S&P Capital IQ

CONTENTS

Universal Insurance Holdings, Inc. NYSE:UVE

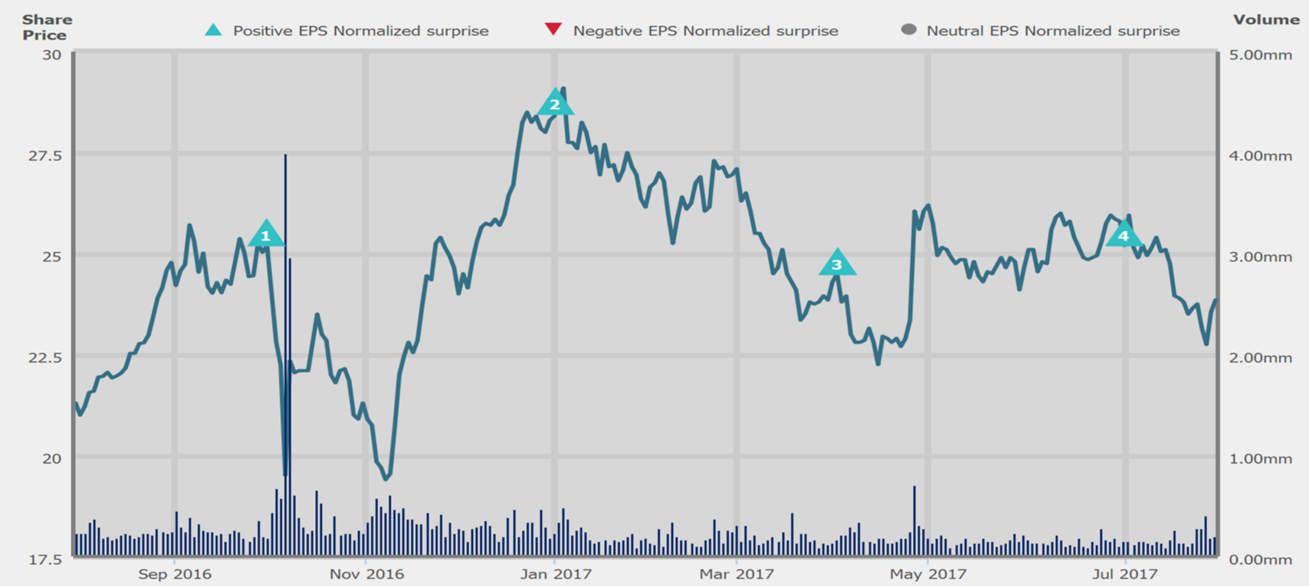
FQ3 2017 Earnings Call Transcripts

Thursday, November 09, 2017 3:00 PM GMT

S&P Capital IQ Estimates

	-FQ3 2017-			-FQ4 2017-	-FY 2017-	-FY 2018-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.23	0.28	21.74	0.82	2.71	3.37

Currency: USD
Consensus as of Oct-30-2017 2:20 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ3 2016	0.60	0.75	1 25.00 %
FQ4 2016	0.20	0.38	2 90.00 %
FQ1 2017	0.70	0.86	3 22.86 %
FQ2 2017	0.73	0.82	4 12.33 %

Call Participants

EXECUTIVES

Dean Evans
Vice President of Investor Relations

Frank C. Wilcox
Chief Financial Officer and Principal Accounting Officer

Jon W. Springer
President, Chief Risk Officer and Director

Sean P. Downes
Chairman and Chief Executive Officer

ANALYSTS

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

Samir Khare
Capital Returns Management, LLC

Presentation

Operator

Good day, ladies and gentlemen, and thank you for standing by. Welcome to the Universal Insurance Holdings, Inc., UVE, Third Quarter 2017 Earnings Call. [Operator Instructions] And as a reminder, this conference is being recorded.

I would like to welcome and turn the call to the Vice President of Investor Relations, Mr. Dean Evans. Please go ahead.

