

The Hartford Financial Services Group, Inc. NYSE:HIG

Company Conference Presentation

Wednesday, December 06, 2017 3:45 PM GMT

CALL PARTICIPANTS 2

PRESENTATION 3

QUESTION AND ANSWER 5

Call Participants

EXECUTIVES

Beth A. Bombara
Chief Financial Officer and Executive Vice President

Christopher John Swift
Chairman & CEO

ANALYSTS

Unknown Analyst

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

Copyright © 2017 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Presentation

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

Good morning everybody, thanks for joining us this morning. My name is Yaron Kinar, I'm the new Property and Casualty insurance analyst here at Goldman. I'm very pleased to have The Hartford with us today, we're represented by Chairman and CEO Chris Swift and CFO Beth Bombara.

Hartford is a leading domestic insurance company with about a $20 billion market cap, focuses on the P&C commercial lines where it has a core strength in the small end of the market. It also has a P&C personal lines of business, led by its affiliation with the AARP, and a Group Benefits business where it announce a deal this quarter, that makes it the second largest disability and group -- group disability and group life provider in the U.S.

Chris joined The Hartford in 2010, that time as CFO, he was named the CEO in 2014. And Beth succeeded Chris in the CFO role in 2014.

I'll just note, for this morning, we're not rated on The Hartford, and we're restricted from asking any question about the Talcott deal. So I will not ask Beth and Chris about that. And with those introductory comments, I'll turn it over to Chris to make some comments of his own, then we'll dive into the q&a.

Christopher John Swift
Chairman & CEO

Thank you, Yaron. It's good to be with everyone. It's good to see everyone. Goldman was an adviser to us on the Talcott transaction, so ergo, the conflict on that side of the shop. I thought I'd just make some opening statements about 2017 in general, particularly two of our most recent transactions, and then, the business environment in general. Starting with the benefits opportunity. We described that at the time we announced this, almost a month, 6 weeks ago, as just a unique opportunity to create, in essence, the second largest benefits player in the industry, by purchasing our cross-town friends, Aetna's Group Benefits opportunity for $1.450 billion. We're very pleased with that opportunity. We've always said, since we announced our new strategy that benefits was a core part of The Hartford going forward. And ostensibly, it is another form of an underwriting business.

Very complementary to our P&C underwriting businesses that shares a lot of the similar distribution. So you should expect from us more emphasis on cross-selling, within the near 20 million members that we approximately have in our combined benefits, and using other parts of the franchise, just to sell into that, particularly Small Commercial.

So that transaction, I think fits very, very well, was a good use of capital. We think from an earnings side, a couple of years out, pre-tax and pre-amortization, we should get to the $150 million level. It will produce double-digit returns. That business performance in 2017, meaning our benefits business, is performing exceptionally well.

Low unemployment, low incidences rate, people returning to work quicker, so the margins in that business have been expanding over the last 2 years. And I see them continuing to expand into '18 and beyond. So I thought that was a good use of our excess capital.

Beth could talk about the financial implications, but in essence, we pulled forward dividends, excess capital out of P&C and Talcott to fund that acquisition.

Monday's announcement was a culmination of, I would just say months of hard work. Many months of hard work to, think in terms of what is the exit strategy for Talcott. And there's been debates amongst our management team and I'm sure with many people in here is that, was it a big bang, is it piecemeal, was it using the divisions laws? But as we described it, it was the perfect transaction for us. It was a clean break.

Copyright © 2017 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

So in 2 legal entities, we get to keep a 10% equity stake in it, which I viewed as participating in the upside of Talcott going forward. I thought the economics were good. I know maybe given the recent dividend activity out of Talcott, the headline might have been lower than people expected, but it was still a good deal from an economic side.

