S&P Capital IQ

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Cincinnati Financial Corporation NasdaqGS:CINF

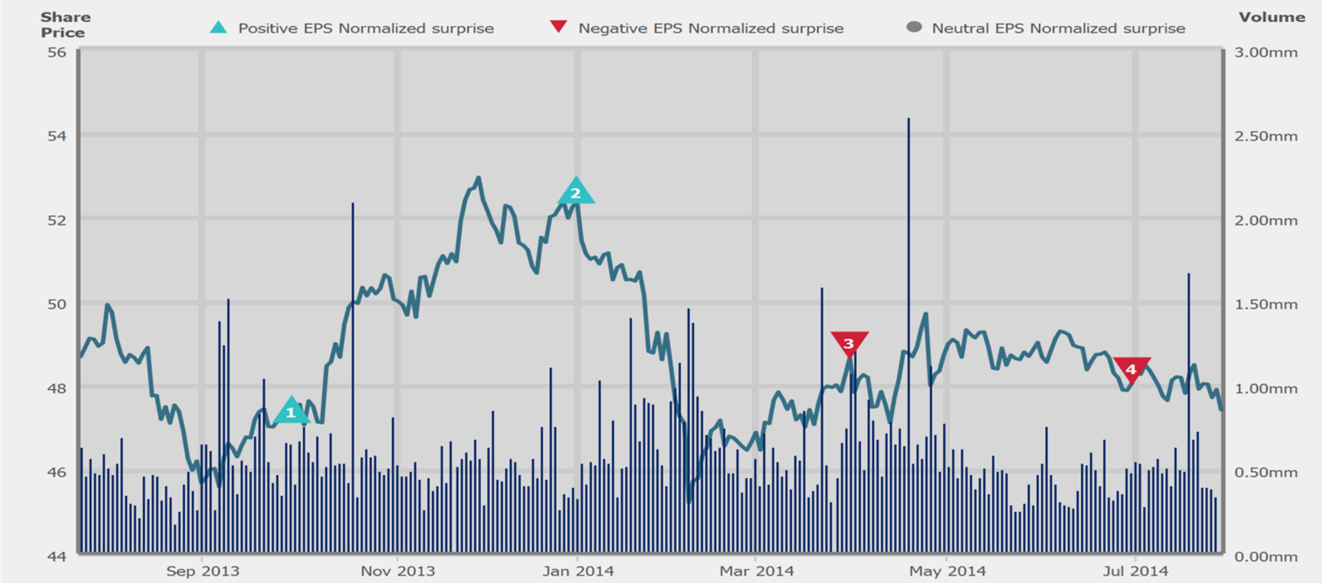
FQ3 2014 Earnings Call Transcripts

Wednesday, October 29, 2014 3:00 PM GMT

S&P Capital IQ Estimates

	-FQ3 2014-			-FQ4 2014-	-FY 2014-	-FY 2015-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.72	0.85	▲18.06	0.80	2.45	2.75
Revenue (mm)	1214.00	1280.00	▲5.44	1240.95	4845.00	5112.00

Currency: USD
Consensus as of Oct-29-2014 2:32 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ3 2013	0.62	0.70	▲1 12.90 %
FQ4 2013	0.69	0.72	▲2 4.35 %
FQ1 2014	0.54	0.46	▼3 (14.81 %)
FQ2 2014	0.51	0.46	▼4 (9.80 %)

Call Participants

EXECUTIVES

Dennis E. McDaniel
Vice President and Investor Relations Officer

Jacob F. Scherer
Former Chief Insurance Officer

Michael J. Sewell
Chief Financial Officer, Senior Vice President and Treasurer

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

ANALYSTS

Joshua David Shanker
Deutsche Bank AG, Research Division

Michael Zaremski

Scott Gregory Heleniak
RBC Capital Markets, LLC, Research Division

Presentation

Operator

Good morning. My name is Stephanie, and I will be your conference operator today. At this time, I would like to welcome everyone to the Cincinnati Financial Third Quarter 2014 Earnings Conference Call. [Operator Instructions]

Dennis McDaniel, Investor Relations officer, you may begin your conference.

