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JRVR - Q3 2015 James River Group Holdings Ltd Earnings Call

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the James River Group Holdings, Ltd. Q3 2015 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)

As a reminder, this call is being recorded.

I would now like to introduce your host for today's conference, Mr. Kevin Copeland, Head of Investor Relations. Mr. Copeland, please go ahead.

Kevin Copeland - *James River Group Holdings, Ltd - IR Head*

Thank you. Participants on this call should be aware that during the course of the call, James River will make forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements are based on management's current beliefs, expectations, and assumptions. In some cases, such forward-looking statements may be identified by terms such as believe, expect, intend, seek, may, will, or similar words.

These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. These risks and uncertainties are described in James River's annual report on Form 10-K for the year ended December 31st, 2014, and in other filings made with the SEC.

James River undertakes no obligation to update or revise any forward-looking information to reflect changes and beliefs, expectations or assumptions, or the occurrence of unanticipated events or otherwise. Additionally, James River will discuss non-GAAP financial measures, including references to underwriting profit, net operating income and return on tangible equity. Reconciliations of non-GAAP financial measures to GAAP financial measures are included at the end of James River's earnings release, which is posted under the Investor Relations section of its website, www.jrgh.net.

With that, let me turn the call over to Adam Abram, Chairman and CEO.

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Thank you very much, Kevin. I'm kind of wondering who that excellent writer you have behind the scenes. We're very glad to be here. I'm here today with Bob Myron, who's our President and Chief Operating Officer, and Gregg Davis, our Chief Financial Officer, and of course, Kevin Copeland, our Head of Investor Relations.

And before we open the call to questions, we'd like to make a few observations. When we think about earnings, we focus above all on two measures -- our underwriting results and the strength of our balance sheet. And based on these measures, we had a strong quarter, and we feel very good about the fundamentals of our business.

Our underwriting results were solid. The group's combined ratio is 89.0% for the quarter, right on top of the 88.8% combined ratio we reported at this point in 2014. Because of our increased scale, the similar combined ratio translated into $2.3 million more in pre-tax underwriting profits, however.

Each of our insurance segments contributed to our underwriting profit for the quarter and the nine-month period year-to-date. We think out growth continues to bode well for future results. Our E&S segment, where we have very strong margins, grew by 33% measured against the third quarter of 2014. We grew in about half of our E&S divisions, including allied health, energy, environmental, general casualty, and manufacturers and contractors. This growth drove some scale advantages. Our expense ratio in the E&S segment fell from 27.9% in the third quarter of 2014 to 24.2% in the most recent quarter.

Scale is also helping us drive down the expense ratio in our Specialty Admitted segment, where 41% growth in gross written premiums led to a 10.7-point reduction in the segment's expense ratio. We continue to make progress building out our program and funding division in this segment, and our traditional workers' comp business is growing and is quite profitable. Over time, we think the Specialty Admitted segment will become a larger contributor to our bottom line.

In keeping with our emphasis on underwriting profits, the management of our Casualty Reinsurance segment has elected to reduce our participation or non-renew parts of our third party business. We are very happy with the discipline they're exercising in their underwriting. I should note, though, that the decline in premium reflected on the financial statements might lead you to think we are shrinking more than we are in reinsurance. A big part of the decline in reinsurance premiums is really a function of adjustments to the timing of contract renewals, and there'll be more conversation about that later.

So, we're enjoying growth and good underwriting results. Our balance sheet also remains quite healthy. Our reserve takedown in this period was a modest $9.6 million compared to $15.4 million in reserve reductions in the third quarter of last year. Our accident year-loss ratio through nine months was 64.7% this year, compared to 66.8% last year.

We use a consistent methodology to assess our results, which has worked well for us over time. This was the 13th quarter in a row in which we have had favorable reserve development. And we have also had favorable development in nine of the last 10 years. As the numbers fell out this quarter, our accident year-loss ratios this period and year-to-date were a little lower across the board than last year. The lower accident year numbers in our E&S segment reflect the fact that we've been running more short-tail business there, and that business is performing well. For example, substantial portions of our allied health business is written on claims made forms which shortens its tail, and the growth in our general casualty business was from faster reporting lines including commercial [audit].

