that pricing works in the personal line space, you get rate filed and approved by product. Now we have some interline dynamics in terms of the way our pricing models work, but we really do seek to earn our target margins by line and in aggregate, whether that's across the business or customer by customer.

In terms of the profitability in home. Again, I think in my prepared remarks, I indicated this, right, I wouldn't overreact to the [78%] in the fourth quarter. We're pleased with it. We're happy with it. That said, the full year is still at [98%], which is up from last year. Underlying is an [85%] from last year. So the fourth quarter really hasn't changed our resolve in terms of our need to continue to drive price and terms in property. And then the other thing, I think, is an important dynamic to watch for in 2022 is RPC for property will also be impacted by insured values. And I mentioned it in the script, but we're seeking to increase values in the homeowners' line in response to home prices and labor and material inflation. And so you'll see that start to show up in pricing in 2022.

Operator

The next question will come from David Motemaden with Evercore ISI.

David Kenneth Motemaden
Evercore ISI Institutional Equities, Research Division

I had a follow-up just for Alan. You gave a 7% renewal rate change in business insurance, and that was excluding workers' comp. Could you just talk about how that's trended over the last few quarters and maybe some of the drivers behind it?

Alan David Schnitzer
Chairman & CEO

David, we typically actually don't give that number. We get it from time-to-time episodically when we think it's relevant for providing an insight into the results we're achieving. But we don't give it routinely. I'm not even sure I know of and how that number is necessarily trended, although I would probably just pull the lens back a little bit and say, over the last few years, pricing has been very strong. And so I mean, that's probably the lens I'd give you on that.

David Kenneth Motemaden
Evercore ISI Institutional Equities, Research Division

Got it. And then maybe just moving -- I guess, sticking in Business Insurance and great to see the premium written growth this quarter. Even you mentioned renewal premium change, obviously, the 9.2%. But I noticed that new business really moved the needle this quarter, and that's a change versus prior couple of quarters. So I'm just wondering, did something change in terms of your appetite for new business, any enhancements that you've made this quarter versus the last few? I'm just trying to get a sense for how sustainable you think the 9% growth is as we head into 2022.

Gregory Cheshire Toczydlowski
Executive VP & President of Business Insurance

David, this is Greg. In my prepared comments, I did share with you that we were more successful in some larger accounts in middle market. And if you go back, I've shared with you that that's lumpy at times. Last quarter, we didn't hit that as many large accounts in the quarter before we did. And so you get a little bit of lumpiness when you get into accounts greater than 500,000. And that was one dynamic. But generally, also our underlying combined ratio is across our full portfolio of the book of business, and that includes new business. So as we continue to improve the margins on the business, we continue have better outlooks in terms of what our new business is. Our underwriters are incredibly disciplined around risk selection and they want to be active partners for our agents and brokers and as our business continues to improve, we continue to be more active with our hits on our new business.

Alan David Schnitzer
Chairman & CEO

And David, I'll just share just stepping back from the results in the quarter. Key to everything we do and key to I think the success we had in BI is franchise value. It's having products and services, our customers, agents and brokers value. It's having the data and analytics to segment the risk and get the right price on it. It's making sure we've got great experiences for all of our constituencies. It's a lot of hustle. And all of our innovation priorities and all the investments we're making are generally speaking, aligned to those things. So I do think that has an impact on everything. It's on our retention, on our ability to get the pricing increases that we did and on the new business.

Operator

The next question is from Tracy Benguigui with Barclays.

Tracy Dolin-Benguigui

Just a quick follow-up question on your Jan 1 underlying aggregate reinsurance renewal. If I just look at the upper limit, it looks like your $225 million coverage is down from $350 million last year. So I guess I'm wondering, was the objective to remain cost neutral in response to rising reinsurance pricing or less appetite by reinsurers to offer aggregate cover.

