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Old Republic International Corporation NYSE:ORI

Earnings Call

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Call Participants

EXECUTIVES

Carolyn Jean Monroe
President and CEO of Old Republic National Title Holding Company

Craig Richard Smiddy
President, CEO & Director

Francis Joseph Sodaro
Senior VP, CFO & Chief Accounting Officer

ANALYSTS

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

John Thomas Heagney
Dowling & Partners Securities, LLC

Jon Paul Newsome
Piper Sandler & Co., Research Division

Matthew John Carletti
JMP Securities LLC, Research Division

Ryan Winrick

ATTENDEES

Joe Calabrese

Presentation

Operator

Hello. My name is Chris, and I'll be your conference operator today. At this time, I'd like to welcome everyone to the Old Republic International Second Quarter 2023 Earnings Conference Call. [Operator Instructions] Joe Calabrese with the Financial Relations Board, you may begin.

Joe Calabrese

Thank you. Good afternoon, everyone, and thank you for joining us for the Old Republic conference call to discuss second quarter 2023 results. This morning, we distributed a copy of the press release and posted a separate financial supplement, which we assume you have seen and/or otherwise have access to during the call.

Both of the documents are available at Old Republic's website, which is www.oldrepublic.com. Please be advised that this call may involve forward-looking statements as discussed in the press release and financial supplement dated July 27, 2023. Risks associated with these statements can be found in the company's latest SEC filings.

This afternoon's conference call will be led by Craig Smiddy, President and CEO of Old Republic International Corporation and several other senior executive members as planned for this meeting. At this time, I'd like to turn the call over to Craig Smiddy. Please go ahead, sir.

Craig Richard Smiddy
President, CEO & Director

All right. Joe, thank you. Good afternoon, and welcome again, everyone, to Old Republic's second quarter earnings call. With me today is Frank Sodaro, our CFO of ORI; and Carolyn Monroe, our President and CEO of Title Insurance. Well, during the second quarter, General Insurance continued to produce strong underwriting results, which drove a 34% increase in pretax operating income.

And despite continued challenges with mortgage interest rates affecting the top line, our Title Insurance pretax operating income improved over the first quarter of the year. Our focus on specialization and diversification across Title and P&C Insurance paid off in the second quarter, producing $227 million of consolidated pretax operating income.

And on a year-to-date basis, General Insurance has produced $378 million of pretax operating income, while Title Insurance has produced $52 million, alongside of a consolidated combined ratio of 92.6. Our conservative reserving practices that we've spoken about are once again clearly visible with favorable reserve development reported in all 3 of our segments, led by General Insurance.

With our strong underwriting income and investment income results, we've maintained our strong balance sheet, while at the same time, continuing to return capital to shareholders during the quarter and through -- did this through both dividends and share repurchases. And we're also continuing to invest for the long run, including the April announcement of our newest underwriting business, Old Republic Lawyers Specialty Insurance.

So I will now turn the discussion over to Frank. Frank will then turn things back to me to cover General Insurance. We'll follow that with Carolyn, who will discuss Title Insurance, and then we'll open up the conversation for Q&A. So with that, Frank, I will turn it to you.

Francis Joseph Sodaro
Senior VP, CFO & Chief Accounting Officer

Thank you, Craig, and good afternoon, everyone. This morning, we reported net operating income of $180 million for the quarter compared to $210 million last year. On a per share basis, comparable year-over-year results were $0.62 versus $0.69. For the first half of the year, net operating profit was $359 million compared to $402 million last year.

The considerable headwinds experienced by the Title Group were largely offset by strong operating results of the General Insurance Group. Net investment income increased by about 30% for both the quarter and year-to-date, driven primarily by higher yields on the fixed income and short-term investment portfolios.

To put it in perspective, our average reinvestment rate on corporate bonds during 2023 was just over 5.1%, while the book yield on similar bonds being disposed of was just under 3%. The investment portfolio has held steady at approximately 80% in highly rated bonds and short-term investments, with the remaining 20% allocated to large cap dividend-paying stocks.

The quality of the bond portfolio remains high with 99% in investment grade securities, with an average maturity of 4.2 years and an average overall book yield of 3.5% compared to 2.7% at the end of the second quarter last year. The fixed income portfolio valuation decreased by approximately $125 million during the quarter, while the stock portfolio valuation was relatively flat, ending the period in an unrealized gain position of over $1.2 billion.

