Assured Guaranty Ltd. (AGO)
August 9, 2023
Second Quarter 2023 Earnings Call

Robert Tucker
Senior Managing Director, Investor Relations and Corporate Communications

Thank you operator. And thank you all for joining Assured Guaranty for our Second Quarter 2023 financial results conference call.

Today's presentation is made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995.

The presentation may contain forward-looking statements about our new business and credit outlooks, market conditions, credit spreads, financial ratings, loss reserves, financial results or other items that may affect our future results.

These statements are subject to change due to new information or future events. Therefore you should not place undue reliance on them, as we do not undertake any obligation to publicly update or revise them, except as required by law.

If you are listening to a replay of this call, or if you are reading the transcript of the call, please note that our statements made today may have been updated since this call.

Please refer to the Investor Information section of our website for our most recent presentations and SEC filings, most current financial filings, and for the risk factors.

This presentation also includes references to non-GAAP financial measures.

We present the GAAP financial measures most directly comparable to the non-GAAP financial measures referenced in this presentation, along with a reconciliation between such GAAP and non-GAAP financial measures, in our current Financial Supplement and Equity Investor Presentation, which are on our website at AssuredGuaranty.com.

Turning to the presentation, our speakers today are Dominic Frederico, President and Chief Executive Officer of Assured Guaranty Ltd. and Rob Bailenson, our Chief Financial Officer. After their remarks, we will open the call to your questions.

As the webcast is not enabled for Q&A, please dial in to the call if you would like to ask a question.

I will now turn the call over to Dominic.

Dominic Frederico
President and Chief Executive Officer

Thank you, Robert, and welcome to everyone joining today's call.

At the halfway mark of 2023, Assured Guaranty's adjusted operating shareholders' equity per share and adjusted book value per share were at the highest levels in our history, $95.64 and $144.21, respectively.

New business production for the first half remained strong, consistent with recent years' results, and was diversified across U.S public finance, international infrastructure, and global structured finance. The first half PVP of $203 million is the second largest amount of total first half PVP since 2009 and the second time that first half PVP exceeded $200 million during that time period.

In July, we completed our transaction with Sound Point Capital Management involving AssuredIM and, separately, we sold Assured Healthcare Partners. I will discuss both transactions in a few minutes.

For the first half of 2023, Assured's share of the insured primary municipal bond market was 63%, up from 56% in the first half of 2022. We guaranteed 290 new issues totaling $9.8 billion of primary insured par sold. This par amount was fairly consistent with the first half of 2022, despite the total market par being down by approximately 14% in the first half of 2023 compared with the first half of 2022. Our secondary market par written for the first half of the year was $280 million, bringing our total insured par sold to $10.1 billion in the primary and secondary markets.

We continue to see higher demand for bond insurance than we did before the pandemic. First-half 2023 insured market penetration of 9.0% was higher than the 8.8% in the first half of 2022 and significantly higher than the 5.9% of 2019's first half.

Total insured penetration for the second quarter was 10.1% for the highest penetration rate since 2009. Additionally, market demand for bond insurance increased significantly in the second quarter of 2023, up 72% from the first quarter of 2023.

Assured Guaranty saw an 86% increase in insured par sold in the second quarter of 2023 compared to the first quarter of 2023, insuring $6.4 billion in the second quarter of 2023, 28% higher than the same period last year.

During the second quarter, we also continued to benefit from institutional investor demand for our insurance as we guaranteed $4 billion of par on 13 transactions that each utilized $100 million or more of Assured Guaranty's insurance. This brought the total number of such transactions during the first half of 2023 to 21 transactions for a total of $5.5 billion.

International public finance produced $36 million of PVP during the first half of 2023, up from $30 million in the first half of 2022. Second quarter activity included a guarantee on a U.K. regulated utility and our pipeline of potential international public finance transactions includes a significant number of transactions that we consider likely to close later in 2023.

Global structured finance direct PVP was the largest first half amount since 2009, producing $68 million of PVP. We continue to see opportunities with banks, insurance companies, pension funds and asset-backed investor clients across sectors including pooled corporate and fund finance.

In July, S&P reaffirmed its AA financial strength ratings, with Stable Outlook, for our financial guaranty companies, citing both our “very strong” financial risk profile and “very strong” business risk profile in its annual review of Assured Guaranty. Its report describes many strengths supporting our AA ratings, including S&P’s view that we have “excellent capital and earnings with a meaningful capital adequacy buffer.” You can read the entire report on our website at AssuredGuaranty.com.

