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JRVR - Q1 2016 James River Group Holdings Ltd Earnings Call

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## CORPORATE PARTICIPANTS

**Kevin Copeland** *James River Holdings Group Ltd - Head of Investor Relations*

**Adam Abram** *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

**Robert Myron** *James River Holdings Group Ltd - President and Chief Operating Officer*

## CONFERENCE CALL PARTICIPANTS

**Mark Hughes** *SunTrust Advisors - Analyst*

**Randy Benner** *FBR Capital Markets - Analyst*

**Christopher Campbell** *Keefe, Bruyette & Woods - Analyst*

**Charles Sebaski** *BMO Capital Markets - Analyst*

## PRESENTATION

### Operator

Good morning, ladies and gentlemen, and welcome to the Q1 2016 James River Group Holdings, Ltd Earnings Conference Call.

At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will follow at that time. (Operator Instructions)/

I would now like to turn the conference over to your host, Mr. Kevin Copeland, Head of Investor Relations. You may begin.

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### **Kevin Copeland** - *James River Holdings Group Ltd - Head of Investor Relations*

Thank you, Stephanie. Good morning, everyone, and welcome to the James River Group 1st Quarter 2016 Earnings Conference Call. During the call, we will be making forward-looking statements. These statements are based on current beliefs, intentions, expectations and assumptions that are subject to various risks and uncertainties that may cause actual results to differ materially.

For a discussion of such risks and uncertainties, please see the cautionary language regarding forward-looking statements in yesterday's earnings release, the Risk Factor section in our most recent Form 10K, Form 10Qs and other reports and filings we make with the Securities and Exchange Commission. We do not undertake any duty to update any forward-looking statements.

I will now turn the call over to Adam Abram, Chairman and CEO of James River.

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### **Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

Thank you, Kevin. Good morning, everybody, on the phone, and thanks for your interest in JRVR. I'm here with Bob Myron, our President and Chief Operating Officer, and Gregg Davis, our Chief Financial Officer.

We would like to congratulate our colleagues on a great quarter. Our business is on track to accomplish our goals to consistently earn a 12% or greater return on tangible equity and to underwrite to a combined ratio of between 92% and 95%.

Our Board continues to be proactive about managing capital, and we will be paying a second quarter dividend of \$0.20 per share in June. Our combined ratio for the quarter was 95.9% -- excuse me. A combination of expense management and increased fee income all contributed to lowering our expense ratio for the quarter by slightly more than half a point compared to last year.



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We're pleased that each of our segments made an underwriting profit in the quarter. Excess and surplus lines rose to an 85.9% combined ratio. Specialty admitted had a 95.8% combined ratio and our casualty reinsurance segment earned a 99.2% combined ratio.

We emphasized our ability to deliver consistent returns. And two measures we watch give us comfort regarding that guidance. At the end of the quarter, our percentage of incurred but not reported to total net reserves was 1 percentage point higher than at yearend. However, loss of merchants, which we also watch carefully, was low during the quarter. So, overall, an excellent underwriting quarter and [arduously], we enter the second quarter with a slightly stronger balance sheet. Of course, a strong balance sheet is a necessity for a company that prides itself when making consistent profits.

We also -- I say also, because underwriting profit and consistent return on equity, not growth, are our primary targets. That said, we want to grow. In our ENS segment, in our E&S segment, in our specialty admitted segments, grew gross written premiums by 8.4%, and 37.1%, respectively, compared to the first quarter of 2015. Moreover, we had record numbers of submissions and quotes in our E&S segment this quarter. It's worth noting that net written premium in our E&S segment was up nearly 15%. Net written premiums grew faster than gross premiums because of premium mix. Basically, we grew in areas where we have historically kept more risk on a net basis.

Importantly, fee income in our U.S. insurance segments increased by over 400% over the first quarter of last year. Our teams have been working on expanding our opportunities for fee income, and we expect 2016 to be a strong year with regard to fee income earned. The reduction in premiums in our casualty reinsurance segment were largely driven by changes in prior year premium estimates, which were negative this quarter but positive a year ago. These true-ups have little impact on the bottom line result for the segment.

