S&P Capital IQ

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Cincinnati Financial Corporation NasdaqGS:CINF

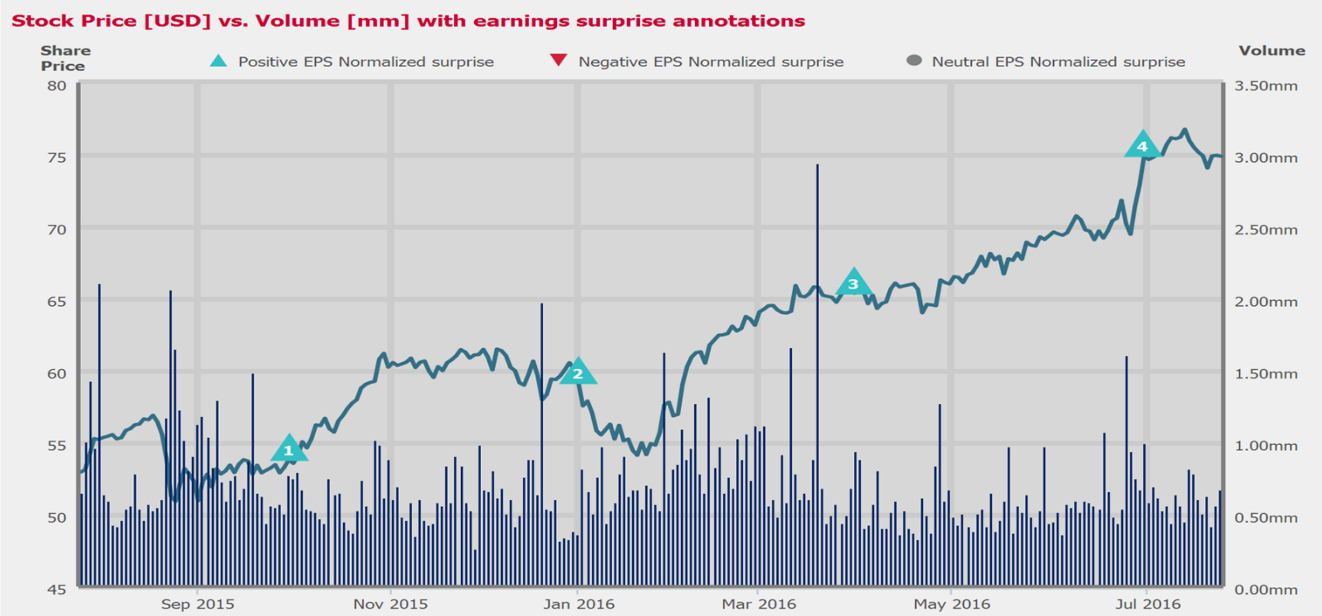
FQ3 2016 Earnings Call Transcripts

Wednesday, October 26, 2016 3:00 PM GMT

S&P Capital IQ Estimates

	-FQ3 2016-			-FQ4 2016-	-FY 2016-	-FY 2017-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.78	0.86	▲10.26	0.88	3.18	2.97
Revenue (mm)	1351.00	1402.00	▲3.78	1364.00	5450.00	5656.00

Currency: USD
Consensus as of Oct-26-2016 10:41 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ3 2015	0.65	1.04	▲1 60.00 %
FQ4 2015	0.87	1.10	▲2 26.44 %
FQ1 2016	0.72	0.89	▲3 23.61 %
FQ2 2016	0.39	0.57	▲4 46.15 %

Call Participants

EXECUTIVES

Dennis E. McDaniel
Vice President, Investor Relations Officer and Vice President of the Cincinnati Insurance Company

Jacob F. Scherer
Former Chief Insurance Officer

Michael J. Sewell
Chief Financial Officer, Senior Vice President and Treasurer

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

ANALYSTS

Ian Gutterman
Balyasny Asset Management L.P.

Jon Paul Newsome
Sandler O'Neill + Partners, L.P., Research Division

Joshua David Shanker
Deutsche Bank AG, Research Division

Scott Gregory Heleniak
RBC Capital Markets, LLC, Research Division

Presentation

Operator

Good afternoon. My name is Shannon, and I will be your conference operator today. At this time, I would like to welcome everyone to the Cincinnati Financial Corporation Third Quarter 2016 Earnings Conference Call. [Operator Instructions]

It is now my pleasure to turn today's call over to Mr. Dennis McDaniel, Investor Relations Officer. Mr. McDaniel, you may begin your call.