Turning to loss reserves. Once again, all 3 operating segments recognized favorable loss reserve development for all periods presented. The consolidated loss ratio benefited by 4.6 percentage points for the quarter compared to 1.9 points for the same period a year ago. Year-to-date, the consolidated loss ratio benefited by 4.5 percentage points compared to 2.1 percentage points last year.

The Mortgage Insurance Group paid a $35 million dividend to the parent holding company in the quarter and plans to return $110 million for the full year, subject to regulatory approval. Shareholders' equity ended the quarter at over $6.1 billion, resulting in book value per share of $21.78. When adding back dividends, book value increased 5.7% from the prior year-end, driven by our strong operating earnings.

In the quarter, we paid $70 million in dividends and repurchased nearly $220 million worth of our shares for a total of just under $290 million returned to shareholders. Since the end of the quarter, we repurchased another $83 million worth of shares, leaving us with about $180 million remaining in our current repurchase program. I'll now turn the call back to Craig for a discussion of General Insurance.

Craig Richard Smiddy
President, CEO & Director

Okay. Frank, thanks. So in the second quarter, General Insurance net written premiums were up 8% and pretax operating income increased to $184 million. And the combined ratio was at 90.2% compared to 92.5% in the second quarter of '22. So we continue to see our underwriting excellence efforts pay off, and we thank all of our associates for remaining keenly focused on profitable growth.

The loss ratio for the quarter was 60.9%, including 6 points of favorable reserve development. And the expense ratio was higher at 29.3%, but this is in line with our line of coverage mix that over the last few years has trended toward lower loss ratio and higher commission ratio line. Both strong renewal retention ratios and new business growth have helped drive that 8% increase in net premiums written.

And we continue to achieve rate increases across our portfolio with the exception of D&O and workers' compensation. Turning more specifically to a few of our larger lines of coverage starting with commercial auto, net premiums grew at a 13% [clip], while the loss ratio came in at 67.5% compared to 66.6% in the second quarter of '22 with favorable development in both of those periods.

Severity continues in the high single-digit range and rate increases are commensurate with that trend. So that implies that we continue to cover our loss cost trend in commercial auto. Moving to workers' compensation. Net premiums written grew by 8%, while the loss ratio came in at a low 37.9% compared to 52.3% in the second quarter of 2022.

And obviously, here, too, there's considerable favorable reserve development in both of those periods. Frequency continues to trend down per comp, while severity trend is relatively stable. So here, too, we think our rate levels remain adequate for this line of coverage. We expect solid growth and profitability in General Insurance to continue throughout the rest of this year.

And we think this continues to reflect the success of our specialty growth focus and our operational excellence initiatives. So I'll now turn the discussion over to Carolyn to report on Title Insurance. Carolyn?

Carolyn Jean Monroe
President and CEO of Old Republic National Title Holding Company

Thank you, Craig, and good afternoon. The Title Group reported premium and fee revenue for the quarter of $650 million, down 37% from second quarter 2022. Agency premiums were down 38% and direct premiums were down 32%. Our pretax operating income of $35 million compared to $110 million in the second quarter of 2022. Our combined ratio of 96.9% compared to 90.4% in the second quarter of 2022.

Our 2023 results compared to 2022 reflect the economic headwinds continuing to affect the volume of transactions in our market. We continue working to manage costs in response to market revenue levels while keeping a focus on longer-term strategic initiatives. We have improved our combined ratio by 2.4 points from the first quarter of this year, which helped drive increased profitability.

This overall improvement during the second quarter compared to this year's first quarter is a positive trend to build on. Market conditions also adversely impacted our commercial business. In the second quarter, commercial premiums were down 37% over second quarter of 2022 and represented 22% of our premiums in both 2023 and 2022.

Year-to-date, commercial premiums are down 31% over last year. While being mindful of market conditions, we continue to demonstrate our commitment to this segment with tools and resources to take advantage of the opportunities available. Over the last year, we have expanded and transformed our footprint nationwide and have been able to grow our market share in this segment.

We continue to provide industry-leading value-added services that enable our agents, the cornerstone of our strategic focus, to concentrate on their core business and provide opportunities for efficiencies in their operations. While the first half of 2023 reflects the ongoing economic challenges in the real estate industry, we are focused on streamlining operational efficiencies and developing innovative products and services to prepare for both the short-term and long-term market conditions. Thank you. And with that, I'll turn it back to Craig.

