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Earnings Call

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|-------------------|---|
| CALL PARTICIPANTS | 2 |
|-------------------|---|

| | |
|--------------|---|
| PRESENTATION | 3 |
|--------------|---|

| | |
|---------------------|---|
| QUESTION AND ANSWER | 8 |
|---------------------|---|

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Presentation

Operator

Welcome to Assurant's Third Quarter 2024 Conference Call and Webcast. [Operator Instructions] It is now my pleasure to turn the floor over to Sean Moshier, Vice President of Investor Relations. You may begin.

Sean Moshier

Vice President of Investor Relations

Thank you, operator, and good morning, everyone. We look forward to discussing our third quarter 2024 results with you today. Joining me for Assurant's conference call are Keith Demmings, our President and Chief Executive Officer; and Keith Meier, our Chief Financial Officer.

Yesterday, after the market closed, we issued a news release announcing our results for the third quarter 2024. The release and corresponding financial supplement are available on [assurant.com](https://www.assurant.com). Also on our website is a slide presentation for our webcast participants.

Some of the statements made today are forward-looking. Forward-looking statements are based upon our historical performance and current expectations and 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 the earnings release, presentation and financial supplement on our website 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 two, please refer to the news release and supporting materials. We'll start today's call with remarks before moving into Q&A.

I will now turn the call over to Keith Demmings.

Keith Warner Demmings

President, CEO & Director

Thanks, Sean, and good morning, everyone. Our third quarter results further supported our strong year-to-date performance. Through the first 9 months of the year, adjusted EBITDA increased by 15%, and adjusted EPS grew by 21%, both excluding catastrophes. Results were led by sustained outperformance within Global Housing as well as underlying growth within our Connected Living business, which was muted by incremental investments in new partnerships and programs and unfavorable foreign exchange. Our year-to-date momentum has positioned us to exceed our previous expectations.

Excluding catastrophes, we now expect adjusted EBITDA to increase low double digits for the second consecutive year and adjusted earnings per share to increase mid- to high teens, led by business growth and strong share repurchases. Once again, we've outperformed the broader P&C industry, both short and long term, reflecting the unique and differentiated nature of our combined housing and lifestyle business model.

Let's begin with our year-to-date business highlights. In Global Lifestyle, year-to-date performance was relatively flat versus the prior period, reflecting elevated claims experience in Global Automotive as well as impacts from unfavorable foreign exchange of 2% or \$10 million, above our expectations from earlier in the year.

Within Connected Living, year-to-date adjusted EBITDA increased 3% or 5% on a constant currency basis as we continue to invest in new partnerships and programs to support future growth. Excluding investments of approximately \$21 million for the first 9 months of the year, Connected Living adjusted EBITDA growth was strong at 11% on a constant currency basis.

One prime example of those investments includes our new Innovation and Device Care Center located just outside of Nashville, supporting our mobile business. In addition to repurposing millions of devices per

year, the new state-of-the-art facility employs innovative ways to leverage automation, robotics and AI. This will create greater value within our global supply chain while driving growth in the secondary device market. The Nashville facility demonstrates our investments in innovation, allowing us to continuously improve our customer experience as we operate through end-to-end partnerships with our mobile clients, a critical competitive advantage for Assurant.

Within Financial Services, on October 1, we launched the new program with Chase card services in our growing card benefits business. Beginning at program launch, we're providing end-to-end delivery for approximately 15 travel and purchase protection benefits, including underwriting, claims processing and benefit servicing to millions of Chase cardholders. We're excited about several new clients and programs targeted for 2025, adding to our growing portfolio. Similar to '24, these new opportunities may require incremental investments.

Moving to Global Automotive. Our auto business has experienced elevated claims costs in both our vehicle service contract business and our GAP product throughout 2024. Over the past 2 quarters, we've started to see some positive early signs with the stabilization of underlying claim severity trends in our vehicle service contract business. Claims inflation impacts have begun to moderate, and our loss ratio is beginning to benefit from rate increases we've taken over the past 2 years.

Within our GAP product, elevated losses have continued as anticipated, but we continue to expect higher claims to be short term in nature in comparison to the vehicle service contract business. In addition, our proactive partnership with several clients should enable us to transition most of the risk and reduce a large portion of our claims exposure over time.