Dennis E. McDaniel
Vice President, Investor Relations Officer and Vice President of the Cincinnati Insurance Company

Hello. This is Dennis McDaniel from Cincinnati Financial. Thank you for joining us for our third quarter 2016 earnings conference call.

Late yesterday, we issued a news release on our results, along with our supplemental financial package, including our quarter end investment portfolio. To find copies of any of these documents, please visit our investor website, cinfin.com/investors. The shortest route to the information is the quarterly results link in the navigation menu on the far left.

On this call, you'll first hear from Steve Johnston, President and Chief Executive Officer; and then from Chief Financial Officer, Mike Sewell. After their prepared remarks, investors participating on the call may ask questions.

At that time, some responses may be made by others in the room with us, including the Cincinnati Insurance Company's Executive Committee Chairman, Jack Schiff, Jr.; Chairman of the Board, Ken Stecher; Chief Insurance Officer for Cincinnati Insurance, J.F. Scherer; Chief Investment Officer, Marty Hollenbeck; Chief Claims Officer for Cincinnati Insurance, Marty Mullen; and Senior Vice President, Theresa Hoffer.

First, please note that some of the matters to be discussed today are forward-looking. These forward-looking statements involve certain risks and uncertainties. With respect to these risks and uncertainties, we direct your attention to our news release and to our various filings with the SEC. Also, a reconciliation of non-GAAP measures was provided with the news release. Statutory accounting data is prepared in accordance with statutory accounting rules, and therefore, is not reconciled to GAAP.

Now I'll turn the call over to Steve.

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Thank you, Dennis, and good morning, everyone. Thank you for joining us today to hear more about our third quarter results. Those results represent another solid quarter of carefully executing our strategy. They reflect personal interactions by our associates working with our agents and others to steadily improve our long-term performance by building one relationship at a time.

While our 92.4% third quarter combined ratio was quite good, it was above the outstanding sub-90% result a year ago. However, it's satisfying to see our 9-month combined ratio measures before the effects of catastrophes performing about 1 percentage point better than a year ago.

We're also pleased with another quarter of strong investment performance. And Mike will soon comment on investment income growth and portfolio valuation gains.

Before that, I'll highlight a few more aspects of our insurance operations. We believe we're reporting a healthy rate of premium growth for each of our insurance segments.

Our work toward greater pricing precision allows us to underwrite on a policy-by-policy basis and strengthens our confidence in selecting and pricing new business from our agencies.

Pricing was generally in line with the second quarter. Consistent with where loss ratios for us and the industry indicate the most need for higher premium rates, our commercial auto and personal auto policies experienced third quarter average renewal price increases that were the highest among our major lines of business. Both had average percentage increases in the mid-single-digit range with personal auto near the high end of that range.

Our reinsurance assumed operations, known as Cincinnati Re, saw another quarter of steady growth as our team works to selectively build out a diversified portfolio of treaty business.

Third quarter underwriting results benefited from the June 30 loss reserves that are developing favorably as we obtain additional information on reinsured claims. The resulting favorable effect for the short tail portion of the portfolio contributed to a $6 million third quarter underwriting profit for Cincinnati Re.

We also experienced ongoing progress in expanding personal lines products and services we offer to our agencies' higher net worth clients. Almost 1/4 of the total $91 million in personal lines of new business written premiums for the first 9 months of 2016 came from high net worth policies.

We continue to see good performance for our commercial line segment with a third quarter combined ratio near 90%. Our excess and surplus lines segment continued to report superb results, with a combined ratio below 70% for both the 3 and 9 months ended September 2016.

For our life insurance subsidiary, earned premiums continue to rise at a double-digit clip for both the third quarter and first 9 months of 2016, even though unlocking of interest rate and similar actuarial assumptions slowed our year-to-date growth and income.

Our primary measure of financial performance, the value creation ratio, reached 14% on a year-to-date basis with generally higher investment portfolio valuations boosting the strong 6% contribution from operating performance.

I'll also briefly comment on estimated effects of Hurricane Matthew on the fourth quarter results. While it's still early, we estimate the catastrophe incurred loss effect to be between $40 million and $65 million pretax, including a net effect of $5 million to $10 million from our reinsurance assumed operation.

While the financial impacts are important, the real story for us lies in the hard work of our field claims representatives. More than 50 associates volunteered to leave their families to help policyholders in Georgia, North Carolina and South Carolina put their lives back together. We're here to pay claims. As our associates fulfill that promise with efficiency and empathy, they become our greatest sales advantage. Satisfied policyholders will share their experience with their neighbors, giving our agents and us the opportunity to write more business and continue growing our company.

