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Axis Capital Holdings Ltd. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

[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. I was hoping you could ...

John R. Charman - Chief Executive Officer and President

Good morning Susan.

Susan P. Spivak - Wachovia Securities

Give us an idea of what you think the Berkshire Hathaway Swiss Re deal will mean for the reinsurance market? Does that take available premium out of the market? And then second if you could just follow-up on how much higher are your loss picks going to be in 2008 for that financial institution business? That would be great.

John R. Charman - Chief Executive Officer and President

Well I think, I can't really comment on the details of the Berkshire Hathaway Swiss Re deal... Swiss Re deal, but it will be interesting to see whether both end up on the winning side or somebody has overstated the quality and the earnings against the result from that, but I don't see it to be detrimental to the reinsurance business. It's helpful to Swiss Re at this moment in time to free out capital and it's helpful to Berkshire to access that high quality portfolio, but I don't see it detrimental to the reinsurance business globally at all. With regards to our loss picks, David do you want to...?

David Greenfield - Chief Financial Officer

Yes, Susan on a D&O tech coverage, a lot of that is claims made business. So we don't anticipate a large increase in '08 loss picks for things that are occurring in '07, but in effect we will monitor our loss picks throughout the year and continue the reserve conservatively as I've said.

John R. Charman - Chief Executive Officer and President

And Susan that... as I've said in my comments that we have a very diversified professional lines portfolio which is weighted more towards the SME areas and so that has actually performed pretty well.

Susan P. Spivak - Wachovia Securities

Okay. John it just seems that every call we are on there is no one with any major exposure to the sub-prime D&O crisis and so in your opinion where do you think all the exposure lies?

John R. Charman - Chief Executive Officer and President

Well I think Susan you've been around about quite as well as I have and you will have to understand there are some businesses that are little bit better at understanding their true exposures and others, let alone managing them and I leave that to the audience to decide and differentiate between the companies that are involved in these businesses.

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