We remain focused on driving actions to improve auto results while benefiting from moderating inflation impacts in 2025 and beyond. We're excited about the long-term trajectory of this business.

Now let's turn to Global Housing. I want to begin by thanking all of our employees who supported policyholders impacted by recent weather events over the last several months, including multiple major hurricanes. We play an important role in safeguarding our policyholders as we processed approximately 35,000 claims to date associated with these events.

It's an important reminder of the critical role our lender-placed product plays in the U.S. mortgage industry, removing the risk of uninsured loss for lenders, investors and homeowners. It's crucial to provide all homeowners with access to insurance. For that reason, we continue to work closely with each state to offer coverage and protection to homeowners at appropriate rates.

Looking at Global Housing's year-to-date results, we've demonstrated continued strong performance, particularly within our homeowners business. Over the first 9 months of the year, earnings increased 34%, excluding reportable catastrophes. In our lender-placed business, we continue to benefit from key competitive advantages, utilizing various growth levers over the past 2 years to sustain results, including meaningful expense leverage, scale from new partners and product safeguards to address macroeconomic factors like inflation. Results were driven primarily by continued policy growth as the placement rate increased to 1.92%, a 12-basis-point improvement since year-end and a 6-basis-point improvement sequentially.

Policy growth has been led by several new partnerships and portfolios as well as from states where it's become more difficult to secure voluntary homeowners coverage. Within renters, adjusted EBITDA has also shown year-to-date growth, supported by continued expansion in our property management company, or PMC channel. Growth in our PMC channel has been supported by technology innovation aimed at enhancing our digital customer experience. This has included the rollouts of Assurant Tech Pro and our Cover360 platform, leading to higher penetration with a simplified resident enrollment process.

Overall, the housing business has benefited from our unique competitive advantages throughout lender-placed and renters, showcasing its resiliency and outperformance over various macroeconomic environments.

Turning to our enterprise outlook. As I mentioned earlier, given the strength of our year-to-date results, we now expect full year adjusted EBITDA to grow low double digits and adjusted earnings per share to

increase mid- to high teens, both excluding catastrophes. This represents an increase to both metrics above our expectations, demonstrating the continued strength of our financial performance.

For the year, we continue to anticipate strong growth within Global Housing, with modest growth expected in Global Lifestyle as we fund incremental investments in Connected Living.

Our ability to sustain profitable growth year after year is a true reflection of our unique and advantaged business model. Assurant's performance is the result of a multiyear transformation, which has significantly enhanced our business mix, risk profile and market positioning.

We've simplified and optimized Assurant to focus on specialized, attractive markets with long-term secular tailwinds within lifestyle and housing, while selling preneed and employee benefits and exiting health and other noncore businesses.

In the markets we operate in, we have leadership positions and competitive advantages through our protection solutions across devices, automobiles and homes. We are well positioned to win due to our highly scaled and deeply integrated B2B2C partnerships, where we work with our clients to innovate and create flexible solutions for their end consumers.

At the same time, we've enhanced Assurant's risk profile by focusing on capital-efficient businesses within lifestyle and housing. Through purposeful transformation, we've enhanced our ability to drive long-term performance and cash generation, attract and grow partnerships with large, sophisticated clients and become increasingly more capital efficient. I'm proud of the long-term outperformance we've achieved against the broader P&C market.

Slide 10 demonstrates our historical outperformance, including a 5-year history of double-digit growth. Based on our current outlook for 2024, annual growth rates since 2019 are expected to average 11% for adjusted EBITDA and 17% for adjusted EPS, both excluding catastrophes.

Given our historical performance and our unique and differentiated business model, we believe we have meaningful valuation upside, in particular as compared to the S&P 1500 P&C index, a broad index of 32 members now including Assurant.

Overall, we see a compelling path for growth ahead and believe Assurant represents an attractive investment.

I'll now turn it over to Keith Meier to review our third quarter results and business trends impacting our 2024 outlook.

