S&P Capital IQ

CONTENTS

AXIS Capital Holdings Limited NYSE:AXS

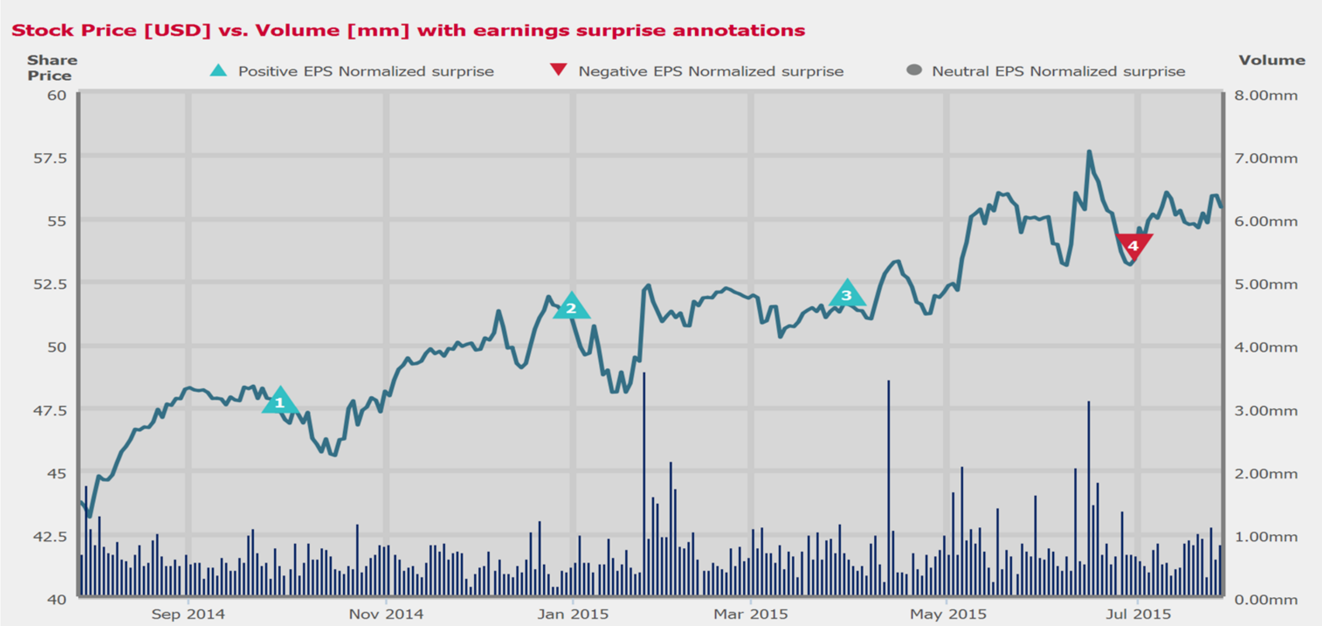
FQ3 2015 Earnings Call Transcripts

Wednesday, October 28, 2015 12:00 PM GMT

S&P Capital IQ Estimates

	-FQ3 2015-			-FQ4 2015-	-FY 2015-	-FY 2016-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.72	0.51	(29.17 %)	1.14	4.01	4.52
Revenue (mm)	676.50	677.22	0.11	566.73	3664.76	3756.72

Currency: USD
Consensus as of Oct-28-2015 11:04 AM GMT



	- EPS NORMALIZED -		
	CONSENSUS	ACTUAL	SURPRISE
FQ3 2014	1.21	1.27	4.96 %
FQ4 2014	1.17	1.18	0.85 %
FQ1 2015	1.23	1.35	9.76 %
FQ2 2015	0.94	0.93	(1.06 %)

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Call Participants

EXECUTIVES

Albert A. Benchimol
President, Chief Executive Officer & Director

Joseph C. Henry
CFO & Executive VP

Linda A. Ventresca
Corporate Development Officer

ANALYSTS

Charles Joseph Sebaski
BMO Capital Markets Equity Research

Christopher Campbell
Keefe, Bruyette, & Woods, Inc., Research Division

Michael Steven Nannizzi
Goldman Sachs Group Inc., Research Division

Ryan J. Byrnes
Janney Montgomery Scott LLC, Research Division

Vinay Gerard Misquith
Sterne Agee & Leach Inc., Research Division

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Presentation

Operator

Good morning, and welcome to the Third Quarter 2015 AXIS Capital Earnings Conference Call. [Operator Instructions] Please note, this event is being recorded.

Now I'd like to turn the conference over to Linda Ventresca, Director of Investor Relations. Ms. Ventresca, please go ahead.

Linda A. Ventresca
Corporate Development Officer

Thank you, Keith, and good morning, ladies and gentlemen. I'm happy to welcome you to our conference call to discuss the financial results for AXIS Capital for the third quarter ended September 30, 2015. Our earnings press release and financial supplement were issued yesterday evening after the market closed. If you would like copies, please visit the Investor Information section of our website, www.axiscapital.com. We set aside an hour for today's call, which is also available as an audio webcast through the Investor Information section of our website. A replay of the teleconference will be available by dialing (877) 344-7529 in the United States and the international number (412) 317-0088. The conference code for both replay dial-in numbers is 10068213.

With me on today's call are Albert Benchimol, our President and CEO; and Joe Henry, our CFO.

Before I turn the call over to Albert, I will remind everyone that the statements made during this call, including the question-and-answer session, which are not historical facts, may be forward-looking statements within the meaning of the U.S. federal securities laws. Forward-looking statements contained in this presentation include, but are not limited to, information regarding our estimate of losses related to catastrophes, policies and other loss events; general economic capital and credit market conditions; future growth prospects; financial results and capital management initiatives; the valuation of losses and loss reserves; investment strategies; investment portfolio and market performance; impact to the marketplace with respect to changes in pricing models; and our expectations regarding pricing and other market conditions. These are important factors that could cause actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements as are further described in the risk factors set forth in AXIS' most recent report on Form 10-K and our other documents on file with the SEC. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

In addition, this presentation contains information regarding operating income, our consolidated underwriting income and adjusted group and segment results, which are non-GAAP financial measures within the meaning of the U.S. federal securities laws. For a reconciliation of these items to the most directly comparable GAAP financial measures, please refer to our press release and financial supplement, which can be found on our website.

With that, I'd like to turn the call over to Albert.

Albert A. Benchimol
President, Chief Executive Officer & Director

Thanks, Linda, and good morning, ladies and gentlemen. Thank you for joining us today.

Last night, AXIS reported third quarter net income available to common shareholders of $248 million or $2.50 per diluted common share. On an operating basis, we reported net income of $51 million or $0.51 per diluted share. The operating income excludes a termination fee of $280 million following the cancellation of the amalgamation agreement with PartnerRe and a charge of approximately $46 million relating to the reorganization that we communicated to you earlier this month.

