S&P Global
Market Intelligence

Assurant, Inc. NYSE:AIZ

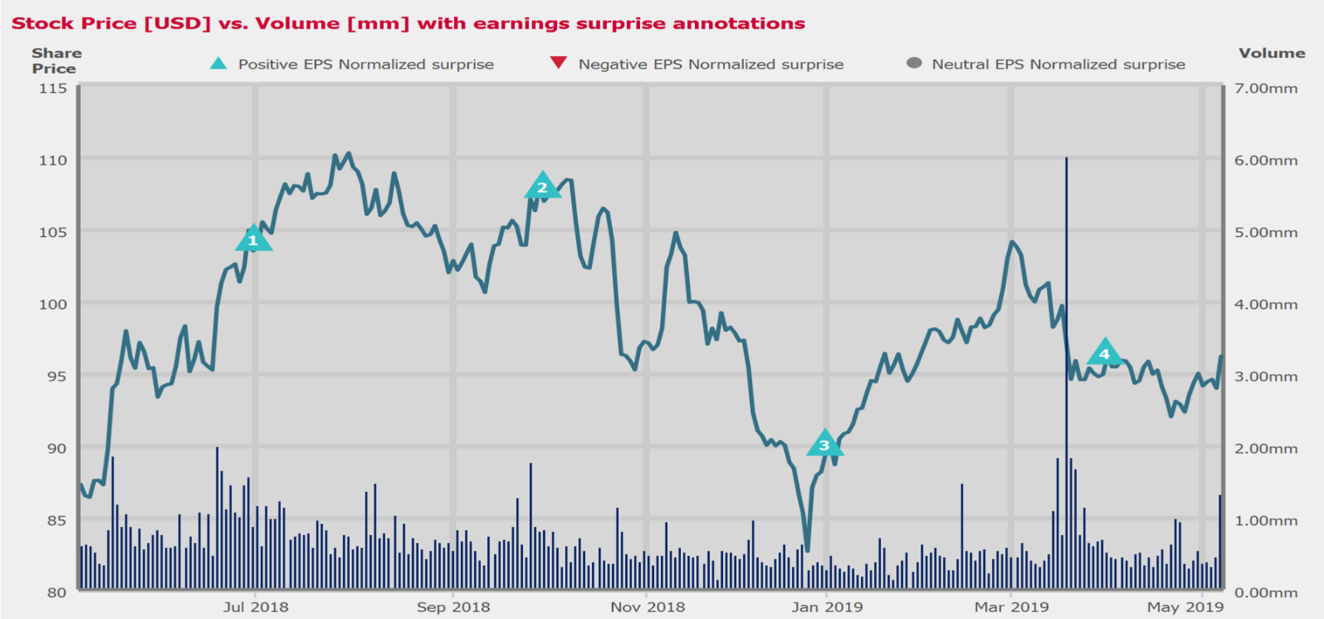
FQ1 2019 Earnings Call Transcripts

Tuesday, May 07, 2019 12:30 PM GMT

S&P Global Market Intelligence Estimates

	-FQ1 2019-			-FQ2 2019-	-FY 2019-	-FY 2020-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	2.15	2.21	▲2.79	2.32	8.47	9.51
Revenue (mm)	2303.75	2435.60	▲5.72	2235.80	9249.80	9606.11

Currency: USD
Consensus as of May-07-2019 7:54 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ2 2018	1.75	2.13	▲1 21.71 %
FQ3 2018	1.01	1.06	▲2 4.95 %
FQ4 2018	0.42	0.77	▲3 83.33 %
FQ1 2019	2.15	2.21	▲4 2.79 %

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Call Participants

EXECUTIVES

Alan B. Colberg
President, CEO & Director

Richard Steven Dziadzio
Executive VP & CFO

Suzanne Shepherd
Senior Vice President of Investor Relations

ANALYSTS

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

John Matthew Nadel
UBS Investment Bank, Research Division

Presentation

Operator

Welcome to Assurant's First Quarter 2019 Earnings Conference Call and Webcast. [Operator Instructions]

It is now my pleasure to turn the floor over to Suzanne Shepherd, Senior Vice President of Investor Relations. You may begin.

Suzanne Shepherd
Senior Vice President of Investor Relations

Thank you, Christina, and good morning, everyone. We look forward to discussing our first quarter 2019 results with you today.