Keith Roland Meier

Executive VP & CFO

Thanks, Keith, and good morning, everyone. This November marks the conclusion of my first year as CFO of Assurant. When I began this role, I outlined my key priorities, including driving growth and strong financial performance with a focus on innovation and product differentiation. These priorities have been supported by our continuous efforts to drive expense efficiencies through automation, digital and AI technologies while improving overall customer experience as well as ensuring our capital position remains strong, providing us with the flexibility to create value and support long-term growth.

Over the past year, we have made significant progress. First, looking at growth and financial performance, our B2B2C partnerships are the lifeblood of our business model and the primary driver behind our growth story. Over the past 12 months, we spotlighted several notable client announcements such as renewing all major U.S. mobile clients, including 3 of the top 5 largest mobile carriers in the U.S.; launching new programs and capabilities with existing clients like Spectrum Mobile; and winning new partnerships with Chase, Telstra in Australia and another leading U.S. bank within our lender-placed business.

Second, we have focused on expense discipline as we've continued to drive efficiencies across the organization by utilizing automation, digital and AI technologies. This has enabled us to deliver a better customer experience and invest in new capabilities while driving profitable growth. As an example, we believe our new Device Care Center in Nashville, combined with the numerous investments we've made

across the end-to-end mobile device life cycle, will continue to support new growth opportunities in Global Lifestyle.

In Global Housing, the scale we've achieved through growth and ongoing investing in our technology and compliance solutions have resulted in meaningful operational efficiencies and expense leverage, as seen in the compelling expense ratios we've achieved. Global Housing's expense ratio is at a sustainable level in the high 30s, improving by approximately 3 percentage points year-to-date compared to full year 2023 and nearly 9 percentage points since 2022, all while we improved the customer experience.

And lastly, amidst a fast-changing macroeconomic environment, as well as a year with multiple catastrophes, our capital position has remained very strong. Despite higher-than-average cat losses, we expect to return \$300 million to shareholders through share repurchases in 2024. This is the top end of our anticipated range from the beginning of the year.

The combination of our strong capital position, investments to support growth and robust shareholder returns is a testament to our balanced capital management focus and the strong cash flows of our advantaged businesses. As we look ahead, my focus will be to continue to execute against these priorities to drive growth.

Turning to our third quarter results. Adjusted EBITDA grew 8% to \$385 million, and adjusted earnings per share increased by 9% to \$5.08, both excluding reportable catastrophes. From a capital perspective, we generated over \$160 million of segment dividends in the third quarter, ending the quarter with \$636 million of holding company liquidity.

Our strong capital position allowed us to return \$138 million to shareholders in the quarter, including \$100 million of share repurchases. In addition, we repurchased \$20 million of shares during the month of October. This amounts to \$200 million of share repurchases year-to-date.

Looking at Global Lifestyle, adjusted EBITDA decreased 4%. In Connected Living, we saw another quarter of growth in global mobile protection programs, increasing devices protected by over 2 million subscribers from growth in U.S. cable operators and new Asia Pacific clients. This was offset by investments in the quarter of approximately \$8 million in new capabilities and client partnerships that are expected to drive future growth.

International results were impacted by unfavorable foreign exchange but remained stable on a constant currency basis as we focus on driving results across all regions. Trade-in results were largely flat as declines in carrier volumes and lower promotional activity were offset by volumes from newer programs.

Turning to Global Auto. Earnings were down modestly year-over-year, mainly from elevated losses within our ancillary GAP products, which was partially offset by higher investment income. Claims experience from inflation in our vehicle service contract business was stable, as previously implemented rate increases across our client base have begun to moderate the impacts of higher auto repair costs.

Moving to net earned premiums, fees and other income. Global Lifestyle grew by \$144 million or 7%. Growth was primarily driven by Connected Living, which was up 13%, benefiting from new trade-in programs and additional mobile subscribers, including the rollout of new clients. We continue to expect Global Lifestyle's adjusted EBITDA to grow modestly for the year, driven by Connected Living. Growth will be offset by lower results within Global Auto and unfavorable foreign exchange rates.

For the fourth quarter, we expect a sequential increase in Connected Living from favorable seasonal trends, including higher mobile trade-in volumes from new device introductions and carrier promotions. In addition, we anticipate higher contributions from new Connected Living partners and programs as they begin to earn. Global Auto earnings are expected to remain stable sequentially.

