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Presentation

Operator

Good morning, ladies and gentlemen, and welcome to the Fidelis Insurance Group's Third Quarter 2025 Earnings Conference Call. [Operator Instructions] With that, I will now turn the call over to Miranda Hunter, Head of Investor Relations. Ms. Hunter, please go ahead.

Miranda Hunter
Group Head of Investor Relations

Good morning, and welcome to Fidelis Insurance Group's Third Quarter 2025 Earnings Conference Call. With me today are Dan Burrows, our CEO; Allan Decleir, our CFO; and Johnny Strickle, our Group Managing Director. Before we begin, I'd like to remind everyone that statements made during the call, including the question-and-answer section, will include forward-looking statements. Management's comments regarding expectations, projections, targets and any future results are based on current assessments and assumptions and are subject to a number of risks, uncertainties and emerging information developing over time. It's important to note that actual results may differ materially from those expressed or implied today. Additional information regarding factors shaping these outcomes can be found in Fidelis' SEC filings, including our earnings press release issued last night.

Management will also make reference to certain non-GAAP and proprietary measures of financial performance. The reconciliations to U.S. GAAP for each non-GAAP financial measure as well as our descriptions of proprietary financial measures can be found in our earnings press release available on our website at fidelisinsurance.com. With that, I'll turn the call over to Dan.

Daniel Burrows
Group CEO & Executive Director

Thanks, Miranda. Good morning, everyone, and thank you for joining us on our call today. Our excellent third quarter performance is a reflection of 3 key points that we hope you will take away from this call this morning. Firstly, we delivered outstanding results. This performance demonstrates the strength of our portfolio and the success of our underwriting strategy. Our combined ratio for the quarter was 79%, our best as a publicly traded company and an improvement of more than 8 points from the same quarter last year. Our annualized operating ROAE was 21.4%, which represents an increase of 5 points year-over-year. And we grew diluted book value per share by $1.25 in the quarter. Secondly, we expect to continue driving profitable growth.

We delivered strong top line growth of 8% for the quarter, in line with our target range of 6% to 10% for the year. This performance reflects our leadership in lines of business with more pronounced verticalization. And we are leveraging our deep relationships and unique market access to continue broadening our distribution network and creating attractive growth opportunities in a prevailing hard market. That brings us to our third key message, which is our ongoing focus for dedicated capital allocation and expert risk selection. That means we strategically determine the best risk-reward opportunities, balancing profitable growth with returning capital to shareholders through share repurchases and dividends. It also means working with our growing network of underwriting partners to select the optimal risks in line with our strategy.

Turning to performance across each of our segments. Within insurance, we delivered 4% growth on gross premiums written in the quarter as we continued to strategically deploy capital into areas of opportunity and margin. We saw strong performance from our property and asset-backed finance and portfolio credit books and our overall RPI remained broadly flat, reflecting our differentiated position, business mix and product diversification as well as our ability to effectively navigate market conditions and capitalize on cross-selling opportunities. As a reminder, RPI reflects price, terms and conditions. Our direct property book grew 9.5% for the same period year-on-year, driven by new opportunities at compelling pricing. Given the pronounced verticalization of the property market, we were able to leverage our deep multiline relationships, meaningful line size and unique access to secure attractive rates, terms and conditions.

We also continue to benefit from a strong flow of new business moving from the admitted market to the E&S market. For example, in the quarter, we identified a flow of new high-value homeowners business opportunities. Our client and business retention rates continue to be strong, and we delivered an RPI that was broadly in line with the previous quarter. Even though rates have decreased in certain areas, our portfolio continues to deliver pricing which produces attractive margin, enhanced by our ability to capitalize on favorable pricing dynamics in the facultative market. Additionally, terms and conditions in the property market have significantly improved following the substantial changes achieved during the hard market over the past 7 years. As a result, we are able to maintain

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attractive margins in this important line of business. Asset-backed finance and portfolio credit has remained a key driver of growth. We are converting on our pipeline of strong opportunities, including through our new underwriting partners.

This business is highly bespoke in nature and buying motivation is driven by capital relief or underlying transaction facilitation. These bespoke offerings are largely unaffected by traditional insurance pricing cycles. And as a leader in this space, we execute on our terms. Across other major lines of business within the Insurance segment, performance has remained consistent with expectation. In the aviation hull and liability sector, we're beginning to see encouraging signs, and let me remind you that this is a highly verticalized market. As a leader, we set pricing at the top of the market ranges as well as other differentiated terms. We will remain cautious in this line, and we will continue to monitor trends throughout the balance of the year, selectively deploying on opportunities where we believe price adequately reflects risk. In Marine, we are again seeing signs of widening verticalization. We continue to leverage our ability to offer leading capacity across all the major subclasses to balance our portfolio in line with appetite and maintain overall margin.

