S&P Global
Market Intelligence

Chubb Limited NYSE:CB

Earnings Call

Wednesday, July 24, 2024 1:30 PM GMT

Call Participants

EXECUTIVES

Evan G. Greenberg
Executive Chairman & CEO

John Joseph Lupica
Executive Chairman of North America Insurance

Karen L. Beyer
Senior Vice President of Investor Relations

Paul Gerard O'Connell
Chief Actuary

Peter C. Enns
Executive VP & CFO

ANALYSTS

Brian Robert Meredith
UBS Investment Bank, Research Division

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

David Kenneth Motemaden
Evercore ISI Institutional Equities, Research Division

Jian Huang
Morgan Stanley, Research Division

Michael Augustus Ward
Citigroup Inc., Research Division

Michael David Zaremski
BMO Capital Markets Equity Research

Yaron Joseph Kinar
Jefferies LLC, Research Division

Presentation

Operator

Good morning. My name is Eric, and I will be your conference operator today. At this time, I would like to welcome everyone to the Chubb Limited Second Quarter 2024 Conference Call. [Operator Instructions]

I would now like to turn the call over to Karen Beyer, Senior Vice President, Investor Relations. Please go ahead.

Karen L. Beyer
Senior Vice President of Investor Relations

Thank you, and good morning, everyone. Welcome to our June 30, 2024 Second Quarter Earnings Conference Call. Our report today will contain forward-looking statements, including statements relating to company performance, pricing and business mix, growth opportunities and economic and market conditions, which are subject to risks and uncertainties, and actual results may differ materially. Please see our recent SEC filings, earnings release and financial supplement, which are available on our website at investors.chubb.com for more information on factors that could affect these matters.

We will also refer today to non-GAAP financial measures, reconciliations of which to the most direct comparable GAAP measures and related details are provided in our earnings press release and financial supplement. Now I'd like to introduce our speakers. First, we have Evan Greenberg, Chairman and Chief Executive Officer; followed by Peter Enns, our Chief Financial Officer. Then we'll take your questions. Also with us, to assist with your questions, are several members of our management team.

And now it's my pleasure to turn the call over to Evan.

Evan G. Greenberg
Executive Chairman & CEO

Good morning. As you saw from the numbers, we had another great quarter. We produced core operating EPS of $5.38, up 9.3%. Premium revenue growth reflects strong results in our businesses around the world, North America P&C, International P&C and Life Insurance demonstrates the broad-based diversified strength of our company. Our underwriting results were simply excellent. We published a combined ratio of 86.8%. We grew investment income within 25%, and Life segment income was up 8.7%, with International Life up double digit.

Core operating income for the quarter was $2.2 billion, bringing year-to-date operating earnings to $4.4 billion, up 13.5% and a record 6-month result. P&C underwriting income in the quarter of $1.4 billion was essentially flat, as a result of higher cat losses globally. As you know, it was an active quarter for the industry. Our losses of $580 million compared with $400 million prior year, and they were in line with our modeled expectations, while last year's second quarter losses were light.

On our next cat current accident year basis, underwriting income of $1.8 billion was up over 11%, with a combined ratio of 83.2%, both were record underwriting results. Investment income topped $1.5 billion, up nearly 26% and a record as well. At June 30, our reinvestment rate is averaging 5.9% and our fixed income portfolio yield is 4.9% versus 4.5% a year ago. Our liquidity is very strong, and investment income will continue to grow, as we reinvest cash flows at higher rates. Our invested asset now stands at $141 billion, and we expect it to continue growing.

Life segment income of $276 million was right in line with our plan. Our annualized core operating ROE for the quarter was 13.3%, with a return on tangible equity of over 21%. Peter will have more to say about financial items.

Turning to other matters, growth, pricing and the rate environment. Consolidated net premiums for the company increased 11.8% in the quarter, or 12.3% in constant dollars. We are a large, diversified global insurer, and our growth this quarter is again a reflection of who we are. Growth was broad-based geographically by product and customer segment, both commercial and consumer, from North America commercial to North America consumer, international commercial, Asia, Europe and Latin America to international consumer, particularly Asia and Latin America.