Dennis E. McDaniel
Vice President and Investor Relations Officer

Hello, this is Dennis McDaniel from Cincinnati Financial. Thank you for joining us for our third quarter 2014 earnings conference call. Like yesterday, we issued the news release on our results, along with our supplemental financial package including our quarter-end investment portfolio. To find copies of any of these documents, please visit our Investor website, cinfin.com/investors. The shortest route to the information is the Quarterly Results link in the navigation menu on the far left.

On this call, you'll first hear from Steve Johnston, President and Chief Executive Officer; and then from Chief Financial Officer, Mike Sewell. After their prepared remarks, investors participating on the call may ask questions. At that time, some responses may be made by others in the room with us, including Cincinnati Insurance Company's Executive Committee Chairman, Jack Schiff, Jr.; Chairman of the Board, Ken Stecher; Chief Insurance Officer for the Cincinnati Insurance Company, J.F. Scherer; Principal Accounting Officer, Eric Mathews; Chief Investment Officer, Marty Hollenbeck; and Chief Claims Officer for Cincinnati Insurance, Marty Mullen.

Please note that some of the matters to be discussed today are forward-looking. These forward-looking statements involve certain risks and uncertainties. With respect to these risks and uncertainties, we direct your attention to our news release and to our various filings with the SEC.

Also, a reconciliation of non-GAAP measures was provided with the news release. Statutory accounting data is prepared in accordance with statutory accounting rules and, therefore, is not reconciled to GAAP.

I'll now turn the call over to Steve.

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Good morning, and thank you for joining us today as we discuss our third quarter results. We reported strong operating performance, reflecting steady execution in our underwriting and pricing and assist from relatively favorable weather patterns in our sixth consecutive quarter of investment income growth. We worked to improve on our first half combined ratio before catastrophe losses, kept our average renewal price increases essentially in line with the first half of 2014 and have reported 9-month loss reserve development on prior accident years consistent with full year 2013.

I'm quite pleased with how we've maintained pricing discipline in 2014 and continue to further segment our book of business. Our pricing precision and risk selection actions, which bring together data models and underwriting judgment on a policy-by-policy basis, are the keys to improving underwriting results. We feel we're in a good position to continue driving long-term underwriting profit, benefiting from the local presence of our field underwriters who make those decisions for all of our commercial new business. Their decisions are informed by analytics and risk inspection data from our ongoing inspection program as well as the insights of our agents.

Our 9-month net written premium growth is still ahead of what has been reported for the industry. However, net written premium growth slowed in the third quarter, as expected, despite steady renewal pricing and steady retention. Last quarter on this call, we provided a reminder that in the third quarter of 2013, we reported 16% net written premium growth for our largest property casualty insurance segment, and that it would be a challenge to report year-over-year growth for that segment in this year's third quarter. I'll comment further on growth by segment in a moment.

Looking longer term, we continue to appoint agencies in areas where we are underrepresented, taking care to preserve established agency relationships in the franchise value they enjoy. In the first 9 months of 2014, we appointed 75 new agencies. Those agencies as well as others appointed in recent years, continue to give us the opportunity to increase our market share within their agencies as we learn to match each other's underwriting appetite and earn their trust. We feel confident that our agent-focused business model will drive long-term premium growth just as it has for more than 60 years. Our appointed agencies are terrific in helping us retain profitable accounts as our policy retention has remained steady in 2014.

For the third quarter, average renewal price increases for Commercial Lines were near the high end of the low single-digit range. That average includes the muting effect of 3-year policies that were not yet subject to renewal pricing during the third quarter. For smaller commercial property and commercial auto policies that renewed, we've been seeking and getting price increases higher than the average of our total Commercial Lines renewals. Those commercial property policies experienced another quarter of increases, averaging near the upper end of the high single-digit range and commercial auto averaged increases in the mid-single-digit range. For both our Personal Lines and Excess & Surplus Lines segments, third quarter 2014 renewal price increases averaged in the mid-single-digit range.

