State Farm - Senior Vice President of Product and Analytics and Head Actuary at Steadily

Interview conducted on December 12, 2022

Topics
Fronting Carriers, MGAs, Commercial Auto Insurance, Risk Underwriting, State Regulations, Reinsurance Panels, Niche Segmentation

Summary
In a conversation between a Tegus Client and the Senior Vice President of Product and Analytics and Head Actuary at Steadily, the expert explains that fronting carriers are retaining more risk as a requirement from their reinsurer partners, and that the fronting carrier or MGA must take on the risk that the reinsurer is expecting them to. The expert also discusses the mispricing of commercial auto insurance due to a combination of factors, including the heavily regulated personal lines, the lack of regulation in commercial lines, and the underpricing of commercial auto by carriers who have multiple lines of insurance. The conversation also touches on the role of MGAs and fronting carriers in the insurance industry, the importance of understanding the value proposition that the fronting carrier brings, and the decision to work with three different fronting carriers and the importance of diversifying risk. Finally, the expert explains that scale does matter in terms of regulatory capital, as having more capital allows for taking on more measured risk.

Expert Details
Senior Vice President of Product and Analytics and Head Actuary at Steadily, an MGA in the property insurance space.

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Former Vice President and Consulting Actuary at Lewis & Ellis, leaving in April 2022. The expert is responsible for helping clients secure reinsurance, and more generally, making org-wide decisions to help Lewis & Ellis grow its business.

Prior to Lewis & Ellis, the expert was the Chief Actuary and Head of Risk at Next Insurance, leaving April 2020. Reporting to the Chief Operating Officer, the expert was responsible for overseeing financial regulation and management, as well as understanding what drivers of risk were, and creating solutions to remedy those problems. The expert can speak to the competitive market surrounding Next Insurance.

Q: Can you speak to a knowledge of the Texas county mutual auto insurance market? Please briefly specify.
A: I'm not currently working with a TX county mutual auto carrier but have worked with one in the past. I have a good sense of what makes them unique.

Q: Can you discuss how fronting carriers can expand into new lines of business?
A: I currently work with 3 fronting carriers and understand this process well.

Q: Can you speak to developments in competition among fronting carriers? (i.e., fronting fee compression and increased retained risk) Please briefly specify.
A: There are lots of new entrants in the market, with their own strategy/approach. I'm happy to discuss what I think is working and what's not.

Tegus Client

Thank you for taking the time to talk today. I'm interested in learning more about the fronting carrier space. To start, it would be great to hear a bit about your background.

Senior Vice President of Product and Analytics and Head Actuary at Steadily

Yes, absolutely I am in an actuary, I've been kind of doing essentially actuarial work, pricing, reserving, predict modeling, new program creation, all of that for almost 25 years now, a lot of work. Most of my experience has been on the personal line side, personal auto and home, done some work on the commercial line side as well.

And I just want to provide a little bit of context there also not in my current role, but in a prior role, I was working as a consultant, and that's where I dug into kind of some of the requirements of Texas County Mutual for an auto carrier. And again, that's where some of the information that I'm happy to share.

Tegus Client

Sure. Something that I've come to understand a little better is that the fronting carriers are retaining more and more risk as a requirement from their reinsurer partners. I'd like to get an understanding of what they need to be doing from an actuarial side in order to get comfortable taking risk themselves.

Senior Vice President of Product and Analytics and Head Actuary at Steadily

Got it. So I think it depends on the particular setup. There are enough. There used to be a lot of cases where the fronting carriers would literally take zero and they were just a pass-through and essentially, the reinsurer would assume all of the risks, that is happening less and less. However, there still are a handful of fronts that will be nothing more than a front. They're not going to retain any risk at all.

They'll just be a pass-through, they're just a shell. When reinsurers require the primary entity to retain some risk, either it has to be the front that is more typical, but there's another option in which case the front still does not take any risk or maintains the level of risk it has instead the MGA is the one that can take on that additional risk.

Typically, then there's ways out there that you can create loss corridors, you can create captive is even something that's referred to as rent a captive where you essentially create a sell within a captive. So effectively, some combination of the front or the MGA will have to take on the risk that the reinsurer is expecting them to.

Tegus Client

That makes sense. From an underwriting perspective, are there fronts and MGAs that are better at actually underwriting risk and understanding their risk? What does that landscape look like?