In July, we completed the transaction with Sound Point Capital Management, in which we contributed substantially all of AssuredIM and we engaged them as the sole alternative credit manager for AGM and AGC, in return for a 30% interest in the combined entity. As we have said, we are highly optimistic about this new venture with Sound Point Capital Management and believe it will be immediately accretive to our bottom line.

in July, Assured Guaranty sold all of its equity interests in Assured Healthcare Partners LLC. Assured Guaranty will remain a strategic investor in certain AHP-managed funds while retaining its carried interest in existing AHP-managed funds and has received other consideration.

Regarding the Puerto Rico Electric Power Authority (PREPA) is our last remaining non-paying Puerto Rico exposure. As we have said all along, we remain committed to negotiating a fair and reasonable settlement but will protect and enforce our legal rights as bondholders through litigation in the Title III Plan Confirmation and appeals process as necessary.

Given the uncertainty in this global economic environment, it’s good to reflect on the proven resiliency of our company. In the first year of the pandemic, we saw investor appetite for bond insurance increase. That heightened interest has been maintained, and developments so far this year continue to remind investors that the future is often volatile. We have succeeded through decades of economic cycles by delivering on our commitments to reduce borrowing cost for issuers and protecting against shortfalls in investors’ principal and interest payments, while proving our resilience through disciplined risk management and responsible stewardship of capital. This resilience has positioned us to thrive as business and market conditions are creating more incentives for the use of financial guarantees.

We believe that we have never been better prepared to serve our clients, protect our policyholders and create value for our shareholders.

I will now turn the call over to Rob.

Robert Bailenson
Chief Financial Officer

Thank you, Dominic, and good morning to everyone on the call.

I am pleased to report second quarter 2023 adjusted operating income increased to $36 million, or $.60 per share, from $30 million or $.46 cents per share in the second quarter of 2022.

In the second quarter of 2023, the largest components of adjusted operating income were the insurance segment which contributed $106 million of adjusted operating income, and the corporate division which had a net loss of $50 million. In the comparable prior year period, the insurance segment generated income of $55 million, which was partially offset by the corporate division's net loss of $35 million.

Higher investment income and fair value gains were the most significant contributors to the increase in insurance segment adjusted operating income.

- Net investment income increased by $24 million, which was driven mainly by higher short term interest rates and average balances.

- We also had fair value gains on Puerto Rico contingent value instruments of $40 million in the second quarter of 2023 compared with losses of $18 million in the prior year.

- And lastly, we had a fair value gain of $5 million on our alternative investments in the second quarter of 2023, compared with a loss of $34 million in the second quarter of 2022.

As of June 30, 2023, the fair value of investments in AssuredIM funds was $350 million. Inception to date, the annualized return on the AssuredIM Funds was 10.1%, which is in line with our long-term expectation for these investments. These AssuredIM funds will now be managed by Sound Point or Assured Healthcare Partners. We will remain strategic investors in these funds and will commit additional amounts to Sound Point as the alternative investment manager for our U.S. insurance subsidiaries.

Net earned premiums and credit derivative revenues increased to $88 million in the second quarter of 2023 from $86 million in the second quarter of 2022. Deferred premium revenue remained steady at approximately $3.7 billion. Accelerations were under $10 million in the second quarter of 2023 and 2022, as refunding activity remains muted due to the higher interest rate environment.

Loss expense in the second quarter of 2023 was $44 million, and economic loss development was $49 million, mainly due to increases in reserves for certain Puerto Rico exposures.

On the insurance regulatory front, I am happy to report that New York and Maryland successfully completed their 5-year joint examinations of AGM and AGC, our two U.S. insurers, and issued clean examination reports with no adverse findings or adjustments. The AGM and AGC examination reports are publicly available on the New York and Maryland regulators' websites.

The results of AssuredIM were reported in the asset management segment and were about break even in the second quarters of both 2023 and 2022. In July 2023, AssuredIM, excluding AHP, was contributed to Sound Point in exchange for an equity interest in the combined SoundPoint/AssuredIM entity, and our entire equity interest in AHP was sold to an entity owned by its managing partner.

The transformation of our asset management business from fully integrated subsidiaries to a minority stake in a larger Sound Point/AssuredIM combined entity, is expected to be accretive to future earnings and provides a stream of income based on asset management fees and will also provide a wider array of alternative investment opportunities.