New builders construction opportunities continue to support growth in the portfolio. Turning to reinsurance. We delivered 20% year-on-year premium growth driven by enhanced pricing at [7/1]. We capitalized on attractive post-wildfire opportunities, which presented significant price increases, supporting our renewal book as well as the ability to add new business. Overall, the RPI in reinsurance for the quarter was positive, supported by double-digit increases on the U.S. book, driven by post-loss pricing. While we saw more pressure across international pricing, we continue to see margin across the portfolio following prior year increases. Our focus is on maintaining coverage and structure and taking a disciplined stance to pricing as we evaluate the portfolio. Pricing dynamics continue to develop in the lead up to January 1 renewals. We are leveraging the interplay between our inwards portfolio and outwards reinsurance to enhance overall portfolio efficiency.

We believe that current dynamics will provide attractive opportunities to further strengthen our protections. As a reminder, we use proportional reinsurance as a valuable tool to create underwriting leverage, which, depending on peril and/or territory, can be up to 60%. This supports our gross to net line size strategy, enabling us to deploy as a leader with meaningful capacity working with our core partners across our portfolio. We are pleased to have renewed our whole account quota share with travelers for 2026, who continues to be a valued and strategic partner. With that, I will turn it over to Allan to discuss our financial results in more detail, and then Johnny will cover our underwriting risk selection strategy.

Allan Carl Decleir
Group CFO, Bermuda CEO & Executive Director

Thanks, Dan, and good morning, everyone. Taking a closer look at our quarterly results, we had an excellent third quarter with operating net income of $127 million or $1.21 per diluted common share, resulting in an annualized operating return on average equity of 21.4%. We also continue to grow our book value per diluted common share to $23.29. Including dividends, this is an increase of 8.3% since year-end. In the third quarter, we grew our gross premiums written by 8% to $798 million, bringing our year-to-date gross premiums written to $3.7 billion, also an increase of 8% versus the same period last year. In the Insurance segment, gross premiums written increased by 4% in the quarter to $606 million. We saw continued growth from new business in our asset-backed finance and portfolio credit line of business.

Meanwhile, in the Reinsurance segment, gross premiums written grew to $192 million for the quarter compared to $159 million in the prior year period. The increase relates to new business opportunities, including from loss impacted accounts following the California wildfires. Our net premiums written increased by 8% versus the third quarter of 2024, in line with our growth in gross premiums written. Our net premiums earned decreased by 5% versus the third quarter of 2024. The decrease was driven by business mix as a result of higher gross premiums written in lines of business with longer earnings patterns, such as asset-backed finance and portfolio credit. On a year-to-date basis, our net premiums earned have increased by 7%, which aligns with our gross premiums written growth of 8% for the same period. Our excellent underwriting performance resulted in a combined ratio of 79% for the quarter, our best as a publicly traded company and more than 8 points better than the third quarter of 2024.

I'll break down the components of the combined ratio in more detail. During the third quarter, our attritional loss ratio continued to trend positively, improving to 23.2%. This compares to 24.7% in the third quarter of 2024, reflecting the continued strength of our portfolio. For the third quarter, our catastrophe and large losses were $57 million or 9.6 points of the combined ratio, an improvement compared to the same period last year, where our losses were $92 million or 14.4 points. We recognized net favorable prior year development of $16 million for the quarter compared to $10 million in the prior year period. Of the $16 million recognized in the quarter, $3 million was in the insurance segment and $13 million in the Reinsurance segment, which is driven by positive development on prior year catastrophe losses and benign prior year attritional experience.

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Turning to expenses. Policy acquisition expenses from third parties were 29.9 points of the combined ratio for the quarter compared with 31 points in the prior year period. While we may see movements quarter-to-quarter, policy acquisition expenses are in line with expectations. We continue to anticipate our annual policy acquisition expense ratio to be in the low 30s for insurance and in the mid-20s for reinsurance, in line with our year-to-date results of 30.4 points in insurance and 26.1 points in reinsurance. For the quarter, TFP commissions accounted for 14.5 points of the combined ratio compared to 15.3 points in the third quarter of 2024. This decrease was due to underwriting profits from TFP not meeting the required 5% annual hurdle rate in 2025. Therefore, we have not accrued any profit commission as it is calculated based on annual performance.

Finally, our general and administrative expenses were $27 million versus $23 million in the third quarter of 2024. Our year-to-date G&A of $72 million continues to trend below our expected $26 million per quarter as a result of lower accrued variable compensation. Moving on to our investment results. Our net investment income for the quarter was $46 million compared to $52 million in the prior year period. In addition to our net investment income, we have net unrealized gains on our other investments of $5 million as a result of our strategic deployment of assets into alternative investments, including a hedge fund portfolio, which began in the fourth quarter of 2024. As of September 30, the average rating of our fixed income securities remains very high at A+ with a book yield of 5%, reflecting the steps we have already taken to optimize our portfolio. Average duration remains consistent with year-end at 2.7 years.

Turning to tax. Our effective tax rate for the first 9 months of the year was 18.8% compared to 14.6% in the same period of 2024. This rate reflects a greater proportion of pretax income generated in higher tax rate jurisdictions. To reiterate what I said on the last call, we expect our full year effective tax rate to remain in the 19% range given the expected mix of profits and losses across our 3 locations. Looking at our capital management strategy. As Dan mentioned, our focus is on being best-in-class capital allocators. Our approach begins with deploying capital into the most attractive underwriting opportunities. We also use outward reinsurance as a strategic and fungible tool to support growth and optimize our capital structure. We remain committed to returning excess capital to shareholders through a mix of dividends and share buybacks. Our focused and disciplined approach ensures we are well positioned to maximize value for our shareholders while maintaining the financial strength and flexibility to support our long-term strategic objectives.

