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Philadelphia Consolidated Holding Corp. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions]. We will take our first question today from Mike Grasher.

Michael Grasher - Piper Jaffray & Co

Good Afternoon. Congratulations on another nice quarter.

James J. Maguire, Jr. - President and Chief Executive Officer

Thanks, Michael.

Michael Grasher - Piper Jaffray & Co

I don't know if this is for Chris or Jim, if he is available, but any change that you are noticing or things you are noticing on the loss cost side?

Christopher J. Maguire - Executive Vice President and Chief Underwriting Officer

This is Chris. With reference to our change in loss costs from a pricing and filing perspective or -- I am not following you there?

Michael Grasher - Piper Jaffray & Co

Just in terms of either, I guess, in terms of your claims, in terms of what you might be seeing there?

James J. Maguire, Jr. - President and Chief Executive Officer

In terms of loss inflation, I think it's probably just tracking with inflation, which is 3% to 4%.

Michael Grasher - Piper Jaffray & Co

Okay. But is there anything that's creating or causing you to maybe take reserves up or change your multiplier in terms of your assumptions around reserving the new business?

James J. Maguire, Jr. - President and Chief Executive Officer

No.

Michael Grasher - Piper Jaffray & Co

Okay. The specialty lines premium, I was just noticing the on a net-written basis the number higher than on the gross, can you walk us through what that is all about?

Craig P. Keller - Executive Vice President, Secretary, Treasurer, & Chief Financial Officer

Yes, Mike, it's Craig. I think what that's all about is our casualty treaty renewed at 1/1. We had a rate reduction for our casualty treaty and it's a own premium based treaty. So, it's an adjustment to lower the rate on the unearned premium reserve that have been stated, which offsets written premium and increases the written premium.

Michael Grasher - Piper Jaffray & Co

Okay. And then if you could, Jamie, could you take us through or remind us what the rules are around the run-off with the personal lines, I guess why hasn't it accelerated more than what we have experienced?

James J. Maguire, Jr. - President & Chief Executive Officer

Well, we have to adhere to the OIR, the Office of Insurance Regulation in Florida, and we received their approval, I guess, within February? January, excuse me, to go ahead and non-renew the remaining homeowners' policy. So, we have to give proper notice to the homeowners of their non-renewal, which would mean we begin the process in July in earnest and in July of 2009, we will have effectively non-renewed the remaining homeowners' policies.

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