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MIC.TO - Q2 2016 Genworth MI Canada Inc Earnings Call

EVENT DATE/TIME: AUGUST 03, 2016 / 02:00PM GMT

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and thank you for standing by. Welcome to the Genworth MI Canada, Inc. 2016 second-quarter earnings conference call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. (Operator Instructions). I would like to remind everyone that this conference call is being recorded today.

I will now turn the conference over to Jonathan Pinto, Vice President Investor Relations. Mr. Pinto, you may proceed.

Jonathan Pinto ***- Genworth MI Canada Inc. - VP of IR***

Good morning, everyone, and thank you for joining Genworth Canada's second-quarter 2016 earnings call. Leading today's call are Stuart Levings, our President and Chief Executive Officer, and Philip Mayers, our Chief Financial Officer. We will start with our prepared remarks, followed by an open question-and-answer session.

Our news release, included our management's discussion and analysis, the financial statements, and financial supplement were released last night and are posted on our website at www.Genworth.ca. A link to our live webcast and the slides for today's discussion are also posted on our website. A replay of this call will be available via the other number noted in the press release and will also be available on our website following today's presentation. The call will be available online for approximately 45 days following today.

As a reminder, our presentation and discussion today contain a disclaimer on forward-looking statements and non-IFRS statements on disclosure. We note that actual results may differ from statements that we make which are forward-looking. We advise you to read the cautionary note regarding these forward-looking statements.

As well, some of the financial metrics presented on this call today are non-IFRS measures and as such do not have a standardized meaning and are unlikely to be comparable to similar measures by other companies.

I would now like to turn the call over to Stuart to begin his remarks. Stuart?

Stuart Levings ***- Genworth MI Canada Inc. - President and CEO***

Thanks, John. Good morning, everyone, and thanks for joining our second-quarter earnings call. We are pleased with our strong results this quarter, particularly our loss ratio, which continues to reflect the prime quality of our insurance portfolio and ongoing resilience in oil-producing regions as well as strong momentum in premiums earned due to premium rate increases and larger recent books of business.

For the quarter, we delivered net operating income of CAD99 million, up 8% over the prior year period. This generated an operating return on equity of 12% and diluted operating earnings per share of CAD1.07. Premiums written totaled CAD249 million, up CAD44 million or 21% over the prior year period, driven largely by a substantial increase in the volume of portfolio new insurance written.

Premiums written from our transactional insurance volumes declined CAD13 million or 7% over the prior year period. This decline was primarily due to our targeted underwriting actions in select markets and a slower housing market in oil-producing regions, partially offset by a higher average premium rate driven by the June 2015 rate increase.

We expect the demand for portfolio insurance to soften in the second half of this year due to the implementation of the purpose test rules effective July 1. Therefore as noted in our MD&A, total premiums written are likely to be lower this year compared to last year due to the impact of our underwriting actions on market share along with the ongoing pressure on first-time homebuyer affordability, which impacts the size of the transactional insurance market.

As previously noted, we are pleased with our loss ratio, which came in at 21%, down 3 points over the prior quarter and below our expected loss ratio range for the year. We ended the second quarter with an MCT ratio of 233%, down 1 point over the prior quarter. While this level is moderately higher than our targeted range of 225% to 230%, we believe it remains appropriate and reflects our view of the current economic environment including some flexibility as we work through the new OSFI capital test under development for 2017.

Our capital priorities remain focused on supporting our core business volumes and ordinary dividends. As part of our ongoing capital management strategy, we will revisit these priorities once we have the necessary clarity on the updated OSFI capital test.

Our book value at CAD38.23 per share continues to grow, up 6% over the prior year period, driven by ongoing profitability.

When I reflect on the housing and macroeconomic environment, it's clear that many of the themes evident in the first half of the year continue to prevail: constrained economic growth, pressured commodity prices, and an ever-diverging regional housing market, with meaningful growth in the Greater Toronto and Greater Vancouver markets versus the rest of the nation. We expect housing markets to remain fairly stable in the second half of the year while the GTA and GVA will likely see continued house price appreciation, driven primarily by strong job growth, foreign investment, and immigration. These increases are largely concentrated in single-family detached homes with a price point beyond our average first-time homebuyer's reach.

That said, we recognize that there is some contagion to our served markets, putting pressure on first-time homebuyer affordability and we welcome the government's formation of a task force to study solutions to these issues.

