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Presentation

Operator

Ladies and gentlemen, good day, and welcome to the CNA Fourth Quarter 2023 Earnings Conference Call. [Operator Instructions] As a reminder, today's conference is being recorded.

I would now like to turn the call over to Ralitza Todorova, Vice President of Investor Relations & Rating Agencies, for opening remarks and introduction of today's speakers. Please go ahead.

Ralitza Todorova
Vice President of Investor Relations & Rating Agencies

Thank you, Rocco. Good morning and welcome to CNA's discussion of our fourth quarter and full year 2023 financial results. Our fourth quarter earnings press release, presentation and financial supplement were released this morning and are available on the Investor Relations section of our website, www.cna.com. Speaking today will be Dino Robusto, Chairman and Chief Executive Officer; and Scott Lindquist, Chief Financial Officer. Following their prepared remarks, we will open the line for questions.

Today's call may include forward-looking statements and references to non-GAAP financial measures. Any forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the statements made during the call. Information concerning those risks is contained in the earnings press release and in CNA's most recent SEC filings. In addition, the forward-looking statements speak only as of today, Monday, February 5, 2024, CNA expressly disclaims any obligation to update or revise any forward-looking statements made during this call. Regarding non-GAAP measures, reconciliations to the most comparable GAAP measures and other information have been provided in our earnings press release, financial supplement and other filings with the SEC.

This call is being recorded and webcast. A replay of the call may be accessed on our website. If you are reading a transcript of this call, please note that the transcript may not be reviewed for accuracy, thus it may contain transcription errors that could materially alter the intent or meaning of the statements.

With that, I will turn the call over to our Chairman and CEO, Dino Robusto.

Dino Ennio Robusto
Chairman & CEO

Thank you, Ralitza, and good morning all. In the fourth quarter, we produced very strong results, capping off another great year of excellent underwriting performance and robust investment income. Gross written premium ex captive growth was double digit for the quarter and for the full year, representing our third consecutive year of double-digit growth.

We achieved a 39% increase in underwriting gain for the quarter, which included modest catastrophe losses, and we achieved record underlying and all-in underwriting gains for the full year. Net investment income before tax increased to 21% and 25% for the quarter and full year, respectively. And importantly, in the lines of business with elevated loss cost trends due to social inflation impacts that we've commented on over the last several quarters, renewal pricing continues to keep pace with loss cost trends, and we expect that to continue as we move into 2024.

I will focus on the fourth quarter, but I will also provide key highlights associated with our full year results. Core income increased by $97 million in the fourth quarter to a record $362 million. Net investment income was $611 million pretax, up $108 million over the prior year's fourth quarter, with our alternatives portfolio and our fixed income portfolio contributing almost equally to the increased income.

Our P&C operations produced a core income of $434 million, up $92 million in the fourth quarter. The all-in combined ratio improved to 92.1%, a decrease of 1.6 points compared to the prior year quarter, reflecting relatively benign pretax catastrophe losses of $22 million, or 1 point of the combined ratio, and favorable prior period development of 0.3 points.

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The P&C underlying combined ratio was 91.4% in the quarter and represents the 12th consecutive quarter it has been below 92%. The underlying loss ratio in the fourth quarter of 2023 was 59.9%, consistent with the fourth quarter of 2022. The expense ratio of 31.2% was up slightly from last year. As usual, Scott will provide more details on expenses.

In the quarter, we continued to achieve strong production performance with 10% growth in both gross written premium ex captives and net written premium. Renewal premium change was 5% in the quarter, down 1 point from the prior quarter. Earned rate and the portion of exposure change that acts like rate was largely consistent with our estimate of long-run loss cost trends, which was unchanged this quarter.

Let me add some additional color on the pricing environment, as the individual lines within P&C are at varying stages of their unique cycle dynamics given their respective loss cost pressures, different starting points in terms of profitability and the cumulative rate-level changes achieved in recent years for each line.

Lines of business that have been impacted by social inflation have seen rate increases accelerate over the course of the year, like excess casualty, where rate was up double digits in the fourth quarter compared to mid-single digits in the first quarter of 2023. Similarly, commercial auto pricing continues to accelerate, with prices increasing 14% in the quarter, up 5 points since the first quarter.

Workers' comp rate change was low single-digit negative given the continued strong profitability. Importantly, we are benefiting from 6 points of exposure change in the quarter for work comp and a good portion of that exposure increase is acting like rate.