Now let's move to Global Housing's third quarter performance. Third quarter adjusted EBITDA, including \$137 million of reportable catastrophes, was \$92 million. Excluding reportable cats, adjusted EBITDA increased 20% to \$229 million, growing \$38 million.

Global Housing performance was mainly driven by policy growth due to higher placement rates from the net impacts of ongoing client and portfolio transitions and increased voluntary insurance market pressure. In addition, average premiums increased from higher insured values year-over-year and filed rates.

Lastly, results benefited from \$30 million of favorable year-over-year prior-period reserve development. This was comprised of a \$45 million reserve reduction in the current quarter compared to a \$15 million of reserve reduction in the third quarter of 2023. The increase in Global Housing was partially offset by a \$28 million unfavorable nonrun rate adjustment related to a change in earnings pattern assumptions. Within our renters business, we benefited from continued strong results in our PMC channel, where we drove double-digit gross written premium growth.

We continue to expect strong adjusted EBITDA growth in Global Housing for full year 2024, excluding catastrophes. We anticipate growth will be driven by continued top line momentum in homeowners, expense leverage, favorable non-cat loss experience and lower catastrophe reinsurance costs.

Lastly, as we look ahead to our fourth quarter results, we continue to settle claims and serve policyholders associated with Hurricane Milton. Early estimates indicate that impacts will range between \$75 million to \$110 million.

For corporate, the adjusted EBITDA loss in the third quarter was \$30 million, an increase of \$4 million year-over-year, driven by higher third-party and employee-related expenses. For the full year 2024, we now expect the corporate adjusted EBITDA loss to be approximately \$115 million. We generated significant deployable capital year-to-date, upstreaming \$556 million in segment dividends.

Looking forward to the remainder of the year, we remain focused on maintaining balance and flexibility as we support new business growth and return excess capital to shareholders.

Overall, we're very pleased with our strong year-to-date performance in 2024 and feel well positioned as we exit the year and move into 2025. With that, operator, please open the call for questions.

Question and Answer

Operator

[Operator Instructions] Our first question will come from Brian Meredith with UBS.

Brian Robert Meredith

UBS Investment Bank, Research Division

A couple of questions here for you. First one, perhaps on the Global Housing, all the catastrophe losses that we've been seeing, how are you thinking about pricing for that business when you head into 2025? And I'm assuming your cat reinsurance program, since it doesn't appear you're going to have any kind of retention get into the program, should be beneficial, should be good in 2025. So maybe you can give us a little color on that.

Keith Warner Demmings

President, CEO & Director

Yes. Maybe I'll start, and then Keith Meier can chip in. But obviously, we feel really good about the reinsurance program that we have in place. And you're right, as we look at the effect of Milton and the other storms we've had through the year, it's been an active season, but we've not touched the reinsurance tower to this point. So I think that sets us up well in terms of favorability with our reinsurance partners. We've talked about having a panel of 40 reinsurers that have been very stable over time. So I think we feel good heading into next year as we think about reinsurance costs.

And then as we think about the rate process, obviously, we'll look at all of our losses over the course of the year, cat and non-cat expense levels, reinsurance costs. So we look at the pricing heading into next year being relatively stable to what we've seen this year. So I don't think that there will be a big shift in premium as we head into '25.

Keith Roland Meier

Executive VP & CFO

Yes. And I think we're certainly continuing to evaluate our program structure for our reinsurance cat tower. We'll share more of the details of that in February with our 2025 outlook.

But in general, we expect to continue to approach our 1-in-5 probable maximum loss point for retention, which is \$150 million this year. And we -- the good news is we haven't touched that tower this year. So we certainly think with it not hitting the tower that, that should be a positive as we look forward to rates in 2025.

And just as a reminder, we've moved to an effective date of April 1 for our onetime placement for our reinsurance programs as well.

Brian Robert Meredith

UBS Investment Bank, Research Division

Got you. That makes sense. And then Keith and Keith, I was wondering if you could give me -- give us maybe a little bit of a preview of what you're thinking about with 2025 in Global Lifestyle. You've got a bunch of these new programs hitting, and I'm assuming they'll have a nice tailwind from a growth and margin perspective as we look at 2025. Maybe a little big picture what we may be able to expect.