With that, our Chief Financial Officer, Mike Sewell, will comment on other areas of our financial performance.

Michael J. Sewell
Chief Financial Officer, Senior Vice President and Treasurer

Great. Thank you, Steve, and thanks to all of you for joining us today. I'll begin my comments with a few third quarter investment highlights. The third quarter 2016 was our 13th consecutive quarter of investment income growth as it rose 3% on a pretax basis and 4% on an after-tax basis. That growth continues to reflect an increase in both interest and dividend income. Our equity portfolio experienced another quarter of nice growth and unrealized gains and we reported a 1% increase in fair value.

In total, we ended the third quarter of 2016 with a net unrealized gain of more than $2.7 billion before taxes, including more than $2.1 billion in our equity portfolio. The bond portfolio's pretax average yield reported at 4.63% for the third quarter, slightly exceeded 4.62% from the last year's third quarter. Taxable bonds purchased during the first 9 months of 2016 had an average pretax yield of 4.27%, 23 basis points lower than we experienced a year ago. Tax-exempt bonds purchased averaged 2.89%, 45 basis points lower than a year ago.

Our bond portfolio's effective duration at September 30 was 4.9 years, up slightly from 4.8 years at the June -- at the end of June.

Cash flow from operating activities continued to provide funds for our investment portfolio. Funds generated from net operating cash flows for the first 9 months of 2016 rose 9% compared with a year ago and helped generate $375 million of net purchases of securities for our investment portfolio.

As always, we work to carefully manage our expenses, at the same time, strategically investing in our business. Our 9-month 2016 property casualty underwriting expense ratio rose slightly, up 0.3 percentage points compared with a year ago.

Moving to the other side of the balance sheet. Our loss reserves continued to experience favorable development as we apply a consistent approach to setting overall reserves. For the first 9 months of 2016, favorable reserve development benefited our combined ratio by 4.6 percentage points, very similar to the same period a year ago and full year 2015. Reserve development for the first 3 quarters continued to be spread over most of our major lines and over recent accident years, including 55% for accident year 2015, 24% for accident year 2014 and 15% for accident year 2013.

Overall reserves at the end of September, including accident year 2016 and net of reinsurance ceded rose 6% from last year with IBNR representing more than half of that.

Our assessment of the company's capital strength, liquidity and financial flexibility is that they remain at healthy levels. Capital management objectives include supporting future profitable growth of our insurance operations plus other areas such as returning capital to shareholders.

As usual, I'll conclude with a summary of contributions during the third quarter to book value per share. They represent the main drivers of our value creation ratio. Property casualty underwriting increased book value by $0.35. Life insurance operations added $0.05. Investment income other than life insurance and reduced by noninsurance items contributed $0.48. The change in unrealized gains at September 30 for the fixed income portfolio net of realized gains and losses decreased book value per share by $0.04. The change in unrealized gains at September 30 for the equity portfolio net of realized gains and losses increased book value by $0.51. And we declared $0.48 per share in dividends to shareholders. The net effect was a book value increase of $0.87 during the third quarter to a record $43.24 per share.

And now I'll turn the call back over to Steve.

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Thanks, Mike. We appreciate this opportunity to respond to your questions and also look forward to meeting in person with many of you during the remainder of the year. As a reminder, with Mike and me today are Jack Schiff, Jr., Ken Stecher, J.F. Scherer, Martin Mullen, Marty Hollenbeck and Theresa Hoffer. Shannon, please open the call for questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Paul Newsome from Sandler O'Neill.

Jon Paul Newsome
Sandler O'Neill + Partners, L.P., Research Division

I was wondering about what you're seeing in both claim frequency numbers for both the commercial auto and the personal auto businesses? And whether or not you saw, particularly in commercial auto, sort of an acceleration of frequency over the last couple of months or quarters.

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Paul, this is Steve. And as we look at that, not that we don't see any issues with frequency but for our auto lines, it's been more of the severity issue than it has been a frequency issue. And so obviously, I think we've had strong results, thanks for the compliment. There are some areas obviously that we need to work on and that would -- the auto lines would be at the top of that list. And I think there is a lot of action that is taking place that makes us feel good about the progress. It just does take a while for the various initiatives we put in place, including rate, but in addition to rate, to help the situation. And I don't know if J.F. wanted to add anything to that.

