S&P Global
Market Intelligence

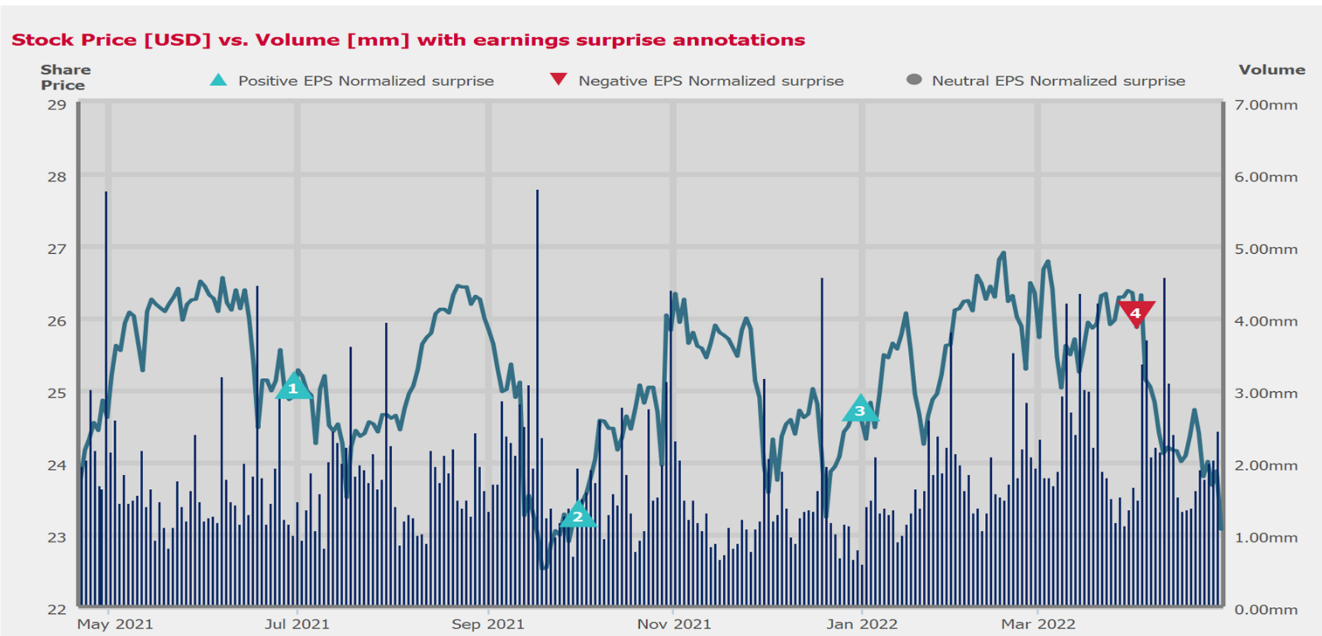
Old Republic International Corporation
NYSE:ORI
FQ1 2022 Earnings Call Transcripts

Thursday, April 28, 2022 7:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ1 2022-			-FQ2 2022-	-FY 2022-	-FY 2023-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.68	0.63	▼(8.70 %)	0.67	2.70	NA
Revenue (mm)	2078.00	2206.60	▲6.19	2166.00	8652.00	NA

Currency: USD
Consensus as of Apr-18-2022 6:48 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ2 2021	0.52	0.73	▲1 40.38 %
FQ3 2021	0.63	0.79	▲2 25.40 %
FQ4 2021	0.74	0.88	▲3 18.92 %
FQ1 2022	0.68	0.63	▼4 (8.70 %)

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Call Participants

EXECUTIVES

Carolyn Jean Monroe
President

Craig Richard Smiddy
President, CEO & Director

Francis Joseph Sodaro
Senior VP, CFO & Chief Accounting Officer

ANALYSTS

Boris Kuzmin
Crawford Investment Counsel, Inc.

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

Matthew John Carletti
JMP Securities LLC, Research Division

ATTENDEES

Joe Calabrese

Presentation

Operator

Good afternoon. My name is Chris, and I'll be your conference operator today. At this time, I'd like to welcome everyone to the Old Republic International First Quarter 2022 Earnings Conference Call. [Operator Instructions]. Joe Calabrese with the Financial Relations Board. You may begin.