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This quarter's results include several positive developments from the targeted portfolio enhancement actions we have undertaken over the last 18 months. We are pleased to observe the accident share loss ratio, excluding catastrophe and weather, improved by almost 0.5 points year-over-year, despite the adverse impact of rate declines, unusually high Marine losses and lower amount of earned catastrophe premium. This speaks to the great work our underwriters are doing to diversify and optimize the risk and returns in our various portfolios using our enhanced data and analytic capabilities. However, we also experienced higher cat losses in the prior year, including $30 million relating to the Tianjin explosion and much lower investment results, reflecting the weak performance of the equity markets in the quarter.

Overall, we reported a consolidated combined ratio of 96.6%, including 4.7 points of cats and 4.9 points of favorable prior year reserve development. Prior year favorable reserve development remains strong, despite the actions taken to strengthen reserves for the professional lines portfolio in Australia, a big part of the retail insurance operations in Australia in which we decided to exit as part of our reorganization announced a few weeks ago.

We ended the quarter with diluted book value per share of $53.68, an increase of 8% over the last year. Adjusted for dividends, diluted book value grew 4% in the quarter and 10% over the past 12 months. During the quarter, we returned over $270 million in capital to our shareholders through share repurchases and common share dividends, repurchasing 4% of our shares outstanding at the end of last quarter.

Notwithstanding competitive market conditions, we're still finding opportunities for growth as our commitment to client service, responsiveness and strong claims management continue to differentiate us in the eyes of clients and brokers. Gross premiums written in the quarter increased 6% on a constant currency basis to $937 million. Our insurance segment gross premiums written were up 11% on a constant currency basis. The increase was primarily driven by growth in Accident & Health. Outside of A&H, the insurance segment was flat overall as growth in attractive areas and success in our initiatives introducing less volatile business into our portfolio were offset by a reduction in activity where we found fewer opportunities. These reductions were generally in the more competitive, often volatile business classes.

Within our Reinsurance business, premiums were up 21% after adjusting for the impact of currency and multi-year contracts. While we are both writing and retaining less catastrophe business, our Reinsurance teams are also working closely with clients and brokers to identify and deliver highly valued coverages to our cedents. We've been working diligently to respond to the market changes afoot, and we are confident that our efforts to prune businesses challenged over the long-term, advance attractive new initiatives, optimize our portfolio and enhance the efficiency of our platform position us well to continue to deliver shareholder value against the backdrop of an increasingly difficult market.

And now Joe will walk us through the results. Joe?

Joseph C. Henry
CFO & Executive VP

Thank you, Albert, and good morning, everyone.

During the quarter, we generated positive results, which included operating income of $51 million and an annualized operating ROE of 3.9%. Our net income for the quarter was $248 million compared to $279 million in Q3 2014. Our diluted book value per common share grew to $53.68, an increase of 4% compared to last quarter and an increase of 8% over the last 12 months. Adjusting for common dividends declared, the increase in book value per share was 10% over the last 12 months. Our net income this quarter reflected the termination fee of $280 million and $35 million in merger expense reimbursement received following the termination of our amalgamation agreement with PartnerRe.

During the quarter, we also implemented a number of profitability enhancement initiatives including the wind down of our Australian retail insurance operations, which resulted in the recognition of reorganization and related expenses of $46 million and additional corporate expenses of $5 million.

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Our results continue to benefit from continued favorable prior year development in loss reserves and a decrease in our general and administrative expenses.

Our net income this quarter was impacted by a decrease in net earned premiums and an increase in catastrophe and weather-related losses driven by the losses related to the Tianjin port explosion. We also reported decrease in our net investment income, net realized investment losses and an increase in unrealized losses on our available for sale investment portfolio, which reflected the negative performance of equity markets, the widening of credit spreads in nongovernment bonds and foreign exchange volatility in the third quarter.

As you are no doubt aware, the global investment markets continue to be volatile and the performance of the markets, since the end of September, has been positive, resulting in a substantial recovery of the losses we reported in the third quarter.

Moving into the details of the income statement. Our third quarter gross premiums written increased by 4% to $937 million. After adjusting for the impacts of movements in foreign exchange rates, the quarter-on-quarter increase was 6%, with an increase in our insurance segment partially offset by a decrease in our reinsurance segment.

For the third quarter, our insurance segment reported growth in top line of $51 million or 9%, adjusted for FX, the growth was 11%. We reported increased premiums written in our Accident & Health lines driven by new business, primarily in the Middle East. Our liability lines increased, reflecting continued growth in our U.S. Primary and Excess Casualty business, and we experienced growth in our credit and political lines. These increases were partially offset by the reductions in aviation lines, mainly due to timing differences.

Our Reinsurance top line growth was down 12% or -- excuse me, $12 million or 3%, 2% on a constant currency basis this quarter compared to the same period in 2014. Similar to what we reported in earlier quarters this year, the variances in our reinsurance premiums continue to be impacted by significant number of treaties written on a multi-year basis during 2014, which reduced premium available for renewal during the current quarter. After adjusting for the impact of multi-year contracts and FX, our reinsurance gross premiums written increased by $59 million or 21%. The increase was primarily driven by liability lines due to increased participations and new business and property lines due primarily to a large new proportional treaty. These increases were partly offset by a decrease in catastrophe lines, driven by continued difficult market conditions and resulting treaty restructurings.

On a year-to-date basis, our total gross premiums written were $3.8 billion, a decrease of 4%, 1% without FX, compared to the same period in 2014. The variance was driven by decreases in the Reinsurance segment due to the impacts of the contracts written on a multi-year basis as well as the negative impact of foreign exchange movements. After adjusting for the multi-year contracts and FX, reinsurance gross premiums written increased by $23 million year-over-year, driven by motor lines due to new business and favorable premium adjustments as well as new business in property and liability lines. These increases were partially offset by lower premiums in property catastrophe, agriculture and professional lines driven by treaty restructurings and nonrenewals. The decrease in reinsurance was partially offset by growth in insurance, with increases in accident and health and liability lines for the same reasons I discussed in the quarterly result, which were partially offset by decreases in the property lines reflecting continued competitive market conditions.

Our net premiums written are down 1% for the quarter and 8% for the year. The movements reflect variances in the level of gross premiums written as well as an increase in premiums ceded across both of our segments. Premiums ceded increased in Insurance, driven by increased reinsurance protection purchased primarily in our professional lines and changes in the business mix. Increased retrocessions in our reinsurance cat lines also contributed to the overall increase in premiums ceded.

Our net premiums earned decreased by 5% to $919 million in the third quarter of 2015 and by 5% to $2.8 billion for the year-to-date compared to the same periods in last year. Net premiums earned -- net premium earned decreases 3% on a constant currency basis reflected reductions in both segments. The Reinsurance segment decrease reflects reduction in the business written in certain lines of business, most notably catastrophe in recent periods as well as an increase in the premiums ceded, reflecting the

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increased catastrophe retrocessional covers. In Insurance, the growth in business written in recent periods was more than offset by the increase in ceded premiums.