Looking at net written premiums for our Commercial Lines segment. We reported a 2% decrease for the quarter, running into a tough growth comparative. The decrease was from both new business premiums and what we report as other written premiums. As we previously reported, the third quarter of 2013 included a higher-than-usual estimate for premiums of policies in effect but not yet processed at that time for business in the pipeline. And that contributed to the decrease reported in this year's third quarter.

Commercial new business written premiums slowed compared with the year-ago third quarter, where we reported they were at record high. Our growth rate this year also reflects our pricing and underwriting discipline. As expected, personalized new business was affected when we implemented higher pricing and underwriting profitability actions, including greater pricing precision and changes in policy terms such as more use of actual cash value coverage for older roofs.

Our Excess & Surplus Lines and new business premiums continues to show strong growth as we add field representatives to provide service and convey our value proposition to agents and their clients. That segment of our business is having an outstanding year with 9-month net written premiums up 21% and a combined ratio below 80%.

Our life insurance subsidiary, including income from its investment portfolio, produced another quarter of earnings and premium growth. The profit of that subsidiary tends to vary in quarters where we make changes in interest rate or other actuarial assumptions for our universal life products, known as unlocking effects, and this was one of those quarters.

Term life insurance, our main life insurance product, continues to grow profitably. The results from this overall very strong quarter are demonstrated by our primary measure of long-term financial performance, the value creation ratio or VCR. At 9 months, our VCR stands at 8.4%, more than 3/4 toward our target of an annual ratio averaging 10% to 13%.

I'll now ask our Chief Financial Officer, Mike Sewell, to add his insights about our recent financial performance.

Michael J. Sewell
Chief Financial Officer, Senior Vice President and Treasurer

Great. Thank you, Steve, and thanks to all of you for joining us today.

Several key measures help explain our overall investment results. First, our third quarter 2014 results again benefited from our equity investing strategy. Dividend income from our stock portfolio was up 17% for the quarter and 16% for the first 9 months of this year. In our core portfolio of 50 common stocks, all

50 improved their annual regular dividend over the 12-month period of October 2013 through September 2014. The median dividend increase for those stocks was a little over 9%.

Yields for our bond portfolio declined from a year ago. The third quarter 2014 pretax average yield, reported at 4.76%, was 15 basis points lower, while the measure on a 9-month basis was 19 basis points lower. Taxable bonds representing nearly 70% of our bond portfolio had a pretax yield of approximately 5.23% at the end of the third quarter of 2014. The average yield for new taxable bonds purchased during the quarter was 4.41%. For the same period, our tax-exempt bond portfolio yield was 3.81% and purchases during the quarter yielded 3.22%. Our bond portfolio's effective duration remained at 4.4 years at the end of the third quarter, just under 4.5 years reported at year end.

Cash flow from operating activities continues to help grow investment income. Funds generated from net operating cash flows were $633 million for the first 9 months of 2014, contributing to $342 million of net purchases of securities for our investment portfolio. We continue to carefully manage expenses, helping to reduce the third quarter and 9-month underwriting expense ratio by more than 1 point compared to a year ago.

Along with very selective underwriting and disciplined pricing, the improved expense ratio resulted in a third quarter 2014 combined ratio of 91%, moving the 9-month ratio below 100%. That 9-month ratio had 97.3% included losses and loss expenses from catastrophes and noncatastrophe weather that were 3.4 points higher than a year ago. Reserve development from prior accident years, fairly steady in recent quarters, was another important component of the 9-month combined ratio. We seek to follow a consistent approach in setting loss and loss expense reserves, aiming to remain well in the upper half of the actuarially estimated range.