Dean Evans
Vice President of Investor Relations

Thank you, Carmen, and good morning, everyone. Welcome to the Third Quarter 2017 Earnings Conference Call for Universal Insurance Holdings, Inc. My name is Dean Evans. I am the VP of Investor Relations here at Universal. With me in the room today are Chairman and Chief Executive Officer, Sean Downes; President and Chief Risk Officer, Jon Springer; and Chief Financial Officer, Frank Wilcox.

Following Sean's opening remarks, Jon will provide an update on several important current topics, and Frank will review financial results. The call will then be reopened for questions. Yesterday afternoon, we issued our earnings release, which is available under the Press Releases section of website at www.universalinsuranceholdings.com. A replay of this presentation will be available on the homepage of our website until November 24, 2017.

Before we begin, please note that this presentation may contain forward-looking statements about our business and financial results. Forward-looking statements reflect our current view of future events and are typically associated with words such as believe, expect and anticipate or similar expressions. We caution those listening, including investors, not to rely solely on forward-looking statements as they imply risks and uncertainties, some of which cannot be predicted or quantified, and future results can differ materially from our expectations.

We encourage you to carefully consider the risks described in our filings with the Securities and Exchange Commission, which are available on the SEC's website or the SEC Filings section of our website. We do not undertake any obligation to update or correct any forward-looking statements.

With that, I'd like to turn the presentation over to our Chairman and Chief Executive Officer, Sean Downes.

Sean P. Downes
Chairman and Chief Executive Officer

Thank you, Dean. And thank you, everyone, for joining us today. As usual, I will begin by providing some highlights from the quarter and will then review our growth initiatives and strategy. Jon will cover several important current topics and Frank will conclude by discussing financial results.

With that, let's turn to our results for the quarter.

We're pleased to have reported a positive net income in a quarter that included the most costly hurricane to make landfall in Florida in the past decade, Hurricane Irma. Hurricane Irma produced approximately 57,000 claims to date. We are pleased to report that we've already closed more than 80% of them. This is a result of direct testament to our outstanding claims infrastructure and more importantly, our exceptional employees.

This storm has also highlighted fundamental strength of our business model, including the benefits of our vertically integrated structure, our conservative reinsurance program, our focus on maintaining high underwriting standards, our superior claims handling abilities and our catastrophe response team.

We also reported excellent top line growth during the third quarter with a 10.3% increase in total revenues and a 9.4% increase in net earned premiums, with direct written premium growth reaching double digits in both our Florida book and our Other States book.

Overall, we reported net income of the $10 million and diluted EPS of $0.28 for the third quarter of 2017, which equates to an ROE of 9.2% for the quarter. Through the first 9 months of 2017, we've generated 23% ROE. We built Universal in a conservative manner so as to withstand events like Hurricane Irma. And as our third quarter results show, this strategy is proving to be sound.

Additionally, we believe, we have positioned Universal well for the future by pursuing various organic growth avenues. These include further growth in our home state of Florida, expanding our footprint into new states, strategic initiatives such as Universal Direct and new business lines such as a Commercial Residential product. These initiatives have resulted in a more stable, diversified and balanced business that is well positioned to drive growth and long-term shareholder value.

Our core Florida book continues to produce solid top line growth with direct written premiums growing 10.5% in the third quarter versus the prior year's quarter. We continue to believe that we have the opportunity to profitably grow within Florida on an organic basis, given our tremendous agency network and the growth of our unique direct-to-consumer platform, Universal Direct.

In June, we filed with the Florida OIR for an overall average rate increase across our entire Florida homeowners book of 3.4%. According to the OIR, we have satisfactorily answered all of his questions with the emergency order issued by the commissioner on September 13, 2017, remains in effect until December 3. As a result, we do not expect to get any formal notice about the state -- status of our rate filing until December 4.