So, in summary, we had growth in our profitable primary businesses, and made underwriting profits at each of our underwriting segments. We're pleased all around, because we think our underwriting is on solid footing.

Our investment portfolio also performed well during the quarter. The details are in the earnings announcement, but it's worth noting that year-over-year, our net investment income was off only \$700,000 from the prior year despite a \$1.8 million decrease in investment income from our renewable energy investments during the quarter.

These renewable energy investments actually performed very well on the first quarter. They just performed even better in the first quarter of 2015. Many companies have reported reductions in rates, and I'm going to turn now to a little short discussion about rates and margins.

Large accounts are especially competitive. But nonetheless, both of our U.S.-based underwriting segments grew in the quarter. The core E&S business had a 0.9% rate increase. And our casualty reinsurance book, which is dominated by proportional casualty treaties, are [accidence] report that the underlying rates they're getting are up by 1.4%.

In our individually underwritten worker's compensation book, while we did work at rate increases, when we compare exposure-adjusted rates, into NCCI loss cause, we're enjoying the highest risk-adjusted rates we have seen in years.

In summary, it's a competitive world out there, but rates are fine, loss trends are benign, and we're confident that our history of underwriting profit will continue. So, with that, operator, we are happy to take questions and look forward to a conversation.

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### Operator

Ladies and gentlemen, if you have a question at this time, please press the star, then the number one key on your touchtone telephone. If your question has been answered or wish to remove yourself from the queue, please press the pound key.

Your first question comes from the line of Mark Hughes with SunTrust. your line is open.

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**Mark Hughes** - *SunTrust Advisors - Analyst*

Thank you very much. Any way to categorize the -- characterize the competitive environment today versus three months ago? I think you had suggested that the large account business was very competitive last quarter. Is your tone a bit more positive here, or the same?

**Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

I think our tone about rates is not more positive than we see it as a competitive environment, and it was three months ago when it continues to be a competitive environment today. I think that our team has done a really great job of finding their spots. Some of that's new product development which they've been really good at. It's deep work in our -- we are going to talk about the distribution system, maintaining really high service levels with our brokers and agents. Really strong -- really strong communication there.

And I would say that in many of the very specialized areas that we are focused in, while there's a lot of competition, our competitors tend to be rational, and I think one other thing is the low interest rate environment that we're operating -- or all operating in, I think, is reinforcing some of less hopeful and more disciplined thinking about rates.

And so, yes, very competitive but we're comfortable with the environment and the margins that we're seeing.

(Multiple Speakers)

**Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

We and everyone else is working hard.

**Mark Hughes** - *SunTrust Advisors - Analyst*

Right. Yes. How about new business startups? Any acceleration there? Is that still good?

**Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

We are seeing growth in G.C., which is the new startup where we would see most of that startup area. G.C., general casualty. But I don't have a statistic for you on that, Mark, but that division is doing very well.

**Robert Myron** - *James River Holdings Group Ltd - President and Chief Operating Officer*

Mark, it's Bob Myron. I would just add -- reinforce Adam's commentary about the fact that our submission growth and number of quotes are way up. And we continue to see whether it's an effect from -- really, that's an indicator of an increase in new business. With respect to existing business and renewal business, we are continuing to see underlying exposure increases, which I think are just pretty much in line with economic growth. Right? And so, the smaller contractor, for example, that we insure, if he's continuing to have a larger business, have more revenues and sales and the like, that will translate into increased premiums for us because most of this business is price-based upon revenues.

**Mark Hughes** - *SunTrust Advisors - Analyst*

When I look at your underwriting expenses in the E&S, they were down very substantially year-over-year as a percent of premium. Anything unusual there? You say your submissions and quotes are way up but it doesn't really seem to be showing your underwriting expenses. Is that kind of low trend sustainable and another part of that is -- yes, go ahead.



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**Robert Myron** - *James River Holdings Group Ltd - President and Chief Operating Officer*

I think it's really two things. We continue to have a very scalable platform there, between information technology and back office and the like. We do continue to actively hire people to produce business and service the business, but at the same time, because of the growth in net written and net earned, we're experiencing the scale benefit there.