In Casualty Reinsurance, our team has been very tactical, allocating capital towards E&S risks, short-tail commercial auto, and well-priced workers' compensation business. So, their accident year-loss ratio reflects the work this new team has done beginning upon their arrival in 2012.

Finally, in our Specialty Admitted segment, we are carrying the current accident year at roughly the same loss ratio as of the end of last year. Consistent with our historic approach to the business, we retained a strong reserve posture. Sixty-nine percent of our total net loss reserves are designated to incur the not reported claims. We'll look at reserves again as we approach the end of the year. Based on what we're seeing in the current loss trends, we expect there will be additional reserve for leases in the fourth quarter.

We are pleased by our growing fee income. Across the group, our fee income year-to-date is approximately $2.8 million, whereas last year it was just over $1 million. This is an area of importance to us as we develop an additional revenue stream that complement our underwriting and investment results.

The target we set for ourselves this year was to earn a 12% return on tangible equity. We're on pace to achieve or perhaps exceed that goal in 2015. Given our strong underwriting patterns and solid profitability, the board elected to supplement our regular $0.16 quarterly dividend with a special dividend of $1 per share to be paid in the fourth quarter.

The dividend reflects our conviction about the continued low volatility, the low volatility earnings power of our franchise. We have a very solid capital position, we're generating additional capital through earnings. Even after the dividend, we're able to support substantial additional growth. We're pleased with our results and we're pleased that they permit us to pay this large special dividend to our owners. Lastly, let me highlight that our strong results in the quarter drove an increased intangible book value per share of 3.6% when adding back the $0.16 dividend.

And with that, let me ask Bob Myron to pick up the conversation.

Robert Myron - *James River Group Holdings, Ltd - President, COO*

Thank you, Adam. I'll begin with a discussion about the market environment and pricing. Our exposure-adjusted rate increases are up about 1% across our group in a quarter. Breaking this down into segments, here is what we're seeing. In our E&S segment, competition continues to be rational. There has been some market chatter that alternative capital was driving up commissions. We are not seeing it in a small account casualty wholesale space. Year-to-date, our exposure-adjusted rates in the segment are down 0.7%. These rate levels are attractive, and as we continue to grow, we are experiencing the benefits of scale reflected in our decreasing expense ratio in the segment that Adam mentioned earlier.

In our Specialty Admitted segment, specifically for workers' compensation, rates were up 4.1% in the quarter on an exposure-adjusted basis year-over-year. In our casualty reinsurance segment, we non-renewed some treaties and reduced the size of others in the quarter. We now expect the gross written premium in this segment to decrease by about 10% year-over-year. But you will recall that with 94% of this business being proportional reinsurance, the underlying rate increases are important to our performance. Overall, exposure adjusted rate increases in the Casualty Reinsurance segment were a positive 3.8% in the quarter, led by E&S Commercial Auto which was up 14% in a quarter.

Now, onto investments. Overall, as of September 30, investment portfolio, which had a total carrying value of $1.3 billion, has a weighted average duration of 3-1/2, a rating of A and a net book yield of about 3.4. In the quarter, the overall post-tax mark-to-market impact on book value was a positive $1.6 million after tax.

Our cash flow is strong. Year-to-date through September, we have generated $104 million of positive operating cash flow. This is an 18% increase over last year to date. Certainly, this level of operating cash flow net of dividends paid is helping us offset the stagnant yield environment for bonds in keeping net investment income up to a certain degree, as we are investing new money at lower book yields that are existing overall book yields.

We sometimes get questions about our investments in [for] and win partnerships, and since the fair value marks on these went down this period, I thought I'd comment. These fair value decreases were driven by market comparables and also discounted cash flow methodologies, neither of which reflect how good we believe these investments are. The underlying power plans are performing very well and have long-term power purchase agreements with investment-grade utilities as their counterparties.

Of note, these investments have distributed $3.1 million of cash to us year-to-date, relative to an original cost of $24.8 million, or a cash-on-cash yield of 12-1/2% for the nine-month period. Given the steady and we believe low-risk returns, we are prepared to accept some variability in fair valuations quarter-to-quarter on these investments.

