

# Argo Group International Holdings, Ltd.

## NYSE:ARGO

### FQ2 2021 Earnings Call Transcripts

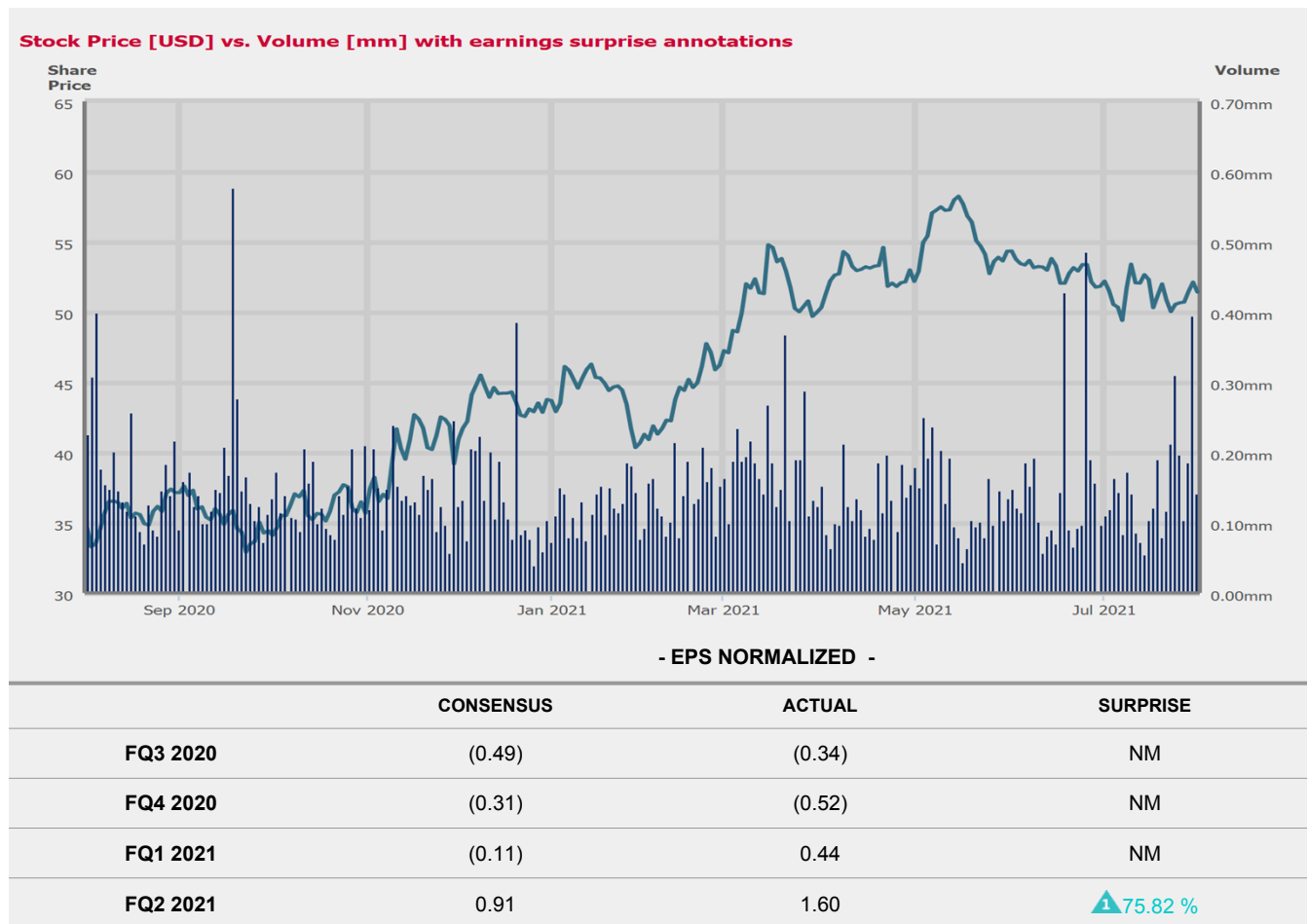
Tuesday, August 03, 2021 2:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ2 2021-			-FQ3 2021-	-FY 2021-	-FY 2022-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.91	1.60	▲75.82	0.61	3.62	NA
Revenue (mm)	489.78	547.70	▲11.83	487.00	2050.30	NA