Craig Richard Smiddy
President, CEO & Director

All right. Carolyn, thank you. So as a diversified specialty insurer, we remain pleased with our continued profitable growth in General Insurance, which is helping to mitigate the lower revenue and profit levels in Title Insurance. And while higher mortgage interest rates haven't helped our Title Insurance business, the higher interest rates continue to produce significant growth in our investment income, as Frank pointed out.

We also remain pleased with our recent and long-term track record of capital stewardship and book value growth per share, including the $492 million returned to shareholders in the first half of this year through both dividends and share repurchases. So for the remainder of '23, we remain optimistic for continued profitable growth in General Insurance while we remain of the view that Title Insurance will continue to face headwinds.
As we noted and mentioned and discussed in the last few quarters, this is Old Republic's 100-year anniversary, which we're celebrating under the banner of 100 Years of Excellence. And as part of this ongoing celebration, we will be ringing the opening bell on the New York Stock Exchange next month on August 22. So that concludes our prepared remarks, and we'll now open up the discussion to Q&A. And I'll try to answer your questions, or I'll ask Frank or Carolyn to respond.

Question and Answer

Operator

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

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

And 100 years, it's a pretty striking achievement for the company. So that's something for the record books. Looking over the statistics in the financial supplement, I noticed that the paid loss ratio for General Insurance has ticked up noticeably on a 6-month basis for '23 versus '22. And I'm curious if you could provide some commentary about what's going on inside that?

Craig Richard Smiddy
President, CEO & Director

Greg, this is Craig. Sure. This ratio is something that we look at over the long term. And if you look at where we started back in 2018, you can see where -- in 2020 and 2021 and even into 2022, there were probably some effects of the COVID situation and how that may have affected settlements in courthouses and the likes.

And then as you move into '23, I'm not drawing any sort of conclusions. There's a little bit of a backlog there, perhaps, but it's certainly in line with our long-term. And then as we mentioned when we talked about our expense ratio, we also have shorter tail lines of business in our portfolio today. And those tend to pay out a little bit quicker, which is why they're short tail.

And then, of course, there is an inflationary environment as well that affects payout. So all those things -- pulling all those things together, there isn't anything that I glean out of the 59.9% you're seeing there in the second quarter of '23 compared to that longer-term trend.

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

Fair enough. You just stuck out, so I felt like I had to ask a question. The other question on -- in General Insurance would be just, again, focused on the 6-month results, the loss ratio. And I know you -- by the way, I know you mentioned -- talked a little bit about this in your comments, but the loss ratio for commercial auto has trended up.

I guess in the context of what I think is going on inside with your rate actions, I'm kind of surprised it's trending up, I would have figured it just stabilized. But maybe I'm missing something, or this is just a normal pattern? And I recognize it's still a lot better than it was a couple of years ago. But any comments there would be helpful.

Craig Richard Smiddy
President, CEO & Director

Sure, Greg. Welcome that question. So as I mentioned in my prepared remarks, both of those periods include favorable reserve development. And -- so what you're seeing here is not an indication on current accident year loss ratio. But what you're seeing here is a little bit higher of a level of favorable development in '22. And while '23 still had favorable development, perhaps just not to the same degree.

So this is not the rate increases that we're achieving and the trends that we think we're seeing are, again, producing a profitable accident year loss ratio. And the noise that you're seeing between these 2 periods is reflective of prior -- favorable prior year development.

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

Fair enough. My last question, I always like to ask a question on the Title business, too. And Carolyn, I was listening to your comments about the weakness in the Title -- the commercial business. I guess trying to understand when we see about the downside risk in valuation marks in commercial real estate, wondering how you think that might ripple through Old Republic in terms of loss ratios, or if there's really little impact that you anticipate as a result of the new marks that are coming out of some areas of the commercial real estate portfolios?

Craig Richard Smiddy
President, CEO & Director

Carolyn, I think you're in a perfect position to respond to Greg's question on that.

Carolyn Jean Monroe
President and CEO of Old Republic National Title Holding Company

Okay. Yes, I don't really think that the valuations will have much impact on our loss reserves or loss ratios. They're highly leveraged properties. And you have to remember that when commercial is done, there's so many attorneys involved and people involved looking at the properties, looking at the deals that -- I don't -- I just don't think that's going to -- just because the properties get devalued that, that will really affect our loss ratios.