In terms of the commercial P&C rate environment, overall conditions remain favorable in both property, which is naturally more competitive and casualty, which is firming in those classes that require rate. Loss cost inflation remains steady and within what we have contemplated in our pricing and our reserving. Property has become more competitive as more capital is entered. Our book is well priced and terms and conditions remain steady. Casualty is firming in the areas that need rate, and we see this trend in casualty enduring. And I'm going to give you some more color by division.

So let's start with North America. Premiums, excluding agriculture, were up 8% and consisted of 12.3% growth in personal lines and 6.7% growth in commercial, with all P&C lines, including comp up 8.7% and financial lines down about 3%. We wrote over $1.3 billion of new business, which is a record, and our renewal retention on a policy count basis was 90%, both speak to the reasonably disciplined tone of the market and our excellent operating performance.

Premiums in our major accounts and specialty division increased 6.5%, with P&C up about 8% and financial lines down 2.5%. Our E&S business grew about 8.5%. Premiums in our middle market division increased about 7.5%, with P&C lines up almost 11% and financial lines down 4.5%. Again, the underwriting environment in North America is generally favorable and rational, financial lines aside. P&C pricing, excluding financial lines and comp, was up 8.3%, with rates up 5.5% and exposure change of [2.7%]. Financial lines pricing was down 3.2%, with rates down about 3.5% and exposure up 0.3%.

And workers' comp, which includes both primary and large account risk management comp, pricing was up 4.2%, with rates up 1.6% and exposure up 2.6%. And breaking down P&C pricing further, property pricing was up 5.3%, with rates up about 1.1%, an exposure change of 4.2%. Large accounts shared and layered in E&S property pricing was flat to down. While in the middle market, rates continue to rise about 7%.

We are big in all three. And again, all three are priced adequately. Casualty pricing in North America was up 11.7%, with rates up 9.9% and exposure up 1.6%. Loss costs in North America remains stable in line, and in line with what we contemplate in our loss picks, loss cost for P&C, excluding financial lines and comp, are trending at 7.3%, with short-tail classes up 5.3% in casualty, excluding comp, at 8.6%. We are trending our first dollar work comp book at 4.6%.

As I said, when it comes to financial lines, the underwriting environment and a number of classes is simply not smart. We are trading growth for a reasonable underwriting margin. We are trending financial lines loss costs at just over 5%.

On the consumer side of North America, our high-net-worth personal lines business had another outstanding quarter, with premium growth of over 12%, including new business growth of 30%. Premium growth for our true high-net-worth segments, the group that seeks our brand for the differentiated coverage and service we are known for, grew 17%. These numbers are really impressive when you consider our high net worth personal lines division is almost a $7 billion business.

Our homeowners pricing was up 14.6% in the quarter, while the loss-cost trend remains steady at 10.5%. Turning to our international general insurance operations. Net premiums were up over 16.5% in constant dollar. Our international commercial business grew nearly 14%, while consumer was up almost 21%. Asia Pacific led the way with premiums up 36%. And excluding China's contribution, premiums were up over 9%. Latin America had a strong quarter, with premiums up about 12%, and Europe retail grew over 9% with the continent of 11%. 41% of our overseas general divisions premium is consumer, both A&H and personal lines, and it's growing at a good clip.

In the quarter, premiums in our International A&H business were up over 10.5%, led by Asia Pacific and Europe. Our international personal lines business had another excellent quarter with growth of 32%, led by Asia Pac and Latin America. We continue to achieve positive rate to exposure across our international commercial portfolio with retail, property and casualty lines pricing up 6.1% and financial lines pricing down 4.1%.

Loss cost inflation across our international retail commercial portfolio is trending at 5.8%, with P&C lines trending 6.1% and financial lines trending 4.8%. In our international life insurance business, which is fundamentally Asia, premiums were up 31.7% in constant dollar. Excluding China, like premiums were up almost 10%. Depending on the country, growth was driven by tied agency, brokerage, bank assurance and direct marketing distribution channels. International Life earnings grew over 15% in the quarter in constant dollars.