We continue to view share repurchases as a highly accretive use of capital given our current share price. In the third quarter, we repurchased 1.8 million common shares for $32 million at an average price of $17.40 per share. Subsequent to September 30 and through November 7, we repurchased an additional 820,000 common shares for $15 million at an average price of $18.25 per share. This brings our shares repurchased for 2025 to 9.6 million common shares at an average price of $16.46, and thus highly accretive on both a book value and earnings per share basis to our shareholders. In conclusion, our results this quarter demonstrate the strength of our portfolio, the effectiveness of our approach to investments and capital management and our commitment to delivering returns to shareholders. I will now turn it to Johnny, who will discuss our underwriting partnerships and market outlook by line of business.

Jonathan Strickle
Group Chief Actuarial Officer

Thank you, Allan. As Dan mentioned earlier, our third quarter results reflect positive contributions from the continued expansion of our underwriting partnerships. To date, our total number of underwriting partners has grown to the mid-single digits. While we don't break out the individual collective contributions of these partnerships, they remain a strategic priority and play an increasingly important role in our growth and differentiation as we shape the future trajectory of our business. Building on Allan's comments about capital management, our top priority is allocating capital to underwriting strategies offering the best risk reward dynamics and then determining the best partners to help us execute. Our cornerstone relationship with the Fidelis partnership provides consistent access to a leading, well-established book of specialty business.

We have exclusive access via our right of first refusal on all business written by the Fidelis partnership under our 10-year rolling agreement. Only business that is not within our underwriting strategy and which we decline to support is then available for the Fidelis partnership to place with other capital providers. Importantly, our agreement gives us significant flexibility when it comes to allocating any additional capacity we wish to deploy. This allows us to choose the most suitable underwriting partners to execute in a particular area, whether that's the Fidelis partnership or other partners in our network. Our robust pipeline of new partnership opportunities with top-tier underwriters provides valuable complementary growth prospects. Our focus remains on risk reward, margin and pricing adequacy. As a market leader, we are disciplined in maintaining underwriting standards even as we see competition increasing in certain lines.

It's important to remember that it remains a highly attractive underwriting environment following several years of compound rate increases that have significantly improved margins, structures and terms and conditions. Taking a closer look at opportunities we're seeing across our segments. Property insurance continues to deliver compelling loss ratios that reflect both our ability to risk select and to achieve differentiated pricing. We've maintained high retention rates, and we have complemented our portfolio by allocating capital to new business opportunities through a growing set of distribution channels. As a leader in a verticalized market, we continue

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to underwrite business with attractive margins across the portfolio. In other traditional specialty lines, we continue to exercise strict underwriting discipline and capitalize on areas with the most attractive rate and margin. For example, in Marine Construction, new business opportunities have allowed us to continue to grow in an area that remains well priced. And as we noted last quarter, we're seeing signs of improvement in areas of aviation pricing following recent loss events.

Outside of our traditional specialty lines, a significant portion of our insurance business is largely unaffected by the broader market cycle, particularly where placements are linked to the facilitation of underlying transactions or provide significant capital relief for our clients. In structured credit, we continue to see attractive opportunities from a risk return standpoint, supported by our long track record and strong client relationships. We have built a robust suite of products and established a track record of customization in this space. These lines of business have been a consistent outperformer and differentiator for us over the past decade. Our current focus is on introducing these capabilities to an ever-increasing client base. We are monitoring a strong pipeline heading into year-end and are actively structuring programs for both new and existing clients.

Turning to reinsurance. Even if pricing moves back towards levels seen in the last couple of years, remember, these years represented one of the best trading environments we've experienced in the past 2 decades. As a result, we remain in a prevailing hard market and are still seeing significant margin in property CAT reinsurance. Our priority is to maintain discipline, particularly in upholding coverage terms and conditions and continue to capitalize on the most compelling opportunities. At the same time, we are further enhancing our outwards reinsurance, combining traditional reinsurance protections and alternative risk transfer mechanisms such as CAT bonds to achieve optimal portfolio protection. For these reasons, we remain confident in our ability to deliver compelling underwriting margins across our segments. I will now turn it back to Dan for closing remarks.

Daniel Burrows
Group CEO & Executive Director
Thank you, Johnny. Let me leave you with a few final thoughts before we take your questions. As this excellent quarter demonstrates, we are delivering results through expert risk selection, strategic capital allocation and a growing network of underwriting partners. We just reported our best quarterly combined ratio as a publicly traded company, and we are driving consistently higher diluted book value per share. In a prevailing hard market, our lead positioning in highly verticalized lines of business is a clear differentiator and a competitive advantage. This enables us to continue driving profitable growth and preserving strong margins even if rates become pressured in certain pockets. Our strong balance sheet gives us significant flexibility to shape our future. We are focused on striking the optimal balance between underwriting growth and other strategic uses of capital to ensure every dollar we deploy delivers attractive returns for our shareholders. With that, operator, we will now open the line for questions.