Operator

The next question is from Paul Newsome with Piper Sandler.

Jon Paul Newsome
Piper Sandler & Co., Research Division

The shift towards these businesses with a lower loss ratio, higher expense ratio, is that effect finished? Or should we expect [indiscernible] prospectively as well?

Craig Richard Smiddy
President, CEO & Director

I missed the very last part of your question, Paul. I'm sorry, it didn't come through.

Jon Paul Newsome
Piper Sandler & Co., Research Division

In the General Insurance business, you're seeing a mix change that's higher expense ratio, lower loss ratio.

Craig Richard Smiddy
President, CEO & Director

Right.

Jon Paul Newsome
Piper Sandler & Co., Research Division

Should we expect that mix change to continue prospectively?

Craig Richard Smiddy
President, CEO & Director

Okay. Got it. Thank you. Well, it's a great question. And Greg was just pointing to some things in our financial supplement, and I might use that supplement to try to paint a clear picture here. And one of the things I would point out is that what's driving this is not just the new business we're putting on into our portfolio that is shorter tail business that tends to be higher commission ratio business.

But we also have the impact of workers' comp. So if you look at workers' compensation, that is one of the lowest commission ratio lines of coverage that we write. And if you look at that line in the financial supplement and you just look at the net premiums earned, you can see in 2018, we were over $1 billion of net premiums earned.

And then by the time you get to '22, you're at about $800 million. So as we're putting on to the portfolio, shorter tail business in a very deliberate effort to diversify our portfolio into other lines of coverage, at the same time, workers' compensation with low loss ratios was coming down.

As a matter of fact, workers' compensation back in '18 was about 31% of our portfolio. And today, that sits at 20%. So you can see that the effects of both of those things happening at the same time are what has driven a good portion of that expense ratio up. While at the same time, you can look at our accident year combined ratios or loss ratios, I should say, on Page 4 of the release.

And you can see since 2018, those loss ratios on an accident year basis have trended down from 72.2% and we ended the second quarter of '23 at 66.9%. So that's a trade-off that we're happy to make. And then now to get to your part about going forward. So going forward, we mentioned that we continue to place business into our portfolio from some of the new underwriting ventures that we've undertaken, Old Republic Inland Marine, Old Republic E&S, Old Republic Lawyers Specialty Insurance. And those are lines that do have a bit higher commission ratios. Now on the other hand, as you noticed, workers' compensation has started to grow again. And if you look at the numbers and the financial supplement, you can see that, that growth returning when you look at the net written premium, for instance, was $209 million in the quarter compared to $192.8 million in the same quarter of '22.

And we said that's growing at about 8%. So at least we're growing in a lower commission ratio line again. So that will help mitigate this somewhat. But at the same time, we are putting onto the books more diverse lines of business that do carry lower loss ratios but a bit higher commission ratios. So hopefully, that answers your question.

Jon Paul Newsome
Piper Sandler & Co., Research Division

Yes, that was great. Lots of good details, no doubt. I want to move on to sort of the rate versus inflation conversation that we have with just about every company. It sounds like in your major businesses like commercial auto and workers' comp, you are raising rates about what you think claims inflation is, but you didn't -- I don't think you commented on the rest of the businesses. Overall, do you think you're just sort of covering current levels of inflation? Or do you think you're still making progress towards expanding the underlying profit margins?

Craig Richard Smiddy
President, CEO & Director

Right. So well, this one is a bit tougher because it really varies by line of coverage, and I'll just comment on a few. So workers' compensation, we're giving up a little bit of rate there, but the -- if you think about what drives the premium there, it's payrolls. And payrolls are up pretty substantially.

So we're getting more premium because of the higher payrolls, while at the same time, medical inflation, which is the biggest component of our loss payout is relatively stable. Wage inflation, which is a smaller part of our workers' compensation payout is going to be generally commensurate with your payroll growth. So that's a one-for-one kind of trade-off there.

And you don't have the social kind of inflation that you have on -- in workers' comp that you see in auto or general liability. So just the payroll growth alone should be accretive to profitability and loss ratios on workers' comp. On auto, again, we feel very good about our accident year loss ratio. We have multiple years of compounded rate increases built into our portfolio.

