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HCC Insurance Holdings, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Thank you. [Operator Instructions]. Your first question comes from the line of Matt Carletti with Fox-Pitt Kelton.

Matthew Carletti - Fox-Pitt Kelton

A couple of questions, first of which is, Frank, I heard you mention kind of briefly the little bit of improvement in the medical stop-loss line, and I recall you looking forward to July 1 renewals. Could you elaborate a little bit on what you saw and what might have I guess pleased you in what you saw?

Frank J. Bramanti - Chief Executive Officer

I am going to let Craig Kelbel answer that question since he is right here.

Matthew Carletti - Fox-Pitt Kelton

All right.

Craig J. Kelbel - Executive Vice President, Life, Accident & Health Operations

I think it's not just July, but just the... as we mentioned in the opening remarks that we are able to continue to get effective rate increases which are higher than the trend on the book of business. So it was nothing in July in particular, but just a continuation of a stabilized market in the [ph] medical stop-loss business.

Matthew Carletti - Fox-Pitt Kelton

And then thinking forward, I mean if you look at kind of historical I guess cycles in the medical stop-loss market, I mean when you come off a trough and margins start to stabilize or expand, how much can they expand, say, trough to peak? What kind of spread is there?

Craig J. Kelbel - Executive Vice President, Life, Accident & Health Operations

I think that's a challenging question to answer, but I guess in the best of times, it could improve by as much as 5 to 7% historically for us. So it... and I am not saying that that will repeat, but I mean that's has been historically the peaks and valleys of the book of business.

Matthew Carletti - Fox-Pitt Kelton

Okay, great. And than another question, I apologize if I missed it, your holdings in tower group and ASI [American Safety Insurance Holdings, Ltd.], you are still holding on to those? Have those found their way out of the portfolio? Could you update us on that status?

Frank J. Bramanti - Chief Executive Officer

We disposed of our position in ASI during the second quarter and we have reduced our position on Tower considerably.

Matthew Carletti - Fox-Pitt Kelton

Great. And then a last question is on the D&O, E&O disclosure, is there any chance you could give us a rough split of the total count? How many fall in the D&O bucket and how many fall in the E&O bucket?

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