Our typical first-time homebuyer continues to be fiscally prudent, as demonstrated by loan and credit characteristics evident in the mortgages insured this quarter. Average credit scores in the second quarter remained high at 754, up 4 points over the prior quarter. The median house price for insured loans decreased modestly due to shifts in regional mix, while the gross debt service ratio remains stable and well below the industry maximum.

In terms of outstanding delinquencies, we saw a decrease of 4% compared to the prior quarter primarily due to seasonal trends. Year-over-year, delinquencies increased by 18%, largely driven by Alberta and the Prairies partly offset by an improvement in BC. New delinquencies net of cures improved by 216 quarter over quarter, largely due to seasonality, with decreases in all regions except the Prairies.

As expected, the current economic strength in Ontario and BC is helping to counter some of the pressure from oil-producing regions. In addition, we continue to see an improvement in Quebec, with new delinquencies net of cures down 75 over the prior quarter.

While oil prices have seen some stability over the last three months, we recognize that the oil-producing regions have suffered significant job losses and will likely see increasing levels of mortgage delinquency over the next 12 to 18 months. On the other hand, some of the more traditional industries such as lumber, agriculture, and manufacturing continue to fare better and have helped to soften the impact on unemployment. This strength together with other mitigating factors including severance packages, employment insurance, evolving spending habits, and lifestyle choices account for some of the resilience we've seen in credit performance to date.

That said, second-quarter new delinquencies net of cures in Alberta are up by 82 over the prior year period and we expect this trend to continue during the balance of the year. We also expect house prices in Alberta to soften further but still within our estimated range for the year of approximately 5% to 10%. Based on these market observations and our loss ratio performance year-to-date, we are reducing the high-end of our estimated loss ratio range from 40% to 35% with a revised full-year estimated range of 25% to 35% for 2016.

With that, I will turn it over to Phil for a deeper look at our financial results.

Philip Mayers *- Genworth MI Canada Inc. - SVP and CFO*

Thanks, Stuart, and good morning. Our strong loss performance this quarter translated into net operating income of CAD99 million. This was higher sequentially by CAD7 million as a result of moderately higher premiums earned and the 3 point improvement in our loss ratio to 21%.

As Stuart noted, total premiums written were CAD249 million, inclusive of CAD170 million from transactional insurance. Transactional premiums written decreased by 7% year-over-year with 15% lower new insurance written. The average premium rate was 9% higher reflecting the full effect of the 2015 price increase. We also wrote almost CAD26 billion of portfolio insurance in the quarter and realized CAD78 million in premiums written. These portfolios have a very strong credit score profile with an average loan to value around 65%, which has resulted in a lower average premium rate as compared to the prior quarter.

As expected, premiums earned grew modestly sequentially to CAD158 million, which represented a 10% increase year-over-year. This growth should continue throughout 2016 and into 2017 due to the higher levels of premiums written in recent years.

Despite continued pressure in the oil-producing regions, our loss ratio for the quarter was 21% on losses and claims of CAD32 million. Losses were lower by CAD4 million compared to the prior quarter as new delinquencies net of cures declined by 216, as discussed by Stuart.

We continue to focus on expense management and achieved an expense ratio of 19% on CAD30 million of total expenses, consistent with the Company's expected operating range of 18% to 20%. Overall, underwriting income was CAD95 million, which represented an increase of CAD7 million sequentially. We earned CAD44 million of interest and dividends from our investment portfolio. This was modestly higher sequentially by approximately CAD3 million due to a modestly higher level of invested assets and higher dividend income.

Overall, net operating income of CAD99 million generated an operating return on equity of 12% and a fully diluted operating EPS of CAD1.07. Our diluted book value per share grew by 6% year-over-year and now stands at CAD38.23 inclusive of AOCI.

Premiums earned have increased for six straight quarters and our single upfront premium model provides good visibility into future premiums earned from the CAD2.1 billion unearned premium reserve. We expanded the disclosure in the management discussion and analysis around the expected level of premiums earned. Assuming that there are no significant changes in the premium recognition curve, premiums earned in the second half of 2016 should consist of CAD295 million to CAD310 million for the existing unearned premium reserve plus a further amount to be earned from premiums written over the remainder of 2016. In total, this should lead to an increase in premiums earned of 5% or greater for the full year.