Currency: USD

Consensus as of Aug-03-2021 10:03 AM GMT



# Table of Contents

Call Participants	.....	3
Presentation	.....	4
Question and Answer	.....	8

# Call Participants

## EXECUTIVES

**Brett Shirreffs**

*Head of Investor Relations*

**Kevin James Rehnberg**

*President, CEO & Director*

**Scott Kirk**

*CFO, Principal Financial Officer &  
Principal Accounting Officer*

## ANALYSTS

**Casey Jay Alexander**

*Compass Point Research & Trading,  
LLC, Research Division*

**Charles Gregory Peters**

*Raymond James & Associates, Inc.,  
Research Division*

**Jeffrey Paul Schmitt**

*William Blair & Company L.L.C.,  
Research Division*

**Matthew John Carletti**

*JMP Securities LLC, Research Division*

**Ronald David Bobman**

*Capital Returns Management, LLC*

# Presentation

## Operator

Good day, everyone, and welcome to the Argo Group Second Quarter 2021 Earnings Call. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note that this event is being recorded.

I would now like to turn the conference over to Brett Shirreffs, Head of Investor Relations. Please go ahead.

## Brett Shirreffs

*Head of Investor Relations*

Thanks, and good morning. Welcome to Argo Group's conference call for the second quarter of 2021. After the market closed last night, we issued a press release on our earnings, which is available in the Investors section of our website at [www.argo.group.com](http://www.argo.group.com) and was filed with the SEC. Presenting on today's call is Kevin Rehnberg, Chief Executive Officer; and Scott Kirk, Chief Financial Officer. As the operator mentioned, this call is being recorded.

As a result of this conference call, Argo management may make comments that reflect their intentions, beliefs, and expectations for the future. Such forward-looking statements are qualified by the inherent risks and uncertainties surrounding future expectations generally and may materially differ from actual future results involving any one or more of such statements. Argo Group undertakes no obligation to publicly update forward-looking statements as a result of events or developments subsequent to this call. For a more detailed discussion of such risks and uncertainties, please see Argo Group's filings with the SEC. Also, note that we will be referencing certain non-GAAP financial information. More information regarding these non-GAAP measures are provided in our earnings release.

I will now turn the call over to Kevin Rehnberg, Chief Executive Officer of Argo Group.

## Kevin James Rehnberg

*President, CEO & Director*

Good morning, and thank you for the introduction, Brett. Welcome to everyone on the call. I'm happy to be able to speak to everyone today about a strong quarter on many fronts. The key areas I will focus on during the call are our strong earnings, accelerating growth results, attractive market conditions, and our progress on reducing volatility. As we dive into these areas a little deeper, we will describe how we are delivering on objectives we laid out earlier this year. All of this is with a focus on our long-term financial objectives and creating value for shareholders.

From an earnings perspective, we reported our best quarterly operating income in more than 10 years. I'm pleased that we had strong contributions from both underwriting and investment results. Our loss ratio of 57.7% for the second quarter reflects lower catastrophe losses, favorable reserve development, and an improved underlying loss ratio. The underlying loss ratio improved modestly from the second quarter of 2020, even though prior year was a particularly tough comparison, since like many in the industry, we benefited from a significant reduction in claims frequency at the beginning of the pandemic. If you look back to the second quarter of 2019, before the pandemic, our underlying loss ratio improved 370 basis points relative to that period, so I'm very pleased with the quarter's results and the overall progress.