For the first 9 months of 2014, favorable development on prior accident years at 3.9% was basically in line with the 4.1% full year 2013 ratio. Our 9-month 2014 net favorable development was again spread over several accident years, including 71% for accident years 2013 and 2012 in the aggregate and 29% for all older accident years.

Our financial strength and liquidity are both in excellent shape. We repurchased 300,000 additional shares during the third quarter of 2014 at an average cost of $46.09 per share. Similar to our first quarter repurchase of 150,000 shares, it was a maintenance-type action intended to partially offset issuance of shares through equity compensation plans.

Cash and marketable securities at the parent company rose to almost $1.8 billion at the end of the third quarter, up 16% from the year-end 2013. Our property casualty premiums to surplus ratio remained at 0.9:1, providing plenty of capital to support continued growth of our insurance business.

I'll conclude my prepared comments by summarizing the contributions during the third quarter to book value per share. Property casualty underwriting increased book value by $0.37. Life insurance operations added $0.04. Investment income, other than life insurance and reduced by noninsurance items, contributed $0.48. The change in unrealized gains at September 30 for the fixed income portfolio, net of realized gains and losses, decreased book value per share by $0.24. The change in unrealized gains at September 30 for the equity portfolio, net of realized gains and losses, increased book value by $0.03. And we declared $0.44 per share in dividends to shareholders. The net effect was a book value increase of $0.24 during the third quarter to $39.01 per share.

And now I'll turn the call back over to Steve.

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Thanks, Mike.

In closing of our prepared remarks, I'll mention the biennial commercial Producers Survey results recently provided by Flaspöhler Research Group. Independent insurance agents again ranked Cincinnati Insurance very well. Current Cincinnati agents named us best overall, easiest to do business with and the carrier they'd most likely recommend to a colleague. Agents who don't currently represent Cincinnati named us their most desired appointment. Our associates in Cincinnati in across the country work hard everyday to meet the needs of those agent customers and their clients, engaging fully and responding in person. Survey results like this one confirm we're building the strong relationships that differentiate our company and bode well for future profitable growth.

We appreciate this opportunity to respond to your questions and also look forward to meeting in person with many of you during the remainder of the year. As a reminder, with Mike and me today are Jack Schiff, Jr., Ken Stecher, J.F. Scherer, Eric Mathews, Marty Mullen and Marty Hollenbeck.
Stephanie, please open the call for questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from Josh Shanker with Deutsche Bank.

Joshua David Shanker
Deutsche Bank AG, Research Division

You guys know I've been out with Cincinnati 3 or 4 times. I've been to some of your sales meetings. I've traveled with some of your employees. You cut $20 million out of expenses in 2Q and another $10 million out year-over-year in 3Q. I mean, you guys never spent a dime that was not unnecessary to my mind. I'm trying to figure out where these expense cuts are coming from.

Michael J. Sewell
Chief Financial Officer, Senior Vice President and Treasurer

Josh, this is Mike Sewell. And that's a great question and that's a great lean-in because I love talking about this. But you know what, to begin with, it's not because spending is down. We continue to invest in the operations. And as you've heard in some of your various meetings and probably some of the other things we'll be talking about, we are increasing spending but we're investing in certain places. But overall, what we're trying to do is we're trying to control the increase in that spending to make sure that it's at a lower increase in rate than the growth of premiums. And so that -- I mean, to begin with, that's the foundation of what we're doing. One of the other items that is in there is we have taken some action. J.F. will -- might hit a little bit later, on certain of our homeowner policies where we did decrease the commission rates from 20% to 15%. But just really across-the-board with items like that, we've got an expense committee that new expenditures have to go through. We've got a -- I'll call it a headcount committee -- associate committee, where we really watch the increases. And again, they're planned increases that is through our annual planning budgeting process. So it's a team effort that everyone has put together. But the main reason is we're controlling the increase at a slower increase than what premiums are going up.

Joshua David Shanker
Deutsche Bank AG, Research Division

Okay. And exactly when did it start? And how -- and I mean, you'll want to do it forever, I assume. I don't know if that's possible. Is there a target for completion or when you know that you're working at the right pace?