In our property line in the national accounts segment, we saw a deceleration in rate increases in the quarter, but they were still at positive mid-teen levels. And when you consider that rates in National Accounts Property are up cumulatively about 140% compared to 5 years ago, the moderation in increases in the reinsurance and primary market still reflect a very favorable environment in property.

Within management liability, our D&O lines continued to experience rate decreases in the fourth quarter but were less negative than any other quarter in 2023. We are hopeful that this portends some further moderation to avoid eroding the hard-fought cumulative gains in D&O pricing since 2019 that we believe need to persist. To date, cumulative rates for D&O overall are still up over 50% from 2019 rate levels, and for public D&O specifically, they are up roughly 75%. All told, I see the competitive environment as largely rational, and I would expect that to continue heading into 2024.

In the quarter, new business growth was 16%, which was the highest it's been all year and was driven by Commercial, where we capitalized on strong pricing and an excellent pipeline of new business opportunities. Retention remained high at 85% this quarter, up 1 point compared to last quarter with strong retentions in each of our business units as we continue to lock in favorable rates as well as terms and conditions across the portfolio.

Turning to our 3 business units. The all-in combined ratio for Specialty was 90.8% in the fourth quarter. The underlying combined ratio was 91.4%, up 2 points driven by the expense ratio, which was 1.7 points higher compared to the prior year's quarter with mix driving higher acquisition costs as well as some additional employee-related costs. The strong underlying loss ratio of 58.6% in Specialty has been stable for the last 3 quarters.

Gross written premiums ex captive growth for Specialty was plus 1% this quarter, and net written premium growth was up plus 3%. Growth continues to be impacted by fewer new opportunities that we have commented on in previous calls, and we are remaining prudent on new business in the management liability lines until the competitive environment improves further.

Our profitable Affinity and health care businesses continue to produce mid-single-digit and high single-digit rate increases, respectively, staying ahead of loss cost trends for those classes. And surety continues to produce very strong profitable growth. Retention was very strong at 89% for the quarter with each business area in Specialty achieving high retention levels.

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Turning to Commercial. The all-in combined ratio was 92.9%, the lowest in 15 years. The underlying and all-in underwriting gains were the best on record. Cat losses of $17 million added 1.4 points to the combined ratio, and the underlying combined ratio was 91.6%, a 1.1-point improvement over last year. Gross written premium ex captives grew 20% in the quarter, and net written premium growth was 18%. New business grew 38% and was broad-based across the Commercial segments, and retention was 83% in the quarter, consistent with the last quarter. Renewal premium change was 9%, consistent with last quarter, with rate up 7%. Renewal premium change excluding work comp was 11% in the fourth quarter, continually -- continuing to readily exceed loss cost trends.

For International, the all-in combined ratio was 93% in the quarter with about 1 point higher of catastrophe losses, but that represents only $5 million of cat losses in the quarter. The underlying combined ratio was 91.8% with an underlying loss ratio of 57.7%, which is down 0.4 points year-over-year. The expense ratio of 34.1% was higher by about 1 point due to higher employee-related costs. International gross written premiums and net written premiums were each flat in the quarter. International rate in aggregate was 2%, consistent with the prior quarter, and retention stayed consistent with the 3 prior quarters and a strong 83%.

Now let me provide some perspectives on our full year results. For the full year, we achieved record core income with almost $1.3 billion or $4.71 per share, up 54% year-over-year. The increase in core income was driven by a significant increase in limited partnership and common stock returns as well as fixed income securities. Core income also benefited from record-high P&C underwriting gain this year and from a neutral impact on the Life & Group annual reserve review compared to a loss in 2022.

Our P&C operations produced core income of $1.5 billion for the year, up 21% over the prior year. Pretax underwriting gain was $585 million, and underlying underwriting gain was $818 million, each a record high. The P&C all-in combined ratio was 93.5% with a record-low underlying combined ratio of 90.9% for the year, and this marks the seventh straight year of improvement in the underlying combined ratio.

The underlying loss ratio was 59.9%, consistent with 2022. The expense ratio improved by 0.2 points to 30.7%, the lowest in the last 15 years. All 3 operating segments produced very strong all-in and underlying combined ratios again in 2023. For Specialty, the all-in combined ratio was 90.4% for the year, and the underlying combined ratio was 90.7%. Commercial produced an all-in combined ratio of 96% and an underlying combined ratio of 91.6%, both the lowest on record. For International, the all-in combined ratio was 92.6% and the underlying combined ratio was 89%.