Daniel Stephen Frey
Executive VP & CFO

Tracy, it's Dan. It's really more of the latter. So if you look at -- this is now the fourth year we've had this treaty. And it's always covered a $500 million layer. How much of that layer we place each year is a function of our view of appropriate price in terms and conditions and the reinsurers view of appropriate pricing terms and conditions. And so we went from 86% the first year down to 56% the second year. This last year was up to 70%. This year is in at 45%. It's -- we're not trying to manage the total cost of the treaty. Pricing did not move that significantly on the treaty. It's really just an intersection of our appetite and the reinsurance market's appetite.

Tracy Dolin-Benguigui

Got it. And then just a quick follow-up on personal auto. Similar to last quarter, it sounds pretty confident of all the rate increases you're taking. But I noticed your 6% TIF growth was pretty high number year-over-year for Travelers. Do you think that's something that could slow down in subsequent quarters? Or could that be like a new normal given some of the strategic stuff you're doing like IntelliDrive?

Michael Frederick Klein
Executive VP & President of Personal Insurance

Yes, Tracy, great question. I would say you got to look at both the year-over-year and sequential quarter numbers there. 5%, 6%, 1%, 2% sequential quarter growth, we do think it's driven by the investments we're making in the product. But it's also a function of our pricing relative to the market notwithstanding the fact that the 6% is up from 5%. Policies grew less than 40,000 in this quarter versus more than 40,000 in the prior 2, which is why you see the sequential quarter growth coming down. And then again, in my prepared remarks, I talked about the fact that new business production has slowed. So again, we're focused on the rate we think we need to drive into the product and improving the profitability in response to the loss trends. The growth is really going to be an outcome as opposed to a target, and we'll see how our pricing strategy plays out relative to the market over the next several quarters.

Tracy Dolin-Benguigui

Okay. Got it. If I could just sneak, sorry, one more in. I think there has been a lot of earlier talk about packaging. But if I could just focus on your policies being written on 12-month paper for auto. Do you think you have to push rate increases a little bit harder because others are just talking about taking multiple bites on the apples, so they may be more agile?

Michael Frederick Klein
Executive VP & President of Personal Insurance

Yes. So again, it's Michael. I'd say those are 2 different things, right? So one is your filing strategy, the other is your product mix. We do tend to write more 12-month policies than a lot of our auto mono line or autofocus competitors, but we do write a mix of 12 and 6-month policies. The fact that we write more 12-month policies, though it doesn't mean that we can't take multiple rate changes in a jurisdiction in a year. And so we may, in some states take a couple of rate increases in 2022, and those will hit the renewals as they hit them depending upon the policy terms. But I think our filing strategy, we can be as agile as anyone else, what that impacts renewals will vary a little bit based on our policy. But we don't see it as a significant barrier in terms of our ability to make progress.

Operator

The next question is from Yaron Kinar with Jefferies.

Yaron Joseph Kinar
Jefferies LLC, Research Division

So my first question, maybe a little bit long-winded, but hopefully, you bear with me. So in personal auto, looking back to the 2014 to '16 cycle, I think many had pointed to the deterioration of bodily injury severity, particularly for high-limit policies, whereas this time around I think the deterioration is really coming from physical damage severity. So if you agree with that premise, is it reasonable to think that Travelers given that it is more weighted to higher limit preferred insurance would need less rate then more standard and nonstandard books, and therefore, would maybe benefit from market share gains here?

Michael Frederick Klein
Executive VP & President of Personal Insurance

I guess I would say that it's reasonable to -- I wouldn't assume it. I think it's reasonable to monitor that. I would say that our pricing strategy is reflective of our book of business and our loss experience. And so in many respects, we have a different rate need than another competitor because of the profile of our book, the mix of our book. We also do tend to write more full coverage. So even the product we're providing to the customer, right, when you get into the nonstandard market, you tend to see a little more liability only. And so that's going to change the pricing dynamics. But again, I would say, we're seeking the rate we think we need based on our loss experience and the trends we see. But profile and mix of business could definitely in addition to what you just described, state mix is going to also have an impact on the aggregate headline number than any given carrier needs.