On the investment side, we reported very strong results, with a significant contribution from our alternative investments. [Audio Gap] we ended the quarter with 13% being returned [Audio Gap] a positive year-over-year change in gross and net premiums. Our gross premiums were up approximately 14% in the second quarter, after adjusting for businesses sold or placed into runoff over the last 12 months, including Ariel Re.

In the U.S., we continue to see solid rate increases in the mid- to high single digits, on average. This is a bit less than the increase that we experienced over the last couple of quarters, but we feel very good about the rates we're getting and direction of our margins. Over the last 3 years, our cumulative rate change on renewals is about 25% in the U.S.

In the U.S., gross premiums were up 7% in the quarter. There was a meaningful top line impact from our decisions to reduce property exposure in a couple of our underperforming business units. On a year-to-date basis, these actions have been a headwind of more than \$50 million to our top line. Performance across our remaining U.S. businesses was strong, and the 6 business units we highlighted at our investor update, Argo Pro, Casualty, Construction, Environmental, Inland

Marine, and Surety, were up 25% collectively during the quarter. These businesses now represent almost 2/3 of our U.S. premium base, and most importantly, remain highly profitable with the combined ratio comfortably in the 80s, with minimal catastrophe losses.

In terms of submissions, we have continued to see positive trends in submission flow, particularly in our focused business units. Excluding businesses where we have been consciously reducing our exposure, submissions in the U.S. were up 8%.

Over the past month, we've announced new leaders in 3 of our U.S. business units, Argo Pro, Construction, and Inland Marine. These individuals included internal promotions and an external hire. They all have strong underwriting backgrounds and have brought diverse perspectives and new energy to the business. We are confident they will be able to take advantage of our platform and market conditions to continue our growth and profit plans.

Turning to international, gross premiums would have been up approximately 23% after adjusting for businesses we have exited over the last [Audio Gap] quarters. [Audio Gap] increase from [Audio Gap]. Reported gross premiums were down about 5% in the second quarter, due to the impact of businesses sold or placed into runoff over the last 12 months. Pricing continued to be strong in the quarter, with rate increases averaging just above 10% in International, and remain broad-based. Over the past 3 years, cumulative rate change for Syndicate 1200 has been 30%, and approximately 90% for Bermuda insurance. These businesses are well positioned to continue to generate attractive underlying margins [Audio Gap] very attractive market conditions across most of our platform, and we're taking actions or deemphasizing business where we're not getting returns we want.

Across the group, we have achieved 30% compound renewal rate increases over the last 3 years. At the end of the day, and of greater significance, we continue to execute on limit reduction efforts to bring down gross and net lines. For example, in Argo Pro's commercial book, we have been able to reduce the average limit by more than 12% over the last 18 months. More than 90% of the portfolio now has limits of \$5 million or less.

In our excess casualty portfolio, we have continued to increase attachment points and reduce limits. During the first 6 months of 2021, average attachment points are up 10%, while limits are down 10% in our U.S. excess casualty business. In the Bermuda excess casualty book, attachment points are up 15% and limits are down 8% during the first half of the year. Not only is this continued prudent risk management for our balance sheet, but limit reduction protects us from potential spikes [ from] social inflation, and we expect it will help reduce volatility in our underwriting results going forward. The market has allowed us to take these actions while still growing our business, and we have capitalized on these opportunities.

On the property side, we are also ahead of plan in terms of net exposure reduction. As we outlined at our investor update in March, we have been focused on bringing down our average annual loss, AAL, and probable maximum loss, PMLs. This work has been through a combination of lower gross exposure and some changes to our ceded reinsurance program. Back in March, we outlined a plan to reduce our AAL by 40% by the end of 2022. Through our gross property reductions and some additional reinsurance purchases, we have already completed this reduction as of July 1, more than a year ahead of schedule.

Since the beginning of the year, we have also reduced our peak 1-in-250-year PML to less than 4% of our common equity. This is ahead of the schedule we laid out a few months ago and gives us comfort as we head further into wind season, particularly in light of all the other natural catastrophes occurring and the inflation already associated with those events.