Turning to production for the year. Gross written premium growth ex captives was 10% this year, and net written premiums were up 9%. New business grew by 11% to a record high of a little over $2 billion. Retention was very strong at 85%. Rates for the year were up 5% and renewal premium change was 7%, with exposures increasing 2%.

Before I turn it over to Scott, I wanted to provide a little additional color on 2 items. First, on the social inflation-impacted lines of business and the adverse development accident years of 2015 through 2019; and second, I also wanted to provide a little detail on the January 1 reinsurance renewals.

The impact of prior period development was slightly favorable for the year for P&C overall, with puts and takes by line of business and accident year. In terms of the accident year period of 2015 to 2019 that has generated adverse development quite broadly for the industry, in Commercial, our general liability line saw some continued strengthening for that period but was more than offset by favorable development in work comp. Commercial auto, another line heavily impacted by social inflation, had only slight unfavorable development for those prior accident years.

In Specialty, medical professional liability, which has also had its share of reserve strengthening in the past few years -- and we have spoken about this on prior calls -- had a relatively smaller amount of adverse development for those older accident years, which was more than offset by favorable development in surety.

So overall in 2023, the impact from this adverse period was diminished for commercial auto and medical professional liability, and that is encouraging. For general liability, we had additional adverse development

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as the court backlogs began to clear and new claim information emerged. And more time is needed, given the longer-tail duration on general liability, before we know for certain if those years are completely behind us. At the same time, other long-tail lines like work comp and surety continue to play out more favorably than expected.

In terms of the more recent accident years, the loss ratios are holding up well. As we have highlighted consistently, we took a conservative approach during the pandemic years, where we suspected that social inflation was merely obfuscated and retained most of the implied margin of earned rates in excess of loss cost trends.

For accident years 2020 through 2022, for the social inflation-impacted lines of commercial auto, general liability and medical professional liability, in the aggregate, there has been little change to the initial accident year selections. Bottom line, our bias continues to be to react quickly to bad news, and we continue to take a measured approach to reacting to any favorable indicators in the more recent accident years.

Turning to reinsurance renewals. As you know, our property treaties do not renew until June 1, but a number of our third-party treaties did come up for renewal in the quarter. All of the renewals went well. There was some minor movement in ceding commission on a few of the treaties, and most treaties renewed with comparable or slightly higher capacity. The economics of our reinsurance coverage and ceding commission remain very favorable on these lines of business.

And with that, I'll turn it over to Scott.

Scott Robert Lindquist
Executive VP & CFO

Thank you, Dino, and good morning, everyone. I will provide some additional information on our results, as Dino indicated. Core income of $362 million is up 37% compared to the fourth quarter of last year, leading to a core return on equity of 11.6%, and reflects a 21% increase in net investment income and a 39% increase in P&C underwriting gain.

Our P&C expense ratio for the fourth quarter was 31.2%, which is about flat with last year's fourth quarter. Overall, higher net earned premium was offset by higher employee-related costs, including incentive compensation and legacy pension plan costs.

As I've noted in prior calls, there will be a certain amount of variability quarter-to-quarter. However, we continue to believe an expense ratio of 31% is a reasonable run rate for 2024. The P&C net prior period development impact on the combined ratio was 0.3 points favorable in the current quarter. Favorable development in the Specialty segment was driven by surety and was offset by management and professional liability.

In the Commercial segment, favorable development in workers' compensation was partially offset by unfavorable development in general liability and commercial auto. The paid-to-incurred ratio was 0.72 for the fourth quarter and 0.8 for the full year 2023, which is about flat with 2022 and in fact has been relatively stable since the beginning of the pandemic. We do see some fluctuation quarter-to-quarter, so we tend to take a longer view of this metric.

Our Corporate segment produced a core loss of $76 million in the fourth quarter compared to a $52 million loss in the fourth quarter of 2022. The loss this quarter includes the results of our annual asbestos and environmental reserve review. The results of this review included a noneconomic after-tax charge of $24 million driven by the strengthening of reserves associated with higher defense and indemnity costs on existing claims as well as lower expected ceded recoveries prior to the application of our loss portfolio transfer cover that we entered into in 2010.