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Question and Answer

Operator

[Operator Instructions] With that, our first question comes from the line of David Motemaden from Evercore ISI.

David Kenneth Motemaden
Evercore ISI Institutional Equities, Research Division

Just had a question, Dan, just in terms of how you're thinking about -- you obviously saw the good growth in reinsurance this quarter. How are you thinking about just the 1/1 renewals, both from an inwards and outwards perspective? And sort of expectations, I'd be interested if you guys think just holistically, you guys can do the same sort of top line growth for the company as you did this year in 2026.

Daniel Burrows
Group CEO & Executive Director

Yes. It's a really interesting question. It's Dan here. So I think fundamentally, we're still bullish about the market. We still think, as others have commented that we're in a prevailing hard market. And in many lines of business, we're still very much, we are very near kind of peak market that we've seen the best market conditions in the last 20 years. So I think that gives us confidence that, a, the portfolio has performed really well in the quarter; and b, that there are opportunities to grow. And I think when we look at that, looking forward, that will be with both the Fidelis partnership and I think now importantly through our network of new underwriting partners. So I think we're looking for best-in-class partnerships. We onboarded in Q3 a property MGA in California, and we built a really strong pipeline moving into head to 1/1. And that's really building on the strong relationships that we have in the industry. So I think we're really excited about executing on that strategy. We do see growth opportunities across the book, very verticalized market.

You've heard us mention that in previous calls and in the scripts. That is broadening. Rates, terms, and conditions really are becoming more differentiated by carrier. It really depends now where you sit in the food chain. We're a lead market. We get leverage through that. We have over 100 lines of business that we set terms, conditions and we execute on those. So we have a differentiated outcome. And I think that plays through in the result, in our RPIs and our ability to grow moving forward. I think the second part, looking at outwards reinsurance, yes, very importantly interplay between inwards and outwards aligning coverage, looking for efficiency next year in our retrocession programs. We do use proportional to gross our lines up. That's a really important part of being a leader, the gross to net strategy. So I think we'll be looking to broaden cover, look for efficiency in the outwards program. If you remember last year, when we commented on the 1/1 outwards program renewals, we could actually see that market is the most competitive. And I think we'll see more of the same moving into 1/1. There's more supply, obviously, across insurance and reinsurance. We do expect more demand as well, but we think that's going to be a really competitive market.

David Kenneth Motemaden
Evercore ISI Institutional Equities, Research Division

Got it. And maybe just following up, just it sounded like the RPIs that you disclosed were generally stable this quarter versus last quarter. Was that -- it sounds like there's still pressure, particularly in some of the property lines. So I'm wondering, was that just less this quarter? Were you -- did you put more outwards on at favorable terms that kind of offset that? Because I know that's included in the RPI. Just hoping to get some color around that as well.

Daniel Burrows
Group CEO & Executive Director

Yes, exactly right, David. I think there is definitely more pressure in certain lines. Property direct is certainly one of those. And then again, that's why it's important to be able to deploy meaningful capacity as a leader. Also cross-class selling, if you're offering multi-class capacity to a client, to a broker, it kind of gives you that leader leverage. We've got really strong retention rates in the book, really strong margins that built up over compound increases for the last 5 to 7 years. And it's been an incredibly strong performance. Our direct property book is running at 40% loss ratios. And we're still seeing a flow of business from the admitted market into the E&S market. When we think about the quarter, we also executed on some new high-value homeowners business. So there are opportunities out there. We just got to work a lot harder. And when we think about RPIs, you're right, David, it's not just price, it's terms, conditions. And what we're seeing is coverage structures, retentions are holding firm. They're pretty robust, and the pressure is more on pricing. But even saying that, there's plenty of good margin in the book.

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David Kenneth Motemaden
Evercore ISI Institutional Equities, Research Division

Got it. And maybe if I could just sneak one more in. So it sounded like the direct property group -- sorry, direct property book grew 10% in the quarter. just given what sounded like elevated competition there. It sounded like some new homeowners business helped that. I'm wondering if there any sort of tailwind that you guys might have seen or you guys think might be coming just from some of the construction of data centers, if that's a line that you guys are in, in terms of providing capacity on those deals?

Jonathan Strickle
Group Chief Actuarial Officer

Hi, David, it's Johnny here. I'll take that one. I mean I think that's a great example of our strategy to be proactive in responding to a changing risk landscape. I mean if you look at that type of risk, there's really large insured values there. It's difficult to be meaningful on that type of placement unless you've got a large line size. And it's one of the benefits of the structure we have here at Fidelis. So through our right first refusal with the partnership, we can take the line size that we want to deploy on that type of opportunity and then they line up other capacity providers behind us to have an overall larger line size for them to go to market with. That then lets them be meaningful in the placement, so they can negotiate pricing, terms, and conditions, and we can benefit from the leverage of that without having a line size that would unbalance our portfolio. So yes, we're really excited by that opportunity because it's something that I think would be more difficult to execute on unless you have the structure that we have.