I think we talked to many of you in this room, over the years, that if we could get close to statutory capital, out of this business, that we would be pleased, and that's exactly what we did, if you include some tax benefits. I've also received commentary on timing of tax. Why didn't you wait? Well it's classic training in M&A. When you have a deal, you take it. You don't wait for a perfect moment. You wait for the right moment, when there's a willing counterparty to pay over $2 billion

[Audio Gap]

cash, in essence to -- that's the reason why we --

[Audio Gap]

And as Beth declaimed in our earnings, the economics of tax reform are unchanged. Whether we did the deal or didn't do the deal, we would be impacted one way or the other, depending on what Congress ultimately decides to do.

So when you put it together, though, I have to acknowledge that we took a little over $8 of book value hit. So I think from a valuation side, most valuation models that I'm familiar with, didn't give us credit for that value anyway, so it's more optics of diluting book value.

But I believe, over a longer period of time, we will re-rate. Our earnings multiple will increase. Our ROEs are getting a definite increase. We talked about a minimum of a 10% in 2018, and our -- my finance training, as a conservative finance person, I would say that's conservative to realistic, and you get into '19, when we deploy capital, our ROE should track nicely, and continue to increase.

So I'm pleased with our 2 big transactions, that sort of capstone our turnaround as a multiline company into a more focused organization going forward, generating, I think, superior returns, in attractive parts of the market that will allow us to earn good returns over a longer period of time.

In the 2017 business performance side, we guided by any additional questions, Beth and I, but I'm very pleased with our performance. Personal lines is turning around, benefits is -- it continues to expand our margins, our mutual funds business is going to have over $3 billion of net flows, Middle Market, Small Commercial our Specialty Commercial, P&C operations continue to perform very well. It's no less competitive, particularly in the middle side of the market, but I feel very good about the overall performance, even in a heavy cat season.

And I think you should take away from our cat results, and Beth updated you all for the fourth quarter we're under-indexed. We're not a large property player, we do have some home exposure in different parts of the county, but given that level of catastrophe activity and our reported cat numbers to date, I feel very good about how we manage our cat exposures in zones across the country.
So with that, Yaron, I'd be happy to take any, and Beth and I, any additional questions.

Copyright © 2017 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Question and Answer

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

Great. Thank you, and thanks for the overview. I thought maybe we can start with the deal. I can ask you about the Aetna deal. Maybe you can talk a little bit about the Group Benefits market, both currently and maybe what you see longer term? Is there a correlation between that and the commercial P&C market? Is -- are there advantages of having both businesses under the same roof? And what's pricing like? Competitive pressure? Why don't we start there?

Christopher John Swift
Chairman & CEO

Well, that covers just about everything. Distribution, product and pricing. So yes, I would definitely say there is benefits to have it under one roof. I would tell you that 40% of our distribution partner's revenues come from benefits today. So benefits is an important part of our distribution partner's strategy going forward, and particularly as they consolidate. I would observe, and you all know this, that in the benefits space, I mean it's really controlled, 80%, 75%, 80% of the premiums by the top 10 benefits players. So it's already a consolidated marketplace. And we were able to jump up to the #2 space. I think going forward, it gives the ability to earn attractive returns in this area. Benefits will continue to be important offering employers offer to their employees, to differentiate. Now compensation might change, meaning, over time, there might be more that needs to be paid by employees, but there's still a platform of benefit offerings, I think is going to be with us for a long time in the employer market space. I think our strategy really continues to focus on the core products, life and disability, but we built out our voluntary product offerings over the last 3 years. When we - we would describe that as supplemental products such as critical illness, hospital indemnity, accidental death and dismemberment, AD&D, and that's what really, what we want to cross-sell into our customers today. We are under-penetrated with those products. Aetna was under-penetrated with those products. So that's what the key part of the strategy is to do, is that 20 million members that we have access to, is to bring in additional products, that again, from an overall benefits side, I think fits nicely, particularly as we get potential medical reform in our country.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

Got it. And then, does scale matter? I mean, talk about being, you're the top 2 player now in both of the group disability and group life market. Does that give you a competitive advantage?