Joining me for Assurant's conference call are Alan Colberg, our President and Chief Executive Officer; and Richard Dziadzio, our Chief Financial Officer.

Yesterday, after the market closed, we issued a news release announcing our results for the first quarter 2019. The release and corresponding financial supplement are available on assurant.com. As noted in both documents, we updated our key financial metrics for the enterprise and our operating segments to align with the company's strategic focus and the financial objectives shared at our recent Investor Day. We believe these metrics will be a better indicator of performance going forward.

We'll start today's call with brief remarks from Alan and Richard before moving into a Q&A session.

Some of the statements made today may be forward-looking. Forward-looking statements are subject to risks, uncertainties and other factors that may cause actual results to differ materially from those contemplated by these statements. Additional information regarding these factors can be found in yesterday's earnings release as well as in our SEC reports.

During today's call, we will refer to non-GAAP financial measures, which we believe are important in evaluating the company's performance. For more details on these measures, the most comparable GAAP measures and a reconciliation of the 2, please refer to yesterday's news release and financial supplement.

I will now turn the call over to Alan.

Alan B. Colberg
President, CEO & Director

Thanks, Suzanne. Good morning, everyone. Overall, we are pleased with our results for the first quarter. Performance across our 3 operating segments was strong, especially mobile and Global Lifestyle. Our results reaffirm our belief that we are well positioned to sustain our performance long term. Our leadership positions and innovative offerings should continue to support double-digit earnings growth with a more diversified and higher-quality mix of business.

During the quarter, we continued to execute on our strategy. In Global Housing, we repositioned this segment for growth, first; by beginning to stabilize lender-placed, and second; by continuing to drive profitable growth within multifamily housing and our other Specialty Property offerings.

In multifamily housing, we grew revenue 7% from both our affinity and property management partners, now protecting 2.1 million renters across the U.S. Our focus remains on investing in our key capabilities to deliver even more value for our clients and their renters. To that end, we continue to roll out our new point-of-lease tracking capability to seamlessly integrate our products and services and gradually increase attachment rates.

With our vertically integrated capabilities for our product suite and emphasis on the customer experience, we've built a leading position in the PMC channel. We continue to expect strong top and bottom line growth going forward.

We've also further strengthened our leading lender-placed franchise by renewing 3 key partnerships in the quarter. And over the past 5 months, the renewals completed represent nearly 1/3 of our loans tracked. This bodes well for the future as lender-placed earnings have started to stabilize after years of market declines.

Over the next 3 years, we believe we will generate 17% to 20% operating ROE, including an average expected cat load. In Global Lifestyle, we are aligned with leading brands to bring innovative products and services to market. In Connected Living, this includes services like our premium tech support, which creates greater value for the end consumer and adds new and important profit pools. We now protect more than 47 million covered mobile devices, up 26% year-over-year.

As we highlighted at our Investor Day, our new partnerships with companies like Verizon, Comcast, Charter, KDDI and the renewal and expansion of our T-Mobile relationship to include Metro by T-Mobile, demonstrate that our vertically integrated capabilities continue to drive value for our customers and serve as a significant differentiator for Assurant.

We made additional progress integrating the Warranty Group acquisition, realizing operating synergies as planned and finding ways to unlock additional value from our stronger, more scalable Global Automotive business.

For example, this quarter, we introduced Pocket Drive, our new technology platform that will expand our offerings beyond service contracts.

We expect to launch pilot testing in the second quarter with select EOR partners. We are pleased by the continued strong revenue growth and innovation in this business for the 48 million vehicles we protect worldwide. This all supports our long-term view that we can continue to grow Global Lifestyle net operating income at least 10% annually on average over the next 3 years.

Turning to Global Preneed. We produced solid, consistent earnings and cash flows in the quarter, supported by our growth from prefunded funeral policies and favorable mortality trends.

Face sales were also strong with a 7% year-over-year increase from new distribution partners within our Final Need product. Over the next 3 years, we believe we can achieve a sustainable operating ROE of 13% in Global Preneed.

In addition to setting these long-term segment targets at your Investor Day, we also provided several key enterprise financial objectives. Over the course of 2020 and 2021, we expect to grow earnings per share on average by 12% with double-digit expansion in net operating income.