Keith Warner Demmings

President, CEO & Director

Sure. Yes, I'll give you a few highlights as we think about '25. Obviously, we need to close out Q4 and see where the underlying performance comes in, look at the trends, et cetera. And then we will obviously provide detailed guidance in February.

But stepping back at the high level, certainly, we expect to accelerate Global Lifestyle growth in '25. I would say growth will certainly come in Connected Living. We've made a lot of investments in '24. Those investments won't continue in '25, and obviously, we'll start to generate revenue and EBITDA from those client launches and the efficiency that we're driving. And then we've got good underlying strong momentum in the business overall.

And then as I think about auto, we definitely expect growth in auto in '25 as well. We expect the business will benefit from higher earnings from the rate increases that we've implemented over the last couple of years and then stabilizing inflation levels.

One thing I would mention, we do expect some additional incremental investments in '25. There are a number of things that we're actively working on. Similar to '24, net new clients, net new program launches, things that have not yet been disclosed to the market. So we'll preview that as well in '25. So think about the '24 investments really sunseting, the revenue and EBITDA flowing through. And then hopefully, if we have continued great momentum with clients, we'll have some other big exciting things that we'll be bringing to market in '25 as well.

And then maybe I'll just touch on housing since we'll close out the '25 thoughts. I mean it's been an incredible 2024, really the last couple of years in housing. As we think about '25, probably the simplest way to say it is net of the prior year development that we've seen, we do expect solid underlying growth in housing in '25. And I'd say, driven from the growth we've seen in terms of our policy counts, continued increases in average insured values and then momentum around expense leverage in the business. So more to come in February, but those are a few of the high-level thoughts.

Operator

Our next question comes from Mark Hughes with Truist.

Mark Douglas Hughes

Truist Securities, Inc., Research Division

The voluntary business that you're picking up, can you talk about that? Is the momentum still building in voluntary? The markets that you're seeing success still dislocated. How do you see that trend? And this is in housing, obviously.

Keith Warner Demmings

President, CEO & Director

Yes. And really, we're highlighting the impact around the placement rate. So we look at the placement rates up 6 basis points sequentially. It's up 18 basis points year-over-year. So we've seen a lot of momentum with respect to that.

And I would say it's probably equal parts growth in the underlying business. We obviously onboarded a major new client earlier this year. We've seen growth within our existing client bases of acquired loans, acquired portfolios.

And then the other half of that growth is a result of additional policies being placed because homeowners are being more challenged to find traditional voluntary coverage. So we've talked about that hard market factor being part of the drivers for the placement rate growth, less so challenges more broadly in the economy, challenges in terms of delinquency and those types of things. Those are really not factoring in, at least at this point. So that's what we've tried to highlight is it's a function of the hard market that we're seeing around the country.

Mark Douglas Hughes

Truist Securities, Inc., Research Division

In the device count, you had a nice acceleration this quarter. I think you talked about some new Asia Pacific clients. Did they come over kind of en masse? Or will this growth continue?

Keith Warner Demmings

President, CEO & Director

Yes. The step change we saw earlier in the year, at this point in Q3, this is a more natural evolution. So we've seen continued steady growth, both in our domestic business. We rolled out some new products earlier this year with one of our major cable partners. That's generated a significant amount of momentum and then, of course, building as well in Asia Pacific. But that was more of a natural evolution from the finish point at Q2, and those blocks had already sort of step changed earlier in the year.

Mark Douglas Hughes

Truist Securities, Inc., Research Division

Yes. And then on the GAP higher-than-expected or the GAP losses, when did that run through? When do you either reinsure that away or get enough price to offset the claims experience?

Keith Roland Meier

Executive VP & CFO

Yes. So we mentioned before that the impact from GAP is shorter term in nature versus the vehicle service contracts. Those claims are usually heavier in the first 24 months or so. And we've been partnering with our clients to eliminate or reduce the risk on those businesses. And just as an example, from a written premium perspective, in 2022, 40% of the business, we had some risk participation. And then in 2024, it's down to just 12%.