Lastly, Global Re had a strong quarter, with premium growth exceeding 40% and a combined ratio of 72.7%. Growth was property driven, both risk and cap. And in the quarter, we wrote more one-off structured transactions, which contributed to our growth.

In summary, as you could see, we had a great quarter. And again, our results reflect the strength, the breadth and the depth globally of the company. We are confident in our ability to continue growing our operating earnings at a superior rate, through P&C revenue growth and underwriting margins, investment income and life income.

I'm going to turn the call over to Peter, then we're going to come back and take your questions.

Peter C. Enns
Executive VP & CFO

Good morning. As you know, our balance sheet and overall financial position are very strong and just got stronger, benefiting from our first half results. Our underwriting and investment results continue to generate substantial capital and significant positive cash flow. Our book value reached over $61 billion or $151 per share and adjusted operating cash flow for the quarter and through 6 months were $3.6 billion and a record $7.2 billion, respectively.

We returned $939 million of capital to shareholders this quarter, including $570 million in share repurchases and $369 million in dividends, and $1.6 billion in total through 6 months. While containing [indiscernible] book value per share, excluding AOCI, increased 2.6% and 3.1%, respectively, for the quarter and 4.9% and 6.1%, respectively, year-to-date, benefiting from core operating income, partially offset by capital return to shareholders noted earlier.

In addition, we closed on two small acquisitions this quarter, healthy pause of PEG insurance business and Catalyst Aviation, which together diluted tangible book value by about $300 million. Core operating ROE and return on tangible equity were 13.3% and 21.1%, respectively, for the quarter, and 13.6% and a record 21.6%, respectively, year-to-date.

Turning to investments. Our A-rated portfolio produced adjusted net investment income of $1.56 billion, which included approximately $30 million of higher-than-normal income from private equity and other areas. We expect our quarterly adjusted net investment income to average approximately $1.57 billion to $1.63 billion for the remainder of the year.

Regarding underwriting results. The quarter included pretax catastrophe losses of $580 million, which were principally from weather-related events, let 75% in the U.S. and 25% internationally. Prior period development in the quarter in our active companies was a positive $285 million pretax with $144 million in North America Commercial, $64 million in North America Personal, $61 million in overseas general and [$15 million] in Global Re. The $285 million was split 35% long tail lines, predominantly in North America commercial and 65% in short tail lines.

Our corporate runoff portfolio had adverse development of $93 million mostly coming from molestation-related claims development. Our paid-to-incurred ratio for the quarter was 71% and 77% year-to-date. Our core effective tax rate was 18.8% for the quarter, which is within our guided range. We continue to expect our core effective tax rate to be within 18.75% to 19.25% for the remainder of this year.

I'll now turn the call back over to Karen.

Karen L. Beyer
Senior Vice President of Investor Relations

Thank you. We'll be happy to take your questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Michael Zaremski with BMO Capital Markets.

Michael David Zaremski
BMO Capital Markets Equity Research

Most of the focus, as you know, you gave good commentary Evan, as you usually do on loss cost trends. I'm trying my best to use the live transcript to true up some of the quarter-over-quarters, but I believe you made commentary about loss costs run in North America, specifically being stable and kind of in line with your expectations. But I think you said there was a excluding comp in the 8s, and I believe last quarter was in the 7. So just curious, is loss cost trend changing a bit in terms of the trend line?

Evan G. Greenberg
Executive Chairman & CEO

No, there wasn't a change of loss costs. And frankly, it was 7.3% is what I said for P&C lines which excludes financial lines and comp, I think that's the way to look at it. And the 8s was pricing -- pricing was up 8.3%. Pricing exceeded loss cost of P&C lines.

Michael David Zaremski
BMO Capital Markets Equity Research

Would you say -- got it. Okay. So just sticking with that, and I guess -- will just be my follow-up. There's a number of indices out there, which kind of show that pricing in certain parts of the marketplace, even ex financial lines or sub-6%, sub-5%. Would you say that -- I know you've talked about not accepting all business that's not price adequate. But would you say that Chubb's kind of in a doing that more so today in terms of kind of saying no to more business than it usually does, in order to kind of make sure you're keeping pricing above loss cost trend, whereas maybe others don't appear to be doing that when we see their trend lines on their loss ratios?