Christopher John Swift
Chairman & CEO

I've always said, even by itself, scale doesn't provide you with a competitive advantage. But the scale that we do have, I think provides us opportunities to create competitive advantage through data and analytics. With more claim data, with Aetna's disability book, our disability book, and integrating then our worker's comp expertise, I think we can differentiate ourselves long term, and that's what scale gets us, there. I would also say that one of the attractive aspects of the Aetna book of business, with their integrated claims management system. We describe it as part digital, part leave management or that we can provide insights to employers on overall absence management, so it's really a combination of 40 individual systems that is integrated in a fashion that delivers seamless data analytics to the customers, so we're particularly excited about -- to integrate that into our customer base, including our P&C-- excuse me, our worker's comp capabilities.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

Got it. And Beth, a question for you around the deal. I couldn't help but notice that was all internally funded. When you were thinking about the funding sources and maybe other prioritization of capital, the

Copyright © 2017 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

internal capital you had, can you maybe walk us through how you prioritized that, how you decided to basically use all internal funds?

Beth A. Bombara
Chief Financial Officer and Executive Vice President

Yes, to your point, we did use internal funds and accelerated dividends, both from Talcott. We took $800 million out of Talcott in October as well as accelerating some dividend that we otherwise would have taken out from P&C next year. And the way we really thought about that was a better use of that capital, being able to invest it in a business, revenue-generating business that would provide earnings to us over the long term. We looked at the trade-off there versus using that excess capital next year to potentially share repurchases as this is being a better use. So as we talked about when we did announce the Aetna acquisition, we suspended our current share repurchase plan for the rest of this year and indicated that we did not anticipate doing a share repurchase program in '18 given that. Obviously, once we close the Talcott transaction and we evaluate the use of that excess capital, we've said we've earmarked a portion of that for debt repayment, we'll evaluate what the best use is, so that could potentially change in '18. But at the time we did Aetna, we really felt that we had a way to maximize the capital that was on our balance sheet today. And the last point I'd make is that we were using some of the excess capital in the legal entity where Group Benefits is as well. And so again, with not taking dividends out from that entity next year, we will be able to get it back to the capitalization level that we think is appropriate. I know there's been some question as to whether or not we would use some of the Talcott proceeds to sort of recapitalize the Group Benefits entity and that's not our intent at all.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

Okay, and more maybe about the capitalization of the Group entity, you're targeting 375% RBC ratio. Just looking at peers that have purely Group Benefits businesses, it seems like that's a pretty high target.

Beth A. Bombara
Chief Financial Officer and Executive Vice President

Yes.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

What led to you targeting that number and do you think maybe longer term you'd bring that number down?

Beth A. Bombara
Chief Financial Officer and Executive Vice President

Yes, we have been bringing that number down, so when we first moved our Group Benefits business to sort of be standalone outside of the Talcott entities, we were targeting a much higher RBC, over 400%. And part of that was because the performance in Group had come under some pressure and we are very focused on the ratings of that entity. And over the last several years, as we have improved the underlying profitability and we look at what the capitalization levels should be, we've reduced the target. And we really think about it in that 350% to 400% range. And when we think about capitalization levels, we're always thinking about what they need to be if there was a stressed environment. So what you print today isn't necessarily what we're managing to. We want to ensure that if market environments changed, that we have adequate capital in that entity. So we'll continue to evaluate capitalization levels. As we said, we're taking that down this year pretty significantly as a way of funding the acquisition. Again, we're thinking that 350% to 400% is an appropriate range.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

Got it. And since I'm now the P&C analyst, I thought maybe we can switch to the P&C business, and maybe start with commercial. Hearing a lot of talk and a lot of prognostications around the market, the

Copyright © 2017 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

market hardening, not hardening, stability, no stability. What are you seeing now after the $100 billion or so of catastrophe losses, loss cost trends picking up in Commercial, maybe potentially impact on reinsurance rates from the tax bill. How are you thinking of the rates in Commercial going forward? What are you seeing going into 1/1 renewal?