So overall, as we look into 2025, with all the actions that we've taken across our vehicle service contracts and GAP, we expect auto to improve as we move forward. And I think overall, I think we get a sense that the pressure is declining, certainly for auto.

Keith Warner Demmings

President, CEO & Director

Yes. And maybe I'll just amplify. I think we talked about starting this process of looking at reshaping the risk that we hold relative to GAP going back 2 years ago. So we started this process early. And as Keith highlighted, a pretty big reduction in the amount of risk that we're writing today. So really, it's just a question of running off the unearned part of the business. But as Keith said, it's much shorter term in nature. So it shouldn't be a headwind as we think about '25.

Operator

Our next question comes from Tommy McJoynt with KBW.

Thomas Patrick McJoynt-Griffith

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

When we think about the subscribers that you guys are adding, I think largely calling out the cable operators in the Asia Pacific region, is the sort of monetization opportunity of those customers any different than the traditional sort of carrier customer that represented your in-force for a long time?

Keith Warner Demmings

President, CEO & Director

No, I think it's pretty well aligned. I mean, obviously, every deal with clients work differently. But no, I'd say it's very much aligned with the standard operating model. Obviously, we're pleased to see the subscriber growth pretty material year-over-year and then continuing to build certainly in the quarter. But no, I wouldn't say it's dramatically different than sort of the average of the total, Tommy.

Thomas Patrick McJoynt-Griffith

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

Okay. Got it. And then to clarify your comments around the investment spend in Connected Living, I think you called out \$21 million of spend year-to-date. And it sounds like that investment spend is sunsetting

this year, but then it's going to be replaced by sort of additional or new investment spend next year for new programs. Can you just clarify the comments around that?

Keith Warner Demmings

President, CEO & Director

Yes, that's exactly right. So we've got, to your point, \$21 million year-to-date. We had about \$8 million that we called out in the third quarter. We'll see a little bit more in the fourth quarter, probably moderating a little bit from kind of where we sit today.

As I think about '24, 2/3 of that investment spend, I'm simplifying, is related to new client launches. Think about the launches with Telstra, Spectrum, Chase, some other things that we probably haven't highlighted. And then 1/3 of it is the work that we've done to really automate and invest in our new Device Care Center. So all of those programs are sort of delivered this year. Those don't recur, and then we get all the benefit in terms of revenue, EBITDA and efficiency.

And then to your point, we will have additional new investments, which I think is a really good thing, right? If we're making -- and we're only calling out investments that are meaningful and that are designed to launch net new things in the marketplace that have strong payback and that are going to generate EBITDA and revenue once they launch.

So we'll size that again in February, Tommy, to give everyone a sense of how we think about that. But there's a lot of things in our pipeline. Our commercial momentum, particularly in Connected Living, is incredibly strong. So this would be a really good thing if we've got another bucket of investment similar to what we did this year.

Thomas Patrick McJoynt-Griffith

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

And then just lastly, in Connected Living. The fourth quarter guide seems to imply some pretty good strength there. What's sort of contemplated around trade-in volumes and perhaps the sensitivity around this iPhone upgrade cycle? Should we think of this as an unusually strong fourth quarter? Or is this just something that can repeat in kind of future years?

Keith Warner Demmings

President, CEO & Director

Yes. I'd probably say that when we look at the sequential growth in Connected Living going into Q4, trade-in seasonality, and Keith can speak to it in a second, we definitely would expect to see that. We've got benefit from the new clients that we've launched, a little bit moderating expenses, but revenues flowing through. We also see seasonal loss improvements in the retail service contract business as well. So there's a few drivers that will create a sequential improvement in Connected Living.

But maybe, Keith, talk a little bit about trade-in.

Keith Roland Meier

Executive VP & CFO

Yes. And I think as you think about trade-in, I think we saw a little bit of softness in trade-in and in promotional activity, offset by some newer programs in this quarter. If you think about it, the iPhone 16 launched on September 20, but the first set of Apple Intelligence features were rolled out on October 28. So we certainly expect more promotional activity as we come into the fourth quarter. I think it was muted a little bit in the third quarter, but we expect that to pick up here in the fourth quarter.