In addition to the growing trend of premiums earned, our strong portfolio quality and geographic diversification have contributed to solid underwriting profitability. While the number of new delinquencies net of cures decreased sequentially, the average reserve for delinquency increased by 6%. This was primarily due to a higher Alberta mix with higher average balances and the modest impact from slowing home prices in Alberta and other oil-producing regions.

It is important to note that mortgage insurance does not typically extend to physical damage beyond normal wear and tear and therefore direct damages from the Fort McMurray fires are not covered by mortgage insurance. In conjunction with our lenders, we are supporting Genworth-insured borrowers in Fort McMurray by allowing them to defer up to six months of mortgage payments. In light of the potential for extended foreclosure and sales periods in the Fort McMurray area, we have modestly increased our loss reserves.

The loss ratio of 22% in the first half of 2016, we have revised our loss ratio range to 25% to 35% for 2016. This is after providing for the potentially higher loss ratio in the second half of 2016 as noted by Stuart.

Our investment strategy continues to be focused on high-quality fixed income investments. As a result, the mix of our CAD6.1 billion investment portfolio is relatively unchanged except for a modest increase in our allocations for preferred shares given the attractive after-tax dividend yield above 5%. That being said, our portfolio yield stands at 3.1% and our portfolio duration is 3.7 years. We will continue our efforts to maintain or improve our portfolio yield over time through proactively managing the portfolio mix within our risk appetite.

Our minimum capital test or MCT ratio was approximately 233%. We held CAD166 million of holding company cash for liquid investments at the end of the second quarter. These reflect our strong profitability and the benefits from partially hedging interest rate risk offset by the sequentially higher capital usage to support transactional and portfolio insurance volumes this quarter.

In light of the pending new capital framework, we continue to operate moderately above our targeted operating range of 225% to 230%. A draft guideline for the new capital framework is expected in early fall with a targeted implementation date of January 1, 2017. Based on our extensive stress testing for severe tail events, we believe that we are adequately capitalized at the current capital level. The new framework is expected to be more risk-sensitive and will likely include additional risk elements such as credit score, current outstanding insurance balance, and remaining amortization.

As well, OSFI has announced the introduction of supplementary capital requirements for new business underwritten in cities where the house price to income metric exceeds a prescribed threshold. Based on this metric, the metropolitan areas of Vancouver, Calgary, Edmonton, and Toronto currently exceed their respective proposed threshold values by a significant margin. These cities currently represent approximately 35% to 40% of our transactional new insurance written. As a result, new insurance written in these cities will likely attract supplementary capital starting January 1, 2017 if there is no change in the proposed threshold values.

In risk funds, we expect that mortgage insurers may need to introduce higher premium rates for insured mortgages in these affected cities.

Overall, we are not in a position to fully assess the impact of the new capital framework and the proposed supplementary capital until after the publication of the draft framework. As a result, we expect to maintain our MCT ratio moderately above 225%.

In closing, we remain confident that our track record of solid profitability will continue throughout 2016 and into 2017.

I will now turn the call back to Stuart to conclude our prepared remarks.

Stuart Levings - ***Genworth MI Canada Inc. - President and CEO***

Thanks, Phil. We remain focused on that which we can control, prudent underwriting with targeted actions in oil-dependent regions, prime quality, first-time homebuyers purchasing homes well below the market average, and comfortably within our debt servicing guidelines and proactive industry-leading loss mitigation efforts to reduce claims costs and avoid unnecessary foreclosures.

We continue to support lenders across Canada employing our dynamic risk underwriting technology and judgment to ensure we remain within our risk appetite while maintaining the needs of our customers with the best in class service experience.

Thanks for listening. That concludes our prepared remarks. I will now turn the call back to the operator to commence with Q&A.

QUESTION AND ANSWER

Operator

(Operator Instructions). Geoff Kwon, RBC Capital Markets.

Geoff Kwan - ***RBC Capital Markets - Analyst***

Good morning. This first question I had was I know you talked a fair bit about what's going in Alberta. I just wanted to maybe go a little bit deeper in terms of the prices have recovered a little bit. Just from what you are seeing right now, we haven't seen really a lot out of Alberta right now. Are you expecting to still see things accelerating in terms of on the loss side over the coming quarters or are you seeing things that maybe things aren't as bad as what you initially thought, hence why you brought the loss ratio guidance down a little bit? Just wanted to get little bit more color on that.