Going forward, our investment in Sound Point will be accounted for under the equity method, which will simplify the presentation of the asset management results. We are also in the process of evaluating all the consolidation conclusions for the AssuredIM CLOs and Funds, as a result of the Sound Point and AHP transactions and we expect that we will be able to deconsolidate some of these entities. The resulting changes will be reflected in the third quarter financial statements.

Expenses associated with the Sound Point and AHP Transactions were $24 million in the second quarter of 2023. This was the primary driver of the increase in corporate division adjusted operating loss, which is where most of these expenses were reflected.

Adjusted operating income includes the effect of consolidating VIEs, which was a loss of $18 million in the second quarter of 2023, compared with a gain of $10 million in the second quarter of 2022. The net effect of VIE consolidation is primarily a function of changes in fair value of these entities, and insurance losses and benefits associated with the FG VIEs, including the Puerto Rico Trusts.

In addition to advancing our key objectives in asset management and alternative investments with the Sound Point and AHP transactions, we continue to focus on our other long-term strategic initiatives to grow the company and enhance shareholder value.

In the insurance segment, we had diversified sources of new and assumed business which are accretive to key book value metrics. And on the loss mitigation front, we continue to maximize our economic benefit by strategically selling the recovery bonds we received last year as part of the resolution of the majority of our Puerto Rico insured exposures. As of the end of last week, we had sold approximately 99% of the recovery bonds in the investment portfolio and 34% of the CVIs. Based on fair value, we have approximately $14 million in recovery bonds and $343 million in CVIs remaining in our investment portfolio.

With respect to our capital management strategic initiative, we resumed the share repurchase program in the second quarter, and currently have $158 million of remaining authorization. In addition, our UK subsidiary paid a dividend of £100 million pounds, or $127 million to AGM, and we have a capital plan to distribute additional excess capital from our UK subsidiary over the next two years. This year's UK dividend provided $100 million in additional AGM dividend capacity in 2023.

At the holding company level, we currently have cash and investments of approximately $90 million, of which $43 million resides in AGL. These funds are available for debt service and corporate operating expenses, or for use in the pursuit of our strategic initiatives - including potentially redeeming debt and/or repurchasing shares to manage our capital.

Adjusted operating shareholders equity and adjusted book value per share reached new records of over $95 and $144, respectively, due to positive adjusted operating income and strong new business production results for the quarter, demonstrating the value of all our initiatives.

I'll now turn the call over to our operator, to give you the instructions for the Q&A period. Thank you.

QUESTION AND ANSWER SESSION

Operator
[Operator Instructions] Our first question comes from Tommy McJoynt from KBW.

Tommy McJoynt, *KBW*
So I'll start off with the big question. Now that New York and Maryland audits are complete, with clean bills, can you talk about the next steps toward requesting special dividends that have been mentioned before? And are there kind of in-process plans to sort of seek out specials from various subsidiaries or are you just targeting just AGM or just AGC? Can you just kind of walk through how that works?

Dominic Frederico
With the clean audits now, Tommy, we're able to proceed with these requests for special dividends, which we plan on doing. We'll do it to any company that has excess capital as you've seen. We paid the dividend from the AG U.K. subsidiary. So we have the same plan for the other subsidiaries as we look at their capital positions and now with the audit behind us, we're now free to do that.

Robert Bailenson
We plan to do that within this next second half of the year.

Tommy McJoynt
Okay. Got it. And when we think about the residual amount of capital that's inflowing that might be available for buybacks or potentially the debt redemption just coming out of the insurance subsidiaries, what are the annualized cash expenses at the holdco level, like I guess, interest, dividends, corporate expenses and just kind of like a minimum liquidity buffer that you like?

Robert Bailenson
Yes, that's exactly right. If you look at Page -- it's in the presentation, Robert.

Robert Tucker
In the equity presentation.

Robert Bailenson
Yes. The equity presentation. It's Assured Guaranty Overview, Tommy. In there, we say that we have annual net expenses of $50 million, annual dividend distributions of $66 million and annual debt service of $82 million. So, if you add all that up, those are the uses of funds for the holding company.

Tommy McJoynt
And any minimum liquidity buffer? You talked about having $90 on hand right now?