Operator

[Operator Instructions] We have no one else in the queue.

Keith Warner Demmings

President, CEO & Director

All right. Wonderful. Thanks...

Operator

Apologies. We do. John Barnidge from Piper Sandler just raised his hand.

John Bakewell Barnidge

Piper Sandler & Co., Research Division

Sorry. I have got a couple of questions. Appreciate you fitting me in. Given we've got past experience of improving profitability meaningfully in Global Housing, I'm wondering if there are some lessons here that can be transferred to Global Auto. With rate increases having an impact on profitability, should we expect there to be a period of favorable reserve development in that business over time at all?

Keith Warner Demmings

President, CEO & Director

Yes. I mean I think I'd probably say a couple of things. We're -- we've been through these cycles before for a variety of different reasons where maybe losses are elevated in different periods. I think our track record of working through this with clients is exceptionally strong, the alignment of interest, the contracting we got in place. So auto is a little different because of the nature of the product. It's longer term in nature. So it takes a longer effort to kind of get it back to profitability where housing is an annual policy.

But there's no doubt, the lessons learned through housing. If you think back to a couple of years ago, simplified the business, drove a tremendous amount of focus on the core, didn't just attack the issue from a rate perspective but looked to drive operational efficiency, expense efficiency, and I think we're doing those same things on the auto side.

So we're addressing it in multiple ways. We're strengthening the business at a fundamental level as a result of some of the changes we're making. And we feel confident that we'll create some longer-term tailwinds. I don't think there'll be major step changes in terms of reserving releases over time, but I'll let Keith speak to that.

Keith Roland Meier

Executive VP & CFO

Yes. And I would say, just in general, these types of challenges just make us stronger in terms of the rigor and the actions that we take in that business. So I think that always does provide us some positive impacts as you look forward.

Just if you think about for auto, we implemented 16 now total rate changes with our clients. So we've been working with our clients to do that. And then we also redesigned products to make them more effective for the consumer as well.

So I think being able to pull all the levers that we have, I think, are examples of there's different levers, as Keith mentioned, in housing versus auto, but I think it's a lot of that similar element. And so it's not so much the reserves for auto as it's more of the earnings of those rates that will be coming through over the next few years that provides us a little bit of tailwind there for our auto business.

John Bakewell Barnidge

Piper Sandler & Co., Research Division

And then my other question, you've had quite a lot of success taking wins in one business and winning it in another business. I think Chase was a good example of that this year. Is there an opportunity to offer mobile coverage or other coverage to clients where you've won that Global Housing business? I know I get Hulu, Netflix and Apple TV with my mobile device. Wondering if there can be a bundling into card and housing from mobile.

Keith Warner Demmings

President, CEO & Director

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Yes. I mean it's definitely an interesting thought, and we always think about how do we leverage the relationships that we've got. And you think about the strength of Assurant, certainly, it's the B2B2C nature of the business, but the fact that we operate across kind of a wide number of distribution channels with major, major brands. So as clients are looking to reinvent how they bring services to market, I think we're well positioned to capitalize on that.

So I think the logic of your question makes perfect sense. Obviously, a dramatic amount of the scale has come through partnerships with mobile operators. If we look at the U.K. market, for example, though, we work with major banks in the U.K. that offer mobile protection as part of their packaged bank accounts. So we definitely look for those opportunities where we think we're best positioned and we can deliver at scale.

Keith Roland Meier

Executive VP & CFO

Yes. I think it's definitely a positive opportunity for us to leverage these relationships that we have with these large institutions like Chase. A good example is I was meeting with some of their executives when they were launching the program last month, and they said they did check with their Chase counterparts and basically were doing reference checks on Assurant, and they came back very positive. And so those types of things certainly can go a long way and are very positive for us to expand relationships.

Operator

There is no one else in the queue. I will pass it back to Keith for closing remarks.

Keith Warner Demmings

President, CEO & Director

Okay. Wonderful. Well, thanks, everybody, for joining, and we will certainly look forward to another discussion in February. We'll share how we closed out the year and provide some guidance for 2025. So thanks very much, and have a great holiday season.

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