Christopher John Swift
Chairman & CEO

Yes. So like anything, it's really, you got to get more segmented. I mean you can make the argument that from a large property cat exposed area, it probably needs to raise double-digit, support sort of a refreshed view of risk. We're not in the large property market in any material way historically, we just did hire a large property underwriter to build a team in New York, to begin to get more proactive in that area. Again, steady, nothing terribly aggressive from a growth side. But if anything, now is the right time to try to grow in large property. But rates in general, I would say in those high cat exposed areas, I mean, are beginning to firm. I think it will be a process particularly as companies like ours, renew our cat programs 1/1, and just see what the final rate increase is there. I would tell you from our expectation of our cat program, we didn't cede any losses to it on the per occurrence. Depending where we come out fire-wise this year, particularly in California, there's more fires going on right now in Southern California, the Ventura area. There's a high probability we cede to our aggregate treaty, which would put some pressure on that renewal pricing going forward, probably in that 10% to 15% range. That's not a lot of premium, but that's just indicative. But our per occurrence in non-ceded loss activity during '17 in the last couple of years, we would expect to renew flat to up a couple of points. So again, everything depends on your strategy, your segmentation, where are you going from there. But if you look at other lines of business, if you think of the largest line for us, comp is performing very well from a profitability side. I would say from our loss cost side, we're outperforming our expectations this year, particularly on the frequency side and the severity side. We're still booking to our long-term assumptions, so if those trends materialize the way that they are materialize -- they're -- appear to be materializing in '17, we would have built up additional margin and that stuff on the balance sheet. I would say GL and Commercial Auto are probably the other lines. Commercial Auto's probably in that 8% to 10% range in '18, and the market is being more disciplined in that space. And I would say again, we've been talking about it, at least the last 3 or 4 quarters where GL activity, particularly slips and falls and just more on litigation on simple liabilities are driving up average settlements. That probably needs 6 to 7 points of rate into '18, which we're going to try to get. So you put it all together, I mean, there's going to be some rate pressures in comp as rate rollback continues, but there are building pressures in property, commercial auto continuing and GL where more rate is needed and we're going to try to get it.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

Okay. And when you say you're going to try and get rate in GL, so I can kind of understand going on account that actually has a loss. How does it work? How does this, the conversation going in terms of somebody who's actually lost [indiscernible]? Do you try to get a rate increase from them, or are those the kind of things you set aside for the time being?

Christopher John Swift
Chairman & CEO

Yes, those are all the tactics and strategies that happen at the frontline every day, because that's a distributed underwriting model, where you're trying to give guidance to your underwriters to produce an overall premium level that's indicative of overall loss cost trends. So a lot of it is specifics on relationships and accounts. What we try to do with our distribution partners is, we don't want to surprise them, we don't want to shock them, we could manage over a multi-year period of time to get back to where we need. So our strategy is, as opposed to trying to push for a big rate increase this year, let's take bite-sized chunks at it over 1- to 2-year period of time.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

Copyright © 2017 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Okay, makes sense. And then historically, when I looked at the cycle or the market, you really saw these big peaks and troughs on combined ratios, price firming and so on. We haven't really seen that kind of classic cycle in more recent years, let's say the last decade-plus. Do you have any thoughts as to why we haven't seen that? Do you think that we're still due one of those?

Christopher John Swift
Chairman & CEO

It's hard to speculate. I would observe that you all in this room probably have something to do with it. Honestly, from better transparency, compared to the old days to better, higher expectations on performance. So I think with the amount of data that we have today, timeliness of that data, the -- you were taking out lags, in a lot of our information, I think we'd just be more timely and more reactive to trends in the marketplace that you would expect us to deliver as shareholders.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

Okay. And we spent some time talking about the Group Benefits deal. Are there any gaps in the commercial platform that you look to close with the deals? Or are you pretty comfortable with where the platform is today?