Stuart Levings - ***Genworth MI Canada Inc. - President and CEO***

It's Stuart here. Thanks for the question. Yes and yes a little bit. We are revising the loss ratio range because we're halfway through the year. We know what we got the bag and we recognize that the environment in Alberta has been more resilient than we initially expected, therefore for the latter half of the year while we are expecting to see more pressure on losses, we likely will not get above our upper range now of 35%.

The environment in Alberta is obviously volatile still. We do have oil prices that are moving around. We know there's a lot of unemployment that has occurred. We haven't seen the full fallout from the credit side yet but our expectation is that with normal seasonal pressure that always picks up a little bit into the third and fourth quarters, in conjunction with a lot of the measures that people have been taking to stay current running out potentially as a lot of them are time-bound, we are expecting to see higher losses continue to come out of Alberta in the second half of the year.

As I noted in my comments, new delinquencies were up quarter-over-quarter and year-over-year in Alberta. We expect that to continue. So yes, we see a bit more pressure in losses in the second half of the year which will take us north of where we are now in our loss ratio but we are confident enough that at this point in the year we're not going to see the high-end of our original loss ratio guidance, hence the change.

Geoff Kwan - ***RBC Capital Markets - Analyst***

Okay, just the second question I had is I know we are only one month into Q3 and the timing around bulk insurance transactions can vary at any point in the quarter. But when I look back historically, when we exclude this past quarter you had a bit of a spike, was you on average writing maybe about CAD20 billion -- sorry CAD20 million a quarter in new premiums written on the bulk side. With the rules changes that have taken effect last month, are you thinking that the demand is going to be cut by half, some other number? Just wanted to get a sense of where you think it will play out in the coming quarters?

Stuart Levings - ***Genworth MI Canada Inc. - President and CEO***

Generally speaking, the bulk really comprises two main areas. One is big bank bulk and the other is sort of the more monoline type bulk portfolios. The big bank bulk is where we think demand will soften as a result of the change, whereas monoline bulk demand will probably continue as usual. And in that sense, we would expect to see that sort of level continue into the third and fourth quarter. So in line with previous years subject to market size, etc.

Geoff Kwan - ***RBC Capital Markets - Analyst***

Then how much -- sorry, how much would have been kind of the bank amount that you expect to fall off? Like if it was that you are writing CAD20 million in new premiums a quarter, how much of that would have been the bank-related?

Stuart Levings - ***Genworth MI Canada Inc. - President and CEO***

It varies quite a bit, so big bank demand as you noted is volatile. It changes from quarter to quarter so in the past you've seen some quarters where a big bank portfolio insurance was a big proportion of our overall bulk and in other quarters, it's much smaller. So it's hard to give you any specific guidance in terms of it will be half of that run rate or three quarters of that run rate. But I think I would say that we are typically looking at around the CAD3 billion, CAD3.5 billion a quarter in monoline in terms of new insurance written. And then depending on the average premium rate, you could work on that to look at what we would expect from a premium written point of view.

Geoff Kwan - ***RBC Capital Markets - Analyst***

All right, thank you.

Operator

Tom MacKinnon, BMO Capital Markets.

Tom MacKinnon - ***BMO Capital Markets - Analyst***

Thanks very much. Good morning, everyone. Maybe this question should be directed to Phil. But Stuart, certainly pipe in if you think you have something to add.

Just with respect to the supplementary capital, I realize that it doesn't apply to these non-deposit taking institutions but you do note that you are above these thresholds in Calgary and Edmonton and Toronto and Vancouver and Victoria. How likely do you think the new framework will adopt these supplementary capital thresholds? What do you think the MCT would increase by if they did? And then what do you think the kind of price increase we would need to have to offset that?

Philip Mayers - ***Genworth MI Canada Inc. - SVP and CFO***

Tom, it's Phil. The supplementary framework will apply to mortgage insurers. Back in December when OSFI made the announcement they did note that it would likely also apply to mortgage insurers and while they haven't published what the level of supplemental capital would be for mortgage insurers, the same triggers that would apply to IRB banks would also apply to mortgage insurers as far as we understand it.

With respect to the MCT level, that's still something that we would expect to be published as part of the new capital framework in the fall and at this point in time we will be speculating if we noted what the expectation would be. So it's really premature at this time to comment on the level of capital but certainly it's something that we would expect further disclosures by the regulator in the early fall.