Operator

The next question today comes from the line of Meyer Shields from KBW.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

I was hoping to talk a little bit about verticalization. I just want to make sure I understand it. Should we think of this as a typical soft market phenomenon?

Daniel Burrows
Group CEO & Executive Director

Hi, Meyer, it's Dan. Actually, it's a phenomenon that is prevalent in both a hard and a softening market. So we see it across the cycle. I think in more recent cycles, it's actually been exaggerated. Now we're seeing a more differentiated position as there's a bit more competition. So as I said earlier, being a lead market, you sit at the top of the food chain, you see risks first, you can set terms, conditions, you can execute even before others see it. So brokers bring you the opportunities, say, new business and growth, and we can execute on that. So there's a real difference between market makers and the market takers here or price takers. So I think it's very important that you -- we continue to back leaders that have track records over many decades in the market that can manage through the cycle. Richard and the underwriters of TFP have demonstrated that. When we look for new partners, we want track records. We want them to be able to trade through different market cycles. And we're really excited about the pipeline we've built there as well.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. That's helpful. The second question, there does seem to be a little bit of disruption in the U.S. wholesale market, and it seems to be just the implications of Howden building a retail platform. I was wondering if there's an update in terms of how really the challenges and opportunities that, that presents.

Daniel Burrows
Group CEO & Executive Director

Yes. Really interesting question. It's Dan again. I think the short answer to that is I can definitely say we've seen some opportunities coming out of that. But I wouldn't really want to comment any more on how the strategy and what that means to the market other than we are seeing opportunities because of that.

Operator

The next question today comes from the line of Leon Cooperman from Omega Family Office.

Leon G. Cooperman
Omega Advisors, Inc.

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Let me first congratulate you on a good quarter and excellent results. I still get mystified. I'm not an insurance expert, but I do look at numbers closely. We have superior profitability to the primary insurance carriers and the reinsurance peers, yet we sell at a very significant discount in our multiple. Is there something inherent about our business and prospects that would suggest we deserve to sell a discount multiple?

Daniel Burrows
Group CEO & Executive Director

Yes. I appreciate the question. It's Dan here. Yes, look, we just had our best quarter, our best combined ratio since IPO. I think to unlock value we really need to be consistent and deliver strong underwriting results quarter-on-quarter. I agree with you. We think we're undervalued, especially given results like this, our opportunity to grow profitably and sustainably. And now we're with a very strong balance sheet that we've built over the last couple of years, we can grow not only with the TFP but other best-in-class underwriters. Richard set a very high benchmark. And anyone we're considering would have to meet or beat that. But they do exist, and that gives us confidence that we continue to grow, continue to deliver good combined ratios and good ROEs, and that will unlock the value. But yes, fundamentally, we agree with you, we're undervalued at the moment.

Leon G. Cooperman
Omega Advisors, Inc.

Basically, in the last call, you talked about 12% to 16% return on equity. and we're now running over 20%. Are we over-earning? Or would you raise the target as being sustainable that 20% ROE is realistic the way you're running the business?

Daniel Burrows
Group CEO & Executive Director

Yes. Good question. I think we state our financial metrics as being through the cycle. So I think we're comfortable where we are now, but it does obviously demonstrate the strength of the underlying portfolio.

Leon G. Cooperman
Omega Advisors, Inc.

So if I took $1.20, whatever the number was in the third quarter and multiply it by 4, that would not be out of line with what you're thinking for next year?

Daniel Burrows
Group CEO & Executive Director

Yes, it's a good question. I think if we can continue to deliver quarter-on-quarter, then that's where we're heading, Lee.

Leon G. Cooperman
Omega Advisors, Inc.

Stock is trading at like 5x earnings. It doesn't make any sense. We're doing the right thing and shrinking the cap, but we'll see what happens.

Daniel Burrows
Group CEO & Executive Director

Yes. We're working hard Lee to deliver value to every shareholder. So all we can do is continue to deliver quarter-on-quarter.

Operator

The next question today comes from the line of Brian Meredith from UBS.

Brian Robert Meredith
UBS Investment Bank, Research Division

A couple here. Just first, any exposure to some of the Caribbean losses in the quarter from the hurricane?

Daniel Burrows
Group CEO & Executive Director

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Yes. Look, firstly, obviously, a tragic event for the Island of Jamaica and like many others, our thoughts are with all those people. We do have some exposure with respect to loss impact for us, it's just too early to give detailed numbers on that. I would say based on our initial analysis, we would expect any net losses would fall within our expected CAT load. But to be honest, Brian, that's about as much as I can say at the moment.

Brian Robert Meredith
UBS Investment Bank, Research Division

Okay. And then second question, I'm just curious, could you talk maybe a little bit about your -- either some of the partnerships or capabilities to kind of take advantage of this whole data center construction build-out and all the insurance opportunities there?