Our third quarter consolidated current accident year loss ratio increased by 2.1 points to 65.9% compared to the same period of last year. During the quarter, we reported $43 million in losses related to catastrophe and weather events, including the Tianjin port explosion of $30 million and adverse weather losses in the U.S. of $13 million, which compared to the $22 million of such losses reported in the same period of last year. Our ex cat and weather current year loss ratio decreased modestly by 0.04% to 61.1%, primarily due to an improvement in the loss experience in our agricultural lines. You will recall that 2014 was a very difficult year for the agricultural line of business while so far, in 2015, experience for this business has been much closer to expectations. The improvements in agriculture during 2015 were partially offset by a change in the mix of business in our Reinsurance segment and the impact of lower rates.

Our Reinsurance segment loss ratio was impacted by an increase in catastrophe and weather losses during the quarter. We reported $24 million of such losses, including $20 million related to Tianjin compared to $3 million reported in the same period of last year. After adjusting for cat and weather events, the current accident year loss ratio was consistent with 2014 at 62.3%. The Reinsurance segment's loss ratio increased primarily due to changes in business mix. As we have reported in prior quarters, we continue to take actions aimed at reducing the volatility of our book of business, primarily by reducing the level of business written in catastrophe lines. These lines have seen pricing and terms deteriorate for a number of periods, and industry conditions are expected to remain difficult. We have also increased our writings in more stable, longer tail lines of business, such as motor and liability. While these lines are less volatile in terms of losses incurred, they do attract higher loss ratio compared to the catastrophe lines, which increases the overall segment loss ratio in periods of relatively low catastrophe loss activity.

During Q3 2015, we also reported higher losses incurred in the credit and surety lines. However, these increases have been fully offset by the improvement in the agricultural loss provisions.

During the third quarter, our insurance segment reported $19 million of catastrophe and weather-related losses, including $10 million for Tianjin compared to $19 million during the same quarter of 2014. After adjusting for these events, the current accident year loss ratio decreased 0.7% to 59.9%.

Insurance segment loss ratio benefited from decreases in property and credit and political risk, midsize and attritional losses and improvements due to changes in our business mix, which more than offset the impact of lower rates, which reflect current challenging market conditions.

We also noted continued loss ratio improvements in our U.S. professional lines following the significant efforts aimed at reshaping this book of business over the last 18 months. In this quarter, these improvements were partially offset by increased loss experience in our Australian professional book, which we announced earlier this month as being wound down. The improvement noted in our Insurance lines was also partially offset by a higher incidence of Marine midsize losses, driven by an above average number of large industry events. While this line of business can, from time to time, be exposed to significant loss events, I would like to emphasize that this line of business has been historically very profitable for our company.

In the first 9 months of 2015, our current accident year loss ratio was 65.8% compared to 63.7%. Current year was impacted by the Tianjin port loss explosion of $30 million and weather events of $60 million, and while in the same period last year, we reported catastrophe and weather events of $72 million. After adjusting for these events, the current accident year loss ratio increased by 1.3% to 62.5%, primarily due to a change in the business mix and the impact of lower rates, partially offset by improvements in the reinsurance agricultural lines.

On a year-to-date basis, the Reinsurance segment current accident year loss ratio, net of cat and weather, was up 2.4% to 62.3% compared to 2014, primarily due to the changes in business mix I discussed earlier and the impact of lower rates, partially offset by an improvement in agriculture loss provisions. Our Insurance segment current accident year loss ratio, net of cat and weather, was comparable year-over-year at 62.6%, with decreases in property midsize losses and decreases in professional lines due to the

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profit improvement actions, offset by the increase in Marine midsize losses, a higher credit and political risk loss ratio and the impact of lower rates.

Turning to loss reserves established in prior years. Our results continue to benefit from net favorable loss development, which aggregated $45 million during the third quarter. Short-tail classes in both segments contributed $38 million of this balance, primarily reflecting better than expected loss emergence as well as reserve reductions related to storm Sandy of $15 million in our Insurance segment. For the year-to-date, these short-tail lines contributed $61 million of net favorable prior year development. In addition, we continue to give way to actuarial methods that reflect our favorable experience for liability and professional reinsurance business, which contributed a further $13 million of favorable development for the quarter. Favorable prior year loss development was also reported in motor and credit and surety reinsurance lines of $9 million and $7 million, respectively, which was partially offset by adverse loss developments in the insurance, professional and liability lines of $15 million and $6 million, respectively.

Adverse development in our insurance professional lines reflected reserve strengthening, resulting from an updated actuarial assumption for our Australian professional lines and was partially offset by favorable development in certain of our U.S. professional lines. The net adverse development on insurance liability business, primarily related to a higher frequency of large auto liability claims. On a year-to-date basis, our favorable loss development was $166 million compared to $193 million recognized during the first 9 months of 2014.

During the third quarter and the first 9 months of 2015, our acquisition cost ratio increased by 0.7 points and 0.5 points, respectively, compared to the same periods in 2014, driven by increases in the Reinsurance segment. These increases were primarily due to higher acquisition costs paid in certain lines of business, changes in the mix of business and adjustments related to loss sensitive features in reinsurance contracts, primarily due to prior year loss reserve releases.

Our G&A ratio was 15.7% for the current quarter compared to 15.9% last year. The decrease in G&A expenses between periods was primarily driven by the receipt of amalgamation expense reimbursements from PartnerRe of $35 million and lower operational excellence initiative costs compared to last year, partially offset by PartnerRe merger-related expenses incurred during the quarter of $27 million and reorganization-related corporate expenses of $5 million. The reduction in net earned premiums largely mitigated the impact of the reductions in G&A expenses on the G&A ratio in the quarter and was the main driver of the increase in overall G&A ratio for the first 9 months of 2015.

Overall, the company reported underwriting income of $56 million and a combined ratio of 96.6% for the quarter. On a year-to-date basis, our underwriting income was $214 million, with a combined ratio of 95.7%. During the third quarter, we implemented a number of profitability enhancement initiatives, which resulted in the recognition of reorganization and related expenses of $46 million and additional corporate expenses of $5 million. The reorganization and related expenses included staff severance and related costs, the write-off of certain information technology assets, lease cancellation costs and a write-down of certain customer-based intangibles following the decision to wind down our Australian retail operations.

Net investment income was $46 million for the quarter, down from $89 million in the previous quarter and down from $67 million in the third quarter of last year. The most significant drivers of the decrease was the contribution to net investment income by our other investments portfolio. Other investments produced a $27 million loss during the quarter versus a gain of $14 million last quarter and a loss of $3 million in the third quarter of the prior year. The decrease in net investment income from other investments was primarily due to a decrease in income from hedge funds, which were impacted by the weaker performance of the equity markets during the quarter. Income from our fixed maturity portfolio was $76 million for the quarter, down slightly from the last quarter's $78 million and up slightly from $75 million in the prior year.