Senior Vice President of Product and Analytics and Head Actuary at Steadily

Yes. There's a wide range. There are some MGAs that are really focused on the tech side of things only. And so they will provide all the technology behind it. They have an idea. They don't really know insurance, in which case the front is the one that has to kind of really understand that and provide both enough thought and pricing, underwriting combination of all of those, and I can get into the details of that, if you need to.

But also from a regulatory perspective, be able to kind of defend the rate of pricing and all that, there's a lot of other considerations as far as like any IC scores and IS scores and all that, which have to do with how the front of the insurance carrier's ultimately rated, all of those considerations have to come into play.

So typically, either the front or the MGA or both of them should have a good amount of analytical and actuarial firepower to be able to create the pricing and the underwriting mechanism. I've seen combinations. I've seen cases where it's all done by the front and the MGA is really more of a tech player.

I've also seen cases going in the other direction where the front is just a pass-through and the MGA is bringing all of that information. Very often, it's also a bit of both where some MGAs will rely on the front initially to provide that kind of analytical power. And over time, they'll start hiring their own staff so that they are able to work themselves also.

In many of these arrangements, the front and MGAs are not on equal footing and things like that matter. And also in some of the cases, they'll both be kind of fighting for a bigger piece of the pie in terms of the commission or the fee structure in which case, you'll see where both entities have their own analytical people that are trying to kind of put themselves in the best place.

Tegus Client
It's been often in the news, some of the tech-enabled I guess MGAs, the Hippos and the Roots have not been particularly good at underwriting.

Senior Vice President of Product and Analytics and Head Actuary at Steadily
Oh boy, really I wouldn't start with that one. So where a lot of these start-up insurtechs came into play was the idea that they are bringing technology to an old-school industry. I 100% agree with that. Insurance industry as a whole, we have done a terrible job of bringing technology in. We've kind of been old and stodgy.

The insurtech did a great job in my mind, in my opinion, of bringing the technology piece. Most of them really lack that actuarial underwriting background. I worked at some insurtechs. I work at one now. We are very different. I mean, I've been part of the company from the very beginning, and we are very heavy on making sure the insurance piece is in there, some other carriers that I have worked with either as a consultant or full time.

That was not the case. It was like the insurance piece is almost an epitaph, and they made very clear statements saying we are a tech company that happened to be doing insurance. They will fully ignore actuarial best practices, and we're very happy just growing premium without realizing the impact of that it's going to have on losses, on loss ratios, because they were not taking any risk.

But in their mind, we're just going to pass all of this to the reinsurer. It doesn't really matter. What they did not realize is that reinsurers are not going to just sit there and take that forever. Eventually, the reinsurers are like, well, this is terrible. We're not going to back you anymore. And they had to either take a huge price increase, they have to back out of market. They lost footing with reinsurers.

Obviously, you've seen where the ones that are public facing, Hippo and Lemonade, even on the health insurance side, their stock is like down 90% of what it used to be. All of that is because they completely lacked a lot of the actuarial principles that insurance companies need to have, and that's a big part of kind of what's going on there.

Tegus Client
The reinsurance side, I've read and heard more recently in a hardening market, some of the reinsurers are cutting back some of their exposure to programs or cutting back programs entirely. Is that consistent with what you're seeing and what you understand that the reinsurers are doing?

Senior Vice President of Product and Analytics and Head Actuary at Steadily
Yes and no. It is very much line of business dependent. So auto is very different. So for example, right now, the property market is hardening. The workers' comp market is actually probably softening right now. Auto is somewhere in the middle. It has not been that badly affected. Commercial auto has been a struggle.

So probably, I'm going to say about 10 or 12 years ago, commercial auto's profitability across entire market started declining and it was a strange combination of companies needing to take rate from a profitability perspective, but needing to keep rates down from a competitive perspective. And for whatever reason, they really shied away from taking adequate rates and ended up being very competitive, but also severely underpriced.

So for about a good 10 years, that may be close to 12 years by now, commercial auto has been horrible. They have just run absolutely horrible. And therefore, reinsurers are like, well, we're not going to take this anymore. The reinsurers end up taking a piece of the primary insurance premium. And if the primary insurance is not charging enough premium, the reinsurer is basically not collecting enough premium but responsible for all the losses.

Tegus Client

How do they get the pricing wrong? Is it an actuarial issue? Is there a change in the market structure? Are cars more expensive to repair?