Robert Bailenson
Yes. We generally keep that. That's generally what we keep as our liquidity buffer. It’s generally six months’ worth of debt service.

Tommy McJoynt
Okay. Got it. And then just lastly, some debt due next year that you guys have talked about potentially redeeming. Can you walk us through some of the puts and takes about whether, how you're thinking about your existing debt to capital leverage right now? How comfortable your rating agencies are with that threshold and kind of why you might consider redeeming that?

Robert Bailenson
We're actually constantly evaluating whether or not we should redeem it, whether or not we should refinance it, and it all depends on whether or not we feel that it's appropriate. If we want to go and refinance it, it's all about price, execution. If we want, if we think it's more appropriate to redeem then we'll go redeem. But right now, if we could refinance at appropriate rates, then we would want to do that. But we have a number of quarters before we have to evaluate that.

Operator
The next question comes from Brian Meredith from UBS.

Brian Meredith, *UBS*
I'm wondering if you could dive a little bit into the Puerto Rico loss development, kind of what happened there, and maybe if you can just kind of frame what's the potential additional Puerto Rico loss? I mean, there's going to be a cap obviously to what your debt service is on PREPA and stuff?

Dominic Frederico
Brian, like we've always said in the past, we have to react to any new information on any exposure that we've got where we believe has the probability of a claim. So obviously, there's been some new information on PREPA. We have to update our scenarios. We have to then adjust our probabilities and look at what the reserve change is going to be. Obviously, PREPA, the offer is currently on the table, are insulting to say the least. So obviously, our view is litigation is the path that we're going to take and there's been nothing that changes my mind that I've seen so far in the marketplace. So we just go along with the information provided to us and adjust our models accordingly. But my view is that this is a litigation situation anyway.

Brian Meredith
Is the loss solely just the additional reserves solely PREPA-related?

Dominic Frederico
Predominantly PREPA.

Robert Bailenson
Predominantly.

Brian Meredith
Okay. Great. And then a second question, I'm just curious, I read through the S&P report and maybe I just missed it. But is there any kind of capital buffer over and above the AAA level that you all have now?

Dominic Frederico
Of course, we keep that capital buffer above the AAA. I think the last number we gave you is in the $1.6 billion number.

Robert Tucker
$1.8 billion as of year-end.

Dominic Frederico
Yes. But remember, S&P notches us down, even though we're at $1.8 billion excess capital at AAA, they still only call us a AA company, which is beyond insulting as well.

Operator
Our next question comes from Geoffrey Dunn from Dowling & Partners.

Geoffrey Dunn, *Dowling & Partners*

Rob, I think you mentioned it or Dominic, that you would request special dividends from any company with excess capital. How do you think about true excess capital now that the business is growing again and the fact that you're being held to a AAA capital standard as a AA company. I have to imagine that, that $1.8 billion buffer is not necessarily all excess. And I want to say, we go back 20 years ago, AAA companies might have retained $500 million, $800 million cushion. Is that the right way to think of what is true excess capital across the companies? Or is there a different framework to consider?

Dominic Frederico
Remember, we've got a lot of regulators in our business. So you not only do you look at S&P but you also have to look at the states, you have to look at the other agencies. But I think the excess capital position of the S&P number is a fairly good number. And growth, by and large, itself will not significantly impact that. Remember, as we write business, we get the benefit of the unearned premium reserve as part of the capital calculation. So the business is not that dilutive to capital excess. And I think we'd lose about maybe 12% to 20% of the PVP would be of the business written in terms of additional capital. So it's not a big number.

So the excess capital, like I said, you have to go through all the measurements by all the entities there are different hurdles that you have to meet. There are different buckets that get counted. So we look at all companies and go through the entire process of evaluating this criteria to see what excess capital we have and therefore, what can be dividend out to help us do the capital management program that we've been implementing.

Robert Bailenson
And that will be part of the discussion with the regulators. So we start with, Geoff, the $1.8 billion, we want to keep a cushion of a number based upon what we believe is appropriate. And in years past, the number would have been higher because of the volatility of Puerto Rico and now maybe we can lower that buffer as such. But you never want to be in a situation where you actually jeopardize, ever, a downgrade can put you in a situation where you drop over that AAA level. So a cushion is we're going to always keep a conservative cushion.