Jonathan Strickle
Group Chief Actuarial Officer

Hi, Brian, it's Johnny here. Yes, I'll take that one. I think as we're saying earlier, it's really about having a meaningful line size to be able to participate on those programs in the first place and an even bigger line size than would normally be deployed in order to be meaningful enough to drive pricing terms and conditions on it. So that's the core of the strategy. Now we would use reinsurance to gross our line size up anyway. So if we take 50% reinsurance, for example, a line of business, that means we can double the gross line we put out and still be happy with our net position. So that's one part of our strategy to help deploy in a more meaningful way on this type of program. And the other one really comes from our structure. So with the structure, with the Fidelis partnership, we can put down the line that we would like. They have other capital providers that can then come in and put more capacity behind that. They can go with that combined proposition and negotiate as one and get terms and conditions that benefit all.

So for us, I think the strategy of deploying in a meaningful way is key across our portfolio, no doubt. I think that's one of the big drivers in terms of price differentiation. But on this type of opportunity, it lets you get in there first, be meaningful and really lead the market.

Operator

The next question today comes from the line of Alex Scott from Barclays.

Taylor Alexander Scott
Barclays Bank PLC, Research Division

I just wanted to ask about TFP setting up a Lloyd's syndicate and you all not participating. Is that a sign that you're getting more selective that they're feeling the need to go elsewhere because you're maybe refusing a little more of the business that's coming your way? I'm just trying to understand how to interpret that.

Jonathan Strickle
Group Chief Actuarial Officer

Hi, Alex, it's Johnny here. I'll take that one. I mean just sort of as a reminder of how the agreement works, we've got exclusive right first access over all business that the Fidelis partnership originate, and that's under our 10-year rolling agreement with them. So we get the first pick. And anything that's not within our appetite, they're free to go with elsewhere. As I talked to a bit on the data strategy, often that's a win-win. It means that we get to fill up the line size we want. They've got access to plenty more so other capital providers can take a share there and everyone benefits. But to be clear, the agreement is working exactly as we intended it to. We get to take the bits that we want. There's still an attractive portfolio remaining outside of that, and that enables them to deliver results for other providers.

Daniel Burrows
Group CEO & Executive Director

Yes. And I'll just add there. If you think about growth for the year today, it's 8.4%. Most of that has come from the partnership. So we're very aligned to them. We see opportunity with them. But as Johnny said, it's a really great example of the binder agreement working exactly as intended, and matching the right capital with the right risk.

Taylor Alexander Scott
Barclays Bank PLC, Research Division

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Understood. Okay. And then second question is I wanted to just ask a bit about the process for bringing on new partners. You've had one big partner and very integrated into TFP. What does the tech platform look like and diligence look like when you're bringing on these new partners? And will you have the same kind of visibility you get into what you're underwriting through TFP?

Daniel Burrows
Group CEO & Executive Director

Yes. I'll start, and then I'll pass on to Johnny. [They expand] here. So obviously, we're looking for a very high benchmark before we even consider any complementary partnerships. The TFP are excellent underwriting outfit and that's demonstrated in the strength of our results in this quarter. But we do have access to other good underwriters, best-in-class that will complement the portfolio. And a lot of that is relationship-driven. Myself, the COO, we've probably got something like approaching 80 years of experience in the market. So we know who the good underwriters are out there. We know how they're motivated, why they buy, who they want to deal with. But we're looking for continuity of partners. We want to grow with them. So we won't be headlining hundreds of different partners. It will be a considered approach, but we do see opportunity. In terms of the more technical framework around it, Johnny?

Jonathan Strickle
Group Chief Actuarial Officer

Yes. I mean how we think about it is we really start with our underwriting and risk strategy. So there, we're trying to work out where do we allocate capital based on the best risk reward dynamic as we see it in the market at the time. Our agreement with the partnership gives us flexibility in how we do that. So we can choose the most suitable underwriting partner to execute in a particular area. Now the Fidelis partnership continued to execute really successfully over a wide range of classes of business of product, they're leaders in the market, great track record. They've been fundamental to the great combined ratio we've had in this quarter. But as we keep building out our network of relationships outside of that, we're finding complementary opportunities that sit there that we can execute on with other partners. I think the pipeline there continues to grow. It consists of market-leading underwriters and they're writing business in lines of business that we see as a great risk reward dynamic right now.

Operator

The next question today comes from the line of Michael Zaremski from BMO Capital Markets.

Unknown Analyst

It's Dan on for Mike. My first one is maybe just on property reserve release levels. So given the strength of the releases coming from property this year in both segments, can you maybe help frame what percent of reserves sit in IBNR and how that compares to a year ago so we could better gauge the durability of these reserves over the next 12 to 18 months?

Jonathan Strickle
Group Chief Actuarial Officer

It's Johnny here. Yes, I mean if I think about how we set our reserves, especially for those lines of business, that's not something that we've changed in a meaningful way over the past 5 years really. So I think we've been pretty consistent. What we have seen is increasing strength in the underlying underwriting portfolio. So the business is just running at a lower loss ratio, which has fueled some of that PYD that we've seen pretty consistently in those lines of business over the last 3 or 4 years. So I don't think there's any change to the approach other than you're seeing more clearly the underlying profitability. What I would say is we really expect a lot of that PYD to come through in the first 2 quarters. So property PYD for us comes through within about 6 months, typically. So by the time we get to Q3, Q4, in either direction, I'd expect to see less coming through, and it's really the first half of the year that's going to determine our PYD position.