Senior Vice President of Product and Analytics and Head Actuary at Steadily

Yes. Good question. So insurance is regulated. It's also regulated on a state-by-state basis, which means two different things. So first, the U.S. is not one market. It is about 55 separate markets. And the level of regulation and scrutiny is very, very different. So think of it as you're operating 55 complete different programs, if you think you're running in the U.S. and across the entire U.S., right?

So that presents a very big challenge. The second thing that happens is personal lines is very heavily regulated. So the DOI, is the Department of Insurance, as well as insurance companies really work hand-in-hand to kind of get the premiums and they are very different for each carrier and so on. Commercial lines, that's not the case.

So commercial lines, the idea is that you should be smart enough to have these programs that if you are mispriced, if the free market will prevail and you will either do really well if you're right, if you're doing better than others. If you're not doing better than others, you will be punished for it and the market will be fine. So most regulators are relatively hands-off.

And to the extent that on the personal line side, if a company looks like it's underpriced, if it's overpricing, the regulators will come in and say, hey, you're charging too much, not acceptable. Even if they are underpricing, they'll actually come in and say, we are worried that you're going to go insolvent. That is not good for the industry, we're going to have somebody else take you over because you don't know how to do your price setting.

That is not really the case on the commercial line side. So which is why commercial auto was able to basically be mispriced for a long time and get away with it. The other complicating factor here is there are very few carriers that are truly monoline. So there's very few carriers that would only write commercial auto and nothing else.

What happens there is you get into these situations where, again, on the commercial side, a lot more where carriers would have commercial auto, commercial properties, they have workers' comp, they'll have E&O, D&O, they have all these, they have like potentially five, eight, 10 different lines. And a lot of times, they lead with the commercial auto. So they'll say, hey, let us give you a better price for your fleet or for whatever.

And because the market is underpriced, they have to stay super competitive and they say, we'll make up the profit elsewhere. So the idea was that it's okay to lose money on one line because we'll more than make it up on the other line, and that's okay.

Again, you can get away with that for a little bit, but only so long and eventually, the reinsurers will either say, we're not going to back your commercial auto anymore or the carriers themselves kind of at some point get to saying, hey, this is enough. So that's one aspect of it.

COVID did not make things easy. It actually made things worse. Looking at the beginning like it was going to make things better in terms of frequency, but it end up actually hitting the industry really hard because of loss of parts, loss of computer chips or unavailability of things like that, so repair of anything became super, super expensive, but this is a problem that started way before COVID. So that hurt, but that was not the primary reason behind it.

There is some long tail to the liability side of it. There is some aspects of social inflation that have happened over the last decade or so that exceeded expectations. And when things like inflation or social inflationary premiums exceed inflation, it becomes very difficult to price those things.

So there are some of the aspects where the social inflation piece of the equation caused for mispricing or underpricing for a while. And then there is another aspect that drove some of that, which has to do with telematics products.

So the idea here is you have a device in your car and in your truck and that captures a lot of the driving information, where you're driving, what you're doing, how fast you're going. Are you going to correct route or not, in the case of personal autos like your own cars, hey, I have a 17-year-old, I want to know where my 17-year-old is driving and making sure that 17-year-old is not driving at two a.m. and things like that. On the commercial line side, it's used to manage your fleet, understand where your trucks are, where your vans are.

Are they getting there in time, is somebody taking a two-hour break in the middle of the day, all of that. So these telematics products were expected to change the industry completely. I think they're great. I think they made a big impact, and they're going to continue to make an impact. They didn't provide the amount of savings that they were expected to provide. So people priced in huge savings based on these products, some savings came through but not at the same degree as what they were expecting to come out of telematics product.

I don't think there was any one of these things that I just mentioned, I've probably mentioned four or five different things to you. All of these together hit commercial auto pretty bad, all of this while still the general idea that, hey, we got to be competitive on commercial auto to be able to sell a product.

And as a result, there were some willful allowing underpricing, but some of it was also not enough or not complete analysis on the actuaries' or the industry's part in order to kind of allow that to go on for that long.

Tegus Client

Understood. So you were sort of walking through saying that commercial auto hardened a little bit. Workers' comp softening a little bit. What I understand from that is it's not fair to say that reinsurers are pulling back broadly, and this is probably just how the reinsurance market works. They are selectively pulling back in products where the dynamics don't work for them. So that's kind of what I'm hearing.