Geographic expansion remains a key element of our growth strategy. And we continue to see an increase in policy count, premiums in force and total insured value for states outside of Florida in the third quarter. In October, we wrote our first policy in New York and also rolled our Universal Direct in the state. Universal is currently writing business in 16 states and is licensed in additional 3 states.

Universal Direct, our direct-to-consumer online platform for homeowners insurance, is now available in all of our active states and continues to demonstrate a strong growth trajectory. Since launch, we have over 7,000 policies in force for more than $8.6 million in premium. We continue to receive positive feedback from customers who appreciate the flexibility and convenience of purchasing homeowners insurance online.

We remain confident that our multipart organic growth strategy, coupled with our commitment to provide best-in-class product offerings and service to our policyholders, positions Universal for profitable growth in the remainder of 2017 and beyond.

With that, I will turn the call over to Jon Springer.

Jon W. Springer
President, Chief Risk Officer and Director

Thank you, Sean. I would like to start with some more color around our loss from Hurricane Irma and then talk a little bit of our reinsurance program.

In total, our third quarter results included gross losses related to Hurricane Irma of $452 million, although the net impact on our financial results was held to $37 million due to our comprehensive reinsurance program. At UPCIC, we've taken a conservative approach and booked our initial loss picked for Irma at the top end of our preannounced range of $350 million to $450 million of gross losses. UPCIC will incur a $35 million net retention loss for the event.

In addition, to the extent UPCIC experiences any additional reinsurance recoveries from its supplemental non-Florida reinsurance program, those recoveries would serve to further reduce its $35 million retention. At APPCIC, we also took a conservative approach and booked losses at the top end of our preannounced range of $1 million to $2 million gross losses, which will be entirely retained by APPCIC.

To date, we have had over 57,000 reported claims with current paid loss, loss adjustment expense and case reserves of $285 million. At present, 97% of these reported claims have been inspected and as Sean mentioned, over 80% are already closed.

From a severity perspective, on the over 45,000 closed claims to date, we are averaging $3,740 of loss and loss adjustment expense per claim. These numbers include 21,000 claims that have been adjusted, reviewed and closed with no indemnity payment, primarily due to the loss falling below the policy's hurricane deductible.

Turning now to our UPCIC reinsurance program. We're pleased to report that the program has responded exactly as planned. As a reminder, our reinsurance is 100% placed traditionally with reinsurance partners that all carry an A or higher rating from A.M. Best. As importantly, these partners understand the business we're in and the loss potential that exists.

Our loss recoveries to date, on average, have been paid within 3 business days of submittal, a testament to our reissuance business relationship and our partners' commitment to service. As we have described in detail in the past, a loss involving any of our non-FHCF reinsurance layers result in the reinsurance catastrophe used being reinstated. So following Hurricane Irma, the impact of reinsurance layers were reinstated, and we immediately had our full catastrophe reinsurance tower of $2.7 billion available for any subsequent events. Thankfully, there have been no meaningful additional events, but had there been or should there be, UPCIC is well positioned to respond with the exact certainty of its catastrophe reinsurance coverage.

As we begin to look forward to next year's reinsurance renewal, there is some developing uncertainty around how catastrophe pricing levels will change. One thing we know for sure is that we have significant capacity with predetermined pricing already secured.

Specifically, 35% of our total open market catastrophe capacity has pricing fixed at 2017 or prior pricing levels. More importantly, nearly 60% of the capacity in the layers estimated to be impacted by loss has pricing levels fixed at 2017 or prior pricing levels. If market pricing moves upward at renewal, this capacity will be the area most likely to see pricing changes.

This multiyear strategy will significantly minimize the financial impact of any upward pressure on catastrophe reinsurance pricing. When you consider that the multiyear capacity reference represents 29% of our overall premiums spent on reinsurance and 39% of our spend was recovered from the state-run FHCF, we will have just 32% of our reinsurance premium budget subject to the effect of open market catastrophe reinsurance pricing changes next year.

With that, I will now turn the discussion over to Frank Wilcox for our financial highlight.