Unknown Analyst

Okay. That's very helpful. And then maybe just on aviation. It seems like that's seeing encouraging signs now. That's a pretty big swing versus your comments in the second quarter. Can you just talk about what changed there this quarter? And maybe how far away are current prices from meeting your hurdle for -- so we could see Fidelis jump back into writing that line?

Daniel Burrows
Group CEO & Executive Director

Yes. Good question. And yes, I think the theme is really very much around more of the same. We disclosed, as you said on the last earnings call that it's probably the most challenged part of the portfolio. And I think it continues to be that. We've seen a much more competitive landscape. And when you consider the impact of a number of losses that have happened over the last 1.5 years or

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so, including the most recent UPS, which I'm pleased to say didn't fall within our underwriting appetite, so we declined that. The market hasn't really corrected in the way that we want to. So we're very cautious around aviation. We have seen some improvement in [indiscernible] liabilities, and we'll continue to watch the segment. But we definitely see it as a line of business that has the most competition and is the most challenged. So again, it's about picking a way through that market. We will not renew business that doesn't hit our risk return metric, I think it's really important that you keep a discipline and focus on margin. So yes, I think you've read it right. We talked about it actually for probably 2 quarters now. So this will be the third. If we see opportunity, we're nimble. We will be opportunistic for the right deal. But at the moment, it is a challenged landscape.

Operator

The next question today comes from the line of Andrew Andersen from Jefferies.

Andrew E. Andersen
Jefferies LLC, Research Division

Maybe a similar question on marine. I think it's a bigger line relative to aviation for you guys, and I think it's first half weighted. But maybe you could just talk a bit about what you're seeing in the pricing environment there and opportunity for growth in '26.

Daniel Burrows
Group CEO & Executive Director

Yes. Thanks very much. What we're seeing actually is probably a flatter RPI, and that's mostly because we are a leader across all the subclasses in marine, and we leverage our position. So if we're writing the cargo, [the hull, the war], et cetera, et cetera, et cetera, but then also being able to look at maybe are we a property participant on their program and using all that leverage as a leader is giving us a differentiated position. So I think we're more comfortable with marine than we are with aviation. We're also, as we've talked about before, seeing good opportunities in the construction lines there. So we're seeing new business, which again is helping our renewal book and kind of stabilizing RPIs, but we're much more comfortable with marine.

Andrew E. Andersen
Jefferies LLC, Research Division

And then when you were talking about the strong flow of business from admitted into E&S and property, it sounded like you're really highlighting the homeowners piece. Are you still seeing flow on the commercial property side? Or maybe it's still coming in, but you're not really just hitting the same buying rates? Maybe just some more color on E&S property.

Daniel Burrows
Group CEO & Executive Director

We're still seeing -- it's Dan again. No, we're still seeing opportunity on the commercial side. I mean I think D&F is more competitive, but we're seeing opportunity because we can deploy meaningful capacity. We've built up strong relations with both brokers and clients. We're relevant. We get to see the business first. So we're kind of a go-to market. But yes, we are seeing opportunity across those 2 occupancies.

Operator

Our next question today comes from the line of Pablo Singzon from JPMorgan.

Pablo Augusto Serrano Singzon
JPMorgan Chase & Co, Research Division

Maybe first off for Allan, you had referenced the longer earnings pattern for asset-backed business affecting NPE this quarter. I was wondering if you could quantify how much NPE would have been had you written just regular annual renewal business, right? Just trying to size how much of a potential drag we should account for in the next 3 or 4 quarters. And I suppose after that, it should be a tailwind, right, because it won't show up in NPW, but any way to sort of like frame and size that drag that showed up this quarter?

Allan Carl Decleir
Group CFO, Bermuda CEO & Executive Director

Hi, Pablo, it's Allan. Yes. I think important to remember that our net premium earned for the year-to-date has grown 7%, which is in line with the gross premium written of 8%. So it is in line year-to-date, a little bit more noise in the current quarter, and it can fluctuate quarter-to-quarter. As I mentioned, it's largely due to business mix, as you mentioned, asset-backed finance and portfolio credit. But

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I think for now, the trend that we've had year-to-date is more in the way to look at how to earn a pattern, how to earn our premium going forward. But we'll certainly let you know as this evolves over the next few quarters.

Pablo Augusto Serrano Singzon
JPMorgan Chase & Co, Research Division

Understood. Okay. And then second question, the third quarter was light on catastrophes for the overall industry. So -- and this is more of a hypothetical, I suppose, right? So I was curious if you had some perspective on how much better you -- or how your performance would have been, right, in a more normal storm season, recognizing that you've been historically underwritten in the Southeast U.S. anyway. But any perspective on how much this actual period helped or detracted from a normal quarter for you?

