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## Axis Capital Holdings Ltd. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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[Operator Instructions]. And our first question will come from the line of Susan Spivak with Wachovia. Please proceed.

**Susan P. Spivak - Wachovia Securities**

Good morning, John and David. Thanks, for the --

**John R. Charman - Chief Executing Officer and President**

Good morning, Susan.

**David B. Greenfield - Chief Financial Officer**

Good morning, Susan.

**Susan P. Spivak - Wachovia Securities**

Commentary. Just a couple of questions. David, on those reserve releases, on the political risk line, can you just remind me is this first time that you're releasing within that line?

**David B. Greenfield - Chief Financial Officer**

We also had some releases in the first quarter of this year, Susan.

**Susan P. Spivak - Wachovia Securities**

Okay. But the majority of your longer tail lines is still something that would be up for review say, to second half of this year?

**David B. Greenfield - Chief Financial Officer**

Yes, that's correct. Although I didn't say at this time in my remarks, as I've said over the last several quarters, we have not released any of our long tail reserves as of yet, with the exception of I think, there was one case reserve we released last year. But we are reviewing that as I have said on earlier calls and you will hear more about that in the second half of the year.

**Susan P. Spivak - Wachovia Securities**

Okay. And then just a couple more follow-ups. John, with the increase in the frequency of these smaller events on the insurance side, I am just wondering if you are looking into buying more

reinsurance coverage to cover those. And then secondly, as we head into this storm season, we've seen couple of these tropical storms hitting the Texas coast. I just wanted to review, how large of a hurricane loss would it have to be to an insured loss to say hit your reinsurance portfolio? And then, do you have meaningful exposure on the Texas coast on the insurance side?

**John R. Charman - Chief Executing Officer and President**

Good morning, Susan. And I am slightly puzzled by the fact that the losses in the second quarter from the property sides have not been replicated elsewhere. But I don't know how other people reserve. I can assure you that the losses were rather than mill losses, we had our normal market shares on those losses and they... the rest of the subscription market were along side us. So, I'm not quite sure how to comment on that, but what I will say is the fact that we will not need to buy anymore reinsurance capital, we were very successful in completing May renewals on the property side this year in which we continued to reduce our retentions. We continued to buyout reinstatements, we continued to take out aggregate deductibles and we continued to buy more coverage. And we were fortunate that our reinsurance acknowledged the quality of our underwriting in order to provide attractive pricing for us. So, I think as an overall statement, the depths and strengths of our reinsurance program relative to our insurance business, because don't forget we buy it on our insurance business, and we run our reinsurance business net. But the strengths and depths of our reinsurance program is the strongest it has been since the inception of the company. But I'm very comfortable about that.

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