Following that obviously, we would have to assess pricing. It is clear that capital makes up a large portion of the premium and given that capital is there to protect policyholders in the event of a tail event, we will have to wait to see the level of supplementary capital and then certainly I presume the industry will review pricing at that time.

Tom MacKinnon *- BMO Capital Markets - Analyst*

And can you remind us how often the industry can really actually look to increase prices or as I understand that thinking, can we look at that every year now going forward?

Philip Mayers *- Genworth MI Canada Inc. - SVP and CFO*

Definitely. There is a formal price review that's required under OSFI's regulations at least annually. So I would expect as part of the annual pricing review for 2016 that supplementary capital and the new capital framework will be considered.

Tom MacKinnon *- BMO Capital Markets - Analyst*

Okay, thanks.

Operator

Paul Holden, CIBC.

Paul Holden *- CIBC World Markets - Analyst*

Thank you, good morning. Maybe a follow-up question on the regulatory capital requirements or the new regulatory capital regime. I just want to make it clear in terms of that supplementary capital it will be for new premiums only, not for existing insured risks. Is that correct as proposed?

Philip Mayers *- Genworth MI Canada Inc. - SVP and CFO*

That is correct. It continues to be prospective starting January 1, 2017.

Paul Holden *- CIBC World Markets - Analyst*

Okay, and I have a question for you on the premiums earned guidance. So you continue to guide to roughly 5% growth year-over-year for all of 2016, but first half is up around 9%. So just wondering why growth would necessarily slow in the second half of the year?

Philip Mayers *- Genworth MI Canada Inc. - SVP and CFO*

I think if you read our guidance closely, it says 5% or greater so certainly we wouldn't necessarily expect it to -- for the first half of the year it's more like 9%. We may not see a full year 5% but certainly 5% would be the lower bound.

Paul Holden - ***CIBC World Markets - Analyst***

And then in terms of the press shares, you are picking up some extra investment yields and dividend income there. With the 5% of the portfolio allocated to pref shares there, are you kind of at target or is there capacity to go higher?

Philip Mayers - ***Genworth MI Canada Inc. - SVP and CFO***

We continue to review sort of our investment optimization. We certainly see it something that we are gradually increase our preferred share holdings. We believe there may be some incremental room but that's always subject to single name limits. One thing we recognize is that the investment grade space for preferred shares is relatively concentrated so we would take into consideration or single name exposure to any one issuer as part of our strategy. So there is some room to grow but certainly I think we've done the bulk of the purchases today.

Paul Holden - ***CIBC World Markets - Analyst***

Okay, then part of your MD&A discusses lower transactional volumes partly attributable to a change in underwriting strategies in select markets. Maybe you can talk about which markets those are specifically and what you have changed in terms of your underwriting?

Stuart Levings - ***Genworth MI Canada Inc. - President and CEO***

Paul, it's Stuart here. I think it's really nothing new in terms of directional or actions. It's an ongoing approach to being in our view more prudent in oil exposed regions so Alberta predominantly, to some extent Atlantic Canada. But really it's around making sure that we are thoughtful about the marginal risk in those areas and taking what we consider to be responsible underwriting actions. That has really driven some share compression in those markets particularly.

Our major competitor has apparently a slightly different view on the risk appetite there despite published positions to the contrary in terms of the risks in those markets. But in any event, we have taken what we think to be prudent responsible actions there. In addition to the fact that those markets are obviously seeing smaller volumes of resale transactions and that has been predominantly driven the smaller flow or transactional NIW for ourselves.

Paul Holden - ***CIBC World Markets - Analyst***

Okay, then if we were to take a national view, would you say there's any material change in market share? Are you holding it relatively constant on a national basis?

Stuart Levings - ***Genworth MI Canada Inc. - President and CEO***

On a national basis, we are probably down a little bit. We would estimate our share at around approximately 30% right now, so a couple of points overall. At the same time, we are looking at areas like Ontario, BC as very opportune markets, very strongly performing economies and certainly an area that we are very comfortable taking on more exposure and are very encouraged by what we see in Quebec right now from a performance point of view as well.

Paul Holden - ***CIBC World Markets - Analyst***

Then, final question is related to the CAD100 million credit facility you took out during the quarter. What would be some potential uses of that capital?