Christopher John Swift
Chairman & CEO

Well, I'll interpret your question as what are you going to do with your excess capital? And I would remind people, again, we're highly confident that we could get the Talcott deal closed by June 30 of this year so that slug of cash would come in, call it midyear. And what I would just share with you is that, if I look at all our P&C businesses x personal lines, because that is a unique franchise in itself, focused on the mature market through a direct response mechanism through an AARP endorsement, which that's a niche market, a specialized market, that we like and we'll continue to focus on it more in an organic way of improving our underwriting skills, improving our own offering, improving our digital capabilities to that mature market. But if you look in the commercial side of it, we have all the capabilities internally and the scale to compete in Small Commercial for a long, long time. It's been a business that we've invested heavily in over the last 30 years. We have excellent service centers, we're expanding our risk appetite into different markets. We have experiments with innovation going on. I feel very good that we're going to continue to remain competitive, if not the leader in that marketplace, one of the leaders in that marketplace. You get into Middle and Specialty, we could use a little more scale. We could use a little bit more industry vertical product sets. We could think about Specialty in a different way. So if we have had opportunities to continue to focus our organic earnings growth capabilities in that area by hiring teams, rolling out new products, sort of R&D internally, we'll do that, but those might be the areas of the market that we would look to deploy capital into an M&A side. Again, it needs to be priced right, needs to make strategic and financial sense. The Middle Market and the Specialty orientation is -- would be an area for additional growth.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

That makes a lot of sense. And maybe, we mentioned the competitive advantage and the strength -- the core strength in the small part of the, kind of the market slipping into other large insurers. It sounds like that scenario that's increasingly of interest to them. How do you perceive that as a competitive threat longer term if you have a lot more capital, all of a sudden focused on your core strength?

Christopher John Swift
Chairman & CEO

It's what we do every day. You compete to win. You compete to innovate, you compete to differentiate yourselves and we've got a pretty good track record of doing that in small, so I'm not saying it's going to be easy. I know the bars get continually raised, but we raise the bars internally on ourselves to outperform

Copyright © 2017 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

and think differently in the future, so. Yes, with almost $4 billion of premium there, we have a pretty good head start to continue to differentiate ourselves.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

That's helpful. And we talked about reinsurance, just given the tough cat season we went through, would you consider increasing your program? Or are you comfortable with the program as it is today?

Christopher John Swift
Chairman & CEO

Yes, that's the debate we're having right now, as we go to market. I'll add my views and Beth, as the balance sheet manager, will add hers. I think over the years, we've increased our retention from maybe $250 million when I first arrived, to $350 million. The last 2 years, we added an aggregate program which was why. So I think we've been thoughtful about using our capital to take on more risk to earn a profit while protecting ourselves from a single event or multiple events as we're experiencing this year. So I think the design makes sense. We've locked in, but why don't you talk about pricing and lock-in and multiple [indiscernible]...

Beth A. Bombara
Chief Financial Officer and Executive Vice President

Yes, so the way our per occurrence cat treaty works in the various layers, 2 of the layers, we basically have 3-year terms. So only 2/3 of those layers would be coming up for renewal this year. To Chris's point, we do year-to-year kind of look at where our participation is, even in that first layer, we've increased our participation over the years and really trying to take advantage of when we have very competitive pricing, competitive terms, to continue to evaluate that. As Chris mentioned earlier, given the wildfires in California this quarter, the ones that occurred in October, the one that's happening now, it's very likely that we might reach the aggregate treaty for the first time. So we're pleased with how that program works. So we're not looking to make any wholesale changes, but we do constantly evaluate just kind of where should the right levels be and how do we maximize the return that we get from the program.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

Got it. Maybe you could talk a little bit about tax reform before I open it up to the audience for questions. So one question is around the windfall, assuming there is a windfall from lower corporate taxes. Does that basically get passed through the customer? And if so, how quickly do you think it goes to the customer, or do you pocket most of that?