In addition, starting in 2019, we intend to return $1.35 billion to shareholders over the next 3 years in the form of share repurchases and common stock dividends, illustrating the confidence we have in our future cash flows. We recognize that executing our plans for 2019 will be an important step in delivering on these long-term targets.

For this year, we continue to expect to grow operating earnings per share, excluding catastrophe losses, by 6% to 10% from the $8.65 we reported in 2018. This will be driven by double-digit earnings growth and disciplined capital deployment.

Looking at results for first quarter 2019, we reported net operating earnings per share, excluding catastrophes, of $2.33, an increase of 9% from $2.14 in the prior year period. This was driven by earnings growth, partially offset by shares issued last year related to our TWG acquisition.

Net operating income, also excluding catastrophes, for the quarter was up 30% to $149 million due to TWG contributions and organic business growth. At the end of March, holding company liquidity totaled $354 million after returning $51 million in share repurchases and $37 million in common stock dividends. Overall, we're pleased with our performance in the first quarter. We're confident in our ability to continue to expand earnings and cash flow. This will allow us to continue to invest in our business and sustain our track record of returning excess capital to shareholders over the long term.

I'll now turn the call over to Richard to review segment results and our 2019 outlook in greater detail. Richard?

Richard Steven Dziadzio
Executive VP & CFO

Thank you, Al, and good morning, everyone.

Let's begin with Global Housing. Net operating income for the quarter totaled $73 million, an increase of $2 million from the first quarter of 2018. Excluding mortgage solutions in the prior year period, earnings declined its growth in multifamily housing was offset by higher catastrophe costs and decreased profitability in our Specialty Property offerings. Lower earnings in our Specialty Property offerings were mainly the result of higher noncat loss experience in our small commercial property products. For this segment, reportable catastrophes in the quarter totaled $9 million, level with last year.

Global Housing revenue was down, reflecting the sale of mortgage solutions. Excluding mortgage solutions, revenue was up 5% due to growth in small commercial products, multifamily housing and our sharing economy offerings.

Lender-placed revenue decreased due to lower placement rates, partially offset by higher premium rates.

During the quarter, the placement rate declined 13 basis points year-over-year and only 2 basis points from year-end 2018 in line with our expectations.

As noted earlier, we have revised our financial supplement disclosure following Investor Day. Specifically, for housing, we've aligned our key financial metrics to report the loss, expense and combined ratios for the entire segment.

For the first quarter, the combined ratio for Global Housing was unchanged from the prior year period at 86.7%. This falls within our longer-term range of 86% to 90%, including an average expected cat load.

For full year 2019, we continue to expect Global Housing to realize modest earnings growth, excluding cat losses. This will be driven by continued expansion of our specialty offerings, most notably multifamily housing.

As we look to the second quarter, we expect higher noncat loss ratios, reflecting typical weather patterns and we will monitor the elevated loss experience in the small commercial products.

Lender-placed earnings will reflect the additional reinsurance coverage we secured earlier this year, but undelaying profitability is expected to remain stable.

We also continue the process of migrating clients to our new operating platform and this will lower expenses longer term, and more importantly, further enhance the customer experience.

Moving to Global Lifestyle. The segment reported earnings of $101 million for the first quarter, a $45 million increase year-over-year. This reflects $30 million after tax from TWG, including $10 million of realized synergies and $2.8 million of intangible amortization. We also benefited from strong organic growth in the business led by Connected Living, which grew earnings by 54% in the quarter. This was mainly due to mobile subscriber growth from programs launched over the past 2 years.

In addition, we realized higher trade-in volumes from carrier promotions and strong margins in repair and logistics. Segment's earnings were also supported by more favorable Global Automotive results for legacy insurance compared to prior period, which was marked by some higher one-time expenses.

Looking at total revenue for this segment, net earned premiums and fees were up $763 million, mainly from the $651 million TWG contribution. Excluding TWG, revenue was up $112 million or 12%.

Organic revenue growth was driven primarily by mobile programs launched during the past 2 years, mainly in Asia-Pacific and North America. This growth was across various distribution channels and from multiple profit pools, including device protection, premium tech support as well as repair and logistics.

Auto revenue, excluding TWG, was up 20%, benefiting from strong prior period sales in our TPA distribution.