Senior Vice President of Product and Analytics and Head Actuary at Steadily

Yes. Let me add a little bit more color to it because otherwise, you're going to be misinformed. Insurance is very or has the potential to be extremely analytical. Reinsurance has the potential to be even more analytical than primary insurance because there's just a ridiculous amount of data available.

However, it is on the street, it is still very much a relationship-based approach. So if you know somebody who has been good to you in the past, you make deals work for them. And one thing that happened for a while was reinsurers knew, they've known. They have ridiculous amounts of data. They've known that commercial auto was not a great line and need to be worked on.

And they would kind of nudge their partners as opposed to kind of really bringing down the hammer and saying, hey, you got to stop this or you've got to fix this. It was more gentle nudges, it was more, hey, that's been an issue, make sure you address that, make sure you address that, but not really forcing the hand of the carriers or the MGAs of fronts, whoever.

And they were okay as long as they were kind of collecting enough profit in aggregate. So they were kind of taking that same approach to, hey, I know that carrier ABC, their commercial auto is running horrible, but we have a good relationship with them. We're getting their business from across all other lines will be okay. What they started doing earlier was kind of putting caps on it. So they said, I'm making up numbers.

As long as no more than 10% of your business is commercial auto, 15% of your business is commercial auto, we're fine. And maybe over time, they started squeezing that a little bit and maybe it went from 20% to 15% to 12% to 10%. But eventually you got to the point where people are like, hey, this is just horrible.

Industry is getting really squeezed, the executives are going to want to know how to fix this, and it is easy for them to point the finger and say, hey, commercial auto is a problem, and that's when they're going to say, we're going to either stop writing commercial auto entirely or scale back commercial auto.

And so then there will be more of a waterfall from there where somebody will have to take action and the worst performers are going to kind of get singled out. But because of that relationship issue, it takes a lot longer than it should versus if this is purely analytical. The data has been around for a while. It's more how long are we going to let it slide.

Tegus Client

Got you. Another thing that I've heard is that the fronting space, in particular, has gotten pretty crowded over the past several years. And I guess, one way to compete is to compete on price or compete on sort of your fee. I'd just be curious if you agree with that premise and about crowding and also that one of the easiest places to be is just on the fronting seat.

Senior Vice President of Product and Analytics and Head Actuary at Steadily

Not 100%, my view. There has been data for a while now that suggests trucking is not just trucking, right? So commercial lines, a lot of it is run under these class codes and you kind of bucket things into these class codes.

But most carriers or have the ability to go finer than what the industry class codes are, some of them choose not to. There has been enough data that says, hey, a truck is not the same as the truck is not the same as a truck.

So when you're talking about the long-haul trucks versus some of the other size trucks and whether you're talking about like diggers and all that, there are dump trucks, there are so many different categories, and we have the ability to look at their performance for different fleets depending on the kind of truck differently. Some carriers have been better about segmenting that, and those are the ones that are doing well.

Others have been ignoring it, either because of lack of data or because they're choosing to ignore it, but the data is around, so it's one of the things. So yes, by some of the things that you mentioned in terms of like squeezing fronting fees or commission rates and things like that. Yes, that is one way of doing that, but you can actually improve your performance within the segment also, some carriers are doing it, others are not.

Tegus Client

Okay. So I guess what I hear is there is like there's real skill involved here. And if you can cut out a niche and you're a better operator, then that's also good.

Senior Vice President of Product and Analytics and Head Actuary at Steadily

That's a big part of insurance. For you to be able to really win at insurance, there is just a ridiculous amounts of data available. It's a matter of are you willing to and do you have the skill set to actually grab that, slice and dice it the right way and say, hey, this is what the data is telling me, are we going to follow the data? Or are we going to run by intuition only? And that is true across multiple lines.

Tegus Client

And so from that end, that's more on the MGA to become a sector super expert or it also requires something out of the fronting carrier when they're analyzing new business?

Senior Vice President of Product and Analytics and Head Actuary at Steadily

It would be typically more the MGA because this is where the fronts are probably good at the higher level analytics and natural information. If the MGA is not able to super segment that, I think they are not bringing the right value and the MGAs that are able to do that are going to outperform. Sometimes, it's actually even the reinsurers.