In total, I'm very pleased with our results for the quarter and the progress we've been able to make on our strategic objectives. I will now turn the call over to Scott to discuss our results in more detail.

**Scott Kirk**

*CFO, Principal Financial Officer & Principal Accounting Officer*

Thank you, Kevin, and good morning, everybody. As Kevin touched on, we reported strong earnings during the second quarter of 2021, driven by continued improvement in our combined ratio, in addition to a strong contribution from alternative investments. Our operating EPS was \$1.60 for the second quarter and marks the highest quarterly operating income in more than a decade, with both underwriting and investments contributing to the results. Argo's annualized operating return on common equity was 13.1%.

Turning to our consolidated operating results, gross written premiums increased 2% in the second quarter of 2021. However, allowing for the impact of the sale of Ariel Re in 2020 and the exits of our Italian, Malta, and U.S. grocery businesses announced over the last few quarters, premiums are up approximately 14% during the second quarter of 2021. Now, while gross premiums increased 2%, growth in net written and net earned premiums was higher at approximately 8% in the quarter. And as we discussed previously, there are a couple of key drivers of net premium growth.

First, we retained very little of Ariel Re's business on a net basis, so this exit has a relatively small impact on our net written and net earned premiums. And second, in 2021, we are taking a larger share of Syndicate 1200 results, where we retain a higher portion of that business net. And we would expect net premium growth to continue to outpace the change in gross written premiums for the balance of this year.

In the second quarter of 2021, we reported a loss ratio of 57.7%, down 5.3 points from 63% during the prior-year period. The improvement reflected lower cat losses, favorable reserve development, and an improved ex-cat current accident-year loss ratio. Our cat losses totaled \$11 million, or 2.4 points of the combined ratio in the second quarter of 2021, of which \$6 million related to natural catastrophes and \$5 million related to the impact from COVID. This result compares favorably to catastrophe losses of \$28 million, or 6.4 points in the prior-year quarter, which included \$17 million related to the COVID-19 pandemic.

Favorable reserve development totaled \$1 million, or 0.3 points, in the second quarter of 2021, with modest favorable development in both our U.S. and International segments. The prior-year quarter included \$2 million, or 0.4 points, of adverse reserve development. The ex-cat current accident-year loss ratio came in at 55.6% in the second quarter, which represents a 60-basis-point improvement from the prior-year quarter. The improvements reflect the impact of continued rate increases, as well as the benefits from our underwriting actions.

Turning now to expenses, our expense ratio was 37.7% in the second quarter of 2021 and was up 80 basis points from the prior year quarter, but a slight improvement on the first quarter of this year. The main driver of the increase in our expense ratio was an increase in our acquisition expenses. Our acquisition ratio increased by 130 basis points to 17.4%, which was driven primarily by changes in business mix. Conversely, the general and administrative expense ratio of 20.3% improved when compared to both Q2 2020 and the first quarter of this year, as we continue to focus on managing expenses.

As we said previously, we expect to drive the expense ratio lower through a combination of higher earned premium and identified expense savings. As expected, earned premium growth is driving the better G&A ratio at the early stages of our program. We are making good progress against reducing future G&A expenses, [Audio Gap] in the coming quarters. We have said this improvement was not going to be linear, and we remain committed to the 36% expense ratio target in 2022.

You will notice that we also incurred \$11 million of nonoperating expenses in the second quarter of 2021, and these costs primarily related to certain initiatives that are aimed at reducing our expense base, longer term. As an example, during the second quarter, we took action to proactively reduce our real estate footprint, and we expect the benefits to begin to materialize in 2022.

Turning to our segment results, in the U.S., gross premiums were up 7% compared with the second quarter of 2020. Growth was primarily driven by liability and professional lines, while premiums in property lines declined. Adjusting for the impact of exiting the grocery business and targeted underwriting actions to reduce property-focused and certain underperforming businesses, gross written premiums were up 20% during the second quarter.