Michael J. Sewell
Chief Financial Officer, Senior Vice President and Treasurer

It's probably -- our target kind of all along has been to get us to around a 30%. I don't know how much better you can really get than that because you need to spend money to be able to reduce losses and LAE and other things. So as J.F. will say, we're not an expense company. So we have to continue to invest in the field, invest in IT, the technology to become more efficient. There's a lot of needs that are out there, and we're placing our bets on those areas. And so it's probably getting much below 30% will probably be a challenge.

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Josh, we appreciate your comments, and we'd like to say the only time we let loose of a nickel is when we want to get a tighter grip on it.

Joshua David Shanker
Deutsche Bank AG, Research Division

I can concur. I've seen how you guys operate. The other question -- And I know you went through a couple of items, like the 3-year policy issue and what not, I mean it just seems to me that compared to 2Q, there is a sea-change in the growth outlook, particularly you see it on the new business premium. I mean, you're just walking away from new business it looks like, as far as I can tell. Is anything in the third quarter that is dramatically different from your market outlook 3 months ago that is causing you to put on the brakes?

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

We might touch on this in a few different points. And maybe, I'll let Mike give a review first on the business in the pipeline, so to speak and then, J.F. will probably touch on the environment.

Michael J. Sewell
Chief Financial Officer, Senior Vice President and Treasurer

Sure. That'll be great. And as Steve mentioned, but also as we indicated in our second quarter conference call, we knew that headwinds were coming during this quarter. At times, it can be difficult to judge one quarter of written premium growth without thinking of the entire year. There could be seasonality, timing of large policies written versus typical small commercial policy or other effects that can cause the premium spike or dip in a given quarter. In the prior year third quarter, we experienced a written premium spike that was then offset by a written premium dip in the fourth quarter. And I think last quarter I mentioned that if you looked at -- and you could still see it on Page 17 of our supplemental financial data, you'll be able to see it there. But on a consolidated basis, written premiums for the third quarter 2013 was $1,031,000,000 followed by a fourth quarter 2013 of $908 million. The average of those 2 periods is consistent with the first 2 individual quarters of 2013. So as we entered the third quarter of 2014 for written premiums, it was going to be a challenge to have a double-digit growth when compared to the prior period. All this being said, you won't see this movement in earned premiums as written premiums are earned over time, which can take the spikes and dips out. So with that, maybe as a background, maybe, J.F., you can...

Jacob F. Scherer
Former Chief Insurance Officer

Josh, let me give a little bit of color on the new business and what happened. I guess one of the things I would say was that 2014 hasn't been a bad year. 2013 was a really great year. And to take -- the story of new business decline in Commercial Lines is really more about workers' comp. The overwhelming amount of the decline is in that particular area and, in particular, in large workers' comp accounts. We're relatively conservative when it comes to writing comp and notwithstanding the fact that our results are good, we don't have any intentions of getting aggressive on comp. It seems that what we've run into in the marketplace through are some carriers that are more so than they were last year. So it's not discouraging for us to be down in there in the comp area. We're still competitive, and it still complements the package business that we write. But if you take a look at overall package business for us, it's about where it was last year. It's down just a little, but not much. And once again, the comparatives were tough. The casualty line, for example, last year, year-to-date was up 23%, just to give you an idea. So we were going up against a tough comparison. Property was up 18%, workers comp last year was up 41%. So as we look at our new business, it's more a case that we're having, we believe, a good year this year. And next year, we're optimistic that we can improve on where we'll end up this year. But I don't view that anything's particularly broke on the Commercial Lines side. Having said that, greater use of loss control and analytics is causing us to segment not only our current book of business but also the new business that we're writing. And given the fact that in the marketplace, business is more adequately priced this year, therefore, it's more competitive to be able to write new business. And we're consequently walking away from some accounts that maybe last year were a little easier to compete for. Hope that helps a little bit.