Evan G. Greenberg
Executive Chairman & CEO

Well, I think I understood what you just said. Let me answer the first one. We wrote $1.3 billion of new business. That's a record. We grew in our P&C business, 8% or so. And we gave comps separately, gave financial lines. The market overall, those numbers, as I said, I'm repeating myself, speak to the tone of the market, which is overall quite good.

We published a combined ratio of 86.8% with higher CATs, and 83.2% current accident year combined ratio, I'm hardly wringing my hands. Our results are outstanding, underwriting results. The pricing in the market is reasonably rational. Financial lines aside, the areas, and we're only writing business, where we can earn an underwriting profit. On an all classes, we strive to earn an underwriting profit that reflects a good return on capital that we're deploying against that line of business.

In some classes, they're well priced and getting rate that equals loss cost, brilliant. In some classes, there's pricing below loss cost, because the margins are so decent. And in other classes and they're casualty related, we're writing the business, because we're getting rate well in excess of loss cost, as those lines approach their adequacy. I hope that answers your question.

Then if you look at something like financial lines, there is a glaring example hiding in plain sight that demonstrates we are shrinking when we can't earn an adequate return, which is what we have done consistently for 20 years.

Operator

Your next question comes from the line of Paul Newsome with Piper Sandler.

Your next question comes from the line of Brian Meredith with UBS.

Brian Robert Meredith
UBS Investment Bank, Research Division

I'm just curious, given the good pricing you're still seeing in casualty lines right now, I'm just a little surprised that we aren't seeing more growth in that area from you all. And actually, if you just look at your pricing versus where the kind of premium growth was, it almost looks like you're shrinking a little bit on a absolute unit basis. Maybe correct me if there's something else going on that. I'm not seeing in the numbers.

Evan G. Greenberg
Executive Chairman & CEO

No, no. We're growing property, and on the unit count grew well. So I don't -- and I don't know -- you don't have any reflects,[unit]...

Brian Robert Meredith
UBS Investment Bank, Research Division

Those in casualty?

Evan G. Greenberg
Executive Chairman & CEO

You can't see number of policies. And you're talking property, right?

Brian Robert Meredith
UBS Investment Bank, Research Division

No, no, no. I apologize. I said casualty. I'm just looking at your commercial casualty, if you can [purposely] give us. Apologies.

Evan G. Greenberg
Executive Chairman & CEO

No. Casualty is growing. And it's growing in the areas that we think we should be growing. And then we have some areas, remember, in large account where we have been restructuring, in troubled classes and increasing retentions, and we have accounts we've gotten off of or who have left us, because of change of terms and all of that, that was worth about $50 million in the quarter. And that will run at strength. It's particularly auto-liability related. And -- but other than that, certain classes grew, some stayed flat, but overall casualty was up.

Brian Robert Meredith
UBS Investment Bank, Research Division

Makes sense. And then just a second question, and I appreciate all the color on loss trended stuff. But given some of the uncertainty that others in the industry are talking about on, what's going on in the social inflation environment. Are you all kind of thinking about maybe or are adding some additional IBNR to perhaps loss picks and stuff? Or are we not at that point at this right now?

Evan G. Greenberg
Executive Chairman & CEO

That's a strange way of framing for me. You're either raising your loss pick, which is IBNR -- so IBNR in casualty, generally, you're -- if it's on a more recent year, it's all IBNR. If it's case -- if it's due to case reserve on recent years, then hang on to your hat. And if you're -- whereas on older years, you could be raising your loss pick based on actual incurred claim.

So to me, it's just simply another way of saying, are you raising your loss picks on more recent years, we already have raised our loss picks. It's already been baked into our business as we've gone along, and we've raised our loss cost trends, and we take rate against loss cost, and on a written basis and then to earn through, we pick up -- we've been picking higher loss ratios over the last few years. And that's just steady. We haven't adjusted our loss picks this year, for what we see in loss cost trends, the loss cost trends, as I said, remains steady with what we have contemplated.