The U.S. segment reported underwriting income of \$25 million on a combined ratio of 92% in the second quarter of 2021. The loss ratio was 58.3%, compared with 56.8% in the prior year's second quarter. It is worth noting that the loss ratio in Q2 2020 benefited from a reduction in claims frequency due to the broader economic slowdown, whilst the current quarter claim activity was more in line with our expectations. The expense ratio of 33.7% was up 2 points from the prior-year quarter. This was primarily driven by a higher acquisition ratio, while the G&A ratio was broadly flat. The increase in the acquisition ratio was primarily driven by changes in business mix.

Turning now to our International segment, gross written premium declined 5% in the second quarter of 2021, due to the previously announced business exits, with the largest decrease in property lines. Excluding the impact of these actions, gross written premiums would have increased approximately 23% in the second quarter of 2021. The increase was largely driven by our increased participation in Syndicate 1200 results, in addition to rate increases.

The net written premiums increased 15% versus the prior-year quarter, due mainly to the sale of Ariel Re, as we historically retained only a small portion of this premium on a net basis. As we continue through the year, we expect the net-to-gross retention in International will continue to increase relative to the prior year period.

In the second quarter of 2021, net premium retention was up at 58%, compared with 48% in the prior-year quarter. International reported underwriting income of \$8 million in the second quarter of 2021, compared to an underwriting loss of \$27 million in the prior-year quarter. The reported combined ratio was 95.1% and reflects a significantly improved ex-cat accident-year loss ratio, reduced cat losses, favorable development, and a lower expense ratio. The current accident-year ex-cat loss ratio was 51%, which decreased 830 basis points from the prior-year quarter. The improvement was largely due to improved rates earning through the results and a reduction in large loss frequency, compared to the second quarter of 2020.

Cat losses during the second quarter of 2021 were \$9 million, or 6 points of the combined ratio. These losses did include some strengthening to our loss estimates related to Winter Storm Uri, as well as losses related to COVID-19 on our event cancellation exposures. The expense ratio of 39.4% was down 4% from the prior-year quarter, with improvements in both the acquisition ratio and the G&A ratio. The acquisition expense ratio was 20.1%, was down 50 basis points compared to the second quarter of 2020.

We've previously spoken about exiting business with higher acquisition costs, and the benefit of these actions continue to earn through. The G&A expense ratio decreased just under 4 points from the prior-year quarter to 19.3%, and this was largely attributable to growth in earned premiums.

Moving on to investments, we reported net investment income of \$53 million in the quarter. The results included \$30 million of income from alternative investments, principally mark-to-market gains on our private equity and hedge fund investments. Although we're certainly pleased with this result, I would caution that the last 4 quarters have included elevated returns from these investments. Now, net investment income from the remainder of our portfolio was \$23 million in the quarter, which was down 8% from the prior-year quarter. This decline reflects the derisking actions over the last 18 to 24 months, as well as lower overall yields available in the market.

And finally, our book value per share of \$50.34 at June 30 increased 5%, including dividends from the end of the first quarter 2021. The increase was driven by strong retained earnings and modest net unrealized gains on our fixed income securities. Now this quarter provided some nice growth in our balance sheet and capital position. We continue to see attractive uses for that capital in the business today, as evidenced by our targeted growth and solid underwriting margins. Now, while this remains our top priority in terms of deploying capital, we currently have approximately \$50 million remaining in our share repurchase authority under the 2016 share repurchase program. Now, subject to market conditions and other factors, we may begin repurchasing shares prior to year-end.

Operator, that concludes our prepared remarks, and we are now ready to take questions.

## Question and Answer

### Operator

[Operator Instructions] Our first question today will come from Casey Alexander with Compass Point.