We're trying to stay even with what we're seeing on severity and frequency is stable. So therefore, our loss ratios on auto should be pretty solid. Some of the specialty coverages like aviation, for instance, we've seen dramatic rate increases in that line of business that will and are definitely driving greater profitability and lower loss ratios on that line.

On D&O, we mentioned earlier, D&O, the market is soft. I think I mentioned this on the last call that there is increased competition in the D&O marketplace. And a lot of that is because the last several years have had robust rate increases. And that has coupled with lower security class action lawsuits over the last year or so. And the latest report out indicates that we're kind of holding steady with a lower security class action frequency.

So on D&O, we're giving up rates, but that rate we're giving up is more in line, not with inflation, which was part of your question, but more relative to security class action lawsuit frequency, which is considerably down. So hopefully, that helps. I think I gave you 4 different diverse examples there and -- which underscores my opening comments that you really have to look at the line of coverage and what's going on in that particular line of coverage.

Operator

The next question is from Matt Carletti with JMP.

Matthew John Carletti
JMP Securities LLC, Research Division

I got a few questions. Maybe stick with General Insurance to start. The past 2, 3 quarters have definitely seen a higher level of favorable development than some of the quarters before that. You pointed to workers' comp and commercial auto as the drivers. Can you give any color around, are there particular accident years that the majority has been coming from? Or has it been kind of pretty well spread over time?

Craig Richard Smiddy
President, CEO & Director

Frank is in a good position to give you a little more color around that.

Francis Joseph Sodaro
Senior VP, CFO & Chief Accounting Officer

Yes, I mean it's really spread out. The analysis we look at go back 10 years and almost every year has favorable development coming from it at an all-lines basis. The -- I'd say about 2/3 of the development is coming from workers' comp, with another 1/3 coming from commercial auto, but it is really -- it's widespread.

Matthew John Carletti
JMP Securities LLC, Research Division

Okay. Very helpful. And then maybe sticking with numbers, just -- I noticed the kind of interest and other cost line stepped up a few million this quarter. Is there something onetime in there? Or is that something more trendable?

Francis Joseph Sodaro
Senior VP, CFO & Chief Accounting Officer

I'll continue with this one also. There's a onetime event in there, a little more than half of that increase that we would not expect to happen again, but the rest of it is just slightly elevated. There's nothing alarming there, though, a relatively small number.

Matthew John Carletti
JMP Securities LLC, Research Division

Okay. All right. Perfect. And then maybe last question, if I can, on Title. It sounds like this quarter, the kind of headwinds in commercial down 37% were pretty commensurate with what you're seeing in residential. Has that been the case in prior quarters? I can't recall if you gave the numbers or not, but as we think about maybe Q1, Q4, has kind of the commercial headwinds caught up to kind of the residential market? Or have they been commensurate for the past few quarters all long?

Craig Richard Smiddy
President, CEO & Director

Carolyn, I'm happy to start. I think there is some catch-up here. I think in our -- recollection of our prior quarters was that commercial was still coming in strong. And this quarter, we saw it catch-up, to use your words, is my initial reaction. But Carolyn, again, here too, you're closer to the action. So I'll turn it to you.

Carolyn Jean Monroe
President and CEO of Old Republic National Title Holding Company

You're right, Craig. This is the first quarter that it really caught up to residential. But one thing you have to remember with us is that because so much of our revenue comes from our agents, we also have that lag of agency reporting. So that's why you see a lot of it this quarter as well.

Operator

[Operator Instructions]. The next question is from John Heagney with Dowling & Partners.

John Thomas Heagney
Dowling & Partners Securities, LLC

I think most of my questions were answered. I just have maybe a capital question. And -- particularly in the runoff. So if I look at the contingency reserve, the [stack] contingency reserve as of Q1, it was roughly $110 million, give or take. You upstreamed $35 million of capital out of that entity. I'm assuming then a lot of that, if not all, was another regulatory release of the contingency reserves.

So that ballpark is $75 million or so left. How should I think about -- or how should we think about that coming down from this point forward? I mean is $20 million, $25 million a quarter over the next year or so the run rate we should assume?

Francis Joseph Sodaro
Senior VP, CFO & Chief Accounting Officer

John, this is Frank. For this year, I think that's a good estimate. About $25 million a quarter is the plan, and it is subject to regulatory approval. So you're spot on. We cannot just do it. We have to get approval. And we feel comfortable with that for the rest of the year.