Geoffrey Dunn
Okay. And then obviously, the excess capital has been a challenge to the ROE. And I'm wondering, your previous target for buyback was $500 million annually supported by specials and that was picking away at that excess capital issue. Does the clearing of the 5-year audit allow you to consider being more aggressive with trying to correct the size of the company and right size that ROE? Or is it more of a long-measured race here?

Dominic Frederico
No, I think it's kind of a combination of both, Geoff. We will continue evaluating what's the best course of action to take and if we see the opportunity to accelerate, we can still meet all the requirements that we have relative to the regulation and rating agency, we'll do that. Obviously, where the stock trades versus where the book value are is a huge

advantage for us in terms of accretion to the bottom line, accretion to the book value numbers, et cetera. So we look for every opportunity to accelerate if we can.

We've been following that process for a lot of years. We've got to where we've gotten. We see what the results have been. Now it's the time to really put the rest of the strategic plan together and really correct the company as we now cleared the audit, have Puerto Rico basically behind us in the rearview mirror. We've got good growth opportunities across all of our business units. We've got an asset management that now is functioning profitably. So I think we're in a great position to do exactly that.

Robert Bailenson
I just wanted to just emphasize what Dominic just said at the end. I mean everyone should focus on the fact that we had an asset manager that was basically zero, breakeven, right around that. And now we've combined with Sound Point that is profitable and will be accretive Day 1. So that's a significant part of our growth opportunity.

Geoffrey Dunn
Okay. And then my last question is you had some migration on your BIG list. It looks like one credit, in particular, went from one to two. Can you elaborate on what is occurring with that healthcare exposure?

Dominic Frederico
Yes. As we talked about, we've seen some stress in the healthcare marketplace and therefore, we look at our healthcare credits and take appropriate actions where we saw fit. Remember, most of those credits are still highly protected. And therefore, we've got opportunities from workouts, other measures that we take to save the credit. Very few result in the payment, but we've got to be mindful of how we look at our internal ratings.

Operator
Our next question comes from Jordan Hymowitz from Philadelphia Management.

Jordan Hymowitz, *Philadelphia Financial Management*
A couple of different questions. One on Page 38. For a lot of the past decade, there's been the story that AGO is a melting ice cube. On Page 38, this is the first time that the PVP has actually increased. Could you say emphatically at this point that the declines will have stopped given the strong production and the company is growing again?

Dominic Frederico
Well, we think the opportunity for growth is as good as it's been over the last number of years, and we're optimistic about what the year looks like and what next year looks like. So our unearned premium reserve is growing. PVP is getting higher. So as you pointed out, I'm not going to say emphatically and absolutely nobody can say that, I don’t have that kind of power over that crystal ball. But at the end of the day, we're as optimistic as we've ever been relative to the market opportunities that we see across all of our business units. As Rob mentioned, we also have now a functioning asset management division as well that will create opportunities for both the insurance and investment side.

Robert Bailenson
And Jordan, we're seeing on financial guaranty, great pipelines in U.S. public finance, global structured infrastructure, global structured finance and international infrastructure. All of our three legs in the financial guaranty business, we have very strong pipelines.

Jordan Hymowitz
And in addition to growing again after years of shrinking the pot, if you look at Page 48, your below investment gains percent, your below investment-grade percentage is the lowest level it's been in over a decade at this point. So not only are you growing it with better credit quality, that alone should give the regulators more confidence than less confidence to approve a buyback or special dividend. Is that a reasonable way to think about that?

Dominic Frederico
I think everything is reasonable in today's marketplace, including below investment-grade, Puerto Rico, growth opportunities, the other noise in the company out of the, basically dealt with the audit dealt with, et cetera. However, I'm getting a little sensitive to the melting ice cube or the continued rundown of the business. Remember, we were one company that bought four and a half other companies. So we had five and a half other companies earning business through a highly redemptive market for early redeems. That caused the earnings to spike. We've been writing consistently good business over a number of years. But because we had five and a half companies on our unearned premium reserve, it looks like we were declining, but we couldn't have written in business any faster than we did. And that offset of five and a half companies earning and one company writing in a depressed market, which caused the drop in the volumes in terms of unearned premium, on our unearned premium reserve. But I think as you've said, we've kind of corrected the ship now. And now that most of that is run off or has been redeemed, it's now time to start focusing on growth across all of our business units.

Jordan Hymowitz
And the final question is given the later back-end part of a buyback, you weren't sure if you get at the $300 base much less the $500 buyback. Without commenting on what you will or won't do, do you think you have with a special dividend from the U.K., the capacity to at least do the $300 million this year?