### Casey Jay Alexander

*Compass Point Research & Trading, LLC, Research Division*

My questions related to the expense ratio were already answered, but just one question for Kevin. In the segment of the business where you discussed the -- increasing the attachment point and lowering the limit, what's happening to rate inside that business? Because if rate is staying the same while you're increasing the attachment point and lowering the limit, it sort of works as a de facto price increase, even though you're not getting an increase in rate, if I understand that correctly.

### Kevin James Rehnberg

*President, CEO & Director*

Yes. That is right. However, the rate [Audio Gap], so in the commercial, once we [Audio Gap]. And on excess, it's [Audio Gap] on some of them in the U.S. And then International, it is -- just bear with me a minute because you were asking a bit more detail on than I had expected. International -- sorry.

### Casey Jay Alexander

*Compass Point Research & Trading, LLC, Research Division*

I hate to say this, Kevin, but you're completely breaking up on us. I can't really understand any part of your answer.

### Kevin James Rehnberg

*President, CEO & Director*

[Audio Gap] Can you hear me now?

### Casey Jay Alexander

*Compass Point Research & Trading, LLC, Research Division*

You're still breaking up quite a bit. I'll tell you what, you guys can come back to me off-line with the answer. That's the last of my questions.

### Operator

And our next question will come from Greg Peters with Raymond James.

### Charles Gregory Peters

*Raymond James & Associates, Inc., Research Division*

So, just to pile on, Kevin, if you're calling in on a cell phone or wherever you're calling from, you're definitely fading in and out. It's virtually impossible to understand how you're answering, so maybe you can pivot the answer to someone else here. But the question for -- the only question I will have today would be focused on just the legacy accident years, where there have been prior-period reserve development. And of course, I'm speaking to the London, the Bermuda, the professional liability within domestic. And I guess what I'm looking for is any color around our new claims, closed claims, open claims and resolved claims, where we are in that spectrum. Because clearly, the stock is -- there's concerns out there that there might be some more legacy charges at some point, so maybe you can help us to understand that.

### Kevin James Rehnberg

*President, CEO & Director*

Scott, since I'm breaking up, do you want to take this? I'm going to try and dial in back in?

### Scott Kirk

*CFO, Principal Financial Officer & Principal Accounting Officer*



Yes, yes. Thanks. And thanks, Greg. Look, I mean, I'll go back to the fact that we have a robust reserving process. Clearly, we look back at all of the trends that are there. I mean, yes, there are always going to be ups and downs across various lines and across various years. But the reality is that I think we remain very comfortable with our reserving position as it stands. I mean, I think that's the best way to answer that question.

**Charles Gregory Peters**

*Raymond James & Associates, Inc., Research Division*

Well, I mean, honestly, you didn't answer the question, because we're just -- the legacy reserves, the legacy accident years that resulted in all of the reserve charges, it's been several quarters since we've seen anything like that. But if we could have some -- and maybe you don't have the information available right now, but if we could have some information about just where we are with those legacy claims. Are we 90% of the way through the open claims? Are there no new claims on those accident years? Things like that would be very helpful. And I understand if you're not prepared to answer it right now, but in the context of just gaining confidence on the go-forward picture, that would be very helpful. And so -- and that was my only point.

**Scott Kirk**

*CFO, Principal Financial Officer & Principal Accounting Officer*

Yes. Okay, Greg. Look, I get your point there. I mean, clearly, obviously, we have the RITC that was in there that we completed last year. I think that's for 2017 and prior years, so there's greater certainty, or certainly around those from our International business. But look, leave it with us, and we'll come back to you for some greater clarity around those.

**Charles Gregory Peters**

*Raymond James & Associates, Inc., Research Division*

And on the RITC, I mean, you raised a good point, that's in there, but is it capped out? I mean, one of the risks when we see things like that is, you flow through the top of it on legacy, and then it comes back to bite. I'm not sure if those accident years are completely closed out through the RITC or -- or maybe I'm misunderstanding it altogether.

**Scott Kirk**

*CFO, Principal Financial Officer & Principal Accounting Officer*

Yes. Look, we can get you some details on that, for sure, and come back.