Jacob F. Scherer
Former Chief Insurance Officer

Yes, Paul, going along with Steve's comment about rate. We did, particularly relative to commercial auto, we -- we were at the council of agents and brokers meeting a couple of weeks ago, met with 40 agencies, the larger agencies out there. And the topic of conversation among those agencies was commercial auto. And the fact that, that market is firming up and that they are prepared to deliver rate increases. So that's kind of a big hurdle, that there's an acknowledgment throughout the industry of the need for more rate. And so we would anticipate that will continue into the future. But there's a variety of things we continue to do on the -- to try to address the severity issue. I think most of what we would say is, are the exact same things that others in the industry are talking about. A whole variety of things, newer cars are more expensive to fix. Aluminum's being used more than steel and that's more expensive to repair. A lot of the same things, distracted driving continues to be an issue. A lot of accidents that we've noticed, no skid marks. A lot of distracted walking and biking. We've had 2 very severe accidents in the Chicago area. You may have heard about them, that where people in bike lanes and maybe not in bike lanes, a lot more biking, for example, in metropolitan areas have resulted in some larger claims. The issue related to this driver shortage continues to be one that's talked about a lot. Drivers, some statistics from the PCI conference, drivers that are under 30 years old are 2 times more likely to have accidents. And there's a lot of discussion about older drivers being brought back, folks that haven't retired and drivers that are above 60 are 1.5 times more apt to have accidents. So we're seeing a lot of issues related to that. So what we're trying to do is to amp up our loss control, making certain that as we visit policyholders, that they have driver education programs, things of that nature. And then as we underwrite business, an awful lot of attention, additional attention is being applied to the driver information, age of drivers, the types of vehicles that those drivers are assigned to. In other words, young drivers to heavy trucks is a bad formula. So all of those things are going to be taken into consideration in addition to the rate that we expect to get.

Jon Paul Newsome
Sandler O'Neill + Partners, L.P., Research Division

But just to be clear on this, because it is -- what I'm hearing from you, what I think is different from others in that, on the commercial auto side, we've had a severity issue for some time, notable big liability losses. And then, but not a frequency issue until perhaps recently. And then on the auto side, it was the opposite. We've had sort of ongoing severity running at a frequency, or pardon me, ongoing severity running sort of 3 to 5 per years, but frequency only rose sort of beginning of, well early, beginning of 2015, and have gone through increases. And it sounds like we've had some other companies talking about sort of a spike and higher frequency, particularly on the commercial auto, recently. You're saying it's not a frequency issue. It's all about the severity in your book. Is that fair, or am I oversimplifying?

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

I think -- I wouldn't say it's unfair. I think that we do keep an eye on all elements of the peer premium, the frequency and the severity. But I think as we see it, with our book, it is more -- it's much more of a severity issue for both the personal and the commercial. I think that's been consistent with what we've seen and said through time here.

Operator

[Operator Instructions] Our next question comes from the line of Scott Heleniak from RBC Capital Markets.

Scott Gregory Heleniak
RBC Capital Markets, LLC, Research Division

Just first on the E&S unit, obviously, a great result there. And I was just wondering if you could talk more about why that business continues to perform so much better than your peers, and I don't know if you have anything you can attribute to that, to specifically, if it's mix or the risks you're writing or some of the relationships you have in place in that business. I don't know if you have any color on there, because that business has done so well for quite a long time.

Jacob F. Scherer
Former Chief Insurance Officer

Yes, Scott, this is J.F. I guess, I would probably put at the top of the list just our model doing business with our independent agents. Unlike others in the E&S business, we're not going through wholesalers. We're only doing business with established relationships with the Cincinnati Insurance Company. We test that as far as the amount of opportunity we have in our agencies, there's somewhere in the area of $2 billion of E&S premium that's written, with Cincinnati Insurance Company agents. We visit the agencies in person, in many cases with our excess and surplus lines underwriters, our field reps that are in the E&S side of things. We include the premium, intermingle the premium with our standard market premiums and losses on the profit-sharing contract. So I think our agencies appreciate what we're doing. They want to make certain that the business they put with us isn't, for a lack of a better word, the type of thing you throw against the wall and see if it sticks. It's more carefully placed with us. I think our appetite is perhaps a little bit more conservative than most. Having said that, we'll finish this year at $200 million at the end of our ninth full year in the E&S business. And it's not as though we don't write some tougher risk, but I think the balance there has been good. Don Doyle and his team have been very disciplined about what we're doing. About 85% of what we write is on the casualty side, and we stay pretty strong with our terms and conditions. So I wouldn't say there's anything magical about it other than I think our model of doing business with just Cincinnati Insurance Company agencies has probably paid off for us.