With that, let me turn the call over to Gregg.

Gregg Davis - *James River Group Holdings, Ltd - CFO*

Thanks, Bob. Well, let me reinforce the themes both you and Adam have laid out. This was a solid quarter, and we enter the last part of the year with good momentum and a strong balance sheet.

With respect to our group-wide expense ratio, on a year-to-date basis, our overall expense ratio is down 30 points, 30 basis points. This reflects the benefits of scale and demonstrates that we've been able to absorb the additional cost of being public this year. At this point, we would expect the expense ratio to be flat to down slightly for the full year 2015, relative to 2014.

We were up 40 basis points in our expense ratio for the quarter over a year ago. This is due to the added expenses of being a public company along with related higher equity comp expense. It is also due to the higher expense ratio at our Casualty Reinsurance segment in the quarter. This was a result of higher [seeding] commission expense of proportional contracts. Commissions generally adjust upwards when loss ratios move down, which is what happened in the quarter for contracts for more recent accident years.

I'd like to get to the question-and-answer period, so let me just make one final point. I feel very good about the strength of our overall business. On a risk-adjusted basis, I believe that our teams consistently deliver a superior return on tangible equity. Their work is creating a very valuable franchise. On behalf of our entire team, let me say that we appreciate the support of all our shareholders and thank you.

Operator, could you please open the line for questions?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from the line of Randy Binner of FBR. Your line is open.

Randy Binner - *FBR Capital Markets - Analyst*

Hey, good morning. Thanks. I want to ask one on, just on the comment that Adam made about expecting more reserve releases in the fourth quarter. I guess, it's like a subjective and then a quantitative question. What are you seeing in the reserves? What accident years, which classes? Is that release been coming from and where do you expect it? A little more color there. And then, you know, given that kind of bullish outlook, does that cause you to maybe reconsider the EPS guide?

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Well, Randy, I'm going to start with the back half of the question first, and then we'll get into the reserves, specifics of the reserves, in a second. We want to guide, and we will be guiding to a 12% return on tangible equity. And we've set that standard for ourselves this year, which we think is a great standard in the current interest rate environment. And to be able to deliver that consistently and to join up with a significant payout to our investors, we think, creates a tremendous amount of value.

That's the guidance that we want to be giving, that 12% return on tangible equity. And so, we're going to be focusing on that as the standard of -- and the measure for our guidance as we go forward.

With regard to reserves, we're just seeing the kind of development that we've seen in past years. We'll be using our same methodology that we've been using for the longest time to look line-by-line, year-by-year. And I think there's strength throughout our reserves and balance sheet. I think, clearly, the largest part of our reserve redundancy comes from our oldest segment, which is our E&S segment, where we've got the largest and longest history of our reserves. And I think you'll see if current patterns continue the possibility of more reserve releases there.

Bob, did you want to add anything to that?

Robert Myron - *James River Group Holdings, Ltd - President, COO*

No.

Randy Binner - *FBR Capital Markets - Analyst*

Great. And then just one more. The accident year loss pick was a little bit lower in the E&S area. And so, I think you alluded to some mixed shift to the short-tail lines in the opening commentary. And so, I guess, I'd like to try and get a handle on just what's changing there? Is that something that's going to be sustained shift? Or was that more of like an opportunistic thing in the quarter because, like I said, the loss pick seems to be quite a bit lower than where it's been in the past several quarters in E&S?

Robert Myron - *James River Group Holdings, Ltd - President, COO*

Yes. Randy, this is Bob. I think we're down on a year-to-date basis of 180 basis points, which isn't a big move, and I think that really, the quarter is the reflection of the year-to-date. And it is mixed shift as divisions grow and divisions shrink. Our methodology isn't changed which is that we book a weighted average of the accident year loss picks that we come up with internally by division within that segment.

But, of course, the weighting changes as a result of divisions growing and divisions shrinking. And, you know, in particular, the general casualty revision with the growth that we've seen there and with the shorter tail nature of some of the underlying risks has influenced that. But, you know, we're still booking, I think, above a 67-accident year loss ratio in that division year-to-date which we feel is very good.