Dominic Frederico
We can't comment on that, but remember everything is predicated on special dividends, and we're one down, two to go.

Jordan Hymowitz
But with the one down, do you have the capacity to do the $300 million?

Dominic Frederico
I'd say, do the math. We won't publicly state that or not.

Robert Bailenson

I mean we did obviously, we got the $100 million, I said in my commentary that it helped, it increased our dividend capacity by $100 million. So if we are, and we are going to look for a special dividend.

Operator
With our last question comes from Giuliano Bologna from Compass Point.

Giuliano Bologna, *Compass Point*
Congrats on a great performance again. One thing I'd be curious about is maybe following up on Jordan's train of thought. It looks like you're, as of right now, your dividend capacity in the back half of the year or for the balance of '23 came up by $70 million or $75 million ballpark for AGM, and there's also an increase in AGRe, so you're up about $100 million there for the back half of the year versus where you were last quarter. And you also had kind of a back half-weighted schedule. Is it fair to think about you deploying a little bit more in the back half plus that $100 million that you're getting before thinking about the special dividends from potentially AGM or AGC. Is that a good way to think about like about your buyback capacity or how that could really scale up based on what we know today?

Dominic Frederico
It's a way to think about it, Giuliano, and obviously, we said it was back-end weighted, and we've got a lot of other plans and especially special dividend requests from the U.S. regulators that will significantly enhance that but remember, you also have the volume issue in terms of how much stock you can buy back in any given day. So we might actually run out of what we can buy back relative to the trading days volume, that could be a problem. But we expect to have significant funds to be able to look at capital management as one of our key strategic objectives.

Robert Bailenson
Yes. And when we were saying its back-end loaded, we would take into account that we were expecting to get this dividend from the U.K. subsidiary. That's why it was back-end loaded. And Dominic pointed out a really important point, you get this towards the end of the year based on you can only buy back a certain – based on your volume, What you trade during the day. So the good news is, if we get it, it's going to help us going forward with our capital management program. It just might bleed into the next year.

Giuliano Bologna
Got it. That's very helpful. Then thinking about the special dividends, I realize that there's probably no perfect timeline to think about, but I'm curious if you think about making a request for special dividends. Is that usually a relatively quick turnaround in terms of like weeks or a few months or can it stretch out over a few quarters?

Dominic Frederico
Well, time is of the essence. So we're going to try to put as much pressure as we possibly can and as you've said, as we've said, during the audit was the real criteria and they're getting this clean audit opinion with no adjustments proposed, I think, gives us an

opportunity to really take advantage of that strong audit result. And of course, the excess capital position and the company's position with the regulators anyway, I think we're in good shape relative to getting a special request. And obviously, time is of the essence in getting it into the states.

Robert Bailenson
Obviously, and remember, we're going to do our best to put a plan in place hopefully, we do have to deal with the regulator, and their schedules. So we can only control what we put in front of them.

Giuliano Bologna
That's very helpful. And then one last one is around kind of new business. You obviously, it looks like you did a decent reinsurance transaction in the quarter. I'd be curious about two things. Is there a good pipeline of reinsurance opportunities similar to that or maybe resemble that reinsurance transaction out there? And also, I'm just curious on thinking about the cadence of new business. It seems like it's picking up and I'd be curious how you feel about the pipeline, how you think it's filling up or is it not going to be perfectly linear on a quarter-to-quarter basis?

Dominic Frederico
Well, we continue to look for opportunities across all of our markets, both direct and reinsurance business, and that doesn't change. And obviously, it goes through our underwriting standards before we accept the piece of business. And that's the philosophy, and we'll continue to follow that. And if there's business out there on both either the reinsurance side or the direct side, we're more than happy to entertain it. But as we've talked about, our direct business pipelines are very, very strong. So we're very optimistic about the rest of the year in terms of what we're able to achieve from a PVP point of view, driving that unearned premium reserve higher and higher.

Operator
This concludes the question-and-answer session. I would now like to turn the conference back over to our host, Robert Tucker, for closing remarks.

Robert Tucker
Thank you, operator. I'd like to thank everyone for joining us on today's call. If you have additional questions, please feel free to give us a call. Thank you very much.

Operator
Thank you. This concludes today's conference call. Thank you all for attending. You may now disconnect your lines. Have a great day.