**Charles Gregory Peters**

*Raymond James & Associates, Inc., Research Division*

Got it. Congratulations on the quarter.

**Operator**

And our next question will come from Jeff Schmitt with William Blair.

**Jeffrey Paul Schmitt**

*William Blair & Company L.L.C., Research Division*

Could you talk about the COVID losses in the International book? They're around \$5 million in the quarter. Are you seeing claims sort of continue to roll in from the pandemic, or has that stopped and you're really just settling past claims at this point? Or is this sort of Delta emergence kind of resulting in some new claims? I mean there's been restrictions put back on in various places, so can you just help me think about -- think through that?

**Kevin James Rehnberg**

*President, CEO & Director*

Yes. It's Kevin. Can you hear me all right now?

**Jeffrey Paul Schmitt**

*William Blair & Company L.L.C., Research Division*

Yes.

**Scott Kirk**

Copyright © 2021 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

*CFO, Principal Financial Officer & Principal Accounting Officer*

Yes, I got you, Kevin.

**Kevin James Rehnberg**  
*President, CEO & Director*

Okay. So I apologize for that before. I'm now on a cellphone. It was not on a cell phone before.

So, as we had mentioned when we first started going through the COVID losses that we expected that they would decline by quarter. And the last 2 quarters have been relatively flat, which isn't surprising, since the pandemic has taken longer. These are things that are associated with our contingent liability book. And as an example, the things around the Olympics or concert festivals that were moved out and moved on. Some have been moved on and been canceled. Some have moved on and people have, unfortunately, died. There's a number of things that have happened, so we'll continue to see probably some very small numbers there. But like we said in the beginning, we expected it to decline, and it's only the further extent of the pandemic related to that book that we're seeing at this point.

**Jeffrey Paul Schmitt**  
*William Blair & Company L.L.C., Research Division*

Okay. And then the underlying loss ratio in International, obviously down quite a bit, 51%. It hasn't been that low in a long time. Can you help us sort of quantify the drivers of that? I mean, how much of that's driven by the business mix changing? How much is really rate in excess of loss costs? And I guess, why not just play it safer there at this point, until we get a little further past the pandemic?

**Kevin James Rehnberg**  
*President, CEO & Director*

Yes. Those are -- that's a good question. We've been re-underwriting that book since 2018 in some circumstances, right? So you're into the fourth year of underwriting actions and removal from completely getting out of certain lines. So, when it comes to playing it safer, we've got to be realistic about what the actual losses look like and what they are and the ratios range, depending on the product lines. But we have gotten out of things that were significantly problematic for us, and we've reduced our overall exposure. So we started highlighting the underwriting loss -- underlying loss ratio and the improvement there in that book going back to the second half of last year, where it started to get on an adjusted basis for what we were remaining in, into the low 50s. So it's just in line with what we've been saying, and we're happy to see it continue.

**Operator**

And our next question will come from Matt Carletti with JMP.

**Matthew John Carletti**  
*JMP Securities LLC, Research Division*

The larger-picture questions I was going to ask have been answered. I just have a couple kind of more specific questions relating to Syndicate 1200. And those are, one, I was hoping you could tell us what the funds at Lloyd's requirements are. I'm just trying to sort through kind of the moving pieces there in terms of the moving mix of business, as well as the increased retention. And then, also, where has that been running on a combined ratio basis, either Q1, Q2 or 6 months, whatever kind of metric you might have?

**Kevin James Rehnberg**  
*President, CEO & Director*

All right, Matt. So, on 1200, we are -- as we mentioned, we took a larger retention last year, so we kept more of the business with less third party, and we are effectively keeping that business flat and expect to do so as we go forward. But the underwriting results are improving as we continue to get rate through various lines, and the market conditions remain favorable, and we are exiting the businesses that we wanted to exit. So we feel good about where that's going at the moment.

**Operator**

[Operator Instructions] Our next question will come from Ron Bobman with Capital Returns.