Randy Binner - *FBR Capital Markets - Analyst*

All right. I'll leave it there. Thanks a lot.

(multiple speakers)

Randy Binner - *FBR Capital Markets - Analyst*

Yes, that's great. Thank you.

Operator

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

Charles Sebaski - *BMO Capital Markets - Analyst*

Thank you. Good morning, guys. I just -- one on numbers and one on general, the numbers -- on the casualty re and the expense ratio [lift], I think you have said that's due to a sliding scale of better profitability of the underlying book. How does that square with some of the -- I know it's a small amount -- but the adverse development? And let's just -- stuff you might see on the adverse development would be opposite to improved underrating?

Robert Myron - *James River Group Holdings, Ltd - President, COO*

Yes. So, the adverse development comes from 2011 and prior, and the development is such that is from a contract where we don't have a commission adjustment anymore to offset that because of the overall level of poor performance. So, we took that adverse development net. But for the more recent years where we are seeing very strong pricing and performance, a movement down in loss pick results in a partial offset in an increased commission accrual, right? So, that's the reason why -- hopefully, that completes the picture of the adverse development as well as the commission increase. And as I said, it's a bit operational in the quarter as well for it to be up at 40% expense ratio in that segment.

Charles Sebaski - *BMO Capital Markets - Analyst*

Perfect. Thank you. And I guess, then generally, Adam, I was wondering if you could just give some color about the low volatility result and how you guys think about risk or aggregation. Obviously, your liability-focused and small limit-focused, and how you think about balance sheet risk or the aggregation or lack thereof? And what -- if there are -- what might give concerns or how you view that in managing that low volatility?

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Well, you've hit on some important items there, and we have a very diversified book of business, where we're taking on a per-occurrence basis, which you, I think, were referring to, relatively modest risks. We think there's low correlation between these divisions and across segments in our books, so that it's other than it's U.S. casualty.

In some of the most "risky" areas of the casualty business, we either don't -- we either choose not to go there, or we're writing it on an excess and surplus lines basis where we have proven exclusions or limitations of liability in our contract. So, we're trying to have great diversification, low limits, strong reinsurance relationships.

Our investment portfolio is really relatively short. It is overwhelmingly very high quality. So, I think that we do as a good a job as we can do walling ourselves off volatility associated with rising of interest rates there or credit. And where we do invest outside of just very high-grade corporates, these tend to be investments where we have really deep insight into the specific projects or investment that we're making or we have great guidance which, for example, we enjoyed in the bank loan with [Angelo], [Gordon] that we entered into in 2009, that portfolio.

So, that's a long answer. We do a lot of things. Each time we take a risk, we try to define the limits of that risk intelligently. We try to either underwrite business that we understand very well in every case. And when we invest, we invest in very high-quality, very diversified portfolio and where we take some small, non-high-grade rated risk, it's a risk where we have real insight around generally in our company or around the board [tabled] into the specific effort that we're investing in.

So, I guess that would be an answer. Anybody else want to add to that?

It's a great question. Thank you.

Charles Sebaski - *BMO Capital Markets - Analyst*

Well, I appreciate it. I guess on just -- I guess probably tying into that, I would like some thoughts on how you guys seem to be growing a little bit in commercial auto, which is historically a line that's plagued a lot of insurers over time. And how do you get comfortable with that line of business or going into it at sort of this point in the cycle?

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Well, I think some of the commercial auto has obviously been associated with these apps that are out there, and that business has been good business. And, again, we take the same measured approach. We share that risk with others, and we have a limited appetite for it, but we like the business.

Elsewhere, we're on the non-app kind of business in Commercial Auto, we think it's very specialty niche kind of stuff that's really well-priced in the segments and territories that we particularly like. Let me give you an example, we write a small book of school bus risk, liabilities in our Specialty Admitted segment. And it's early days yet, we post that a pretty conservative loss ratio, but we like what we see and we like the rates, we like the history, and we like the results year-to-date.