Yaron Joseph Kinar
Jefferies LLC, Research Division

Right. Okay. That's helpful. And then my second question, probably for Alan, so you talked about the investment in technology, I think as over $1 billion -- well over $1 billion in annual spend. I don't remember and acquisition related to [indiscernible] was wondering maybe you could elaborate on why are we not seeing more through is it a function of valuation that the idea doesn't be outside are not compelling enough. Maybe you can help us understand that.

Alan David Schnitzer
Chairman & CEO

Your question came through a little bit garbled, and we couldn't quite understand it here. Could you try one more time?

Yaron Joseph Kinar
Jefferies LLC, Research Division

Sure. I'm trying to get a better understanding of the investment in technology. I don't remember seeing any M&A from Travelers since Simply Business back in 2017. And I'm just trying to understand why is it that you're choosing to really build all of this organically as opposed to pursue maybe opportunities that are presented through third parties. Is it a function of valuations only? Is that a function of just the ideas that are presented by these third parties not being compelling enough for the company? Or what's driving the choice to build organically?

Alan David Schnitzer
Chairman & CEO

Yes. Well, I guess that's not exactly true. I mean for -- just to give you an example on the top of my head, we acquired InsuraMatch not too long ago. But I think you're asking a philosophical questions we'll give you a philosophical answer. We approach it pre agnostically. So we're happy to buy it, we're happy to build it and are happy to license it. And in virtually every significant investment we make, we take a step back and we say, what are the capabilities we need and what's the fastest, most cost-effective, least risky way to get it. And if it's proprietary, we want to own it or control it or buy it or develop it. If it's not, we're happy to go get it in other ways. But in any significant investment we make, we do a very thorough evaluation of all the opportunities.

Operator

Ladies and gentlemen, we do have time for one final question. That question will come from Mike Zaremski with Wolfe Research.

Michael Zaremski

Maybe moving to auto. I guess, are you seeing a frequency benefit from a spike in pandemic -- sorry, in COVID cases? Because otherwise, it just feels like there's still a big gap between severity, just overall loss trend and the pricing you're seeing?

Michael Frederick Klein
Executive VP & President of Personal Insurance

Yes. Great question, Mike. It's Michael. I think our own data in terms of miles driven and external sources, whether you look at Department of Transportation or others, show a little bit of a slowdown in the back half of December. I'd say it's too soon to call that a trend. You've got the holiday in there, you've got weather impacts and there's a lot of noise around whether you got a good baseline comparison in terms of the data we're seeing, but it's certainly something we're paying attention to. But again, broadly speaking, in the quarter, we saw miles driven in claim frequency, again, largely approaching pre-pandemic levels across the period.

Michael Zaremski

Okay. Great. And my follow-up is on Bond & Specialty. Greg mentioned non-renewing of a number of cyber accounts having a meaningful or favorable impact. Any kind of color you can provide on whether cyber was -- has been a negative impact in '21 and which might kind of help results into '22?

Jeffrey Peter Klenk
Executive VP and President of Bond & Specialty Insurance

Yes. Thanks for the question, Mike. This is Jeff. We've been fairly vocal that the cyber trends for the last few years relative to ransomware has been an impact, not just for us, but you've also seen that in the broader marketplace. We took actions in the middle of 2021 to get pretty affirmative and deliberate relative to the cybersecurity protocols, multifactor authentication on our new business. And while the results are still early, we did think that it was important to point out we're seeing that the quality of the cybersecurity does have a value to the organizations that have it in place. We're already seeing it in the frequency, and we thought that it was important not to mention that just for our own results, but for the broader market.

Abbe F. Goldstein
Senior Vice President of Investor Relations

Thanks, everyone. We appreciate you joining the call this morning. And as usual, if there's any follow-up, please reach out directly to Investor Relations. Have a good day.

Operator
Ladies and gentlemen, thank you for participating in today's conference call. You may all disconnect at this time.