Now as you do reserve studies, there are individual classes where if you're taking a reserve charge, you're taking a reserve charge because that, by its nature, means you're raising the loss picks, which includes IBNR on a cohort of years. It may be that you're raising it just, because of development you see on older years. It may be that you see that flowing through to more -- to change your view on more recent years and in which case you raise them, but that's study-by-study. Right? I hope that answers your question.

Operator

The next question comes from the line of Bob Huang with Morgan Stanley.

Jian Huang
Morgan Stanley, Research Division

I just want to shift gears a little bit to personal lines. You grew a pretty incredible 42% premium year-to-date. Can you maybe talk about the driver of this growth in North America Personal? And also, how should we think about just the growth trajectory of this line, going forward? I understand obviously, homeowner auto is going to be very different, but just curious your thoughts going forward.

Evan G. Greenberg
Executive Chairman & CEO

Did you -- we did not grow North America Personal Lines 42% stock year-to-date. But we've grown it double digit year-to-date. And so -- just so we level set between each other. The line is growing at a very healthy rate. And look, it's -- there's a combination of reasons. It's broad-based growth. We're not growing simply in, okay, CAT-exposed stressed areas. We're growing where high net worth customers have homes. And so that would, of course, have a strong CAT exposed element to it, but we're growing at a broad variety of geographies, across the United States.

We're getting improved rate to exposure our pricing, and we've worked on it for years now, or our ability to price the business, is far more sophisticated, and our by-peril pricing is very sophisticated. The services we provide and the richness of the coverage, if you are a customer whose profile meets our product, we're who you want. Because the richness of the coverage and the way we administer it, that's what our brand is well known about. And there is a real increase in demand for Chubb. We are not the cheap guys on the street.

And in fact, there are many who, I personally will tell them. If you're looking for a cheaper price, let me give you the name of three other insurance companies. But no, they want Chubb and the renewal retention rate, and the growth in new business, it's very gratifying that way. And we're improving our services, and constantly improving our services and in the way we communicate with our customer. And that is in front of us. We can continue improving this and it can improve -- which is the competitive profile of the product area.

So -- and then, yes, in CAT-exposed areas we're getting well paid for the business we're writing. I don't mind saying we're reshaping and have been shaping in CAT-exposed areas to a healthier portfolio in terms of the quality of risk and whether they're just giving us CAT business or they're giving us a broad base of business beyond CAT exposure. And we're shaping that portfolio and getting priced reasonably for it, and we're purchasing enough protection to protect the balance sheet as we grow accumulations. So all in all, our personal lines business is in a very healthy place.

Jian Huang
Morgan Stanley, Research Division

Great. Yes, the 42% personal auto, I misspoke there. Yes. So the second question is, in the press release, you talked about you're seeing a broad set of opportunities in accident and health and personal lines across the globe, right? Can you maybe expand on, where you think that opportunity resides. It feels like your European business is doing well, our Asia business is doing well. Is this globe -- are you referring to more broadly speaking? Or is it more Southeast Asia, South Asia, can you maybe give us a little bit more details there? Is it more organic, inorganic, things of that nature?

Evan G. Greenberg
Executive Chairman & CEO

Well, good question. Thank you. Okay. So let's take accident and health. The combined insurance company in North America, which I'm going to start talking about more soon. But we've been a little quieter about it. It is growing at double digits. It is a worksite voluntary benefits business, and it is growing at a very healthy double-digit clip, and that is traditional -- our traditional accident and health. We're growing it for small account companies and middle and large account companies, one through brokerage, one through agency.

Our accident and health business in Asia Pacific has grown because we're the largest direct marketers of insurance, in Asia, for sure, and maybe the world, it's over a $4.5 billion portfolio. And our direct marketed A&H business growing in Korea, growing through Southeast Asia, is an excellent contributor. Our digital distributed consumer lines business, A&H and Personal Lines with over 200 digital platforms, from the grabs of Southeast Asia to the new banks of Latin America, for in, what we call, embedded or in past selling, for accident and health and simple consumer products rank householders, think term life insurance, think device coverage for protecting devices, is growing out of -- that's our digital business growing at a very healthy double-digit clip.