Foreign exchange volatility, primarily from unfavorable currency movements in Argentina and Brazil, partially offset growth in the quarter.

Looking at the full year, we continue to expect strong earnings growth due to full year TWG contributions, including $25 million to $30 million of incremental expense synergies, mainly in Global Automotive. In addition, mobile should remain a significant contributor, driven by organic growth from new and existing programs.

It's important to note that the first quarter was particularly strong compared to last year, reflecting the timing of new phone introductions and carrier promotions. For the balance of the year, we expect typical mobile seasonality and some additional pressure from anticipated declines in our legacy credit business within financial services, investments to enhance and strengthen our capabilities, particularly in mobile and auto will also be important as we look to stay on the forefront of innovation for the future.

Now let's move to Global Preneed. The segment recorded $12 million of net operating income, a $2 million year-over-year increase, higher investment income and lower mortality, compared to prior year period, were the key drivers.

Revenue in Preneed was up 6%, mainly driven by growth in U.S., including sales of our Final Need product.

Global Preneed's outlook for the year remains unchanged with earnings roughly flat with 2018. We will continue to manage expenses closely as we implement the segment's long-term growth strategy, drive more sales to our funeral home distribution, work with new partners and expand our portfolio of products.

At corporate, the net operating loss was $19 million, relatively flat with the prior year.

For full year 2019, we expect the net operating loss to be similar to 2018, creating additional leverage with our expense structure as we grow.

Turning to capital. We ended March with $354 million of holding company liquidity or about $129 million of our current minimum target level of $225 million.

Dividends in the quarter from our operating segments totaled $78 million, lower than segment earnings, I think, typical weighing to later in the year for greater visibility.

In addition to our quarterly corporate and interest expenses, the outflows included $51 million in share repurchases, $42 million in common and preferred dividends and $8 million of investments, including strengthening our repair and logistic capabilities in Canada.

In the second quarter, through May 3, we purchased an additional 224,000 shares for $21 million. For full year 2019, we expect dividends from our operating segments to approximate segment operating earnings. These dividends should provide flexibility to invest in our businesses and return capital to shareholders, subject to market conditions.

Our 2019 capital deployment plans take into account our potential purchase of Iké Asistencia. In light of our investment in TWG, we are evaluating how Iké fits into our expanded Latin American operations. We are exploring strategic options for Iké and have delayed the put/call option until February of 2020 to complete our review.

In summary, we're very pleased with our strong performance in the first quarter and remain focused on delivering on our commitments for the full year.
And with that, operator, please open the call for questions.

Question and Answer

Operator

[Operator Instructions] Our first question is coming from John Nadel from UBS.

John Matthew Nadel
UBS Investment Bank, Research Division

I have a couple of questions, and then I'll get back in the queue. One, I'm curious about the number of renters' policies. That's growing really solid double-digit year-over-year. I think the growth rate this quarter was 13%, 13.5%. But your actual net earned premium is growing high single. Is there a lag effect there that I'm missing? Or is there some pricing competition going on?

Richard Steven Dziadzio
Executive VP & CFO

John, it's Richard. There's probably the 2 parts of it. I think, first of all, we're expanding in the property management channel. I mean, we have really good growth and strong growth. As we've said and Alan said in his remarks, we're investing in the channel to stay at the forefront of innovation and allowing renters to come in and onboard more quickly. So there is some expense there. I think there's probably twofold. I mean, we're being very competitive in the market, but also there is a lag effect between when we bring on -- we write the premium when the premium rolls through. But I would say no, no big changes in margins that we've seen.

John Matthew Nadel
UBS Investment Bank, Research Division

Okay. That's helpful. And then just one housekeeping item. So your outlook for 2019, I'm just curious we've seen that property, reinsurance cost, particularly in the state of Florida, are up pretty significantly. I just wonder whether you already knew that? Had that baked into your outlook? Or if that was more of an estimate? And is there any impact we should expect as it relates to your outlook for reinsurance cost impacting your overall outlook for '19?

Richard Steven Dziadzio
Executive VP & CFO

Yes. John, thanks for the question. Yes -- and actually we did -- I think the market had some visibility in terms of the cat loss in Florida. The cost of the hurricane, Florida Hurricane Catastrophe Fund. So we had baked, I'd say, a large part of that into it. As we come into the year, it might get tiny bit higher, but nothing that would impact our outlook whatsoever.