In aggregate, the total return of our cash and investment portfolio was a negative 0.3%, including the impact of foreign exchange movements or negative 0.1%, excluding foreign exchange movements. The total returns for the current year were impacted by the decline in pricing of our equities portfolio as a result of the decline in the global equity markets.

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We continue to hold a high-quality, well-diversified portfolio, with cash and invested assets totaling $14.7 billion at September 30, no change from June 30, and down $0.7 billion from a year ago. The decrease from the previous year was due to the repayment of our senior notes and a decline in pricing on our fixed maturities and equities. The duration of our fixed maturity portfolio was 3.1 years at September 30, down slightly from 3.2 years at the end of June 2015. Our fixed maturity weighted average credit rating remains unchanged at AA-.

Our total capital at September 30, 2015, was $6.8 billion, including $1 billion of senior notes and $628 million of preferred equity and was in line with the $6.8 billion at December 31, 2014. The increase in total capital due to the net income available to common shareholders generated this year, net of common share dividends, was offset by the repurchase of common shares, primarily due to the execution of an accelerated share repurchase agreement, which I will discuss shortly, and an increase in the unrealized losses on investments.

We previously announced that effective January 1, 2015, the share repurchase authorization program was increased to $750 million of the company's common shares effective through December 31, 2016. However, in the first quarter, we suspended our share repurchases while the PartnerRe merger activities were ongoing. Following the termination of the PartnerRe amalgamation agreement, we reinstated our share repurchase program. As part of this program, we entered into an accelerated share repurchase agreement to repurchase an aggregate of $300 million of our ordinary shares. During August, we initially repurchased 4.1 million of our shares under this agreement. The scheduled termination date of the ASR agreement is February 18, 2016, but it can be accelerated at any time or after November 18, 2015. The final number of shares to be delivered will be based on the company's volume-weighted average price for the period from August 18, 2015, to the termination date less a discount.

On October -- excuse me, at October 27, 2015, the remaining authorization under repurchase program approved by our Board of Directors was $444 million. While we were disappointed that the merger with PartnerRe was terminated, during the quarter, we've made significant progress on the strategic goals and expansion opportunities initiated before the merger announcement. As we announced earlier this month, we have enacted certain initiatives designed to support profitable growth and enhance shareholder value. This has led us to scale down in the areas where the returns did not meet our expectations and redeploy the capital to more attractive opportunities. We also made a number of operational improvements aimed at delivering both greater efficiencies and increased levels of client and broker support around the world.

We also continue to make progress on our ongoing expense reduction initiatives and expect to see early benefits of these initiatives to start impacting our results by the year-end.

In addition, our Lloyd's unit is making good progress in the London market, and during the quarter, we have further expanded the capabilities of AXIS Ventures, our third-party capital vehicle.

And with that, I'll turn the call back over to Albert.

Albert A. Benchimol
President, Chief Executive Officer & Director

Thank you, Joe.

Moving on to market conditions. Competition in the market continues to escalate. Within our Insurance segment, the overall AXIS insurance rate change for the third quarter of 2015 was minus 4%, down from minus 3% last quarter and the same level as the same quarter last year. Within that, our U.S. P&C business stabilized at minus 4%, similar to last quarter's rate. Global professional lines deteriorated slightly to minus 2% from minus 1% last quarter, while international lines continue to be the most pressure, at about minus 7% compared to minus 5% in the second quarter of the year.

In the U.S. market, catastrophe exposed E&S property and large account risk managed property are the most stressed, with close to 10% rate reductions. Meanwhile, primary and middle market business is stronger, but still showing an overall decline at minus 3% for the quarter.

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We've been actively balancing our property portfolio by adding smaller risks with a view toward achieving better, more stable attritional experience.

Pricing in casualty lines, which have driven the recent growth in our U.S. business, continues its positive trend, increasing by 2% in the quarter, slightly better than last quarter's rates, although below the plus 5% that we saw in the same quarter last year.

We expect this overall positive trend to continue. As has been widely reported, auto and transportation business is now under significant stress due to an increased frequency of loss severity. Areas with exposure to auto, such as umbrella business, including low attaching auto, are experiencing positive bias in pricing and we expect this trend to intensify.

Within our global professional lines business, pricing slipped a point in the quarter to minus 2% from minus 1% last quarter, and flat with the same quarter last year. Softening excess pricing in the management liability lines worldwide continues, while E&O rates remain slightly positive.

We are proactively addressing the market challenges by continuing to shift away from those areas not generating adequate returns. In addition, we are focused on strategic use of reinsurance in certain portfolios to better optimize the risk reward balance. Our professional lines portfolios is growing in the smaller account arena, such as small lawyers. This is consistent with our overall strategy of rounding out our portfolio with more small accounts subject to less competitive pressure.

In our international division, overall rate change was minus 7%. Lines under the most pressure include terrorism, down 15% and international property at minus 10%. Pricing in onshore and offshore energy is down low double digits, reflecting high levels of market capacity. We are hopeful that more than $2 billion of offshore energy market losses this year will slow rate reduction.

We reduced activity in the most challenging international insurance lines and exited our retail insurance operations in Australia. There are, nevertheless, a few bright spots. We're experiencing good growth and stable rates in renewable energy and our Lloyd's Syndicate has been a successful complement to our established London market business, providing us with a robust top line of new business opportunities.

There are still attractive risks in the market, but access to the business and risk selection are increasingly an important differentiator in the market, and from our perspective, AXIS is very well positioned in that regard.

Moving onto Reinsurance. The major themes in the market have not changed. Excess capacity, strong balance sheets and a consolidation of buying continues to pressure reinsurance pricing across most territories and lines of business. This has been coupled with some movement in terms of conditions. Multi-year commitments continue to be in demand, broadly impacting all lines of business. However, on the whole, the pace of pricing erosion seems to be stabilizing. Property in the U.S., which has shown declines, is now leveling off and casualty remains relatively stable. Likewise, requests for increased ceding commissions are meeting strong pushback. Given our recent experience of PCI, we are hopeful that this rising resistance to further deterioration gains traction, as reductions experienced over the past 3 years have substantially eroded available margins in many reinsurance lines.

Every cloud has a silver lining. Market conditions are leading to more opportunities to purchase retro protection, which we continue to actively use in an effort to optimize the portfolio and reduce tail volatility. Further, we're looking to expand in many areas that are currently under penetrated, such as agricultural and weather, as evidenced by our recent growth in the weather and commodity markets in Europe. We also believe that Solvency II will put some pressure on certain companies, creating additional demand in certain lines and markets.

