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Employers Holdings Q3 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

You have a question from the line of William Wilt – Morgan Stanley

William Wilt – Morgan Stanley

Good afternoon, looking at the WCIRB data, I think you alluded to this Doug in your prepared remarks, looked like there was a bit of an inflection point in the frequency and severity of losses, frequency being less negatives then it had been and severity ticking up. Is that consistent with what you're observing?

Douglas Dirks

Bill it's a little early right now to predict and inflection point based on that one observation, although I would have to say it doesn't surprise us that we're now four years into reform and you would expect at some point that all of the reform benefit will emerge. So again we're not surprised by it, but I would really be looking to see that next data point to confirm that that was in fact the inflection point.

William Wilt – Morgan Stanley

Sure, thanks for that. Two others if I may. The accident year loss ratio at 59.7% if I did the math correctly is several points lower than it has been at preceding few quarters, I don't know if you could comment on whether that's a new view on the appropriate accrual going forward, whether there was some noise in the quarter, something unusual, any observations would be great.

Rick Yocke

We did make an adjustment of our current accident year provision rate in the third quarter so it's not background noise as we looked at the emerging data for 2007; we lowered our provision rates slightly.

William Wilt – Morgan Stanley

Okay, that's helpful and then the third if I could, I'm forgetting the name of the court case, but there was a case recently, settled between or adjudicated between the state comp insurance fund, WellPoint I think, one of the big health insurers in a hospital. I guess the thrust of it was that the Workers' Comp carrier had been getting discounts, so the heart of the dispute was that the Workers' Comp carrier seemed to be getting discounts for hospital services, physician services, etc. that arguably that they shouldn't have been, irrelative to the, related to the PPO. Is that anything that you

can comment on, I mean, are your claims subject to PPO discounts, do you have direct relationships with or agreements with hospitals and other medical providers to garner discounts?

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