Joe Calabrese

Thank you. Good afternoon, everyone, and thank you for joining us for the Old Republic conference call to discuss first quarter 2022 results. This morning, we distributed a copy of the press release and posted a separate financial supplement, which we assume you have seen and/or otherwise have access to during the call. Both of the documents are available at our Republic's website, which is www.oldrepublic.com. Please be advised this call may involve forward-looking statements as discussed in the press release and financial supplement dated April 28, 2022. Risks associated with these statements can be found in the company's latest SEC filings. This afternoon's conference call will be led by Craig Smiddy, President and CEO of Old Republic International Corporation and several other senior executive members as planned for this meeting. At this time, I'd like to turn the call over to Craig Smiddy. Please go ahead, sir.

Craig Richard Smiddy
President, CEO & Director

Thank you, Joe. Good afternoon, everyone, and welcome again to the Old Republic's First Quarter Earnings Call. With me today, I have Francis Sodaro, the CFO of ORI; and Carolyn Monroe, the President of our Title Insurance business. Well, ORI produced another highly profitable quarter in both general insurance and title insurance, even though we saw increases in mortgage interest rates begin to influence our Title Insurance revenues and operating income. And we certainly will provide more insight on that as we go through our prepared remarks. Net premium and fees earned were $1.9 billion, while pretax operating income was at $237.5 million, and our consolidated combined ratio was a very profitable 91.9%. In general insurance, net premiums earned increased by 6%. And even though Title Insurance net premiums and fees earned increased by 3%, we're not expecting revenues to come in higher the remainder of 2022 quarters relative to their respective 2021 quarters.

We still expect both general insurance and title insurance to produce highly profitable underwriting results for the remainder of the year. So we think our broadly diversified portfolio of P&C and Title Business is well positioned to continue to deliver long-term profitable growth. And with that, I will now turn the discussion over to Frank. Frank will then turn things back to me to provide more insights on our general insurance business. We'll follow that by Carolyn, who will discuss our title insurance business. And then as always, we'll open up the conversation to Q&A. So Frank?

Francis Joseph Sodaro
Senior VP, CFO & Chief Accounting Officer

Thank you, Craig, and good afternoon, everyone. This morning, we reported first quarter net income, excluding investment gains and losses of $192 million, a 7% decline from last year. On a per share basis, comparable year-over-year income was $0.63 versus $0.69. Although down when compared to a record quarter in 2021, income was strong by historical standards. Higher operating profit in the General Insurance segment was more than offset by a decline in the Title Insurance segment, which you'll hear more about shortly.

Shareholders' equity ended the quarter at $6.75 billion, resulting in book value per share of $22.23. When adding back dividends, book value decreased 1.3% from the prior year-end as the interest rate-driven decline in the value of our bond portfolio was partially offset by our operating earnings and higher stock portfolio valuations. Net investment income was up modestly for the quarter as an increase in the level of investments was partially offset by lower yields earned. The investment portfolio was comprised of approximately 70% in highly rated bonds and short-term investments, with the remaining 30% allocated to large-cap dividend paying stocks.

During the quarter, we rebalanced our portfolio by modestly reducing our stock holdings and increasing our bond holdings as reinvestment rates materially improved. We realized $65 million of net investment gains on sales and reinvested in bonds with an average yield of 2.84%, and that's compared to a bond portfolio book yield of 2.5% at the end of the quarter.

During the quarter, the total fair value of stocks increased by $165 million, while bonds declined by $510 million due to rising interest rates. The overall credit quality of our bond portfolio remains very strong with approximately 98% of the portfolio invested in investment-grade securities.

Switching now to claim reserves, all 3 operating segments recognized favorable claim reserve development. In total, the consolidated claim ratio benefited by 2.4 percentage points for the quarter compared to 1.8 percentage points for the same period a year ago. Now wrapping up with our runoff mortgage operations.