Scott Gregory Heleniak
RBC Capital Markets, LLC, Research Division

Okay. And I would imagine too, you're benefiting from increased submissions too, as this business gets bigger, you get a lot more looks. Is that a factor to you recently?

Jacob F. Scherer
Former Chief Insurance Officer

Yes. One of the things that we are consistently doing is adding more and more field underwriters in this area. And so when you're calling on your agents person-to-person, you do get more looks. We visit with a lot of our agency principals about the advantages we think we bring to the table. And as time goes on, and perhaps some of the habits that they're in using various E&S wholesalers, so we break through those and once that gets going, there's a momentum associated with that.

Scott Gregory Heleniak
RBC Capital Markets, LLC, Research Division

Okay. That's helpful on that. And then, just moving on to Cincinnati Re, that's obviously been kind of ramping up nicely, $50 million-or-so in premiums this year. And I saw you had 3 kind of senior hires in the quarter and wondering if you can share anything just about kind of the opportunities you see for just 2017 and the next few years and how you're looking at that business.

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Well, thanks, Scott. Good question. We're confident in the business. We do and we appreciate your noticing that we have really hired some very talented people. Jamie Hole, who we've known for a long time, started that up. We've right on down the line, I won't call them out by names but every single hire, I think has been very strong, very experienced, come with a variety of strong backgrounds and they're really working together as a team. I think it's important as we go forward to rely on their expertise and that we're going to take a conservative approach to it. We didn't set up a company to do this with capital allocated with the demand to produce a return on that capital, it's very much just allocated, treaty by treaty, as we look at them. And so I appreciate your noticing the talent. We feel confident in the people that we've hired, the business plan they put together, and our prospects going forward.

Scott Gregory Heleniak
RBC Capital Markets, LLC, Research Division

Okay. Got it. And then just last question was just on the accident year loss ratio in commercial. It was up a little bit, and I was just wondering if there's anything kind of unusual in there, year-over-year whether there's any noncat weather, or any other factor that kind of drove that or any particular line that kind of stuck out on that?

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

No. I think we feel confident in the strong results of the commercial lines. Obviously, we've talked about commercial auto being a bit of an issue and J.F. laid out all the initiatives that we put in place, but I think we're confident in any uptick can be attributed to noise and we feel pretty darn confident.

Scott Gregory Heleniak
RBC Capital Markets, LLC, Research Division

It was a tough comparison to it, I wouldn't know [ph], so.

Operator

Your next question comes from the line of Ian Gutterman from Balyasny.

Ian Gutterman
Balyasny Asset Management L.P.

I guess maybe to start off, I guess this is probably for J.F. Market competition, it sounds like it's fairly stable in your eyes, is that right? And the reason I ask is because listening to some of the commentary from others over the last quarter so it feels like a number of your competitors are kind of calling out that things are getting tougher. Are you seeing that, or not as much in your business?

Jacob F. Scherer
Former Chief Insurance Officer

No. I think, there might be a slightly muted effect from us because of our 3-year policies, not as many of our accounts go to market every year, so I think that's a real positive from our standpoint. There's competition out there. It is muted by the firmness of the commercial auto side of things. And when we compete, we compete on an account-by-account basis and there may be some carriers that may be more line of business-oriented about how they compete, that might see -- they may be seeing a different type of competition or a more intense competition, for example. But it's a -- there's competition. It's modest. If a great account goes to market, it will draw -- it will definitely draw some attention, but the types of things that we may have heard in previous soft markets were there's reckless competition, we don't see that occurring.

Ian Gutterman
Balyasny Asset Management L.P.

Got it. Great. And then to follow-up on the reinsurance. Steve, I guess you're about a year into it now, right? So I don't know if you can give us a little more data on sort of what the book looks like? Maybe a split of short tail versus long tail or [indiscernible] XOL [ph] or just, I guess the one I'm struggling with the most is just how to think about how catty it is, I guess, like what kind of, like you said, I guess it's tied to $10 million for Matthew, but sort of if there's an event, how should I think about that book? Or what a normal cat load is, or however you're comfortable talking about it.

