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CRM Holdings Ltd. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions)

We will go first to Matt Carletti with Fox-Pitt Kelton.

Matthew Carletti – Fox-Pitt Kelton

Let us see if you could give a little bit more color on, we talked about some of the New York's c-businesses and because of the market, how they are electing to hold or disband whatever the proper term is. Could you talk about that and specifically what the opportunity for you is having Majestic and potentially being able to roll that business over to Majestic on a primary basis and maybe as a reference point, what kind of success you had with that, with Hitney?

Dan Hickey

Thanks Matt, I will take that question. First of all we are in a transition period in the State of New York. We had some sweeping reform change in the state with the new Governor. We feel that New York remains – short term and long term, strong and viable worker's compensation market.

What is recently happening is with tightening regulations on the self insurance side, we have seen across the entire industry the challenges within self insurance and the bottom line is that today for trust members, the choice to stay self insured comes with an expense. There were mediation and breakeven guidelines, are putting the trust funding at levels above what can be offered through traditional guaranteed cost insurance. So we realized that and thankfully put ourselves in the position to handle the insurance needs of the industries and brokers that we select to work with.

In the instance of Hitney, we were able to write a significant portion of that business. We had to be selective in the process. There were some material rate cuts in that book of business. We have transitioned a good portion of our transportation business effective January 1 - Our real estate business, our manufacturing business. Today, premium writings in New York are North of \$20 million in written premiums. That is in a period of less than 90 days. It does not account new business that we have written, beyond January 1 and are seeing very active volume on a submission activity.

What is exciting for the management team, when we look at the New York market, is unfortunately for the last couple of years, New York has been a hold and retain market. We did not have an active primary alternative and the self- insured groups were not in a position to go out and acquire the type of business that you would like to selectively underwrite.

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