Claim cost continued a favorable trend of lower newly reported defaults and higher cure rates on loans already in default. The group paid a $35 million dividend to the parent holding company in the quarter, and subject to regulatory approval, we expect to continue at that pace quarterly for the remainder of the year. Total shareholders' equity for the mortgage companies ended the quarter at $356 million. I'll now turn the call back over to Craig for a discussion of General Insurance.

Craig Richard Smiddy
President, CEO & Director

Okay. So for general insurance, net premiums written increased by 10%, while net premiums earned increased by 6%. We continue to achieve strong rate increases on most lines of coverage other than workers' comp, while renewal retention ratios and new business production remained very strong. Pretax operating income rose to $142.5 million, and the claim ratio was 64%, and that compares to 66% for the first quarter 2021, while the expense ratio was higher at 27.7%.

The overall combined ratio though is perfectly steady at 91.6%. The claim ratio reported for the quarter was inclusive of favorable development, 3.2 percentage points.

Turning to commercial auto. Net premiums written grew by 15%, while net premiums earned grew by 4%, and the claim ratio improved to 70%. Claim frequency is still not quite back to pre-pandemic levels and claim severity continued to increase, although at a much lower trend than what we saw over the last 5 years or so. Rate increases are continuing in the low double digits. So we continue to think that we're staying ahead of overall frequency and severity trends in auto.

Looking at workers' comp, net premiums earned were lower by 1%, while net premiums written were lower by 3%, and the claim ratio was 62.5%. Here, claim frequency continues to increase to pre-pandemic levels and claim severity trends are slightly up. Rate decreases in workers' comp continue in the very low single-digit range. And we think our rate levels remain adequate, though, given that combination relative to our target combined ratios. We continue to get strong rate increases and produce favorable claim ratios in our financial indemnity and property lines of coverage, which contributes to our lower overall claim ratio, but also elevates the overall expense ratio. This is a reflection of our efforts to diversify our lines of coverage, and these lines of financial indemnity and property have grown by over 60% since 2018, while, on the other hand, our workers' compensation line has gone from about 1/3 of our writings to about 20% of our writings over that same period. So this combination of growth in lower claim ratio, higher expense ratio lines and a decline in the higher claim ratio lower expense ratio line of workers' comp contributes to the overall lower current period claim ratio and higher expense ratio.

Switching to the qualitative side of things. You might have seen over the quarter a couple of press releases where we announced the formation of a new E&S company, led by E&S industry veteran, Ralph Sabbagh. And also some succession planning developments at 2 of our larger general insurance operations, with Derek Copper taking the role of President and CEO at PMA; and John Santoli, moving into the Executive Chairman position there. And at Great West, with Steve Olson, taking on the President and CEO role; and Jim Jensen moving into the Executive Chairman role there effective July 1.

So general insurance growth strategy and underwriting excellence initiatives continue to produce solid growth and profitability with new business production, high retention ratios and adequate rate levels all contributing. With that, Carolyn, I think I'll turn the discussion over to you to report on title insurance.

Carolyn Jean Monroe
President

Thank you, Craig. As reported this morning, the Title group's total premium and fee revenue for the quarter was approximately $1 billion, up 3% from the prior year first quarter, while our pretax operating income of $81 million for the quarter compared to $104 million from the first quarter of 2021. Both figures were consistent with our expectations.

The slight revenue increase versus the more significant decline in operating income is a function of our direct versus agency production channels. First quarter 2022 agency revenue was 8% higher than first quarter 2021, while direct revenue was 12% lower than the prior period. With the drop in directly produced revenue, which have higher fixed expenses, along with a greater proportion of agency-produced revenues that have a higher expense ratio, our expense ratio increased, accounting for the impact on operating income.

Comparable revenue percentage changes for both direct and agency have steadily decreased from their high-level marks reached during the second quarter of 2021, albeit with a more pronounced impact for direct operations with agencies still aided by the approximate 1 quarter agency reporting lag. In line with consensus mortgage projections, we experienced a significant drop in refinance activity in the first quarter of 2022 that is expected to continue throughout the remainder of the year.

Purchase order levels were roughly in line with the prior period and continue to benefit from strong housing prices. However, we recognize the change in interest rates may have an effect on purchase activity as we move through the remainder of 2022.