So, there are niches here where you can -- and you're right to ask the question, but there are niches here where you can intelligently, carefully, and in a measured way, go in, and we believe and it's been our history, we've been able to make money in these particular niches kind of areas.

Robert Myron - *James River Group Holdings, Ltd - President, COO*

And I would just add to that. In the Casualty Reinsurance segment, we have one treaty and one relationship in Commercial Auto. It is a very well-priced and increasingly improved pricing treaty with a tight coverage form and low limits. And the pricing that we're getting on a unit basis as well as overall, we believe is very compelling relative to the risk that we are ensuring. So, I would just echo Adam's comments that we are taking our spots carefully here.

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

By the way, it would be wrong to think that Commercial Auto is driving our growth. I mean in our E&S division, for example, even without the growth in Commercial Auto, we'd be growing.

Charles Sebaski - *BMO Capital Markets - Analyst*

Excellent. I really appreciate all the answers. And great quarter, guys.

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Thank you very much.

Operator

And our nest question comes from the line of Meyer Shields of KBW. Your line is open.

Meyer Shields - *Keefe, Bruyette & Woods, Inc. - Analyst*

Great. Thank you. Good morning. For the (multiple speakers) --

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J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Good morning, Meyer.

Meyer Shields - *Keefe, Bruyette & Woods, Inc. - Analyst*

Sorry. Good morning. How are you, Adam?

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Great. Thank you.

Meyer Shields - *Keefe, Bruyette & Woods, Inc. - Analyst*

Two quick questions on the (technical difficulty) line segment. First of all, I know, obviously, growth has helped in the expense ratio. But the shift that you mentioned, do shorter-tail lines itself have an effort in (technical difficulty) acquisition process (technical difficulty).

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Meyer, I think you may be on a cell. And probably because of all the connections we're having, we're having trouble hearing you, I'm sorry. Can you try again?

Meyer Shields - *Keefe, Bruyette & Woods, Inc. - Analyst*

Yes. Let me try again. And if it doesn't work, then I'll [ask] afterwards. I just wanted to know whether the shift to shorter-tail lines in excess of [worker line] is itself have any adverse impact on acquisition cost? (multiple speakers)

Robert Myron - *James River Group Holdings, Ltd - President, COO*

Acquisition costs impact from shifting to shorter-tail lines.

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Oh, in E&S. There's no change -- that does not affect our acquisition cost in the E&S business.

Gregg Davis - *James River Group Holdings, Ltd - CFO*

Is that what you were asking, Meyer?

Meyer Shields - *Keefe, Bruyette & Woods, Inc. - Analyst*

Yes, that's exactly (multiple speakers).

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

No, the shorter-tail -- I mean, no -- there are some very -- there is some variability occasionally in E&S division-to-division in commission structure, but the shorter-tail lines doesn't [correlate].

Robert Myron - *James River Group Holdings, Ltd - President, COO*

Yes. And we're really talking about shorter-tail casualty lines.

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Yes.

Robert Myron - *James River Group Holdings, Ltd - President, COO*

Not property business.

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

You know we write virtually no property. We're just saying that the underlying class codes. The class code associated with the book that we're, that has emerged this quarter tends to have a shorter duration. And so, if it -- as it went through our model for reserves, it drove a little bit faster reporting and therefore, a little higher confidence in that current accident year loss ratio, that's all.

Meyer Shields - *Keefe, Bruyette & Woods, Inc. - Analyst*

Okay. Fantastic. Thank you very much.

Operator

And our next question comes from the line of Brian Meredith of UBS. Your line is open.

Brian Meredith - *UBS Securities, LLC - Analyst*

Good morning, everybody. I've got a couple of questions here for you. First -- so, Adam, I've been hearing a little bit from agents and brokers out there that they're starting to see some of the standard markets slowly starting to encroach upon the E&S market. Are you seeing any evidence of that? Or maybe if you're not, is it because maybe your book of business is just not as close as the standard market?

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Well, in our E&S business, you know, it's all wholesale distribution, and I don't know what the source is of that information. Look, it's a competitive world but we're not really seeing the standard markets encroaching that. There's plenty of healthy, rational competition as Bob mentioned from other E&S players, but I don't see it being picked off yet for the admitted guys coming in and trying to write on admitted forms for the classes that we're writing on non-admitted forms.