These past few months have given us ample opportunities to analyze our markets and emerging trends, evaluate ourselves and explore how we could better realize the full potential of our company. We came to a number of positive conclusions. Among them, we reconfirmed our commitment to being a global leader in specialty risks. We have a wealth of experience and expertise. This is a business in which our capabilities have been proven, and we know we can generate significant value in the pursuit of growth in specialty risks. We are committed to the hybrid model, where we have global capabilities in both insurance

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and reinsurance. Our presence in both the insurance and reinsurance markets provides flexibility, balance and diversification and opportunities and risk, leading to more stable growth and profitability. We are convinced our 21st century approach to capital management, whereby we will complement our own balance sheet with a broad range of third-party capital, is the right approach to evolving markets, because it supports the delivery of significant capacity, innovation and tailored solutions to our clients and brokers, provides valuable product and service to the investment community and rewards our shareholders with a growing stream of stable fee income. Our discussions with clients and brokers highlighted our strong positioning in our chosen markets and reinforced our confidence in our ability to achieve our market leadership objectives. Our people have been tested, and they've delivered in outstanding fashion. Their commitment, energy and creativity in a rapidly changing environment have been nothing short of superb.

However, we also identified a number of areas where change was appropriate. We identified a few markets where ongoing market conditions and our positioning would make acceptable profitability very difficult in the foreseeable future and retaining the status quo would generate ongoing losses in those areas. The most evident of these is the very difficult retail Australian market. After a comprehensive review, we determined to wind down our retail operations in Australia. We very much like the Australian market, and we'll continue to support it through our reinsurance operations and our global wholesale insurance operations.

We recognize the need to better align our resources to our most promising profitable growth opportunities, and so reduced staffing in certain less attractive lines, but also increased the staffing and resources we dedicate to more promising opportunities.

We also recognize that we must be more efficient and effective in the delivery of our products and services in a more fluid and demanding marketplace. Thus, we restructured and eliminated a number of positions across our business and support functions. These initiatives announced earlier this month are expected to deliver in excess of $30 million in annual pretax expense savings, almost 1 point on the combined ratio based on our 2014 net premiums earned.

These recently announced actions form only parts of our delivery on the targeted profitability improvements we shared with our shareholders last summer. You will recall these initiatives had 4 important considerations. The first was an improvement of an -- of our underwriting performance through the enhanced application of data and analytics to portfolio construction. In this regard, we've made significant investments in systems and actuarial resources and have already observed rewarding improvements in underwriting, particularly in professional and property lines. We are continuing to make progress in other parts of our business. Our year-to-date consolidated results have already seen over 2 points of beneficial impact from our focused efforts in the insurance, property and professional lines.

The second was to ensure that those of our initiatives that did not yet have appropriate scale achieve that scale on an accelerated schedule or were otherwise restructured for profitability. We continue to have success in the growth of many attractive initiatives, including our rapidly growing accident and health business and primary casualty operations in the U.S.

For example, our various insurance initiatives, including accident and health, on a consolidated basis reported over 30% growth in gross premiums written in the first 9 months of this year, with an improvement of over 3.5 points on their combined ratio, contributing an additional 0.7 point benefit on the consolidated combined ratio. We expect additional strong profitable growth of these initiatives into 2016.

The third was to achieve a more effective and efficient operating platform and reduce our expenses. In addition to the moves announced earlier this month, we also made significant changes to our finance and IT operations, where we've restructured processes and entered into third-party sourcing relationships. We are on our way to achieve the $50 million of annualized net savings by the end of 2017, with the capabilities to better serve our clients and brokers in an efficient manner.

And the fourth step of our profitability improvement initiative was an enhanced 21st century capital management strategy. We've already been very effective in returning substantially all of our operating earnings to our shareholders in the past few years. After giving effect to the $300 million ASR announced in August, since the beginning of 2011, we have returned to our shareholders $2.3 billion in the form of

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dividends and share repurchasing -- repurchases, representing 115% of all operating income plus the PartnerRe breakup fee earned in that time. Our board will again review our dividend and stock repurchase authorization on our next scheduled board meeting.

To conclude, we're very proud of the work that we've been doing to position our company for top-quintile industry performance. We are not immune to the pressure on industry profitability from the catastrophe reinsurance line in particular, but we have been very actively addressing this. We believe that the methodical shift over the last few years in mix of business should lead to a less volatile portfolio. The profit enhancement and organizational efficiency initiatives should bring core underwriting and margins to attractive levels. Combined with incremental growth in invested assets, more efficient use of capital, higher operating leverage, we aim to achieve superior ROEs and growth in book value for the benefit of all our shareholders.
And with that, let's open the call for questions. Operator, please open the line.

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Question and Answer

Operator

[Operator Instructions] And the first question comes from Mike Nannizzi from Goldman Sachs.

Michael Steven Nannizzi
Goldman Sachs Group Inc., Research Division

Just one real quick one upfront here. Joe, on the buyback, can you say what was the dollar spent in the quarter on buybacks? Do you have that handy? I saw the 4.1 billion -- or 4.1 million shares and then the size of the authorization, but I don't know if I saw a dollar amount.

Joseph C. Henry
CFO & Executive VP

Mike, we're about halfway through the ASR. I'll get you the specific number. We did buy back a few additional shares beyond the ASR before we implemented it, but the number's actually $246 million, to be specific.

Michael Steven Nannizzi
Goldman Sachs Group Inc., Research Division

Great, perfect. And then on the profitability actions, restructuring efforts, to the extent that more actions are necessary in order to get to run rate savings, do you expect that you -- there may be further charges along the way in order to monetize those eventual savings?

Albert A. Benchimol
President, Chief Executive Officer & Director

We don't expect that. I think that we are well on our way to creating improvement on a consistent basis, so it's really change in the way we approach the underwriting and the portfolio construction. And as you know, Mike, it takes a little while for those things to earn through the income statement as you do that. There are some changes that we are making to efficiencies. As an ongoing part, I think we need to do that on a daily basis in the organization. But in terms of coordinated actions in the way that we've announced on October 7, it is not currently our intention to do that.

Michael Steven Nannizzi
Goldman Sachs Group Inc., Research Division

Okay. So you don't anticipate further headcount reductions, because that would probably be even more expensive from a charge standpoint.

Albert A. Benchimol
President, Chief Executive Officer & Director

No, we have tried very hard to make sure that we identified those areas that required immediate and coordinated action. Again, what we need to do as an organization, what every organization needs to do is to make sure they're vigilant on a daily basis about the staffing organizations of various departments. But in terms of a coordinated action, like the one we announced on October 7, it is our strong desire not to do that.

Michael Steven Nannizzi
Goldman Sachs Group Inc., Research Division

Got it. And I guess, I mean, sort of thinking bigger picture, I mean, after the amalgamation agreement went away and it seems like your strategy here is to rightsize your infrastructure and expenses and also reduce exposure to volatile lines, sort of thinking that through, it seems at least, like this year, I think in Joe's comments, Joe, you mentioned that the expense benefits so far from some of the actions you've taken have been somewhat chewed up by the premium declines so the ratio hasn't -- we haven't seen a

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ton of improvement yet. And then the move to less volatile lines, I would think, will cause underwriting profitability to deteriorate, as you are no longer being compensated for that additional volatility. I guess my question is, how should we think about underlying profitability from here? And what is your own internal goal for an ROE or a return, how you define it? And how do we get there? And if it's a double-digit number in this environment, how much of the heavy lifting will reserve releases be forced to carry?