Following this review, our cumulative incurred losses of $3.6 billion remains within the $4 billion LPT limit, while cumulative paid losses are $2.5 billion. You will recall from the previous year's reviews that there is a timing difference with respect to recognizing the benefit of the cover relative to incurred losses, as we can only do so in proportion to the paid losses recovered under the treaty. As such, holding all else constant,

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the loss recognized today will be recaptured over time through the amortization of a deferred accounting gain as paid losses ultimately catch up with incurred losses. As of year-end 2023, we have $417 million of deferred gain on our balance sheet that will be recaptured over time.

This quarter's results also include a $12 million after-tax charge related to unfavorable development for legacy mass tort abuse claims. As we have noted in prior calls, we perform our annual review of asbestos and environmental reserves during the fourth quarter and all other Corporate segment reserves during the second quarter, although we will adjust such reserves in between these annual reviews as facts and circumstances warrant.

Finally, the Corporate segment was impacted by a $19 million after-tax charge related to office consolidation we mentioned in our third quarter earnings call. We expect additional office consolidation activities in 2024, where we currently anticipate a Corporate segment charge totaling about $16 million pretax that will be spread across the first 3 quarters of 2024.

For Life & Group, we had core income of $4 million for the fourth quarter, which was a $29 million improvement from last year's fourth quarter loss of $25 million. The results this quarter reflect a $33 million pretax decrease in -- increase in investment income primarily from higher earnings from limited partnerships.

As we have noted in prior calls this year, our active in-force management risk mitigation activities continue, including rate filings, benefit reduction offers and policy buyouts. The current quarter results include a $4 million pretax loss related to $33 million of cash policy buyouts. Full year results include a $33 million pretax loss related to $193 million in cash buyouts of over 6,600 policies. We expect to continue offering buyouts in 2024, and the impact to GAAP earnings will vary quarter-to-quarter depending on timing and mix of buyout elections.

Turning to investments. Total pretax net investment income was $611 million in the fourth quarter compared to $503 million in the prior year quarter. The increase was driven almost equally by our limited partnership and common stock results and our fixed income and other investments. Limited partnerships and common stocks returned a $78 million gain in the current quarter compared to a $20 million gain in the prior year quarter.

Fixed income and other investments generated $533 million of income, up $50 million compared to the prior year quarter. Our fixed income portfolio continues to produce consistent income, which has been increasing as a result of favorable reinvestment rates and strong cash flow from operations. The effective income yield of our consolidated portfolio was 4.7% in the fourth quarter compared to 4.5% in the prior year quarter.

As of the end of the fourth quarter, reinvestment rates continue to be well above our P&C effective income yield and about flat to our Life & Group portfolio effective income yield, which is a longer-duration portfolio with embedded yields more comparable to today's interest rate environment.

Pretax net investment income for the full year 2023 was $2.3 billion compared to $1.8 billion in 2022. Similar to the quarterly results, the increase was equally driven by our limited partnership and common stock results and our fixed income and other investments. Limited partnerships and common stocks returned a $202 million gain in the current year compared to a $31 million loss in the prior year. For the full year, our limited partnership and common stock portfolio returned 9.4%.

Income from fixed income and other investments for the year was $2.062 billion or $226 million favorable to 2022. Looking ahead to 2024, we expect this trend to continue, albeit at a slower pace. We currently expect income from fixed income and other investments to be about $2.150 billion for 2024, and we expect first quarter 2024 to be about $530 million, which is about flat compared to the fourth quarter 2023 result given limited anticipated reinvestment activity.

At quarter end, our balance sheet continues to be very solid, with stockholders' equity excluding AOCI of $12.6 billion or $46.39 per share, an increase of 10% from year-end 2022 adjusting for dividends. Stockholders' equity including AOCI was $9.9 billion or $36.52 per share. With the sharp decline in interest rates during the fourth quarter, the net unrealized investment loss in our fixed income portfolio fell to just

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under $2 billion as of year-end, a significant improvement for both the quarter and the year. Finally, we ended 2023 with statutory capital and surplus in the combined Continental Casualty Companies of over $10.9 billion, which is up from $10.6 billion at the end of 2022.