Frank C. Wilcox
Chief Financial Officer and Principal Accounting Officer

Think you, Jon. For the third quarter of 2017, net income totaled $10 million, a decrease of 62.9% compared to 2016, primarily reflecting the impact of Hurricane Irma. Diluted EPS was $0.28, down from $0.75 for the third quarter of 2016 due to the decrease in net income. Despite the decline in net income and diluted EPS resulting from Hurricane Irma, we continue to experience top line growth with increases in every major category of revenue compared to the prior year's quarter.

Direct premiums earned of $254.8 million offset by ceded premiums earned of $80.3 million generated $174.5 million of net earned premiums for the third quarter of 2017 compared to $159.5 million in the third quarter of '16. The increase was the result of organic growth from both Florida and Other State growth initiatives. Ceded premiums earned as a percent of direct premiums earned was 31.5% during the third quarter of '17 compared to 32% in the third quarter of '16.

Commission revenue of $5.3 million for the quarter grew 15.2% compared to the same quarter in 2016, reflecting the differences in our reinsurance programs in effect during those periods, including an increase in our exposures covered by reinsurance. Policy fees of $4.9 million for the quarter grew 15% year-over-year from an increase in the number of policies written during the third quarter of '17 compared to the prior-year quarter.

Other revenues were $1.7 million, flat with the prior year's quarter. This line item is comprised primarily of financing fees and charges and despite the high single-digit top line growth in the quarter, has remained relatively flat, reflecting a shift in consumer behavior and our expansion outside of the Florida market, which tends to produce a higher level of financing fees and charges than our Other States portfolio.

Net investment income for the third quarter was $3.1 million, growth of 33.9% from the third quarter of '16. This reflects actions taken to maximize yield, while maintaining high credit quality as securities mature as well as the growing size of our investment portfolio and the beneficial impact of rising interest rates.

We realized $800,000 in gains in during the quarter compared to $100,000 in realized gains in the third quarter of '16. We generated a net combined ratio of 99.5% in the third quarter compared to 80.4% in the third quarter of '16. The net loss and LAE ratio was 66.7% compared to 46.1% in the prior year's quarter. The primary driver for the higher loss ratio in the third quarter of '17 was net loss and loss adjustment expenses related to Hurricane Irma of $37 million or 21.2 points on the quarter's loss ratio.

The prior year's quarter included $11 million or 6.9 points of weather losses above plan. The third quarter of '17 included $100,000 or 0.1 points of unfavorable prior-year reserve development, while the third quarter of '16 included $0.2 million or $200,000, which is 0.1 points of favorable prior-year reserve development.

Lastly, our underlying net loss ratio increased last year's quarter due to continued growth in Other States book and current marketplace dynamics.

Our net expense ratio is 32.8% in the third quarter of '17 compared to 34.3% in the third quarter of '16. Our net policy acquisition cost ratio remain flat at 20.2% in both the third quarter of '17 and '16. Our other operating expense ratio was 12.5% in the third quarter of 2017 versus 14.1% in the prior year's quarter, reflecting a reduction in variable executive compensation and reductions in legal consulting fees as well as continued benefits from economies of scale.

The effective income tax rate for the third quarter of 2017 was 40%, modestly above the third quarter of 2016 effective rate of 39.1%. This reflected $200,000 of discrete items in the current quarter, which were amplified by a lower level of pretax income in the quarter. We continue to expect an effective tax rate in the range of 38% to 39% going forward.

Our balance sheet remains strong and conservatively positioned. Total unrestricted cash and invested assets grew to $1,017,000,000 million as of September 30, 2017, from $880.4 million at June 30, 2017. Unrestricted cash and cash equivalents as of September 30, 2017, increased by $120.7 million compared to June 30, 2017, primarily related to payments received from reinsurers in advance of claim payments for Hurricane Irma.