Albert A. Benchimol
President, Chief Executive Officer & Director

Okay, let me see if I can address most of these comments. The first thing that I would say is that we're not so much moving away from volatility lines. You'll recall that I mentioned earlier in the call that our ambition is to be the global leader in specialty risks. And specialty risks, many of them have a fair amount of volatility. What we were focusing on is making sure that we manage that volatility well. And we had a few areas where we probably were taking on more volatility than was desired, and that is easily managed through line size management, through reinsurance management, but we are absolutely not moving away from volatility lines. That is a core strength of AXIS. What we are doing, however, is we are also balancing our portfolio by looking for growth in generally smaller, less volatile, more stable lines. So it's an expansion strategy, Mike. It's not a reduction strategy. So that would be the first. I think with regards to reducing expenses, I don't believe that AXIS is alone in facing a difficult environment and making sure that we rightsize the expense structure to what has been a low growth environment over the past little while, with some profit pressures because of pricing. I think that we need to -- and in an environment where I believe being nimble and quick to respond is going to be a competitive advantage, we need to make sure that our operations are organized accordingly, and that is not a one-shot move. I think it's a frame of mind in the way that we approach that. The third thing that I would say is, we have been incredibly impressed with the improvements that we are seeing in our portfolio results, not because we're changing lines of business, not because we're moving away from one market or another, but because we are informed by a significant amount of additional data and analytics, better interdisciplinary cooperation between underwriting claims, reserving, pricing, all of which are guiding our underwriters to be much more selective in which parts of their business they're going after. And we see that continuing, even within the existing portfolios that we are at. So all of these things point to that. The one thing that I would say with regards to the expense ratio -- let me conclude first the comment that I would make. We spoke last year about having anywhere between 4 to 5 points of improvements that we're creating. And Mike, we've already identified for you today close to 3 or 4 points of improvement. We talked about profitability in property and professional lines having a beneficial impact of 2 points. We talked about the growth of the smaller businesses adding 0.7. We talked about the savings that we put in place, $30 million, close to a point. We are making significant progress on the targets that we've established for you, and we fully anticipate that as these activities continue to be implanted in our business, we will see more. The one comment that I would make is with regards to the ratio, on the expense ratio per se. And you'll notice, I spoke earlier today of $50 million as opposed to the ratio. And the reason for that is that current market conditions are giving us opportunities to improve the bottom line, in some cases, through quota share reinsurance that provides substantial ceding commission benefit. So there could actually be benefits in writing premium, ceding it on a quota share basis with attractive ceding commissions, where the benefit will be seen, not in the G&A ratio, but actually in the acquisition expense line for business. As far as we're concerned, as long as we can increase the bottom line for our shareholders, it ought not to matter whether it's in the acquisition expense ratio or the G&A ratio. But we're still sticking to our commitment of saving $50 million in annualized savings between 2014 and year-end 2017. All of these, I believe, will position us to deliver top-quintile performance in the industry, independent and irrespective of reserve releases over time. Because what really matters is, reserve releases, as you know, are simply a question of timing. And so over a 3-, 4-, 5-year period, what you're really dealing with is the core underwriting performance of the company, and our core underwriting performance will be in the top quintile of the industry.

Joseph C. Henry
CFO & Executive VP

And Mike, it's Joe. Let me just add to that briefly. There's a lot of noise in our results this quarter, as you could probably tell, with the merger expenses, expense reimbursement and the charge that we took. If

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you remove all of that from our expense ratio, in the quarter, our expenses are actually down $5 million over the prior year quarter and about $11 million year-to-date over the prior year, year-to-date. So what we're trying to do is shift, if you will, the discussion a little bit to dollars as opposed to ratios. If you normalize the premium decrease that we've had year-over-year, the expense ratio's actually 15.3% in the quarter and 15.3% on a year-to-date basis. So I just want to throw those out to -- add to what Albert said.

Operator

And the next question comes from Vinay Misquith with Sterne Agee CRT.

Vinay Gerard Misquith
Sterne Agee & Leach Inc., Research Division

I'd just like to drill down further on these expenses. So if I understand it correctly, number one, we have $30 million of expenses that will come through in the future from here from the restructuring charge, is that right?

Joseph C. Henry
CFO & Executive VP

That's correct.

Vinay Gerard Misquith
Sterne Agee & Leach Inc., Research Division

Okay. The second piece is the $50 million, and that's from '14 to '17. So the question is, how much do we have left from here on out? Because you just mentioned that the expenses were down $11 million. So do we have about $40 million left from here on out?

Joseph C. Henry
CFO & Executive VP

No, no, no. Vinay, we've outlined $50 million worth of expense savings to get our expense ratio from where it was at the midpoint of 2014 to where we expect it to be in '17. We expect further expense reductions from this point forward. But to date -- and we've talked about this on prior calls, we saved about $20 million in non-personnel-related expenses, initiatives that we put in place the last couple of years: lease cancellations, the establishment of a vendor management office, a number of things. We've consolidated, frankly, management positions within the company, so we've achieved quite a bit of that. Now some of that, as we've also communicated in the past, we plowed back into hiring additional resources, particularly in the actuarial area where we wanted to enhance data and analytics. So that's what we've achieved to date. I'd quantify it as saying $20 million in non-personnel-related expenses, $30 million through the charge that we just took, and then we expect further increases to get to the $60 million that we outlined in 2014.

Vinay Gerard Misquith
Sterne Agee & Leach Inc., Research Division

Okay. So the $30 million is a subset of the $50 million?

Joseph C. Henry
CFO & Executive VP

That's correct.

Vinay Gerard Misquith
Sterne Agee & Leach Inc., Research Division

Okay. And the improvements on the data and analytics, that's already come through mostly?

Joseph C. Henry
CFO & Executive VP

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No. I would say that we've achieved substantial benefit from that, as Albert said in his remarks, particularly in professional lines, but we've expanded that to property lines. And frankly, the insurance and reinsurance groups are completing, if you will, that across the rest of our portfolio. So we still expect further enhancements coming from the investment we've made in data and analytics.

Vinay Gerard Misquith
Sterne Agee & Leach Inc., Research Division

Okay, sure. So to summarize, it seems that from an expense perspective, you have about $30 million to $40 million maybe over the next couple of years, plus in the form of data and analytics, some small improvement. And also on the scale, perhaps some of your smaller businesses, you have a little bit of improvement. Does that sound about right?

Joseph C. Henry
CFO & Executive VP

The first part of it, I think, it's a geography question. We're expecting further improvement in our loss ratio through enhancements that we've made in data and analytics, not necessarily on the expense side. On the second question, I'm sorry, was?