Christopher John Swift
Chairman & CEO

Well, you'd like to keep as much as possible, recognizing it's going to be a competitive environment and different folks might have different strategies in different segments of the marketplace, so. I mean it's hard to make a generalization. Is the entire 15 point, is that what it turns out to be and dropped to the bottom line. I would say, for those that make the argument that it shouldn't matter, and it's just -- we focus on combined ratios or underwriting ratios, I mean, that's not probably totally accurate in that, it will affect the overall cost of capital, both on debt side and the equity side. So depending on leverage, and depending on how you finance yourself on the equity side, there could be some adjustments there. So again, our philosophy would be, we always try to make it a healthy spread, and try to maximize that spread between our aggregate cost of equity, which again given these transactions that we just done, particularly the Talcott transaction, I should think should come down over a period of time. But it's hard to say in a competitive environment exactly how much that will stick to the bones and just how much of that might be lost to competition.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

Copyright © 2017 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Okay. And I know on Monday's call, we spent a little bit of time on the potential impacts from the different versions, the Senate version, the House version of the bill. Can you maybe give us a little more, or a summary of how do you think that would -- the different versions would impact your DTA position or your tax benefit?

Beth A. Bombara
Chief Financial Officer and Executive Vice President

Yes. So and again, looking at it from a total company perspective, if we stick with the House version. Obviously the tax rate going from 35% to 20%, just on a carried value of your deferred tax assets, would result in a decrease, because now they're -- that's just not a 35% rate, it's 20% rate. AMT though, you already paid that, that's just a credit, that carrying value wouldn't change. And where we see the benefit on the house side, aside from just the rates going down, is that it did call for the repeal of AMT and the refund of AMT. And so when we look at it from a cash flow perspective, even though the value of the NOLs go down to that 20% value, the AMT credits were going to get faster. And so on an NPV basis, it's actually -- they're worth more to us on a present value basis, because we'll get that cash sooner. If you go to the Senate Bill, which has a lot of the discussion about the provisions that they left in for AMT and keeping the AMT rates the same at the corporate rate, that is you kind of go through the pieces and you look at how you've used NOLs, the fact that we've actually used all of our AMT operating losses through the years. So we don't have any of those left, we've monetized those in the past. So for us, you basically are in a position where you're always paying AMT, you're never going to get those credits back, which is why at the end of the day, it's hard to see how you'd realize those benefits. Now there's a lot of discussion, a lot of commentary on the fact that, that provision just does not makes sense, as is. So we're very -- feels very likely that, that's not how it will come through. Again, we like the House version which repeals and refunds. But at the very least, if -- the AMT is going to stay in place, the rate has to come down, otherwise it really doesn't even make sense.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

It makes sense. Why don't I stop for a second to see if there are any questions from the audience.

Unknown Analyst

Beth, you talked about stressed capital. Could you talk about your Holdco company needs for stress capital, once Talcott closes and some sense of how much that might -- may come down?

Beth A. Bombara
Chief Financial Officer and Executive Vice President

Yes. So when we think about holding company requirements, we typically look at holding 1.5x of our interest and dividends obligations. We really manage all of our legal entities, so that they themselves can withstand stresses, so we don't necessarily hold additional amounts of excess capital in the holding company for that, because those entities are stressed themselves. However, given the improved risk profile of the organization in total, we have been thinking about that holding company requirement, 1.5x can probably come down over time and so maybe it's 1x, so to speak, but that's how we think about the amount of capital that we'd need at the holding company.

Unknown Analyst

A couple of very broad questions about the Benefits business. Firstly, how do you see the medium-term growth drivers for that business? And secondly, how would it be potentially impacted by health care reform?