Joshua David Shanker
Deutsche Bank AG, Research Division

It does. And now we're months into the fourth quarter, do you expect that your fourth quarter outlook will amend some of the unusual items, and growth will probably be stronger in 4Q than it was in 3Q?

Michael J. Sewell
Chief Financial Officer, Senior Vice President and Treasurer

Josh, it's Mike. I think you will see some effect from that because it -- like I said in my comments, it -- a little bit of a spike third quarter last year, down a little bit fourth quarter on average. So there probably will be some positive effect, but we're going to wait to see it before we call it out.

Operator

Your next question comes from Scott Heleniak with RBC.

Scott Gregory Heleniak
RBC Capital Markets, LLC, Research Division

First question I had was just on you mentioned just the comment about workers' comp. And just saying, are you seeing more signs that carriers are being more aggressive in some of the other lines as it related to workers' comp? In other words, more carriers that have a higher appetite for writing some of the classes that you're competing in, compared to last year? So a change in the competitive environment there?

Jacob F. Scherer
Former Chief Insurance Officer

Scott, this is J.F. I think the change -- somewhat of a change in the competitive environment has to do with all large business. It's simply drawing a bit more of a crowd on the workers comp side. Our appetite in terms of class of business is unchanged. But we have seen simply more aggressive pricing on larger accounts. Frankly, it's kind of surprising I would think, that if there was going to be more aggressive pricing, it would be on nonworkers comp lines. But that's simply what we saw, at least so far this year.

Scott Gregory Heleniak
RBC Capital Markets, LLC, Research Division

Okay. But nothing out of the ordinary as far as different lines or just the account size?

Jacob F. Scherer
Former Chief Insurance Officer

Yes.

Scott Gregory Heleniak
RBC Capital Markets, LLC, Research Division

And just in commercial, reserve releases, it looks they were pretty good, except you had some additions in the commercial auto book. And I know you mentioned the mid-single-digit price increases. I wonder if you could talk about just how you've kind of repositioned that book. I mean, I know a lot of the -- it's been a tough, tough line for a lot of the competitors in the past couple of years. What have you been doing to reposition that? And do you feel like you're kind of almost where you want to be now? Or getting closer?

Jacob F. Scherer
Former Chief Insurance Officer

Scott, J.F. again on the commercial auto side. I guess -- And I mentioned this, I think on the last call, about kind of insurance 101 on what we're trying to accomplish. We are seeing mid-single-digit increases in commercial auto, and I would anticipate, given that the whole industry's kind of having a tough time in that line that we'll continue to be able to price that, even maybe modestly increase that. And a lot of the other areas that we're working on tend to be either loss control-oriented or simply classification of vehicles, much better. And I know this sounds like it would be elementary, but it's amazing how books of business over a period of time could be misclassified and that the gross vehicle rates for example, which is an important factor in rating commercial auto, it isn't accurate or the cost news on vehicle aren't accurate, which that skews your physical damage results. So we're integrating third-party vendors into our systems that will give underwriters more immediate and more precise information about the characteristics of the vehicles. We're doing the same with MVR information that allow us more information about the drivers. So it's -- I don't know that there's a Holy Grail associated with the improvement of commercial auto other than the modest increases that we're getting right now and just simply being better underwriters, being more thorough and being more exact about knowing what we write. We're doing that, and that's where we think we're going to get the biggest lift for our book.

Scott Gregory Heleniak
RBC Capital Markets, LLC, Research Division

Okay, that's a good answer. And the last one I had was just -- it was the past couple of years, a lot of businesses come back to the E&S market from the standard markets. Are you seeing signs of that starting to turn the other way, where a lot of that business is starting to -- maybe somewhat starting to come out and go back into the standard markets? Or is that...