Travel insurance in Asia, growing well. In Europe, employer, employee and direct marketed A&H growing very well. I could go on and on. But that's a flavor of how it's maybe giving you a sense granularly, of how it is across the globe.

Operator

Your next question comes from the line of David Motemaden with Evercore ISI.

David Kenneth Motemaden
Evercore ISI Institutional Equities, Research Division

I had a follow-up just on the North America P&C long tail ex comp loss trend. It sounds like that increased about 1 point sequentially. Just wondering what you saw in the quarter?

Evan G. Greenberg
Executive Chairman & CEO

No, it did not. It didn't -- go ahead, Paul.

Paul Gerard O'Connell
Chief Actuary

I think last quarter, we had given the casualty number, which was 8.6% and comparison, that's a stand-alone casualty number. The number you just cited was P&C ex Financial Lines and exports [comp], it didn't change.

Evan G. Greenberg
Executive Chairman & CEO

Did you hear that explanation to help you? David?

David Kenneth Motemaden
Evercore ISI Institutional Equities, Research Division

Yes. Yes, I did. It was a little faint, but I think I got most of it. So it just sounds...

Evan G. Greenberg
Executive Chairman & CEO

Let's repeat it. The numbers didn't change.

Paul Gerard O'Connell
Chief Actuary

Sequentially, it might have been a different mix or different combination of product lines. So the 7.3 that we cited was total ex-financial lines and ex-purpose compensation.

Evan G. Greenberg
Executive Chairman & CEO

Which is -- which we think is the purest way for you to hear casualty.

Paul Gerard O'Connell
Chief Actuary

Property and casualty.

Evan G. Greenberg
Executive Chairman & CEO

Yes, property and casualty. And then we gave casualty separately. And the casualty separately hasn't changed. No. I mean, I'm looking at my Chief Actuary as I'm scratching my head. We haven't changed it.

David Kenneth Motemaden
Evercore ISI Institutional Equities, Research Division

Got it. Okay. That's helpful clarification on that front. I guess we've obviously heard a lot of noise this quarter from just across the industry on more recent accident year casualty reserves, doesn't sound like there's been any big shifts in the claims environment, just based on what you guys have done, but I'm wondering, if you might just give some of your observations in terms of, how we should be thinking about just the loss environment as the claims environment sort of normalizes following COVID?

Evan G. Greenberg
Executive Chairman & CEO

Yes. Look, let me observe this way to you. On the loss side of it. We have been talking for many quarters for years now about the inflation in the casualty loss cost environment. I won't go into all the reasons, but the litigation. We have talked about the reasons and we have talked about some of the areas, whether it is excess casualty-related, auto-liability related and that's just not new noise or new facts, that's been for a long time we've been talking.

We've talked about how inflation in that area has accelerated over a period of time. We talked about how the court system was closed down, and how you had to be careful in not taking the head facing continuing to trend up. We've talked about how companies have managed this, and some have been quicker, some have been slower to recognize development, though everyone is in the boat of struggling to stay on top of it. Some have reacted more quickly and their recognition in reserves and loss picks and others. So again, everyone struggles to stay on top.

We've talked about how reinsurers are the latest to the party. And those who may not have as good a data set, or be as activist and intrusive in how they use data, and interpret it for management information. All of that rolls together to make the soup, everyone is obsessed about, at this moment about casualty, and I understand it.

I say it that way, because when it comes to Chubb, we have almost $65 billion of loss reserves, very broad-based. We study them all on an annual basis, and we watch them all on a monthly and quarterly basis. There's always something developing well, and something not developing as well as you imagine. It's never a precise science.

On balance, our reserves are as strong. And frankly, we said this in December, and I can tell you as of June 30, our loss reserves are stronger than they were in December, in aggregate when we look at them today. And that is with staying on top of the positive development in casualty, i.e., comp and other areas, and the negative development that is occurring in auto-liability an excess and umbrella, et cetera.

David, I hope that's as much as I can say on the subject.

Operator

Your next question comes from the line of Yaron Kinar with Jefferies.