Based on our policy reporting tracking, commercial premiums remain a bright spot and were up 50% over the first quarter of 2021 and trailed only the fourth quarter of 2021 as an all-time high. Commercial premiums represented 20% of total premiums in the first quarter versus 14% for the first quarter of 2021.

With pending Fed interest rate increases and continued lack of available inventory, we are realistic knowing our 2022 results will not match the record-setting revenue and pretax operating income results experienced over the last 2 years. Although new grounds await, we will manage to the market and align our expense structure accordingly, while still being mindful of the technology advances necessary for our direct operations and to continue to keep our Title agent partners in the game.

We began 2022 continuing to invest in our digital future. An enhanced version of our easy jacket application, which is a core service in our portfolio of technologies that we offer to our agents, will be launched this quarter. Easy jacket is an online system that produces a jacket for every Title insurance policy issued by our agents for our insurers. This system, with a modern interface, enhanced functionality and an increased ability to configure changes and updates quickly, will be integrated with every major closing software in the industry. In parallel, we will be using the concept of hyperautomation and its benefits and our goal of an end-to-end digital closing solution. As we manage to a less robust market, we must gain efficiencies in our processes. This will come about from our platforms and technologies that allows elasticity to workloads and easy provisioning and deprovisioning of resources with automation to meet current business needs and demands. Thank you, and I'll turn this back over to Craig.

Craig Richard Smiddy
President, CEO & Director
Well, thank you, Carolyn. I know I attended your annual meeting last week, and you all are making great progress on the technology front. And we know our Title Insurance team knows how to manage through housing cycles, and that you're very well positioned with talent, technology and relationships. So I appreciate all your efforts. So we remain very pleased with our strong levels of profitability in both General Insurance and Title Insurance. And our diversified specialty strategy will continue to produce profitable results and significant value for our shareholders as we move forward. So that concludes our prepared remarks, and we'll now open up the discussion to Q&A where either I'll answer your question or I'll ask Frank or Carolyn to respond.

Question and Answer

Operator

[Operator Instructions] Our first question is from Matt Carletti with JMP.

Craig Richard Smiddy
President, CEO & Director

Hello, Matt.

Matthew John Carletti
JMP Securities LLC, Research Division

Craig, I heard you touch very briefly on kind of the formation of the E&S company. I was hoping you could give us a little more detail? I mean, obviously, we all know that times are very good in the E&S markets. But more specifically, I hoping to get a feel for kind of how the lines of business you're approaching there might look similar or dissimilar to the kind of existing General Insurance book at Old Republic? Do you expect it to be a little more of a property contingent to that than we're used to with kind of legacy Old Republic? Or will it still be heavily casualty oriented?

Craig Richard Smiddy
President, CEO & Director

Most definitely be happy to answer that, Matt. So our anticipated mix of premiums is going to be about 70% liability and 30% property. So not too a stray from our current mix. And we will exclusively be focusing on the non-admitted segments. Sometimes E&S can have admitted and non admitted components. But we'll be using our Old Republic Union non admitted company, and we will be -- what will be different for us is that we will be targeting mostly the wholesale market. And so that opens up a new distribution channel, generally speaking. Most of our focus today is retail, although we do have some wholesale.

And more specifically, we'll focus on small property policies for commercial exposures. We don't have any intention of writing significant amount of property exposures that include coastal, wind, wildfire and generally CAT exposure of any significance, as I say. Of course, we inherently will take on some CAT exposure, but it's not going to be a CAT property-focused initiative.

So I guess maybe a little more color I could add is on the classes of business. The targets will include commercial building owners, small businesses of various types, manufacturing, retail exposure and some light hazard product exposure. And no personal or professional lines. So hopefully that helps, Matt?

Matthew John Carletti
JMP Securities LLC, Research Division

Great. They're very helpful. Absolutely. And then 1 just second question. I think just the numbers one, but I just wanted to circle back on the commentary you had regarding kind of the movements in the expense ratio. I just want to make sure I'm kind of hearing you right that the expense ratio has crept up the past few quarters. The loss ratio has crept down as well. And that sounds like most of that probably sticks in that business mix? Am I understanding that right, kind of how the book has shifted over the past several quarters?