Alan B. Colberg
President, CEO & Director

And John, the other thing I'd like to add, we've talked about at Investor Day. We really expanded the multiyear component of our reinsurance, which really stabilizes loss for us over time.

John Matthew Nadel
UBS Investment Bank, Research Division

Got you. That's helpful. And then the last one. I'm just thinking, how did -- overall, how did 1Q earnings compare with your own sort of internal expectations? It sounds to me like your signaling that, in particular, Connected Living had a pretty solid, maybe favorable quarter. How should we think about -- you talk about seasonality, you talk about a little bit higher loss ratios as we move from 1Q into 2Q for that particular business. How can we -- can you help us by sizing maybe in a dollar amount or a range, how we should think about the earnings path for Connected Living from 1Q to 2Q?

Alan B. Colberg

President, CEO & Director

Yes. So certainly, if we look at the quarter, we're pleased by the results. And mobile was stronger than we had expected, really driven by trade-in volumes. The rate introduction in Q4, some of the smartphones pushed volume into Q1 more than we had expected. Those we head into Q2, we will have seasonality in Connected Living, both the normal summer where we just had a greater loss experience and then trade-in volumes usually slowdown in Q2 and Q3 as people are anticipating the next smartphone introductions.

John Matthew Nadel
UBS Investment Bank, Research Division

And how do -- is there any chance we can talk about how to think about that in terms of dollar amount of earnings? Typical seasonality, is it like a 5% quarter-over-quarter decline? And...

Richard Steven Dziadzio
Executive VP & CFO

It's hard for us to predict that. What I would say is, we remain very confident in our long-term outlook that we've given for Lifestyle, which is 10% plus average income earnings growth. That we have a lot of confidence in. Quarter-over-quarter, it's harder to predict.

Operator

[Operator Instructions] Our next comes from Christopher Campbell from KBW.

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

First question is just on the higher-than-expected losses in housing, I guess. How much of the year-over-year increase was due to the higher commercial losses?

Richard Steven Dziadzio
Executive VP & CFO

Was due to -- I'm sorry?

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

The higher attritional, like Specialty Property losses?

Richard Steven Dziadzio
Executive VP & CFO

Yes, I mean that was a part in there due to that. I mean that was, I would say, the primary part that chipped up the loss ratio year-over-year as we sort of pointed out. That's within -- just for everyone, that's sort of within the Specialty Property component of housing, which was about $120 million to $500 million. That specialty commercial property part is about 20%, 25% in that. So it's a small component. And we didn't have great experience. We had increase in severity in that book of business. And as we've said, we are monitoring it as we go forward.

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

Got it. And is that more attritional or was it just large losses this quarter?

Richard Steven Dziadzio
Executive VP & CFO

Really, an increase in severity, I would say, in the book. No -- so no few several big things but an increase in severity overall.

Christopher Campbell

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

Okay. And then question on repurchases. I mean, is $50 million a good quarterly run rate to think about going forward?

Richard Steven Dziadzio
Executive VP & CFO

So I think the way I think about that, Chris, is we've said that we expect over the next 3 years to return of $1.35 billion to shareholders via common stock dividends and repurchases. That translates into roughly $300 million a year over the 3 years of repurchases. But you have to remember, we buy the 10b5-1, and so we can't go in and out of the market that easy way.

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

Okay, got it. It makes sense. And then just in mobile, I mean any new clients or relationship extensions that you guys are looking at? I mean how does the sales pipeline look relative to last year?

Richard Steven Dziadzio
Executive VP & CFO

I think we're very pleased with our progress in mobile. You heard in my prepared remarks, I've rattled off the 3, 4, 5 major new clients that we've started relationships within the last 18 to 24 months. And as I mentioned at Investor Day, we will be ramping up later this year with Metro by T-Mobile, which has the potential for about 3 million subs to be added over time to our portfolio, so we're very focused on executing on that. But the pipeline remains strong. Our innovative offerings have really differentiated us and given us a lot of traction in the market.

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

Okay, great. And then just -- I know you guys have talked about, like, 5G being a possible tailwind further out. I guess just any additional clarity that you have on the development of 5G, and then the impact -- the potential impact on your business?