And what I mean by that is MGAs or even fronts, they'll have more limited data versus reinsurers will have data coming from so many different places, that they can probably aggregate it, provide that data back over to the front or the MGA. And just by providing the data, they can offer services or help.

But ultimately, it would be the MGA's call. Typically, what happens is the MGA kind of creates the whole process in terms of policy admin, in terms of rating, in terms of segmentation. And the front, I'll say, approves it because it's actually their paper, right?

So it can be a combination of the two, but I would think in most situations, it's the MGA that is really providing the firepower behind here is the exact segment and here's how we're going to write it and the details of that and the front is kind of more oversight and making sure they're not doing something absolutely horrible.

Tegus Client
So I think from a fronting carriers competing for new MGA business, I think that's where we're maybe hearing that there's a lot more fronting carriers, and there might be fee compression in terms of the front fee that fronts charge to the MGAs.

And obviously, it sounds like all MGAs are not created equal. Are you aware of that type of fee compression to fronts going out? Or do you think there are other important competitive dynamics that would allow a fronting carrier to add MGAs and to attract high-quality MGAs?

Senior Vice President of Product and Analytics and Head Actuary at Steadily
I think the fees are one aspect of it, but I would not think it is definitely not the only aspect. It's probably not even the biggest aspect, may not even make the top three to be perfectly honest. I think we are definitely in the area of opinion and not fact at this point, okay? So my opinion on this is their ability to take on risk is probably the single biggest piece. Most MGAs do not have the capital sitting around to take on actual underwriting risk.

The fronts that are willing to take on underwriting risk are already providing a huge benefit over the ones that don't. And for that alone, they should be able to charge higher fee. Then there's a lot of things around, again, depending on the line, how regulated it is, how much filing is there's going to be, who is handling the claims.

That is a huge, huge piece of it, who is doing a lot of the reporting. All of those things are mechanisms where the fronts can stand out and distinguish themselves from others. So I agree, I 100% agree with your statement that all MGAs are not created equal, but all fronts are not created equal either. This is definitely not commoditized.

Yes, there's a range around fees. I have not heard anything about the fees being squeezed. I'm sure it's happening somewhere, but I think the bigger issue there really is what are all the services that the fronts are offering and whether the fees are consistent with all the services they're offering or not. Yes, I mean, I can get into more detail there, but there's a lot more to it than just the fees, and there's many different ways of structuring the fees.

Tegus Client
I think in the written questions that we had sent across, you mentioned that you currently work with three fronting carriers, I guess just curious to get a little background there on why you're working with three different fronting carriers? Is it different buy boxes? Do they bring in different reinsurance panels? Or is that something that they don't bring to the table? Just curious what really led that decision.

Senior Vice President of Product and Analytics and Head Actuary at Steadily
Sure. Yes and no on the reinsurance side. So for one of the fronts, they are providing their own reinsurance. For the other two, we are actually doing all of the work in terms of bringing the reinsurers to the table and kind of signing the deals and all that. Certainly, the front has to be part of the conversation, but they are by no means driving that conversation.

We actually went ahead and hired a reinsurance broker, the broker then along with discussions with us, we all agreed to which reinsurers we want on the panel, who we want to send our submissions to and then collectively narrowed it down. We got really lucky with the reinsurers. We were oversubscribed, which is amazing, so we did well on that. And for two of our programs, we were 100% responsible for bringing the reinsurers. Now both of those two fronts are taking 10% of the business each.

So we cannot help work with the broker to fill in the other 90% through reinsurance. And the third program, that was always meant to be that way, the front itself is backed by their own kind of corporate reinsurance. Why did we go with three? Several reasons. The one that is backed by its own reinsurance, just it is a very different kind of program than the other two. So we always wanted to kind of separate that out.

And then the two that are similar programs, one of them is admitted, one of them is non-admitted. And obviously, for those reasons, we wanted to keep them separate. In theory, we could even have worked with admitted and non-admitted shelves within the same group.

So there was a way of doing that, at least with one of them there was. We felt better having separate relationships so that if something were to happen, we just don't want to place all of our eggs in one basket. So if the fronts obviously have their own risks, if something were to happen, if you only had one front and something were to happen to that, we were shut down essentially, right?

And that's just not a risk we're willing to take. So by splitting it among three different carriers, three different fronts, we have diversified some of that risk and if something were to ever happen to one front, we are in a position now where we have all the relationships, everything existing within like 60 days, we get tripled to the other front and start switching. So we wanted to protect ourselves.