**Ronald David Bobman**  
*Capital Returns Management, LLC*

A good report, and welcome to the call, Kevin. It's good to hear you, the back portion. So, you didn't really explicitly answer Matt's -- the last question about is 1200 profitable from an underwriting perspective, either on the half-year or second quarter?

**Kevin James Rehnberg**  
*President, CEO & Director*

Yes. It is on both. Sorry about that. It is on both.

**Ronald David Bobman**  
*Capital Returns Management, LLC*

Okay. Okay. And

**Kevin James Rehnberg**  
*President, CEO & Director*

Hang on, hang on, hang on, hang on, ex-Uri, right? The underlying stuff, right? So, from a tax standpoint, Uri was costly there. But the underlying business ex-cat, we feel really good about.

**Ronald David Bobman**  
*Capital Returns Management, LLC*

Okay. All right. And then, I had a question about the U.S. insurance business. What portion of that, I guess from a GWP perspective is -- comes by way of a program manager or underwriting manager?

**Kevin James Rehnberg**  
*President, CEO & Director*

Oh, the percentage of the total?

**Ronald David Bobman**  
*Capital Returns Management, LLC*

Yes, roughly, what percentage of the book is coming through sort of some degree of delegated authority, whether it's a program manager or a...

**Kevin James Rehnberg**  
*President, CEO & Director*

Yes. All right. So we highlighted that in the investor update, and I don't remember off the top of my head right now. But what looks like -- where it looks like it has grown in the last year is because Trident moved from in-house to a program manager, so that would have been the large increase. And those are folks that worked here for years. So we'll get you the exact numbers, but I believe it would be in line with what it was for -- where we highlighted it as a percentage in the investor update. It would be what we call specialty programs.

**Ronald David Bobman**  
*Capital Returns Management, LLC*

Okay. I'll circle back afterwards to get a ballpark on that. And do you have a funds at Lloyd's figure for 1200?

**Kevin James Rehnberg**  
*President, CEO & Director*

I don't. Scott, do you have that?

**Scott Kirk**  
*CFO, Principal Financial Officer & Principal Accounting Officer*

Yes, yes. And Ron, there's a couple of pieces to this, right? Because there's like 100% for the Syndicate, or there's our share of the syndicate, and you have to be careful about because we don't have 100% ownership. But look, I'll give you a ballpark. It's not going to be hugely different. It's around the GBP 300 million to GBP 350 million mark.

**Ronald David Bobman**

*Capital Returns Management, LLC*

Okay. But you're at 90% of the Syndicate now, right? Isn't that the --

**Scott Kirk**

*CFO, Principal Financial Officer & Principal Accounting Officer*

Yes, for the 21-year, yes, but you do have a blend of ownership levels across the various years. So I would point you, if you ever want to go and have a look at the Syndicate results, I think they're -- we can -- if they're not -- well, I'll have to check whether they're out there, but I think it's around the GBP 350 million.

**Ronald David Bobman**

*Capital Returns Management, LLC*

Okay. No, I read the Lloyd's report, but I didn't see the FAL number in there. And then the GBP 300 to GBP 350 ballpark, that's the amount that covers really '18, '19, '20 and year-to-date '21. It's sort of supporting all of those years, right?

**Scott Kirk**

*CFO, Principal Financial Officer & Principal Accounting Officer*

That is correct. Yes, it does support all of those years.

**Operator**

And this will conclude our question-and-answer session. I'd like to turn the conference back over to Kevin Rehnberg for any closing remarks.

**Kevin James Rehnberg**

*President, CEO & Director*

Yes. Thanks, everybody, for your interest and support. Thanks to our employees and producers for continuing to do what we've been doing. And I would also welcome anyone to call back for any pieces where I broke up earlier in the call. I apologize for that and look forward to connecting with you soon. Thank you.

**Operator**

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect your lines at this time.

Copyright © 2021 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

© 2021 S&P Global Market Intelligence.