Yaron Joseph Kinar
Jefferies LLC, Research Division

I want to maybe take a broader view here, specifically on North America commercial. So I think you've been running at low 80s, underlying combined mid-80s reported in recent years, including year-to-date. That's a whopping improvement relative to where it's been historically, right, 5 to 10 points better, I think. So how do you think about the balance of protecting these margins and risk-adjusted returns on the one hand, and pursuing growth on the other, in the context of maybe elevated market uncertainty, but these terrific margins?

Evan G. Greenberg
Executive Chairman & CEO

Well. Let's see. I think it speaks for itself. We grew at a pretty healthy clip when you look at our middle market P&C business grew at 11%. Our E&S business grew at 8.7%. Our large account business, a little slower club. Our financial line shrank while P&C grew. I've gone through that where rates achieve a risk-adjusted return from everything we can tell that we contemplate achieving. We're growing that business as fast as we can, where it's not achieving it. We're striving to achieve it, where we can't earn an underwriting profit, we're shrinking.

Where it's adequate, we're growing as fast as we can. And we have the capital, the balance sheet and an appetite, a knowledge and geographic reach and the distribution brand, the underwriting capability to grow in those areas, where we want to grow. And there are times we'll trade rate for growth, and we'll -- there are times we'll trade growth for rates. We're doing both. When it comes to the current accident year combined ratio, I've said before and I've read this. It's very interesting about the industry's current accident year combined ratio ex-CAT.

Property is a much larger part and a growing -- everybody is more CAT-levered, because of the changes in the insurance market, the rates and terms. And we take the CAT loss out of the numerator. But in the denominator, we leave all the premium. That naturally drives down our current accident year combined ratio in mix of business, all else being -- so it's -- I look, that's a part and partial of the published combined ratio, which is the primary number that everyone should look at.

And the current accident year to look through volatility is a secondary indicator. And that's how I think about it. And I think what we published an 86.8%, which has higher CAT losses than prior quarter -- prior year's quarter, because volatility and property simply enough damping. I hope that answers your question. This is a company with big appetite. And -- but appetite and an ambition to grow when we can earn a reasonable return.

Yaron Joseph Kinar
Jefferies LLC, Research Division

So maybe to follow up on that. So in lines where you are getting rate in excess of trend, is it reasonable to think of an acceleration of growth in those -- that premium growth in those lines? So essentially policies enforce increasing or accelerating manufacture base?

Evan G. Greenberg
Executive Chairman & CEO

There is. We -- you can't see it, and we're not going to disclose anything like that. But it is apparent to us. Again, we wrote $1.3 billion of new business, a record, and we had a renewal retention rate policy cap of 90%. I rest my case.

Operator

Your next question comes from the line of Mike Ward with Citi.

Michael Augustus Ward
Citigroup Inc., Research Division

I just -- I was wondering on the prior period development. I don't think this has been asked, but I was hoping you could maybe break down the -- I think it was $144 million in North America commercial. Just sort of curious, if there are any notable movements within that, including long-tail casualty versus workers' comp?

Evan G. Greenberg
Executive Chairman & CEO

Yes, sure. We studied large account comp this quarter, and we studied auto liability across the organization, large, medium, small, all added together. Among other casualty lines, that were studied a variety of GL, general liability related ones. Pump reduced about $287 million release and the auto liability studies produced about $116 million of charge, and not concentrated in any one year spread out. And that was the major pieces.

Michael Augustus Ward
Citigroup Inc., Research Division

Okay. That's really helpful. And then maybe kind of on a similar theme, but I saw some media sort of reporting on an executive that you hired specifically to handle inflated jury verdicts. Just wondering if you could expand on that role and how you expect the industry to exclude?

Evan G. Greenberg
Executive Chairman & CEO

Yes. He's not going to handle inflated jury verdicts. That sounds like I hired somebody out of the Mafia, because I don't know any other way except with a mask and a gun. But what he's -- what we're focused on is the litigation environment now, and what we can do to help galvanize and lead efforts among corporate in America to pool our influence on our resources to impact the litigation environment, which is going to be impacted through the political arena and the regulatory arena.