The other thing is that as the fee income grows, grew significantly in that segment in the quarter, that being booked as a direct offset to expenses -- to the expense ratio, I should say. And so, that's another factor in what's driving that downwards.

**Mark Hughes** - *SunTrust Advisors - Analyst*

But I looked the last couple of years, your expense ratio has tended to decline from kind of a Q1 peak through the subsequent quarters. Would that be too optimistic this year, or is there some reason that pattern might continue?

**Robert Myron** - *James River Holdings Group Ltd - President and Chief Operating Officer*

Yes, I think that we probably will see some declines throughout the course of the year, really just as we continue to have larger amounts of earned premium that is lagging the growth in net written premium. So, yes, I think it -- all other things being equal, you would continue to trend down.

**Mark Hughes** - *SunTrust Advisors - Analyst*

Thank you.

**Operator**

Again, if you would like to ask a question, please press star, then the number one key on your touchtone telephone. If your question has been answered or you wish to remove yourself from the queue, please press the pound key.

Your next question comes from the line of Randy Benner with FBR Capital Markets. Your line is open.

**Randy Benner** - *FBR Capital Markets - Analyst*

Hey, good morning. Thanks. I apologize -- I had some technical difficulties, but hopefully this stuff hasn't been addressed. Adam, I heard -- the part I heard of the call was that you had mentioned, fee income was higher and that it was very helpful this quarter. Can you outline specifically what those initiatives are to generate more fee income and how sustainable they might be going forward?

**Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

Well, we think they're entirely sustainable. We're getting fee income from a number of different sources, much of it comes in a program area where we have seeding commissions and we have commissions for various services that we provide to the entire program on there.

We also are earning in the E&S area, we're earning very substantial fees for claims management there. And servicing there and indeed, we're building quite a business within the E&S segment and within the program -- within the admitted specialty segment across the group and providing services to ourselves and other participants on treaties.

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Claims is the first area, but there may be other areas for roll out. But this is an area of real emphasis to us as is the fronting business, Randy, that you're aware of and that we've talked about before. And I'm feeling very good about the growth in our fee income. We think it's completely sustainable and we think it's a really good balancing and contributor to our core profitability. It's a great [balance also], in terms of non-risk-bearing source of income.

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**Randy Benner** - *FBR Capital Markets - Analyst*

Sure. Absolutely. Fees are great. And no question. And so, just to kind of dig down a little bit to understand it, so, in the specialty admitted segment, is -- I think I heard you say that you're -- in that area, you're basically running some MGA-like services around claims and your fronting? And then in E&S, you're also running some MGA-like claims services? Can we just -- can we just get a little more specific on what the program services look like and how much is fronting and specialty admitted versus those other services?

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**Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

Bob, do you want to talk about that?

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**Robert Myron** - *James River Holdings Group Ltd - President and Chief Operating Officer*

Sure. Randy, so, in the specialty admitted programs and fronting, I mean, in a pure fronting transaction, we're basically just getting a fee -- getting paid a fee for someone to rent our -- to rent our paper and the licensure and ratings, right? And so, we're passing -- there may be just a -- [completely] a stated fee based upon the amount of written premium that we're helping somebody produce.

On the program side of things, we're perhaps like taking the 20% line on business that might be produced an MGA. We look at the fee income, there's the difference between the commission that's paid to the MGA and then the -- for the business that gets laid off on a proportional basis to seeded -- seeding commission on the proportional treaties on the business going up the back side, right? So, that's the specialty admitted business.

And then on -- from an E&S perspective, it's really principally plain servicing for insurance clients. Right? Where, perhaps we're doing -- we're doing something where there's less risk or no risk and we're providing a claims servicing type of arrangement for someone in a certain area.

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**Randy Benner** - *FBR Capital Markets - Analyst*

Okay, that's great. And so, is that -- is that number we saw, the E&S number on fees is much bigger in the quarter. Is that -- can we expect something like that going forward, or is there seasonality quarter-to-quarter? I mean, claims is -- I would think that claims and E&S has been pretty ratable over the year, right?