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Right. That's a good question, and something we monitor as well. The -- it is very much an allocated capital model, so we don't even put targets that we're going to have this much in property, this much in casualty and so forth. But if you look at it, this would be inception to date. So including last year, we have just about $89 million in net written premium. Of that, about $43 million is on the property side, so that can kind of give you a feel, it's almost 50-50. We feel pretty good that in about a year of existence, including the ramp-up and hiring of the talent and blending the team together that we have had profitability so far. And so we feel good about it, but we're not going to be, as a start-up here, we're not going to put demands in terms of growth or particular mixes of business. We just want them to look at them one by one, try to determine how much capital that we would want to allocate to that particular contract, really make sure that we understand it quantitatively and qualitatively and if we do, then we'll go forward with that contract. And we'll keep you posted as the numbers might move, but I have to say it's been pretty balanced as it's turned out.

Ian Gutterman
Balyasny Asset Management L.P.

Okay. And the nonproperty component, is that mostly sort of traditional casualty? Or is there like U.K. motor or mortgage insurance or some of the more trendy type things or is this just kind of an L [ph] casualty or how should I think about that?

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

I think it's mainly United States. I don't think that we have much in terms of international. We do have a little bit of mortgage insurance, but not much at all. It's a contract or 2, that they've very much vetted. So I would say that it's pretty standard in terms of reinsurance, anyways. A pretty standard book of casualty business.

Ian Gutterman
Balyasny Asset Management L.P.

Perfect. Okay. And then just my last topic was, last year, for the first time, you did essentially a fifth dividend, I guess a special dividend. Given how results have been this year and capital being in good shape, have you given any thoughts to whether that's something you would want to repeat? Or is that really just a one-time thing and then don't expect it going forward?

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Well, I thought that question might come up. So I pulled the press release from last November and I think we were trying to be pretty transparent then that we were looking at this as a one-time special dividend. And that we did cite the increase in operating earnings being up 30% from where they had been the prior year and just wanting to reward shareholders and we're going to continue to look at capital management, heading in on this 56th year of increasing our dividends and feel very confident in everything that we're doing, but did want to, I think we were trying to put the message out last year that, that was to be considered a one-time event.

Operator

[Operator Instructions] Your next question comes from the line of Josh Shanker from Deutsche Bank.

Joshua David Shanker
Deutsche Bank AG, Research Division

Can we talk a little bit about life insurance strategy? It seemed like you guys have grown it somewhat healthily this year. It's still a very, very small part of the business. Why does it make sense for Cincinnati to be the owner of this business? And what is the opportunity? And is cross-sell successful, or is it mostly sold through life insurance agents at this point? How should we think about it?

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Yes. We're again confident in the life insurance business. We think there are cross-serving opportunities there. About, I think 70% of the premium or so comes from our P&C agencies. And as you know, whenever multiple policies are involved, the retention rate on all of them goes up. We do have some exciting products, I think, that are on the development board that we've talked about with our agents and they're excited about, and it would be an easy issue term policy that would be marketed through our P&C agents, where we would be able to ask just a few questions and draw on data that they've provided through their personal lines applications to be inputs into a predictive model such that we could offer up to $500,000 in term coverage right on the spot, so that we think that's going to roll out early next year. The early trials that we've been putting that through seem to make it something that we're confident in. The work site products that we have on the commercial line side are a nice complement to what we're doing through our commercial insurance. And so we do think it very much complements what we do on the P&C side, allows us to have higher retention and we're confident in the growth of Cincinnati Life going forward.

Joshua David Shanker
Deutsche Bank AG, Research Division

Is the point to some extent all you have to do is ask, that you give someone a product they didn't have before and they're going to sell it? Or are there particular competitive advantages with the Cincinnati product versus what's already in the market?

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

I think the latter. I think that there'll be some competitive advantages to this product.

Joshua David Shanker
Deutsche Bank AG, Research Division

Because it -- how would that work? I mean, term, into my mind is a pretty generic product overall. How do you see you having an advantage in that market?

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Just the ease of the issue, that -- and how it would be coordinated with the sale of the personal lines, P&C products, I think makes it relatively unique.

Joshua David Shanker

Deutsche Bank AG, Research Division

You wouldn't need a medical test with this product?

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

That's correct. I mean, assuming the questions that are answered or answered in the data that we collect comes back in a favorable light, there would not need to be the blood draw, the medical exam and so forth.

Operator

At this time, I would return the conference to Mr. Steve Johnston. Mr. Johnston, please take over.

Steven J. Johnston
Chief Executive Officer, President, Director and President of Cincinnati Life Insurance Company

Okay, thank you, Shannon. Thanks to all of you for joining us today. We look forward to speaking with you again on our fourth quarter call. Thank you very much.

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