We continue to maintain a conservative capital structure with a low leverage ratio and a well-balanced debt maturity schedule. Earlier in 2023, we issued $500 million of senior notes, a portion of which served to fund the maturity of $243 million of debentures in the fourth quarter.

Operating cash flow was strong once again at $520 million for the quarter and $2.3 billion for the year despite $193 million in long-term care cash policy buyouts during the year, reflecting both strong underwriting results and higher earnings from our fixed income portfolio.

Turning to taxes. The effective tax rate on core income for the fourth quarter was 20.3% and reflects tax-exempt interest benefit, somewhat offset by state income taxes. Looking forward, we expect our full year 2024 effective tax rate to be about 21% with a certain amount of variability quarter-to-quarter.

Finally, given the company's strong underwriting and investment performance, we are pleased to announce we are increasing our regular quarterly dividend 5% from $0.42 per share to $0.44 per share. In addition, we are declaring a special dividend of $2 per share, both to be paid on March 7, 2024, to shareholders of record on February 20, 2024. Using this past Friday's closing price, CNA shares have a very attractive dividend yield of 8.7%, inclusive of a $2 special dividend.

With that, I will turn it back to Dino.

Dino Ennio Robusto
Chairman & CEO

Thanks, Scott. This was a terrific year for CNA with record levels of core and net income. Our P&C operations continue to produce strong results with record levels of underwriting and underlying underwriting gains. We achieved double-digit growth in gross written premiums ex captives and record volumes of new business.

The market is experiencing varying cycle dynamics by class of business, and we have navigated that environment very well and expect to continue to leverage profitable growth opportunities in 2024. Earned rate and the portion of exposure that acts like rate continues to cover our loss cost trends overall, and rate is strongest where we need it most. And in those lines particularly plagued by social inflation, we would expect price increases to stay higher for longer as well as continued robust property pricing in 2024.
And with that, we'd be happy to take your questions.

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Question and Answer

Operator

[Operator Instructions] Today's first question comes from Josh Shanker with Bank of America.

Joshua David Shanker
BofA Securities, Research Division

Dino, I take it at the last statement about loss cost inflation to be absolutely correct in your numbers. We have much more simple numbers. I think if we go back to 2020/2021, you had talked about moving the inflationary compounding effect in aggregate from about 5% to 6.5% over those 2 years. And right now, in aggregate, rate is up about 4% with another 100 basis points of exposure acting as rate.

Those are pretty cumbersome numbers, but can you talk about how we should feel confident that the current rate environment is covering the loss cost if the numbers maybe don't seem to, I guess, factor in a number above 6.5%?

Dino Ennio Robusto
Chairman & CEO

Yes. So thanks, Josh. So our loss cost trends are running somewhere between 6% and 6.5%. They had gone up, as you pointed out. And at the time, I thought, okay, maybe 6.5%, but they're somewhere in and around 6% and 6.5%.

And I commented on earned rate. Obviously, the earned portion of the rate is higher. And the exposure gains -- and exposure gains, about half of it acting as rate, it's different in different points. The work comp is probably a little bit more than half, and it was up 6%, the exposure.

So I think, without splitting hairs, that you're covering the long-run loss cost trends. And I think importantly, Josh, is why I tried to add a little bit more information on where I see the social inflation-impacted lines, because those were the ones that had the moving target. That increase was -- that indeed was increasing it from the 4.5% to 5%. And we're starting to see continued acceleration in those lines. So we feel very good going into 2024 that we should be able to continue to cover the loss cost trends.

Joshua David Shanker
BofA Securities, Research Division

Can you give us a little granularity about workers' comp versus commercial auto? Obviously, workers' comp is helping the numbers. The loss rates are much better than anticipated, and commercial auto is doing the opposite direction. How much of a weight on your numbers is commercial auto? How much of a lift on your numbers is workers' comp? And given where the rate environment in each is, what do you expect the trend will be for next year?

Dino Ennio Robusto
Chairman & CEO

Yes. So let me try to parse it out this way. So commercial auto loss cost trends, as we indicated, they are above the average. And in fact, they're probably at high single-digit loss cost trends now. And we noticed that moving up at the beginning of the year, which is why at the beginning of the year we had about 9 points of rate on commercial auto, but now it's 14 points because we just made the decision, look, we got to push harder or we're not going to get to the other end of this thing on commercial auto.