Brian Meredith - *UBS Securities, LLC - Analyst*

Thanks. Great. And then, next question, could you give us an update on kind of how the program business is going, kind of demand successes you're having?

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Sure. We had substantial growth in the program business period over period. So, I'm having to do a little work here. Here we go. So, year-to-date, in the programs, we've just about doubled our business in the program business through nine months, 2014 to 2015. And our team there is reviewing really a relatively large numbers. There's really healthy flow of potential programs that are coming in, they're very selective. It's got to meet there in an hour underwriting criteria, and we've got to get very comfortable. But I'm pleased with the doubling year-over-year, nine months to nine months, and I'm very happy with the flow they're seeing and discussing with us. And we think this is the business that we have an opportunity to grow and grow profitably from an underwriting perspective. I feel really good about it.

Brian Meredith - *UBS Securities, LLC - Analyst*

Got you. So, the pipeline it remains pretty good. Last question, I'm just curious, some of the consolidation activity that we're seeing in the industry right now, I know one or two of them particularly kind of looking at the [age] hub coming together. It sounds like they're going to really going to start to target kind of small to middle-sized risks a little bit more. What do you kind of think of that? Is that a potential kind of threat here?

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

The last part of you dropped, a potential something --

Brian Meredith - *UBS Securities, LLC - Analyst*

A potential threat for you guys when you get some of these bigger guys that maybe you're focused in small, middle-sized a little bit more?

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Look, our teams have deep and long histories in each of these segments. And sure, I mean, if people come in and start competing, you know, we'll -- we can't deny their existence there. But I'm not particularly worried about that for a couple of reasons. We're underwriters. And if we think we can make a profit from that, we will write it. And if we don't think that we can make a profit from it, we won't write it. And -- but what -- it'll come back to us at another day at a very profitable margin.

The other thing I would say about this is we're still enjoying, frankly, really good growth. And we're still enjoying really good unit growth, and unit growth, meaning the underlying business of our existing book if those customers' businesses seem to us to still be growing. And our renewal retention has been a pretty steady percentage in that business and as their businesses grow, that renewal retention book is worth more to us. So I feel pretty good about where we are.

Bob, do you want to say something?

Robert Myron - *James River Group Holdings, Ltd - President, COO*

Yes, Brian, I would just add to that, that some of this could be in how they are defining small and middle. But for us, the $18,000, $19,000 average account size individually underwritten E&S risk, there is a lot of hard work and elbow grease that goes into doing that. And that segment is going through as I know we've said to you before, over 160,000 new and renewal submissions a year with almost 150-person underwriting team. And there's a lot of very hands-on -- there's a lot of work that is done to provide and produce what overall [path] be a $300 million segment there.

And so, that is something that has oftentimes dissuaded people from trying to be in that space because you really got to have excellent systems and a lot of talent. You got to have a lot of talent in subject matter expertise as Adam is alluding to, and it's not -- they might have the ability to get into that or spend more time on it. But I guess what a lot of people would say is, "Geez, that's an awful lot of effort to go after $19,000 accounts, right?" But it's right in our sweet spot and it's what we've always done, and it's what Adam's predecessor companies have done as well, going all the way back to 1992. So, we're very comfortable with it, we know how to do it right. It's oftentimes something that is more work than a lot of other people want to do.

Brian Meredith - *UBS Securities, LLC - Analyst*

Great. Thank you.

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Operator, are there any other questions?

Operator

And I'm showing no further questions at this time. I would now like to turn the call back to Mr. Adam Abram for any further remarks.

J. Adam Abram - *James River Group Holdings, Ltd - Chairman, CEO*

Well, we thank everybody for joining us on this call and I want to also, on behalf of everybody here in this room, thank everybody involved in James River Group Holdings and all of our affiliates. This has been a wonderful quarter. People worked very hard to make it happen. And thank you and we look forward to seeing everybody and speaking to you soon. Thanks.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude today's program. You may all disconnect. Everyone, have a great day.
