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## Specialty Underwriters Alliance Inc. Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). And your first question comes from the line of [Clayton Ripely] from Bares Capital, please proceed.

#### Clayton Ripely - Bares Capital

Yeah, could you talk a little bit more about your sub-prime exposure, is any of that -- any of those investments backed by some of these reinsurers that are struggling do you know?

#### Pete Jokiel

This is Pete Jokiel, we have four securities aggregating \$5.5 million but have sub-prime exposure. As we discussed in prior calls, 90% plus I think the numbers like 95% of those are in fixed rather than variable mortgages, most of them are not of [recent vintage] and there are all "A" rated or better market quotes in valuations today. They are difficult to get because there is liquidity in that market but we believe they are all performing very well.

Currently the default rates are very low as subordination is low as well relatively speaking and so we are very comfortable with those investments.

#### Clayton Ripely - Bares Capital

Okay, and can you give a breakout of what percentage of your investments are in "A" and AA and AAA and BBB, you have that?

#### Pete Jokiel

We do that in our 10-K, let me just -- that hasn't been filed yet that will be filed today or Monday and that breakout will be available there.

#### Clayton Ripely - Bares Capital

Okay, could you talk a little bit about the new Partner opportunities? Do you see a lot of new opportunities out there and I guess what would be the plateau for you? Are you close to adding the number of partners that you feel like you want or is sky the limit there?

#### Courtney Smith

All right, this is Courtney Smith. We have been on track to add about two to three Partner Agents each year. We expect to continue that in 2008 and 2009. I would tell you it's a little bit more difficult only because Agents now have a lot more options and opportunities. But we are still able to do two to three each year and do not see that as an issue going forward. It depends on the lines of business and where we can place the Agent particularly as it pertains to the type of business and the line of business and our diversification that we are looking for across geographical exposures.

**Clayton Ripely - Bares Capital**

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