We continue to maintain a high-quality investment portfolio comprised primarily of fixed maturity securities which are 98.7% investment grade, and we take a conservative approach to managing our investments. The weighted average duration of the fixed maturity investments in our available-for-sale portfolio at September 30, 2017, was 2.9 years, while the book yield of this portfolio was 1.76% for the third quarter of '17 versus 1.50% in the third quarter of '16.

Stockholders' equity was $420.6 million at September 30, 2017, a slight decline from $421.1 million at June 30, 2017, as the net income we generated during the quarter was offset by share repurchase activity and dividend payments. Combined surplus for our insurance subsidiaries was $336 million at September 30, 2017. Book value per common share was $12.21 as of September 30, 2017, up 1% from the $12.09 as of June 30, 2017, despite the modest decline in the stockholders' equity as a result of a reduction in shares outstanding.

We remain committed to actively managing our capital position and continue to take actions on that front during the quarter. We repurchased 406,266 shares for $9 million or an average cost of $22.07 per share.

These repurchases nearly exhausted our prior share repurchase authorization, and our Board of Directors has approved a new share repurchase program under which Universal may repurchase up to $20 million of its outstanding shares of common stock through December 31, 2018.

We declared a dividend of $0.14 per share in the third quarter, equating to annualized dividend yield of 2.4% at current share price levels.

Return on average common equity was 9.2% for the third quarter of 2017 and 23% for the first 9 months of 2017. We remain dedicated to providing value to our shareholders and believe this level of return on equity, particularly during a quarter that saw substantial hurricane make landfall in our home state, to be an excellent result.
At this point, I'd like to turn the call back to the operator.

Question and Answer

Operator

[Operator Instructions] And our first question is from Anthony To with KBW.

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

Looking forward, can you give me -- can you give us additional color about what you're seeing in the reinsurance market? And what you're thinking about in terms of rate increases for 2018?

Jon W. Springer
President, Chief Risk Officer and Director

Sure, thanks, Anthony. This is Jon. I'll take the reinsurance part. Obviously, reinsurers have incurred significant losses when you factor in not only Hurricane Irma that we've been talking about, but also hurricanes Harvey and Maria. There still is a considerable amount of time before we get to the negotiation of reinsurance for next June 1. We will, of course, expect that reinsurers would attempt to increase prices on loss affected layers. But very importantly, as I said in my opening remarks, nearly 60% of the capacity in those layers for us already has pricing levels fixed at 2017 or prior. And in fact, overall, only 32% of our reinsurance spend is up for pricing changes. So we'll see how things play out here in the coming weeks and months in terms of reinsurance. But we feel like we've insulated ourselves quite well. I'll turn it to Sean to talk about the rate filing.

Sean P. Downes
Chairman and Chief Executive Officer

As far as the primary rates and how we envision that going forward, getting back to what Jon said, it's a little too early right now to determine. We think there will be some hardening in the market and of course, that will translate to primary rates at a later time. But I think it is a little too early right now to try to quantify what that number would be.

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

Got it. And I guess, getting into the company specifics, does the additional Florida written premiums in 3Q result in a higher loss ratio in 4Q since you've kept policies that would have otherwise nonrenewed? And I guess, in that same respect, how should we think about Florida homeowners growth in 4Q?

Sean P. Downes
Chairman and Chief Executive Officer

Yes. Well, that's a twofold question. Number one, I think the growth that we saw in quarter 3 was number one because, as I mentioned earlier, the trajectory of our Universal Direct platform, we're starting to gain some ground there, and just getting better at it actually.

Number two, I think, because of the storms that were swirling around during quarter 3, I think you saw a lot more people who were buying insurance, who didn't have it before. Those would be the 2 key drivers that I think of our -- that would directly relate to our growth in Q3. And the second part of your question is how would that relate to our loss ratio going forward. I don't think they would impact that at all.

And as far as our growth in the fourth quarter, you may have some of the policies that did come on for the secondary reason I mentioned, people seeking to have insurance, who normally didn't have it, fall off a little bit in the fourth quarter. But I don't think, to an extent, that would be anything drastic.