Jacob F. Scherer
Former Chief Insurance Officer

Well, what we're seeing is -- and once again, it's interesting it's in the larger accounts area. But we have seen a lot of pressure on the larger 6-figure -- high 5-figure premium E&S accounts that are going back into the standard market. As you can tell from our results though, we're very pleased with how things are going with our company. We continue to have a very conservative appetite. So from our standpoint, we would anticipate we're going to be able to continue to grow simply because we have yet to penetrate our agents' book of business, that they already write on the E&S side. And we think we've got a good model to do that. But there's no question that it's not a mass exodus, but we are seeing a lot of pressure on larger accounts going back to the standard market. And I think it's worth noting on our book of business, given our conservative appetite, probably a lot of what we write in the E&S market on that larger scale would be the kinds of accounts that would teeter back-and-forth because we just don't have an aggressive appetite for risk on our book of business on E&S side. But at least, in our company, that's what we see occurring.

Scott Gregory Heleniak
RBC Capital Markets, LLC, Research Division

Okay. And what's the -- what is your -- the average premium size now in for those -- for the typical E&S account?

Jacob F. Scherer
Former Chief Insurance Officer

It would be $5,000, $6,000 in premium.

Operator

Your next question comes from Michael Zaremski with Balyasny.

Michael Zaremski

A couple of follow-ups. First on workers' comp, I think you guys talked about competition. Is that broad-based competition? Or maybe it's just a monoline carrier or large carrier or maybe it's the certain classes of workers' comp?

Jacob F. Scherer
Former Chief Insurance Officer

I would call it necessarily by class, and I would say it's somewhat isolated. We have seen a little more activity by monoline carriers and then also a few of the big guys. One of the things last year that happened that was at Liberty Mutual, got rid of an awful lot of workers' comp last year, put a lot in the marketplace. And I think that probably between then and now, which to my understanding is that they're more comfortable that they've done what they needed to do. So I think that's one of the things that may have contributed a little bit to the higher writings in new business in comp last year, there was just a lot being shopped. But as a general statement, I would say that it's not broad-based in the sense that everyone's going after comp. It's just on the larger policies, we're seeing a few carriers be more aggressive.

Michael Zaremski

Got it. And on commercial auto again, what's driving the further prior year reserve additions? And I guess, are you guys surprised that you're not getting or are you asking for double-digit rate increases in commercial auto, given all the reserve developments over the last couple of years?

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Well, Mike, this is Steve. And I think we're just sticking taking a close look at those reserves. I think our overall reserve is very consistent. But we don't like to see adverse developments so we want to take corrective action when we see it, do the right things, feel comfortable with what we're doing. Now in terms of the rate increases, I think that is prospective in nature. So we're more looking at the current accident year, factoring in the nonrate activity that we're taking, the actions we're taking to keep the loss cost trends heading into more favorable direction. And basically, staying prospective with our rating, trying to look at where we think loss cost will be next year, set an appropriate rate for next year's position and then, of course, really work on segmenting that business looking at it policy-by-policy, risk-by-risk, and so we feel comfortable with where we are and getting the mid-single-digit rate.

Michael Zaremski

Got it. And lastly, I believe it was this past January, when you guys announced a new hire to lead kind of the -- maybe I'll call it the high net worth Personal Lines product. Would you guys expect that to be a material contributor to 2015 premium levels?

Jacob F. Scherer
Former Chief Insurance Officer

Yes, we -- Will Van Den Heuvelwe, who previously had run AIG Private Client became head of Personal Lines for us. And yes, we are going to emphasize high net worth -- higher net worth into our book of business. I would not say though in 2015 that, that, that segment will be up and running and contributing significantly to the book of business in 2015. He'll be introduced. And about 10% of what we write right now is high net worth, and consequently, it will ramp up. But as far as a material contribution, I'd look for 2016.

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Particularly in earned premium, of course.

Operator

[Operator Instructions] There are no further questions at this time. Steve Johnston, I turn the call back over to you, sir.

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Thank you, Stephanie, and thanks to all of you for joining us today. We look forward to speaking with you again at our fourth quarter call. Thank you.

Operator
Thank you. This concludes today's conference call. You may now disconnect.