Tegus Client

And I've also heard that there's a large cost to actually changing fronting carriers after you have an existing program in place. Is that something that you're evaluating on a go-forward basis? How do you determine whether it's economical?

Senior Vice President of Product and Analytics and Head Actuary at Steadily

So I don't think the pure, I'll say, financial cost is going to be that much to do a switch if we had to. And I will also say that I don't think the financial piece alone would be enough to drive us to switch from one versus the other.

So for instance, I'm making up numbers. But if one front was charging us 4% and the other one was charging us 4.5% or 5%. That would not be enough for us to say, hey, we're going to jump to move all of our business to the one that's 4%, it's not that it's more. There are so many other things associated with that. So moving a book of business over from one carrier to the other is very disruptive.

Obviously, you would have to let all of your customers know, hey, we're moving you suddenly in the middle of your term from one carrier to the other. They're not going to be happy about that. They can be very confused.

The data behind that would get super murky, the reinsurance programs, again, it's possible and most reinsurance have, again going back to the whole relationships idea, if you had a good relationship with them and you have had a good story for why you're switching from one to the other would probably be willing to give you the capacity in that case, but they would certainly be questioning that and saying, hey, are you really just moving this for half a point of fronting fee, that would not look great as if there were some other reasons.

So for example, if a front itself was actually going insolvent, that is a great reason they would understand that, yes, or even have small risk of being insolvent and you're proactively moving the business, they would understand that.

So it would have to be almost for nonfinancial reasons that you would typically initiate moving a book over from one program to the other. It certainly can be done for financial reasons. But typically, it would be for nonfinancial reasons that you would move it.

And at that point in time, and this is kind of why I had that initial reaction is so it would not really be a financial decision, whatever the financial implications of moving the book are, you'll deal with them, but it's more the damage to your book that would be a bigger concern even if you're moving to a more profitable arrangement, it's the onetime damage to your book that is probably going to be a bigger concern than just a pure dollar amount of the transaction.

Tegus Client

Is there anything that I haven't asked that you think would be important for me to be thinking about?

Senior Vice President of Product and Analytics and Head Actuary at Steadily

I would say it really make sure you understand what the value proposition is that the front is bringing. Just having a shell of an insurance company, just being a front is not enough. Insurance is a very competitive field. And in order to really stand out, regardless if it's a front or an MGA, you need to be bringing something to the table that nobody else has. And there's a lot of room to get that right.

There's also a lot of companies that exist. This is again true for MGAs as well as fronts, just because they're like, hey, we're going to automate this or we're going to bring technology to the platform. That's not enough. That's not going to do it because anybody can bring technology, anybody can replicate that.

And if you think you're going to win just by bringing in technology, you're probably missing what the real issue is and you're not digging in deep enough. The fronts that are going to be successful are the ones that actually understand what it is that they're ensuring, they understand what value they are bringing, like why would a front choose to work with them.

They have connections in the industry. They have networks so that if a reinsurance issue comes up, they have people that they can reach out to and say, hey, can you help me out here and the reinsurers are going to be willing to do that. They have a track record of kind of performing, so there's a lot of considerations that go into play. But the biggest one, certainly, I think, would be try to really understand what it is that they as a front can do that nobody else is doing or nobody else is doing well.

Tegus Client

That's helpful. Is there a certain scale, right, just like from your personal opinion in terms of regulatory capital that if you have $20 million or $30 million of capital versus $150 million or $200 million, does scale matter?

Senior Vice President of Product and Analytics and Head Actuary at Steadily

Scale matters, it absolutely matters. And the reason is if you are working with $20 million in theory you could exist, you could run three or four, maybe five or six at the most you could support that many different MGAs, the different programs. However, you will be so leveraged and exposed, that a handful of big losses could kind of run that program down. You would be very constrained. You would be willing not to take a lot of risk, insurance is a game of risk.

So you have to be able to take measured risk. If you have more capital, it just gives you the ability to take on a lot more measured risk. If you can be successful at the $20 million or $30 million of capital, you just have to be really laser-focused and really good at what you're doing. And I think also plan on growing that capital quickly because you cannot support a lot with just $20 million or $30 million.

Tegus Client

Great. Thank you so much for your time and your insights today. Bye.