Jonathan Strickle
Group Chief Actuarial Officer

Hi, Pablo, it's Johnny here. I'll take that one. I think for us, it's important to remember that we combine large losses with CAT losses. So we also have fire type losses, events like that coming through on our property D&F book as well as man-made marine losses as well. And we've had a couple of those as we disclosed in the quarter. So if you look at our CATs overall for the insurance pillar, yes, it's better than we would have guided to before, but not that significantly. It feels like it's slightly better than normal quarter in insurance overall. Reinsurance has had a great time, and that's been the driver of the fantastically low loss ratio we've seen on that and a real helper towards our combined ratio in the quarter. Certainly, on that, it's been a light quarter in terms of CAT experience. And you can see if that was lifted up to a more normal level, what that would have done to the result, but it still would have been well in line with our long-term guided levels.

Operator

Our next question today is a follow-up question from Leon Cooperman from Omega.

Leon G. Cooperman
Omega Advisors, Inc.

I'm still somewhat confused and I admit -- your valuation just seems out of line with what makes sense. And is your makeup as a company sufficiently different than the industry that it would discourage anybody from coming to [look at us]?

Daniel Burrows
Group CEO & Executive Director

Thanks, Leon. It's Dan here. No, I don't think it's any different. In fact, we would argue it's kind of more efficient as we're able to pick out the very best of the underwriting in the market.

Leon G. Cooperman
Omega Advisors, Inc.

We're in a supercharged M&A environment, I would be shocked with your multiple at 5 and the industry -- the insurance industry multiple is almost twice that and that you wouldn't be the beneficiary of somebody coming to try and consolidate with us.

Daniel Burrows
Group CEO & Executive Director

Sorry, I can't quite hear you.

Leon G. Cooperman
Omega Advisors, Inc.

What I'm saying is we're in a slow-growing world and companies are looking to grow and revenues. You have a [nice revenues] in the insurance business. They're selling at a valuation far below your peer group. And I don't know you can see your peer group with the reinsurance peers or the primary insurance carriers, they're all selling at significant multiple premiums to us.

Daniel Burrows
Group CEO & Executive Director

Yes. Got it. So I think, it's Dan, it's an interesting question. Obviously, given some of the recent activity in the M&A market, for us, the focus will remain on executing the current strategy, building on this quarter, delivering strong quarters consistently, I think, is

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really important. Getting the strategy narrative out there that people are familiar that we're centered on disciplined underwriting. We can deliver organic growth. And really, we're all about building long-term value for the shareholders. We're monitoring the M&A world. Obviously, there's been a lot of noise, especially in the last quarter, and we're aware of industry development, but we've really got to focus on our plan. And if that's of interest, fair enough. But I think we're expanding with the partnership, we're expanding with new relationships, and that will deliver excellent results, which we think is the best path to sustainable growth. But it's interesting. It's been an active quarter. We do monitor it, but we just got to focus on what we can do, what we can control.

Leon G. Cooperman
Omega Advisors, Inc.

How do you compare the relative attraction of your stock repurchase versus [Technical Issue] attractive.

Daniel Burrows
Group CEO & Executive Director

Yes. I think we all feel our valuation, we're undervalued, but we understand it takes time, delivering consistent results, demonstrating good underwriting, demonstrating good capital management, increasing book value. If we can continue to do that, the valuation will find a level that we think we should be trading at, which is above book. And we look at the quarter, it's a fantastic quarter, 79% combined 21.4% ROAE, well ahead of our target metrics, as you pointed out. So I think that's really important.

Allan Carl Decleir
Group CFO, Bermuda CEO & Executive Director

Yes. And I think just -- it's Allan, just to point out, we have added value through our buyback program. Since inception of our buyback program in 2024, we repurchased $248 million of shares and added $0.83 to our book value per share as a result of those activities. We -- as Dan says, we have a great capital base that allows us to grow as well as buy back shares. We have purchased another $15 million post quarter end and still have $153 million remaining under our share buyback program. So we continue to add value through our capital management as well as our growth strategies, and we'll continue to do that in the current environment.

Operator

[Operator Instructions] Our next question today is a follow-up question from Michael Zaremski from BMO Capital Markets.

Unknown Analyst

Just wondering how the combined ratios coming from the new underwriting partners are relative to the Fidelis partnership and to the relative mid- to high 80s combined target.

Daniel Burrows
Group CEO & Executive Director

Yes. Thanks, Mike. As we've mentioned before, it's -- when we entered the relationship with this network of underwriting partners in addition to the [Fidelis] partnership, it's a high hurdle. And we certainly make sure that the combined ratio expectations are at least as high as the TFP. It's early doors in terms of the results of those, but so far, everything is looking good. And certainly, they're meeting the combined ratio hurdles that we had expected through the first 9 months of the year.

Operator

That concludes today's question-and-answer session. I'd like to turn the call back to Dan Burrows for closing remarks.

Daniel Burrows
Group CEO & Executive Director

Thanks. We appreciate everyone joining us today. Thank you very much. And of course, if you do have any additional questions, we're here to take your calls. We thank you for your ongoing support, and hope you have a great day.

Operator
This concludes today's call. Thank you all for your participation. You may now disconnect your lines.

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