And I think, it's gone up from 9% to 11% to 14%, and it's early in January but still looking very strong. Comp, on the other hand, even with medical inflation up a little bit, still the long-run loss cost trends are below the overall average, clearly below our long-term assumptions. And rate, even though slightly negative with a very strong exposure growth, we think that dynamic continues, or the combination of the 2 continues, to be quite favorable for us going forward. I hope that helps.

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Joshua David Shanker
BofA Securities, Research Division

And if I can add one more philosophically. It's been a very long time since workers' comp has been poor, and it's been a very long time commercial auto has been good. Is there anything to think about these 2 lines that something has permanently changed in them, or is it just unusual factors that have made each of those cycles more extreme than they should have been?

Dino Ennio Robusto
Chairman & CEO

Yes. And so first of all, Josh, just to emphasize your point about each of their cycles, right, they are each unique cycles and I do think we need to think about our business going forward as unique cycles rather than the classic, oh, the hard market, now it's going to go soft. And what I would just say on comp, obviously, different dynamics because of the regulatory impact. And many of the changes that happened over 10 years have really stuck, and that's fantastic and I think continues.

Commercial auto, clearly, it appears that a lot more rate was needed even earlier, and maybe in general a little slow to respond. The only thing I would say there is because commercial auto to a large extent gets packaged with other very profitable lines of business, you're selling it with your package policy, which your work comps are very profitable. And so you put it all together and you might be a little bit more tolerant.

However, you cannot treat auto as a commercial loss leader. And I think there is an awareness for that. And I do expect that the pressure -- the upward pressure on pricing is going to continue as -- because, and it's part of my comment on rational pricing environment, I do think we're looking at it all in separate cycles and going after each one of them. And so that is probably what I could add.

Operator

[Operator Instructions] Our next question comes from Meyer Shields at KBW.

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

Most of my questions are really smaller in scope. But you talked about medical inflation and workers' compensation picking up a little. What about other lines that also have medical exposure? Is the same trend showing up?

Dino Ennio Robusto
Chairman & CEO

Yes. I think it's -- there's a little bit of pressure on medical, but it's still relatively small and captured within our loss cost trends.

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

Okay. Excellent. You mentioned in your comments that D&O price decreases or rate decreases are slowing down. All in, I guess, financial institutions and management liability rate decreases got a little bit bigger than in the third quarter. So what lines are seeing the accelerated decline?

Dino Ennio Robusto
Chairman & CEO

Yes. So in the fourth quarter, because of what we call FIML, it's got a lot of lines of business in there. So in the quarter, you had a seasonality mix because we had a lot more of what is our miscellaneous professional E&O business in the fourth quarter. It's about 2x the sort of average quarter. And in there, in particular with some of the larger accounts on those lines of business, and many of them excess, just had higher rate increases.

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So if you then break out 2 of the other sort of larger lines, as you pointed out, the D&O, we saw some moderation. The other one is cyber. But there too, although still negative, we saw some slight moderation also in cyber. But the seasonality mix of miscellaneous professional E&O is what caused it, Meyer.

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

Okay. Perfect. And then final question. In International, the gap between rate change and premium change, I guess there wasn't. They were both 2%. Recent quarters have had somewhere between, I guess, 3 and 5 points of what we would assume are exposure to unit growth. So I was hoping you could talk about what's changing there.

Dino Ennio Robusto
Chairman & CEO

Yes. Thank you. First of all, just to remind every one of our definition of the exposure. So you have the classic sort of valuation increases in there, or as companies sales go up and you capture. But whenever we have changes in participations in particular on different towers and we bring those down, that will show up as negative exposure.

And in the quarter, in particular in International, we did come down on some property towers and also on some health care. And that more than offset the still increasing valuation increases that we're getting. So it is -- because we would put them together, it's the offset from the change in participations.

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

Okay. So if I understand that correctly, there's still -- if we could isolate somehow just the exposure component acting as rate, it will still be favorable in International?

Dino Ennio Robusto
Chairman & CEO

Yes. Yes, it would be. It would be.

Operator

And this concludes our question-and-answer session. I'd like to turn the conference back over to Dino Robusto for any closing remarks.

Dino Ennio Robusto
Chairman & CEO

Thank you very much, everyone.

Operator
Thank you. Ladies and gentlemen, this concludes today's conference call. We thank you all for attending today's presentation. You may now disconnect your lines, and have a wonderful day.

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