John Thomas Heagney
Dowling & Partners Securities, LLC

So then essentially...

Francis Joseph Sodaro
Senior VP, CFO & Chief Accounting Officer

And that would take the total to $110 million for the year, sorry.

John Thomas Heagney
Dowling & Partners Securities, LLC

Yes. But then -- so essentially, you would exhaust the contingency reserve in a sense. And then the book of business would just run-off over whatever the period is, another 5 to 7 or so years for the remaining equity?

Francis Joseph Sodaro
Senior VP, CFO & Chief Accounting Officer

I think that's right. I haven't focused on the exact way that contingency reserve is coming on dollar for dollar for dividends. So I just would -- I want to follow up on that. But that -- the time line you're giving here, it feels about right to me.

Craig Richard Smiddy

President, CEO & Director

Yes, I agree with Frank. The amount of dividend that we would expect next year, I would say is -- will be less than this year. But on the other hand, I wouldn't say it would be 0. If you follow the trend -- you can kind of follow the trend of the dividends that we upstream to the parent company over the last year or 2 and get a feel on how that has tracked.

John Thomas Heagney
Dowling & Partners Securities, LLC

So maybe more broadly then, because that all makes sense to me. You've had -- you've been able to release some of the excess capital there and basically sort of front load some of the release and dividend and up. How should we think more broadly about capital management going forward? You returned quite a bit. The mortgage has helped. The Title results being a capital-light business has helped.

You've been able to move capital up and out there. The market is sort of shifting. The growth is more P&C side, maybe heavier lines of business from a capital perspective. You take all that together, how are you thinking about your capital return over the next -- '24, '25, maybe beyond?

Craig Richard Smiddy
President, CEO & Director

Well, capital management and more specifically, return of capital to shareholders is a matter that we review with the Board every quarter. And I think the biggest generator of any excess capital has been really the retained earnings coming from the General Insurance Group. And if you look at that trend and those combined ratios and the amount of income that the General Insurance Group continues to contribute, then it would suggest that we will continue to build capital and need to continue to look at every quarter how much capital we have and whether we have excess capital, discuss that with the Board.

And then as a secondary discussion, in which way did we return that capital to shareholders if we're not putting it to work in new businesses. Then we are -- I mentioned some of the new businesses that are starting to produce business as well as the newest in April, and we're in discussions regarding another business or 2 to get into.

So first order of business is putting that capital to work in a way that we can maximize return to shareholders through us investing that capital into the business. And then the second order of business, if we still deem that we have the excess capital, then discuss that with the Board and the best way to return it.

Operator

The next question is from Ryan Winrick with Guggenheim.

Ryan Winrick

Kind of echoing Greg's comments -- congratulations on the 100-year anniversary and the ringing of the bell next month. And then similar to John's question, you have -- 3 of the past 4 Augusts, you have declared a special dividend with the off year being declared into December. I guess, when you're evaluating your excess capital level, from our end, we're trying to determine the likelihood of another special dividend, do you target certain thresholds when determining that amount that you will not go under, for example? Any commentary would be helpful.

Craig Richard Smiddy
President, CEO & Director

Sure. So -- well, first thing I would just say is that the timing of those dividends, I wouldn't read anything into that, as I just mentioned in the earlier response. We review capital levels with our Board every quarter. And there is not a particular quarter whereby we focus on making a decision about returning capital.

We ask ourselves that question every quarter. So that's the first thing I would say. The second thing I would say is as we went out in the release and have discussed over the last few years, we have introduced share repurchases in addition -- as an additional tool in our capital management strategy. So over the last couple of years, we've returned a considerable amount of capital through share repurchases.

And therefore, any of that capital that we returned through share repurchases obviously is not available to be returned by a special dividend. So we have introduced that, again, as a tool in our capital management toolbox, and we'll continue to, with the Board, discuss returning capital every quarter. And we know that we have tools to do that.

If we deem we have excess capital, those tools being still special dividends as well as additional share repurchase authorizations.

Operator

We have no further questions at this time. I'll turn it back to management for any closing remarks.

Craig Richard Smiddy
President, CEO & Director

Okay. Well, thank you all very much for participating, and we hope that you enjoy your summer, and we will look forward to talking to you all again next quarter and excited to report our ongoing progress throughout the year. So thank you very much, and have a good day.

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