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**Robert Myron** - *James River Holdings Group Ltd - President and Chief Operating Officer*

Yes, that's right. I think we are expecting a higher run rate relative to a year ago with respect to the fees that we're seeing in the E&S segment.

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**Randy Benner** - *FBR Capital Markets - Analyst*

All right. And then --

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**Robert Myron** - *James River Holdings Group Ltd - President and Chief Operating Officer*

to be more specific, I think, yes, what we saw in Q1 is certainly something that is sustainable throughout the year approximately.

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**Randy Benner** - *FBR Capital Markets - Analyst*

Is that -- so, who are these people who need your claims services? And it's a way of asking the question of whether or not you're seeing leakage of the admitted market and the non-admitted market. I know you have smaller case business, but some kind of mid and large case players in E&S are seen -- did your mid-market come down because pricing, obviously, is getting weaker across the board?

Is this -- are you seeing that? And if it is, who are these people who need your claims servicing all of a sudden?

**Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

We're just their participants with the [boss] and various treaties, but we're not -- we're not going to probably be -- that's not probably about it. We're not going to be listing the clients or customers of this business.

But these are participants with us in the E&S side, where we have risk. These could be a small business and/or -- on a risk and we're providing the service to the whole treaty.

**Randy Benner** - *FBR Capital Markets - Analyst*

Sure. And then, on the leakage issue, are you seeing -- in mid carriers more or not?

**Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

Not so much. I don't think that's where we're seeing -- we're just seeing very large accounts or very competitive in the E&S space. They don't see really the admitted companies were not hearing about admitted companies coming into this space right now. That discipline seems to be well-maintained. It's really just a price competition issue within the E&S.

But you know what? I think that I can. I think that there is an underlying core discipline that the -- that the industry as a whole is still demonstrating even though it's very competitive.

**Randy Benner** - *FBR Capital Markets - Analyst*

Understood. I'll drop back in the queue. Thank you.

**Kevin Copeland** - *James River Holdings Group Ltd - Head of Investor Relations*

Next?

**Operator**

Your next question comes from the line of Christopher Campbell with Keefe, Bruyette & Woods. Your line is open.

**Christopher Campbell** - *Keefe, Bruyette & Woods - Analyst*

Hi, good morning, and congrats on the quarter.



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**Robert Myron** - *James River Holdings Group Ltd - President and Chief Operating Officer*

Thank you.

**Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

Thanks so much.

**Christopher Campbell** - *Keefe, Bruyette & Woods - Analyst*

Okay. I just have one question. After correcting for the quarter-over-quarter or the year-over-year drew-ups, we're still calculating about an 8% growth rate on casualty reinsurance. And just given the current challenges in reinsurance, just -- if we could get a little bit more color on that underlying trend and in terms of premium growth

**Robert Myron** - *James River Holdings Group Ltd - President and Chief Operating Officer*

Yes. Chris, this is Bob Myron. So, you're exactly right when we normalize for the premium adjustments on quarter-over-quarter and take out the benefit we got in Q1 last year and the negative adjustment this year. The written premiums are up about \$5 million. I wouldn't say, first of all, that obviously, given that we wrote \$170 million of this business last year that the first quarter is not a big period of premium writings for us.

And I think that that really, it's just a little bit of opportunistic, a couple of small new treaties that were put on the books in areas that we like. In particular, excess and surplus lines, general liability which we see -- we are having very good experience on our own primary business and we've had also a good experience on a reinsurance basis.

So, it is not a signal, so to speak, that we have an expectation of growing into this market. It was really just a little bit of good opportunity on a couple of deals and I'm sure you know, given the proportional nature of this business of which 94%, 95% of that case for us, it can be lumpy, right? Because when we -- when we write a new quota share treaty, we book an estimate of the premium for the next 12 months in the quarter that we do it.

So, it's really nothing more than that, and I would not think that that's -- I wouldn't say that that's a signal on a trend for growth in that segment for us.

Christopher Campbell Okay. Thanks, That's very helpful. That's the only question I have. Best of luck in 2Q.

**Robert Myron** - *James River Holdings Group Ltd - President and Chief Operating Officer*

Thank you much, Chris.

**Operator**

Your next question comes from the line of Charles Sebaski with BMO Capital Markets. Your line is open.

**Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

Good morning.





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**Charles Sebaski** - *BMO Capital Markets - Analyst*

Good morning. I got on a little late, so I apologize if you guys covered this. But, I was curious on any update or what the effect would be, obviously, on a couple of your marquee accounts in E&S, the Uber and Lyft business. I know you guys had one release, but I think there's been another where there's some competitors trying to get into the ridesharing business.

I'm just wondering what the effect that might have on your E&S business going forward, or if any you could comment on?

**Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

Well, we don't comment on individual accounts. We expect that have a long and productive and constructive relationship with Uber that's been announced in the press, that we have that account. And it was also announced that Texas was taken by another market, but this is something we understood in advance and we're very comfortable and very appreciative of the strong relationship that we've built with them and expect to have a long relationship with them.

**Charles Sebaski** - *BMO Capital Markets - Analyst*

Okay, that's fair. I guess, just more broadly than in the E&S space, you've talked about in the -- in the release that the average premium size is down and premium count is up. I was just curious on -- if there's been any change in the mix or what's kind of driving that lower premium and higher count versus last year.

**Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

We're picking our spots, and I really want to commend our E&S underwriting team for doing this. They're demonstrating, one, really, tremendous work ethic, by working their way to our way record number of submissions and sorting and selecting and responding quickly to the wholesale market there so that we can win. And we're quoting -- we're quoting assertively, meaning that we're quoting a lot more accounts than we have quoted quarter-over-quarter.

And we are winning enough to be able to grow, but we're doing it with a lot of price discipline as you heard, because I was describing that core E&S loss of net rate for unit of exposure going up slightly. So, that's a lot of hard work, it's a lot of relationships. We've added a lot of people to that unit to give us the breadth and skill set to handle these very traumatic increases that we're seeing in submissions.

And I noticed that some of our other competitors have been talking about increases in submissions and their shots as well. So, this is a [bit] of different industry phenomena. But, I mean, so, bottom line, same discipline, aggressively applied and with a lot of -- I used to have a mentor who said, 'Success has the odor or perspiration.' And I think our friends in Richmond are working in Scottsdale and Atlanta are working really hard to deliver those results for all of us and were grateful for it and admire what they're doing.

**Robert Myron** - *James River Holdings Group Ltd - President and Chief Operating Officer*

Yes, and I would just add, I think it's clear that they are seeing the best opportunities in the smaller accounts.

(Multiple Speakers)

**Robert Myron** - *James River Holdings Group Ltd - President and Chief Operating Officer*

At the right pricing levels. So that --



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**Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

It [requires] a big turnaround.

**Charles Sebaski** - *BMO Capital Markets - Analyst*

Yes. I guess what I was curious about is which of the lines of business, for you guys has seen the better activity and if there's any geographic skew on where the opportunities are -- the insurers are originating?

**Robert Myron** - *James River Holdings Group Ltd - President and Chief Operating Officer*

Yes, I wouldn't say that there is a geographic skew, I think we see opportunities in E&S in a lot of the places that are always typically big for E&S. But, we had growth in a number of the divisions in the quarter which is, I think, an indicatio of where we see opportunity and where the pricing is good. Allied healthcare is up a bit, environmental business is up a bit. The old-fashioned general casualty, bars and taverns business, it was up. Life sciences is up.

Our small business division, which we're investing in -- some people in, which is, instead of a \$20,000 policy is really \$5,000 policies. Had some growth, and then not surprisingly, we continue to grow and -- in the commercial auto space, and of course, that commercial auto business is not the traditional commercial auto, as I'm sure you know. It's not -- a fleet of trucks is really the new economy type of stuff and then what we would also call hired and non-owned auto business which is a nice little niche for us there.

So, growth in a number of different divisions.

**Charles Sebaski** - *BMO Capital Markets - Analyst*

And construction holding up, is till -- is there -- you guys saying new construction?

**Robert Myron** - *James River Holdings Group Ltd - President and Chief Operating Officer*

We didn't -- we did have a little bit of -- we did have a modest amount of growth in manufacturers and contractors as well. And the pricing there is generally holding up all right, and I think we're also -- that's when we also continue to see some exposure growth.