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

In terms of losses, excluding cats, compared to the last year, can we get a breakdown of how much of that was relating to the higher loss fix that you put on for your non-Florida book? And then, I guess, can you elaborate on the drivers of the remainder of the year-over-year increase?

Jon W. Springer
President, Chief Risk Officer and Director

Yes, so going forward, we expect that our underlying non-cat loss ratio will remain at 30.8% on a gross basis. And this covers both the adjustments that's -- that covers weather activity above what we had booking our plan in addition to the strength that we've seen lately on some of the benefits. So I would look at 30.8% going forward.

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

Okay. And it looks like you have about $366 million in cash. I guess, post storms, is there any impact to how you're kind of thinking about your capital initiatives?

Sean P. Downes
Chairman and Chief Executive Officer

No. We're constantly evaluating our capital needs. Obviously, we mentioned that we've -- the board just recently approved another share buyback. We have a small amount left from the first one that we will go ahead and close out here very shortly. And then, as it relates to the capital needs of the company, the board and ourselves are constantly evaluating that, determining dividends, determining buybacks. So we'll continue that process.

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

Okay. Any update on your 2017 [photo flex] rate filings?

Sean P. Downes
Chairman and Chief Executive Officer

Yes. As I mentioned earlier, we filed for a 3.4% rate increase. But due to the emergency order, we will not hear anything back until at least December 4, when that emergency order expires. But in the dialogue that we've had with the folks at the OIR, we remain confident that our rate will be approved and hopefully, for new business in December and then renewal in January.

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

Got it. And lastly, I guess, there's some discussion around the possibility of the risk of late notice of claims. Can you provide any thoughts on that?

Sean P. Downes
Chairman and Chief Executive Officer

Late notice of claims as it relates to Irma?

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

Yes.

Sean P. Downes
Chairman and Chief Executive Officer

No, I don't -- there's nothing that we've seen. Obviously, we are vetting every claim that comes to the door, making sure that it is a traditional non-cat claim as of now compared to a catastrophe claim. That's something that we do routinely. Obviously, we're matching these losses up to determine when we think the date of loss was. So as far as late reported claims are concerned, you're going to have that as it relates to the loss assessment portion of the policy. But from a regular claim, we're vetting all those to make sure that they are traditional cat claims and not non-cat claims.

Operator

[Operator Instructions] And our next question is from Samir Khare with Capital Returns.

Samir Khare
Capital Returns Management, LLC

Just for the rate increase you guys have pending, curious if that makes sense to withdraw and reapply just to reflect any experience -- excuse me -- any experience that you guys have had since initially applying for it?

Sean P. Downes
Chairman and Chief Executive Officer

Yes, I don't think that makes sense for us to do that right now, Samir. I mean, obviously, you know the work that goes into doing, getting the rate increases, and going through the whole process. So I think right now if our rate increase of 3.4% is in fact, approved, which we believe it will be, it makes sense to go ahead to receive that rate increase now. And then to reassess later on after insurance pricing is set.

Again, I don't think that this is going to be as large of an issue with some other folks have stated in their calls. Like I said, we purchase a lot about reinsurance multiyear, specifically in those layers where Irma was applicable. So I don't -- again, right now, it's too early to determine what we think that rate increase could be directly attributed to reinsurance cost. But that we won't withdraw this rate filing.

Samir Khare
Capital Returns Management, LLC

Okay. And it sounds like you would only be able to reflect the increase in reinsurance cost. You wouldn't be able to necessarily reflect, I guess, experience that reflects heightened cat losses below your retention?

Jon W. Springer
President, Chief Risk Officer and Director

Well, to the extent that they were not already incorporated, but a portion of that is already incorporated into the rate filing, we had expected loss. So yes, there would be some mobility to recuperate, but it's not a straight line item.