Philip Mayers - ***Genworth MI Canada Inc. - SVP and CFO***

Paul, it's Phil. We feel the credit facility is financial flexibility and we do not see it as long-term financing. We see it as essentially bridge financing. So to the extent we saw specific opportunities that required funding but where we had long-term funding that maybe lagged by a couple of months, that would be a potential use. But we think is a good practice to build financial flexibility and we view it in that light.

Paul Holden - ***CIBC World Markets - Analyst***

Okay, so this one would be related potentially to acquisitions, it's more ongoing operations?

Philip Mayers - ***Genworth MI Canada Inc. - SVP and CFO***

It's not earmarked at this time for any specific activity. It's more in light of building financial flexibility or to ensure that we are nimble and whether this is core business opportunities in the MI business. For example you saw the levels of bulk insurance we did last quarter. If in the future other opportunities were to present themselves in our core business and it required incremental capital and we certainly have long-term plans to fund that capital, we may use the facility for short-term needs. But it's clearly not intended for a long-term portion of our capital structure.

Paul Holden - ***CIBC World Markets - Analyst***

Okay, thank you for your time.

Operator

(Operator Instructions). Graham Ryding, TD Securities.

Graham Ryding - ***TD Securities - Analyst***

Good morning. My one question just a follow-on on the transactional business specifically the markets BC, Ontario, and Quebec. Year-over-year they were either from a new insurance written perspective there they are flat or down and from your commentary it sounds like that's not deliberately you pulling back. So is that a reflection of just affordability in those markets making I guess the size of the first-time homebuyer market such that there wasn't growth year-over-year?

Stuart Levings - ***Genworth MI Canada Inc. - President and CEO***

It's Stuart here. That's our estimation right now. It's hard to say for sure until you get good data from the full industry but our estimation is that while activity is definitely up in those markets, the actual first-time homebuyer leveraging high ratio insurance seems to be down. That could be a function of the fact that in order to service or debt service a mortgage, they can't afford to add a 5% or 10% down payment to cover that mortgage payment so they are forced to find more, whether that's through gifts from parents, whether that's through other forms of down payment source, the reality is our exposure or our estimation is that the actual volume of high ratio buyers in those markets is at a lower level than we've seen historically and that is a direct reflection on the affordability pressure.

Graham Ryding - ***TD Securities - Analyst***

Okay, great. Just on the portfolio insurance side, have you seen since the July 1 revelatory change, have you seen a drop off in demand for portfolio insurance?

Stuart Levings - ***Genworth MI Canada Inc. - President and CEO***

In the big bank space, as we've said before, yes, definitely.

Graham Ryding - ***TD Securities - Analyst***

Okay, great. My last question just it was an unrealized impairment loss. Any color around what that was, CAD3 million?

Philip Mayers - ***Genworth MI Canada Inc. - SVP and CFO***

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Yes, it was a CAD2.5 million sort of impairment related to a Brazilian construction company. We continue to believe that current values are below what we view the long-term value of that. So we took the impairment rather than sell the security. So rather small item.

Graham Ryding - ***TD Securities - Analyst***

Got it, thank you.

Operator

[Jaeme Gloyn], National Bank.

Jaeme Gloyn - ***National Bank Financial - Analyst***

Good morning. Question is related to stress testing and recent news from OSFI about standardized banks that are on standardized approach and taking a more targeted approach to stress testing in Vancouver and Toronto. How are you guys thinking about your stress test? You talked about it in the past at investor days but has this caused you to revisit how you are stress testing your portfolio?

Stuart Levings - ***Genworth MI Canada Inc. - President and CEO***

Jaeme, it's Stewart here. No, not really. We've always stress tested the portfolio on a variety of scenarios including significant property corrections in Toronto, Vancouver, and in fact those levels that were referenced in the letter from OSFI are things that we have looked at ourselves. And in all those scenarios we still maintain sufficient capital to pay all our claims.

So it's not new to us. Certainly something that we would say is a very severe tail event if it were ever to occur but something that we have stress tested our portfolio against.

Jaeme Gloyn - ***National Bank Financial - Analyst***

Okay, great. Thank you.

Operator

There are no further questions. This concludes today's conference call. Thank you for your participation in Genworth MI Canada, Inc.'s 2016 second-quarter earnings conference call. You may disconnect.