Christopher John Swift
Chairman & CEO

So medium-term growth drivers and health care reform. The medium-term drivers is employment. As we create more jobs, if the tax bill is stimulated to with the economy, creating more jobs, higher-paying jobs that will be good for the business. I've always said, if you look at our business models, and most

Copyright © 2017 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

insurance companies' business models, I mean, it is economically sensitive to employment. Workers comp benefits, so we see continued margin expansion in that area due to those trends. But if we could get a bump in GDP, a continued grind down slowly of unemployment, without significant inflationary pressures, I think that is a positive trend for that business. The medical dynamic to me is, we would be somewhat directly exempt from any radical reform of medical reimbursements. And what do I mean? We're not in the medical business, and most of these products work in tandem or side-by-side with your medical benefits. Medical benefits obviously is the largest, most expensive portion of employer -- employee or employer's overall benefit package, but as I said, critical illness, hospital indemnity, usually works in conjunction with benefits, on overall benefits package, including medical. So our growth opportunity there is cross-selling those members that we haven't been able to reach in prior years, given that we now have a full product suite. So I don't see a direct impact, I think it would be supplemental to just how much cash is left over to spend on voluntary benefits.

Yaron Joseph Kinar
Goldman Sachs Group Inc., Research Division

I think we have, we've basically exhausted our time. So Beth, Chris, thank you very much for joining us today and for your insights.

Beth A. Bombara
Chief Financial Officer and Executive Vice President

Thanks.

Christopher John Swift
Chairman & CEO
Thank you.

Copyright © 2017 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

The information in the transcripts ("Content") are provided for internal business purposes and should not be used to assemble or create a database. The Content is based on collection and policies governing audio to text conversion for readable "Transcript" content and all accompanying derived products that is proprietary to Capital IQ and its Third Party Content Providers.
The provision of the Content is without any obligation on the part of Capital IQ, Inc. or its third party content providers to review such or any liability or responsibility arising out of your use thereof. Capital IQ does not guarantee or make any representation or warranty, either express or implied, as to the accuracy, validity, timeliness, completeness or continued availability of any Content and shall not be liable for any errors, delays, or actions taken in reliance on information. The Content is not intended to provide tax, legal, insurance or investment advice, and nothing in the Content should be construed as an offer to sell, a solicitation of an offer to buy, or a recommendation for any security by Capital IQ or any third party. In addition, the Content speaks only as of the date issued and is based on conference calls that may contain projections of other forward-looking statements. You should not rely on the Content as expressing Capital IQ's opinion or as representing current information. Capital IQ has not undertaken, and do not undertake any duty to update the Content or otherwise advise you of changes in the Content.
THE CONTENT IS PROVIDED "AS IS" AND "AS AVAILABLE" WITHOUT WARRANTY OF ANY KIND. USE OF THE CONTENT IS AT THE USERS OWN RISK. IN NO EVENT SHALL CAPITAL IQ BE LIABLE FOR ANY DECISION MADE OR ACTION OR INACTION TAKEN IN RELIANCE ON ANY CONTENT, INCLUDING THIRD-PARTY CONTENT. CAPITAL IQ FURTHER EXPLICITLY DISCLAIMS, ANY WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. CAPITAL IQ, SUPPLIERS OF THIRD-PARTY CONTENT AND ANY OTHER THIRD PARTY WORKING WITH CAPITAL IQ SHALL NOT BE RESPONSIBLE OR LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY DAMAGES OR LOSS (INCLUDING DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL AND ANY AND ALL OTHER FORMS OF DAMAGES OR LOSSES REGARDLESS OF THE FORM OF THE ACTION OR THE BASIS OF THE CLAIM) CAUSED OR ALLEGED TO BE CAUSED IN CONNECTION WITH YOUR USE OF THE CONTENT WHETHER OR NOT FORESEEABLE, EVEN IF CAPITAL IQ OR ANY OF THE SUPPLIERS OF THIRD-PARTY CONTENT OR OTHER THIRD PARTIES WORKING WITH CAPITAL IQ IN CONNECTION WITH THE CONTENT HAS BEEN ADVISED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES.
© 2017 Capital IQ, Inc.

Copyright © 2017 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.