Richard Steven Dziadzio
Executive VP & CFO

No, in 5G, what we've talked about is, ultimately, when that change real customer traction, there will be a handset replacement cycle that will occur. I think it still quite weighs in the future if you look at the timing and the rollout of 5G. But that is a long-term tailwind that will help the business at some point.

Operator

[Operator Instructions] Our last question is coming from John Nadel from UBS.

John Matthew Nadel
UBS Investment Bank, Research Division

It seems everybody is tied up on AIG this morning. Sorry, guys. But I care. So...

Richard Steven Dziadzio
Executive VP & CFO

We appreciate that. Thank you, John.

John Matthew Nadel
UBS Investment Bank, Research Division

If we -- I'm curious your commentary and I appreciate your commentary around the delay of the put/call option on Iké into early 2020. I guess I'm more curious about you talked about evaluating how that business fits in, given the acquisition of TWG and the integration you've got going on. And you -- like, can you expand on those thoughts a little bit? I know you don't want to get ahead of things here, but I'm just curious what that means?

Richard Steven Dziadzio
Executive VP & CFO

Yes. So John, let me provide a little context. So when we organically signed the agreement, which was in late 2013, it was really all about creating more scale for our business in Latin America, which we -- in key markets like Mexico, that's our priority. With The Warranty Group acquisition, we added dramatically more scale in the key markets like Mexico, Argentina and Brazil. And given that, that caused us to step back and say, how do we think about this business? Now it's important to note, over the 5 years we've been involved, the business has performed well. It's actually slightly ahead of the expectations we had when we made the original investment. But we have scale now in Latin America. So it's a good chance for us to step back and think about what's best for our shareholders.

John Matthew Nadel
UBS Investment Bank, Research Division

Got it. Understood. Okay. And then, Alan, one of the -- I guess one of the critiques that I hear from time to time and based on the disclosures that we get from you guys, it's -- I think it's not so easy to counter this critique. Is an overarching belief that your position -- and I'm talking about Lifestyle here, your position, Assurant's position in the value chain is one that if it is -- it suffers maybe from lower economics relative to maybe a service provider, like the Verizon or another. In that growth, as you grow, your incremental margin may actually be lower. Is that a fair critique? Or is there some way that you can provide some data that counters? I think that's one thing that weighs a little bit. Your growth rate is -- the top line growth rate looks terrific, right, I mean, in particular, these last couple of quarters. I'm just trying to -- I'm trying to be if there is a way to counter that overarching belief or perception.

Richard Steven Dziadzio
Executive VP & CFO

Yes. I don't think that's at all the way we think about the business. So we're aligned with the market leaders. We are expanding our hold and providing services to them. We've talked about the addition of major new services in the last 18 months, like premium tech support. And if you look at the long term, we have grown earnings in that business, 10% plus over the last 6 years with an outlook that we're going to continue to be able to do that. So it's a very good business, where we are critically important to our partners and delivering the consumer experiences they want. And so we don't tend to think about the margin of each service because some of them are fee income, some are not. What we look at is, can we continue to grow profitably and expand and deepen our relationships with our key clients, which we've done very well.

John Matthew Nadel
UBS Investment Bank, Research Division

And if we think about Lifestyle discreetly, can you remind us what your return target is for that particular segment?

Richard Steven Dziadzio
Executive VP & CFO

We don't have one. Because what we've said matters in Lifestyle, it's not a traditional insurance business. So thinking about returns is not the way to think about it. What we got that is we can grow earnings and we've done it for 6-plus years, and we can continue to do it. Now we've said overall for the enterprise, we'll be disciplined in that growth with overall enterprise ROE gradually rising over the next 3 years. But for Lifestyle specifically, it's about profitable earnings growth.

John Matthew Nadel
UBS Investment Bank, Research Division

Got you. And the last one I have for you. You talked about this some time ago. I don't remember if at Investor Day there was any real commentary around this. But I'm thinking about global auto and the potential that there may be some opportunity to drive down repair cost, given your better size and scale and maybe some ability to renegotiate some contracts with repair facilities and dealership. I'm just wondering if there's any update on that front? I know it's not something that -- I know you did not build in anything from that potential stream into your synergies. I'm just wondering if you can give us an update on any progress?