So --

**Charles Sebaski** - *BMO Capital Markets - Analyst*

Excellent. No, I appreciate the answers, guys. Good quarter.

**Adam Abram** - *James River Holdings Group Ltd - Chief Executive Officer and Chairman,*

Thank you very much.

**Charles Sebaski** - *BMO Capital Markets - Analyst*

Sure.



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**Operator**

Your next question comes from the line of Mark Hughes with SunTrust. Your line is open.

**Mark Hughes - SunTrust Advisors - Analyst**

All right. Thank you. You had mentioned in the E&S that your seeded premium ratio is lower, your debt-written agreements were up nicely. Is that -- is that something that's sustainable? Where you're seeing more opportunity. I think you suggested s a mix issue, should we sort of assume that seeded ratio will be lower in the coming quarter?

**Adam Abram - James River Holdings Group Ltd - Chief Executive Officer and Chairman,**

We think, yes, for this year, I think. That's in the current market conditions because it's really just a function of mix and what reinsurance we have historically bought on the book that we're writing. And so, I think that mix can probably continue throughout the year. We don't see -- we don't see a change to that right now.

**Mark Hughes - SunTrust Advisors - Analyst**

Okay, good. Thank you.

**Operator**

Your next question comes from the line of Randy Benner with FBR Capital Markets. Your line is open.

**Randy Benner - FBR Capital Markets - Analyst**

Hey, yes. Just on the casual reinsurance, the lack of QID in the first quarter here, is that -- there's obviously been QID there for a while. Is that -- is that mission accomplished now? Is that -- is that kind of settled? How should we think about QID going forward there? Because I had come to think of it kind of as a structural drag. But zero makes me rethink that. So, I'm interested in any color there.

**Robert Myron - James River Holdings Group Ltd - President and Chief Operating Officer**

Yes, Randy. It's Bob. Obviously, we don't endeavor to have [flat], obviously, a positive development there. So, I think -- I think we're looking at a couple of things there. [Flat] development -- our [acts] in here lost pick is up a little bit, a couple of points if you look at that disclosure. And I think that if you looked back over the last few years and the last few quarters, it's been a little bit bumpy. The combined ratio continues to trend downward there, right?

So, we feel like we're directionally making progress. And we're happy with the [accident year] pick that we've got, and therefore, the current loss pick that we're putting up on the balance sheet. I think that I would be hesitant to say that we're not going to have future adverse development there in any absolute terms, but we're pretty happy with where it is directionally.

**Randy Benner - FBR Capital Markets - Analyst**

Got it. And then, the last thing, I'd say, is -- and Charles covered a lot of the Uber question. But I -- you would be -- I know you're sensitive in talking about relationships you have with accounts, but I believe that these rideshare accounts are becoming a material portion of your premiums.



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And so, I know that you break out commercial auto, and we can surmise that Uber and Lyft are becoming a bigger portion in commercial auto which runs, I think, call it 10% of the book, rough numbers. But, any further disclosure you can give around kind of that concentration of your business, would be appreciated just because it's hard to kind of tell the story of that part of your business without really being able to quantify it? So, that it would be helpful to have better disclosures on that going forward, to the way you can do it while still being sensitive to those relationships.

**Adam Abram** - James River Holdings Group Ltd - Chief Executive Officer and Chairman,

Randy, thanks for the -- I mean, thanks for the observation and we will let us -- we'll give thought to that and think about how we could proceed.

**Randy Benner** - FBR Capital Markets - Analyst

All right. Great. Thanks a lot.

**Operator**

I'm showing no further questions at this time. I would like to turn the conference back to Adam Abram.

**Adam Abram** - James River Holdings Group Ltd - Chief Executive Officer and Chairman,

Thanks, operator, and thanks for everybody who participated on this phone call and thanks to all of our colleagues, again, for a really tremendous quarter. And we look forward to joining with our investors and interested parties next quarter. And for today, we'll say goodbye.

Thank you.

**Operator**

Ladies and gentlemen, this concludes today's conference. Thank you for your participation, and have a wonderful day. You may now disconnect.

END

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