Craig Richard Smiddy
President, CEO & Director

Yes. I think this quarter had a couple of contributing factors as we point out. We did have some onetime true-ups in our employee cost and benefits. And on the other hand, we did hit an inflection point this quarter relative to the first quarter of '21. And that is our commissions were a full percentage point higher driven by this combination that I mentioned.

So I gave in my prepared remarks the statistics about our growing book of property business and financial indemnity business and that had increased by 60% in 3 years. And then you have this compounding effect where, as most social, workers' comp is a line that has a pretty low commission ratio relative to other lines, and that's gone from about 65% of our writings down to, as I said, about 20%. So you combine those dynamics and you do get a higher expense ratio. But for the 1 point in expense ratio, probably about 2 points in the current period loss ratio, claim ratio, there's a benefit because of the lower claim ratio for those lines that we've been increasing.

Matthew John Carletti
JMP Securities LLC, Research Division

Perfect. Very helpful. That clarifies it for me. Congrats on a nice start to the year.

Operator

[Operator Instructions] Our next question is from Greg Peters with Raymond James.

Craig Richard Smiddy
President, CEO & Director

Hi , Greg

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

So I just want to -- I know you just spent some time talking about the new E&S business. And then you talked about the growing property business. So with the growth in property, how has your approach to reinsurance purchases changed? And do you have new reinsurance partners that are helping you out with the growth in property? Or is it same stable of existing partners that are participating alongside you in this endeavor?

Craig Richard Smiddy
President, CEO & Director

That's a great insightful question, Greg. And so what I can tell you is that -- you may recall, I'll first remind everybody that another property focused initiative that we announced last year with the formation of yet another new company was our Inland Marine business. So you're right. We have been growing in property through that initiative, our E&S initiative and through some other companies that have been able to write property as companion products to our existing offering.
So all that together, our property exposure has gone up. However, our focus and strategy, as we discuss in our various annual reviews or proxy or 10-K, what have you, is that we want to continue to manage volatility. We don't want to be a property CAT writer, and therefore, while we -- you probably noticed in our 10-K, we, I think, raised our overall retention a little bit on property year-to-year. It's still very, very low so that we manage the income statement and volatility and don't create a capital type of event from writing property certainly, not even an income statement event. So that remains our strategy, remains our philosophy. So what does that mean from a reinsurance perspective?

It means we buy more property reinsurance than we did. And that does mean bringing more people to the table or increasing the amount of shares by our existing partners. But we buy per risk property reinsurance at a very low retention. And we buy a property tax cover at a very low retention with an extensive high limit that puts us in a very comfortable position to ensure we don't move out the top of that cover in a catastrophic event.

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

So that's really good color. So I guess if you could just take it 1 step further. You mentioned in your previous answer that you're not waking up and going into coastal areas, staying away from, let's call it, the typical CAT exposures or even earthquake. But -- or fire. I didn't think -- I don't know if you said Earth quake, but what would a typical loss look like in your property? As your property book is currently constituted, what does a typical loss look like?

Craig Richard Smiddy
President, CEO & Director

Well, if I may, let me first clarify the comments that you just made, Greg, because we certainly do have coastal wind exposure and earthquake exposure and straight-line wind exposure in our portfolio. My earlier comments were specific to the new E&S initiative. A lot of E&S initiatives, as you know, are very heavy CAT and that is not where we were going with the new E&S initiative. As far as losses that would be typical in a per risk situation. It's a fire at a commercial building. And our retention there would be under $5 million. And then in the event of a CAT, such as straight-line wind events or a coastal wind storm events are -- we would have an aggregation of losses from various different companies within the family, and those would all aggregate vertically.

We all had -- all of our property insurance is secured on a company-wide basis so that everything is combined and goes vertical. So what I'm saying there is each individual company doesn't have its own retention. There's 1 group retention. And I don't have the 10-K in front of me, but the -- on a CAT event, our net retention would be, I believe, below $10 million or thereabouts.