Richard Steven Dziadzio
Executive VP & CFO

Yes. No, John, I appreciate the question. Let me maybe start just little more broadly on the TWG synergies, and then I'll come to that more specifically. If you recall, when we did the deal we announced that we had a harder cost synergy target of $60 million run rate pretax by the end of 2019. We are on track, and we expect we'll deliver that by the end of this year. With that said, then we've really turned a lot of our focus to other sources of synergy, ranging from revenue synergies. One of the things has been recently rolled out in Japan is the partnership with KDDI around their connected home. We're leveraging our relationship with the legacy Warranty Group capabilities to deliver in the home in Japan. Well, that's the example of a revenue synergy that we're going hard after.

And on the claims cost, absolutely, we now have an extraordinarily strong position in the market, leveraging our knowledge of cars, the payers, the things that go along. And so we're looking to how do we leverage that now. A lot of that benefit will flow to our clients. Many of our programs are reinsured our quota shared with our clients, but that strengthens our relationships with those clients, and we'll get some benefits. So we're early days on those. It takes time to implement that, but it's another significant source of synergy that, as you said, is not reflective when we talked about the expectations of the TWG deal.

John Matthew Nadel
UBS Investment Bank, Research Division

Got it. And since you still have plenty of time. I may as well throw one more in. If I think about the migration on the lender-placed side, the migration with single operating platform. I know you don't -- you haven't really quantified what expense saves do you think can be generated from that over time. I'm wondering if you could give us a sense. It doesn't sound like it that big of a contributor in 2019. I'm wondering, in 2020 and beyond if you think that could be a material impact to the earnings for Global Housing?

Richard Steven Dziadzio
Executive VP & CFO

Yes. John, it's Richard. I'll take that one. Yes, I think we're starting to onboard clients. We're getting some good reaction from the clients. I mean first and foremost, our investment in the program is to position us for great customer experience going forward. And the investment we've made is being well received. So I think that's probably the biggest point on that. It's a multiyear project. And I think as we look forward, I don't think there will be a threshold moment, wherein 2020, we would see a big impact of expenses but it would be over time, and over -- I would say, over the next years. On the other hand, I think as you look at the overall expense ratio for the housing area, we are really managing expenses tightly, both in the housing area but overall as a company as you've seen also in our overall corporate loss and stability there.

Alan B. Colberg
President, CEO & Director

And John, the important thing on lender-placed, I think what everyone should remember is, we've now said that we've got that business more stable with significant upside as we get into account on the downside. Specifically, on our single-sourced platform, for 2019, it's a modest amount. It's really more about, as Richard said, the longer term and the consumer experience.

John Matthew Nadel
UBS Investment Bank, Research Division

And that expense ratio for that segment, should we see that coming down over the next couple of years? And it this may be part of that driver?

Richard Steven Dziadzio
Executive VP & CFO

I mean it's hard to predict now what -- where the expense margin is going to go. I think when we look at the overall expense ratio in the first quarter, also taking into account the variety of businesses within it, whether it be lender-placed, multifamily whatever, we have brought it down, managing it well. What I expect to go down in the future as we get through this single-sourced platform, I would expect it to go down, but hard today to kind of predict what would happen in 2020 exactly.

John Matthew Nadel
UBS Investment Bank, Research Division

Okay. And maybe if -- just the redefinition or redefining the segment loss ratio, expense ratio, combined ratio. But I've thought you guys just previously were talking about 2 to 4 points over time of expense ratio reduction. Is that no longer the case? Or has it just been, I guess, muted or hidden, if you will, by the aggregation of that expense ratio for the total segment?

Alan B. Colberg
President, CEO & Director

I think, John, what I would say is, we still feel very good about the long-term impact of that, and we've reaffirmed that 86% to 90% combined ratio over time for this segment.

All right. Well, thank you, everyone, for participating in today's call. We're pleased with our first quarter performance and believe we're off to a strong start for the year. We look forward to updating you on our progress on our second quarter earnings call in August. In the meantime, please reach out to Suzanne Shepherd or Sean Moshier with any follow-up questions. Thank you.

Operator
Thank you. This does conclude today's teleconference. Please disconnect your lines at this time, and have a wonderful day.