Albert A. Benchimol
President, Chief Executive Officer & Director

Can I just take us back a bit because, Vinay, I'm a little concerned. We're throwing a lot of numbers around and I want to make sure that they're properly done. We want to achieve at least $50 million annualized savings by the fourth quarter of 2017. As Joe just mentioned, we've achieved approximately $10 million, $11 million this year through IT reorganizations, lease cancellations, so on and so forth. We've just announced to you today -- or earlier this month, an additional $30 million, which now gives you $40 million. We have already expenses that we are -- that are on our schedule, that will be coming online or savings that will be coming online of at least an additional $10 million, which will be coming online in 2017. That work has already been done, Vinay. So we have actually -- so we have now done what needs to be done to deliver $50 million: the $11 million that we've just discussed, the $30 million we've announced on October 7, and I can tell you, at least another $10 million that is already on the books as deliverable in 2017. We've made a huge amount of progress in delivering those. Obviously, they are not yet in our financial statements today, but we have very, very strong confidence that we've taken the required actions to deliver on the commitment that we made to you to reduce our expenses and to reduce our expense ratio. We are taking, if you would, the focus now to dollars because, depending on how we achieve savings in terms of acquisition expense ratio versus G&A, I think that could be confusing, but we are not going to move away from our target of delivering at least $50 million in savings. And I'm telling you now, we have already done all the work to deliver that: $11 million already this year, $30 million announced in October 7 and at least $10 million that is already on the books for coming online in 2017.

Joseph C. Henry
CFO & Executive VP

Vinay, on the second part of your question, on -- in terms of new initiatives. Repeating a little bit of what Albert said in his prepared remarks, we've seen about a 30% increase in gross written premium from the new business initiatives, primarily on the insurance side of the house. That had a slight drag on our results and improvement from where it was in 2014 and a slight drag on results in 2015, but we're actually assuming that we're going to see a benefit coming out of those initiatives in 2017. So that's a swing from a slight drag to a slight benefit, with increased premium coming from those new business initiatives.

Albert A. Benchimol
President, Chief Executive Officer & Director

And that benefit was already about 0.7 points of combined ratio this year, year-to-date alone. And as those businesses grow further in 2016 and so on, we would expect some additional improvement as they start to contribute to the bottom line of the company.

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Vinay Gerard Misquith
Sterne Agee & Leach Inc., Research Division

Okay, that's helpful. And then on the primary insurance, on the reserve releases, I believe there was a charge this quarter. Was it for the U.S. professional lines? I just want to be sure, because historically, your U.S. -- I mean, your insurance business had meaningful amount of favorable. Just want to be sure that the rest of the reserves are pretty much on track and this quarter was really a bump in the road because of the professional lines business in Australia.

Joseph C. Henry
CFO & Executive VP

You're correct, Vinay. Basically, we strengthened reserves by a net amount of $18 million in the quarter for Australia. We actually had positive development in the rest of our remaining professional lines.

Operator

And the next question comes from Charles Sebaski with BMO Capital Markets.

Charles Joseph Sebaski
BMO Capital Markets Equity Research

I don't want to belabor this. I just want to make sure I understand something on the expense side, is that this most recent $30 million announcement earlier this month is included in the $50 million that you announced in 2014 and not in addition to. So the total expense is $50 million, not $80 million.

Albert A. Benchimol
President, Chief Executive Officer & Director

That is correct. So the $50 million was the target, and what we are giving you is a progress report on working towards that $50 million.

Charles Joseph Sebaski
BMO Capital Markets Equity Research

Okay. I guess, bigger picture, just -- would like your thoughts on the reinsurance business. Obviously, a lot's gone on this year and talked a bit about conceptually, maybe scale was a more appropriate means to operate in that business. I'm just wondering what your thoughts are on how you go forward from here. If scaling up that business is still appropriate for you guys? Or expectation is to grow it on absolute term or being more niche and bringing it back where you can operate into smaller lines that are more profitable. I just -- thoughts on which way directionally you think about it going forward.

Albert A. Benchimol
President, Chief Executive Officer & Director

Thank you for the question. I think that the short answer is that in reinsurance, you need a minimum amount of scale. Because if you're going to provide the resources globally for your clients, you need to make sure that you got the representation globally to understand local businesses. You need to write multiple lines to be able to provide them multiple accounts. But once you've achieved that scale, incremental scale is not necessarily a significant benefit, as probably can be proven by the fact that it's not necessarily the largest reinsurers that have the best results. So your next question becomes, what about our scale? Well, interestingly enough, we actually believe that we're ideally scaled in the reinsurance business. If you look at the most recent listing of the leaders in the reinsurance space, I believe that AXIS Re comes across as the number 14 largest reinsurer in the world. So let's take a look at what's included in the companies below that. It includes Lloyd's, which is not a company, it's a market, and those premiums are carried by others. It includes RGA, which is an outstanding company, but it's a life company. It's not in the business that we're in, so it doesn't compete with us. It includes national companies like India re, Korea re (sic) [Korean Re], that are very focused on their markets and have preferential access to business due to the regulations of their countries. And if you ignore those, AXIS ends up being number 9 or 10 in the global reinsurance market, which puts us right smack in the best spot in reinsurance. And why

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do I say that? Because there will be consolidation, and there will be reductions in the number of panels. And what clients and brokers are looking to do is to reduce the number of smaller reinsurers in the world. And so we don't need 50 or 60 reinsurers but certainly, we need at least 10. Why don't they give it to the top reinsurers? Because under Solvency II, there's a concentration charge for the amount of recoverables that insured company take for their largest reinsurance recoverable. So those companies in the past that have had, number one, that have had the largest market shares are also those companies that currently provide the biggest drag on capital efficiency for many clients in the world. So they will be looking for additional companies that provide diversification in their reinsurance panel but are still strong enough and broad enough to provide them with that capacity. And finally, a number of the companies that are in the top 5 are direct companies. And as a percentage of the reinsurance premium in the world, direct premium is actually flat to down. So as a broker-committed reinsurer, we're also participating in all of the work that the brokers are doing in growing the reinsurance business. All that's to say that, of course, we are in a difficult period in the reinsurance market but we believe that we are approaching it properly. We think we're excellently positioned. Certainly, when you look at the business that we have retained and grown during the last 9 months, the commitment and support of our clients and brokers has been very, very encouraging. So we will continue to run that business on a stand-alone basis. It does not need an acquisition. I think there are plenty of opportunities for growth. And where our clients feel they need more capacity, we feel very confident that we can access alternative capital to provide them with the size of capacity that they need at any point in time. I hope that answers your question.

Charles Joseph Sebaski
BMO Capital Markets Equity Research

No, it does, and I appreciate it. I guess just one follow up on capital management. And obviously, Albert, you outlined that you guys have, over the last few years, returned all of your operating income and then some. And I don't know if this is just timing matters. I guess, when you announced the $300 million ASR, it kind of seemed to be solely the amount of the amalgamation termination fee as opposed to kind of the accrued operating earnings over the first couple of quarters. And so I guess just conceptually, how did you get to $300 million? I guess I would've ballparked it as operating income, plus the $280 million, into more of the $400 million, $500 million range.