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

Excellent color. I'll pivot to the Title business. And early -- well, I guess it's early in the month, maybe it happened at the end of last month, the sequencing of this is, I don't want to get hung up on it. But Fannie Mae did come out with an announcement regarding a new form of acceptance, the attorney title opinion letter in lieu of a traditional title insurance policy for transactions. So Carolyn or maybe Craig, whoever you want to have an answer on this, maybe you can give us your perspective on that nuanced and new approach by Fannie Mae and what it might mean to your traditional title business?

Craig Richard Smiddy
President, CEO & Director

Sure. Greg, I'll start and then hand it off to Carolyn. So we're all very much aware of this development. And Carol and I have talked about it in great detail just to make sure we were in lockstep and staying on top of things. And generally speaking, we don't expect it to have any material impact on our business. Where we think that there may be some conflicts with attorneys providing opinions in meeting all of Fannie Mae's requirements and the various state laws relating to title insurance, which should be challenged on a state-by-state basis.

And lastly, I'll just add that in our opinion -- attorney opinions as opposed to title insurance appear to be lacking. They don't address all the risks. And so that -- those are the reasons why we think that there's really not a material impact. Carolyn, did I get all that right? And do you have anything that you think you want to add to that?

Carolyn Jean Monroe
President

No, you pretty much covered it. A couple of years ago, Freddie Mac came out with the same opinion letters. And it just never gained any traction when they came out with this as well. And most people really understand that title premiums are really heavily weighted to loss elimination. And that's really one of the biggest reasons you get a title policy. So -- but we'll monitor it and kind of follow the discussions. I'm sure our trade association will as well for us.

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

Yes. Thanks for the color on that. I appreciate it. I guess, just the other follow-on to your comments about perhaps a more cautious view on the outlook for Title in light of the rising mortgage rate environment. How would you suggest we forecast that? Is it should we just put a guess on this? Or do you have any -- let's just take like earned -- premium earned for title insurance for 2022? What's with the new range under the current environment, if there is such a thing? I don't know if you guys want to give that, but the -- if you go back over history, I mean, even the last 5 years, the results in your Title business have been growing substantially and have been phenomenal. And just trying to understand where base is in this environment? It would be -- any color you can help us with on that would be helpful. And that's my last question.

Craig Richard Smiddy
President, CEO & Director

Thank you, Greg. Here, too, Carolyn, maybe I'll just kick it off because, once again, this is another topic you and I have discussed in great detail. And -- so I'll just lead it off by saying that it's a very understandable question, one we're asking ourselves, of course. And with regard to refinancing activity, I think the way we're looking at refinancing activity right now is that it's dried up. And we don't expect that to rebound. So to the extent that refinancing activity was contributing to our results in '20 and '21, we don't think refinancing activity is going to be any kind of a significant contributor this year.

When it comes to new purchase, originations. So far, as Carolyn said in her comments, it still looks pretty good. There's a tight housing market with strong demand, interest rates, relatively speaking, are still at historic lows or thereabouts, even though they're considerably more than they were the last few years. So you're right, Greg.

We did indicate we're cautious about where things are going with new purchase originations. And it's hard for us to know as we sit here in the first quarter, it looks pretty steady. So Carolyn, if you could fill in and certainly, if I said anything different, correct me.

Carolyn Jean Monroe
President

No, those are all correct. The only thing I would add is with our mix of business and having a strong business with attorney agents that -- [refis] were really never our bread and butter. And they've been great the last couple of years, but it if you go back to like 2019 and before, those weren't things that we depended strongly on because of who our agents are. And when I look at orders and you try to read everything you can. And I just read a recent economist that is kind of predicting and it's the same thing I've watched with our orders and our direct operations. We seem to be trending back to like the 2019 levels, which there isn't -- those were pretty good years back then going back to 2019 and 2018. -- without just saying a number, that's kind of how we're looking at it inside the operation.

Operator

[Operator Instructions] Our next question is from Boris Kuzmin with Crawford Investment.

Craig Richard Smiddy
President, CEO & Director

Hello Boy

Boris Kuzmin
Crawford Investment Counsel, Inc.

I had a couple of questions. One on title also. Is there a way to quantify the impact of house price appreciation kind of on title premiums, like, I don't know, the [kessler] index was up something like 20%. For example, how does that translate into I don't know your premiums? Or maybe is there some sort of beta to that you could...