You got to get some laws changed and it's a state by state when you get down to the critical issues, whether you're talking mass tort or you're talking individual large awards or you're talking litigation funding, any of that. And so we're going to double down on focusing on that, to work with corporate America. That is waking up and becoming more energized. And I will, in the future, I'm sure, have more to say about it. And right now, we'll just go to work on.

Operator

Your next question comes from the line of Gregory Peters with Raymond James.

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

So you started -- it started to touch upon this in the last question. But I wanted to step back in the last 90 days, it seems like there's been a flurry of announcements from the company on management changes and promotions. And I'm curious, I mean, if you could just step back, give us a snapshot of what's going on behind the curtain?

Evan G. Greenberg
Executive Chairman & CEO

Sure. Behind the curtain. No curtain, what an energizing thing for this organization. These -- we have a very well-oiled and effective succession management and key employee process. We've been engaged in for over 18 years. And at my level, it involves keeping our eye on about 500 people across the company.

The people who were promoted and the change of responsibilities is a reflection of that succession management process. This was -- these changes were planned over 18 months ago, the individual student, [John Pilla]. And we had planned John Lupica. We had planned for it. It's very orderly. It was individuals who've had long history with the company, they're of our culture. They have the talent, the capability to do more.

The company, to state the obvious, look at the size and scale of it. It's growing. And therefore, the structure as to adapt and the talent that you put in place has to reflect, the opportunity set and all of the dynamics around management of the organization, that you need to address all at once. We have bigger strategic issues that have to do with opportunities. And we just talked about litigation. These massive structural things in front of us, that Chubb is a leader, has a responsibility and an opportunity, participate in, and we need leadership that can address that, while the day-to-day of our business and managing the day-to-day of our business, as grows more complicated and is more diverse.

So part of my job is to reflect on all of that and to use the succession process we have that produces a deep, well-diversified bench of talent to match up against all of that. And that's what it reflects. And you know what's so great is, everyone who was on those announcements know each other well, have been together well for a long time, and it just -- it means the team just got stronger.

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

Great. I'm going to throw my follow up question, get out of the North American commercial liability, reserve sandbox and jump into the agricultural business. .

I was watching -- I think -- you handled yourself very well. So congratulations on that. For -- I checked the spot rate of a bushel of corn, looks like it's down, what, some 30% year-over-year. So not that, that's an arbitrary of the outlook for your agricultural business, but maybe you could give us an update on how this year looks to be shaping up. Obviously, I know the harvest season is still emerging, but any color there would be helpful.

Evan G. Greenberg
Executive Chairman & CEO

Yes, I'm going to be very careful because, I'm not going to jinx myself in the middle of the game. But where we have concentration of exposure, it is a very good growing season so far, particularly for corn and soybean. You know we have a well-diversified book. We're heavier than we've always been West of the Mississippi.

But in a very broad swath of geography, Midwest, Upper Midwest in particular. And the growing conditions are very good. When you see spot markets at this moment, and it just -- it's not something to obsess about or look at really because, it reflects what people were imagining, it's a speculative class. And they're imagining what the -- what's the government going to say about growing and they're all out there looking at the years of corn on the -- account in the years on stocks right now. And that's what's driving price at the moment. We'll see how it pans out. But right now, it's shaping up well.

John, you wanted to say something about base price?

John Joseph Lupica
Executive Chairman of North America Insurance

Yes. I do note the spot price below last year, but I think the more important number is what the base price was, and it's only off 10% from base price, which is good spot for us right now.

Evan G. Greenberg
Executive Chairman & CEO

Which was within a lot of the deductible, frankly, if you -- kind of is a little outside deductible averages. But look, who knows? We'll see.

Operator

I will now turn the call back over to Karen Beyer for closing remarks.

Karen L. Beyer
Senior Vice President of Investor Relations

Thanks, everyone, for joining us today. If you have any follow-up questions, we will be around to take your call. Enjoy the day. Thank you.

Operator
Ladies and gentlemen, this concludes today's call. Thank you all for joining, and you may now disconnect.