Albert A. Benchimol
President, Chief Executive Officer & Director

I guess there's a couple of things to look at. The first is, there's no one thing. We just said over $2.3 billion returned to shareholders. It's done over a period of time. I think when you do an ASR, in many ways, it boxes you out of the market and it forces you into a contractual obligation that reduces your flexibility. So you don't want to make it so large that you've lost all flexibility in the way you manage your capital. The fact that we have a $300 million ASR doesn't mean that we can't follow that with additional actions after that. So I think it's simply a question of making sure that we maintain the flexibility that we need in managing our capital. I think our bona fide in capital management have been well proven. We have been very consistent with our shareholders about our commitment to an intelligent, shareholder-friendly capital management. As we've just noted, we've already returned 115% of all the operating income, including the PartnerRe breakup fee year-to-date, and we will be sitting down with our board again in early December and reviewing our dividends and share repurchase authorizations. I think that our actions have been very consistent with our words.

Operator

And the next question comes from Ryan Byrnes with Janney.

Ryan J. Byrnes
Janney Montgomery Scott LLC, Research Division

Just a question on the A&H growth in the quarter, and I guess the year as well. I think you guys noted it was coming from Middle East. Was it kind of a large new program, a reinsurance contract? And again, separately, just want to go over the return profile, now that, that book is kind of -- hit your target, $300 million on an annualized basis.

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Joseph C. Henry
CFO & Executive VP

Yes, Ryan, it's Joe. The third quarter is not a big quarter for A&H. A lot of our businesses is 1/1. But we did have a large new reinsurance quota share program in the third quarter, so that accounts for most of the growth itself. We've actually had some good growth on the year-to-date as well, and frankly, it's across both our insurance and reinsurance platforms, both on a domestic and international basis. And then the third part of your question is profitability. We're moving steadily towards the goal that we set out for profitability in the long run. We've made very good progress. Our technical ratios in A&H have been excellent from the beginning of the program. They've stayed that way. I love it, frankly, because it's very steady and it's always been a scale issue. And Chris and his team have continued to grow the operation significantly, and we're making it -- the progress we want. If you include that in the overall initiatives, that really is one of the major contributors to some of the information that we've pointed out before relative to the improvement from new business initiatives.

Ryan J. Byrnes
Janney Montgomery Scott LLC, Research Division

Okay, great. And then just my last question. Just want to get a quick -- I see the Australian professional liability book was a pressure on reserves. But I think you also mentioned it was a pressure on the underlying loss ratio. Just wanted to get a size of how big that book is and I guess, try to figure out what kind of pressure that can be for the next kind of 4 quarters going forward.

Albert A. Benchimol
President, Chief Executive Officer & Director

I think it's a fair request because, as you point out, as we earn down the UPR from Australia, that will have a negative effect. On an annualized basis, Australia is about $80 million of premium a year. It's come down a little bit, frankly, in the last quarter since it was very competitive and we weren't growing it. So I don't have the exact amount of UPR at the end of the third quarter for Australia. But if you assume that there's somewhere between -- and we'll specify that, but my guess is somewhere between $40 million and $50 million of UPR from Australia. That would probably be in the right range.

Operator

And the next question comes from Christopher Campbell with KBW.

Christopher Campbell
Keefe, Bruyette, & Woods, Inc., Research Division

My first question relates to the acquisition cost ratios across both segments. Insurance is up about 110 bps over that past 2 quarters and reinsurance is up about 50 bps over the same time frame. Can you help us kind of understand what's driving this upward trend in each segment? And should we expect these trends to continue?

Albert A. Benchimol
President, Chief Executive Officer & Director

Well, there's a couple of things that I would say. There's always going to be a little bit of volatility in our acquisition expense ratio because of profit shares that we provide, both on the insurance and the reinsurance side. On the reinsurance side, I think you've heard conversations in the market about the fact that there have been requests by clients for additional ceding commission on quota share treaties and those, of course, are driving increases in acquisition costs. And I would say that in both insurance and reinsurance, the major driver happens to be changes in the mix of business where lines of business that already have a higher amount of acquisition costs are now becoming a larger part of the portfolio. Let me give you an example. Catastrophe is a line of business that tends to have a very low double-digit acquisition cost. We're writing less catastrophe. We're writing more liability. We're writing more property. We're writing more motor. All of those have higher acquisition costs within their lines. So even if in that line of business, we don't increase the acquisition cost, the fact that those lines are a greater part of the

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overall portfolio means that the reported acquisition cost number comes up. I hope that gives you some explanation. Joe, you want to add to that?

Joseph C. Henry
CFO & Executive VP

Yes, I'd like to just add 2 things to it. Number one, on the reinsurance side, we also have profit commissions. When we take down reserves, when we release reserves from prior years, that actually flows through the current year acquisition ratio, so that's one of the factors. The other thing I'll add, and this is not a projection going forward, but we have changed the reinsurance programs on the insurance side pretty significantly. And the ceding commissions from those changes have flowed through our top line, but have not flowed through our bottom line. So we expect to see actually improvements in terms of acquisition ratios on the insurance side coming through ceding commissions, if that makes sense to you.

Albert A. Benchimol
President, Chief Executive Officer & Director

On some of the lines.

Joseph C. Henry
CFO & Executive VP

Yes.

Christopher Campbell
Keefe, Bruyette, & Woods, Inc., Research Division

Yes, that's very helpful. And just one more question relating to corporate expenses. What's a good quarterly run rate to assume for these, excluding reorganization and related expenses?

Albert A. Benchimol
President, Chief Executive Officer & Director

And are you dealing with the corporate? Are you dealing with the consolidated?

Christopher Campbell
Keefe, Bruyette, & Woods, Inc., Research Division

The -- yes, the consolidated corporate expenses.

Joseph C. Henry
CFO & Executive VP

They average somewhere in the $26 million to $27 million range for the corporate, yes.

Albert A. Benchimol
President, Chief Executive Officer & Director

Yes, corporate. We'll have to -- they will be coming down over the next 6 quarters, as we speak. So we'll have to come back to you with a more precise number.

Operator

Yes, and that was the last question, actually. So I would like to turn the call back over to management for any closing comments.

Albert A. Benchimol
President, Chief Executive Officer & Director

Yes. Well, first of all, we want to apologize for the audience. We did take longer than our hour today. We felt we had a lot to report as -- in particular, giving you progress on our profit improvement plan and obviously, very good questions that needed to be addressed.

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We are making great progress. We feel very good about where we are, and we are absolutely focused on improving the results of our company for the benefit of all of our shareholders. And we look forward to giving you more progress on more improvements when we speak again in January. Have a good day.

Joseph C. Henry
CFO & Executive VP

Thank you.

Operator
Thank you. The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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