Craig Richard Smiddy
President, CEO & Director

Yes, that's. It's a fair and good question. And Carolyn, if you could respond to that with -- relative to purchase originations.

Carolyn Jean Monroe
President

So our premiums are up. And so as prices appreciate, then, of course, our premiums will go up as well. it varies state by state. Is that helpful?

Boris Kuzmin
Crawford Investment Counsel, Inc.

Well, I mean, yes, it's understandable they would go up, but is there we say, 20% appreciation and house price would it automatically sort of rate lead to 20% higher premiums when just

Carolyn Jean Monroe
President

no

Boris Kuzmin
Crawford Investment Counsel, Inc.

the same house that went up in price and somebody bought it 20% higher?

Carolyn Jean Monroe

President

Yes. No. You could never do it that way. The title premiums are done in escalation. It's not -- there's never just a straight percentage. Every state is different, and they have different brackets that some of them go up by 10,000, they go to a higher premium. We'd actually almost have to go state by state to try to figure out what a percentage increase would be.

Boris Kuzmin
Crawford Investment Counsel, Inc.

Got you. Okay. And another question, just kind of circling back, I think last year, there was a conversation with the Board potentially considering a share buyback program at some point. I was just wondering where that stands at this point?

Craig Richard Smiddy
President, CEO & Director

Sure. I'd be happy to talk about that. So as you know, our history has been one of returning excess capital to shareholders through special dividends primarily. What we said publicly over the last year or so is that the Board is willing to consider and have considered in each case that we have excess capital, the potential of returning that capital via a special dividend or via a share repurchase authorization.

So a share repurchase authorization is always on the table. And every time that we get together with the Board and management updates the Board with their views on our capital position and if we have -- if we believe we're in an excess capital position, we discuss the alternatives of putting that capital to use, which is our first choice or returning it to shareholders, either via a special dividend or share repurchase and the various different financial implications of both of those options. So we look at both when we have excess capital.

Boris Kuzmin
Crawford Investment Counsel, Inc.

Okay. If I may sneak in 1 more. In terms of your investment portfolio, you said you shifted a little bit away from equities. I think a lot of insurance companies, like in recent years kind of pushed into alternatives or private investments or anything like that and realized some significant gains. I don't know if this is the right time to think about those sort of things, but are there any plans to kind of diversify between -- or at least are you guys thinking about diversifying into other asset classes, let's put it this way?

Craig Richard Smiddy
President, CEO & Director

Sure. Sure. Thanks for the question. So first, I'll just provide a little more color around reduction somewhat in the quarter of our equities. And we were getting to a point where we had so much appreciation in our equities that it made sense to take some of that off the table. We manage very closely various enterprise risk management metrics to make sure we don't get too out of balance between equities and fixed income. And given, as I say, our appreciation that we've enjoyed over the last several years in our equities portfolio, we thought it was prudent to take some of that off the table.

With regard to other alternative investments, I would say that's not on the table. We have been -- we've had a long, stable, consistent history of being conservative, of not investing in alternative types of investments. As a matter of fact, even in this release on Page 8, we reiterate every quarter that -- of the things that we don't do in that first paragraph under the statistics. And we say those same things again in our annual -- various annual communications, our annual review, our 10-K, our proxy statement, we're very conservative, and we're even very conservative with our equity investments, investing in less than 100 blue-chip type of dividend-paying equities. So yes, that would not be on the table.

Operator

We have no further questions at this time. I'll turn the call over to management for any closing remarks.

Craig Richard Smiddy
President, CEO & Director

Well, we appreciate the interest, the questions. As we said, we feel very good about the strong profitability in both General Insurance and Title Insurance, and we're -- we feel very confident about those levels of profitability, particularly if you look at the strong combined ratios as we move through the year. So our focus remains on what we can control. We can't control interest rates. We can't control housing markets, but we can control how we manage expenses. We can control our focus on profitability, both in General Insurance and Title, and that's exactly what I think we've demonstrated this quarter and what we will continue to demonstrate throughout the rest of the year, strong profitability. So thank you very much, and I look forward to talking to you all next quarter.

Operator
Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.