Samir Khare
Capital Returns Management, LLC

Okay. And then I was a little surprised to hear that you had some insureds come by way of the hurricanes swirling around and they sought out coverage from you. And just generally, when there is hurricane in the Atlantic, at what point do you stop writing your business?

Sean P. Downes
Chairman and Chief Executive Officer

It's a traditional box that most companies use when it reaches a certain parallel. Obviously, we, at that point, obviously, shut down and close down depending on where the storm is going to be affecting a specific area. So that's something that we've always done and most companies do, the department does, et cetera. So we follow that logic.

But I think because there were so many storms coming around during that time frame, I think you saw some folks who maybe self-insure themselves, who are looking to go ahead to get some relief in the event that a storm was going to make landfall where they reside and get some insurance. Again, that's one piece. As I said before, the other piece, I believe, is the trajectory that we're seeing in a positive manner as it relates to Universal Direct.

Samir Khare
Capital Returns Management, LLC

Okay. And you may have covered this before. How many policies do you guys have in the Universal Direct now?

Sean P. Downes
Chairman and Chief Executive Officer

We are in excess of 7,000 policies right now for approximately $8.6 million in premium.

Samir Khare
Capital Returns Management, LLC

Okay, perfect. And during Irma, can you just talk about the environment and the competition for adjusters and how the resulting loss adjustment expense in proportion to total losses compares to previous storms?

Sean P. Downes
Chairman and Chief Executive Officer

Yes, this is

[Audio Gap]

go back to Hurricane Andrew, this is a direct result of, obviously, the other hurricanes that were taking place prior to specifically one in Texas and then the one afterwards in Puerto Rico. But the demand for adjusters was significant. One thing that separates us from a lot of our competitors is that our ability that we have such a large claim staff [that we were] to utilize a lot of our internal folks to handle our claims. As I said earlier, we closed over 80% of our claims, we've inspected every claim that has come in up till of this weekend, last weekend. And so bottom line is there definitely was an increase in demand for adjusters. There was a lot of money being thrown at adjusting -- adjustment companies, many individual adjusters to get them onboard, specifically for desk adjusters. But this is kind of something that we prepare for on a consistent basis and have done so for many years. So I think that experience led us to be ahead of the curve, if you will.

Jon W. Springer
President, Chief Risk Officer and Director

Samir, I just like to add, I mentioned in my opening remarks that on our closed claims, we're averaging $3,740. So we're making every effort to try to keep the severity of those claims down as low as possible.

Samir Khare
Capital Returns Management, LLC

Okay. And any losses that we would expect from Tropical Storm Philippe?

Sean P. Downes
Chairman and Chief Executive Officer

Nothing, minimal. We received a few, but nothing we're talking about.

Samir Khare
Capital Returns Management, LLC

Okay. And in terms of new markets, would you consider Puerto Rico as a potential new market to enter?

Sean P. Downes
Chairman and Chief Executive Officer

Not at this time.

Samir Khare
Capital Returns Management, LLC

Okay. And just your stat surplus in holdco cash at 9/30?

Frank C. Wilcox
Chief Financial Officer and Principal Accounting Officer

Statutory surplus at the end of 9/30 was $336 million. On an interim basis, we don't disclose cash held at the holdco. We will be publishing financial statements at the end of the year that will appear on our 10-K filing, including cash the balance.

Samir Khare
Capital Returns Management, LLC

Okay. And do you have -- do you feel there is a need to put some cash into the subsidiary -- insurance subsidiaries?

Sean P. Downes
Chairman and Chief Executive Officer

No. Not at this time.

Operator

And ladies and gentlemen, this concludes our Q&A. I will turn the call back to Mr. Sean Downes for his final remarks.

Sean P. Downes
Chairman and Chief Executive Officer

As always in closing, I would personally like to thank all of our shareholders, employees, Board of Directors, policyholders and my management team for their hard work and loyalty to Universal. This concludes the call. Thank you.

Operator
And ladies and gentlemen, with that, we close the conference. Thank you for dialing. You may now disconnect. Have a wonderful day.