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## AXIS Capital Holdings Q3 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Your first question comes from Ron Bobman - Capital Returns.

#### Ron Bobman - Capital Returns

I had a question about the life settlement note. Could you give us a little more background when the investment was made? I am not sure if I heard you right. Was it a \$400 million note? I may have heard you wrong; that sounded awfully large. What was the effect, the economic loss or gain investment to date? Thanks a lot.

#### David Greenfield

Sure, Ron. We made the investment at the end of 2006 in the fourth quarter and we were carrying that as a \$400 million investment in our other alternatives portfolio throughout the first three quarters of this year. As I made a comment in my remarks, we sold it at the end of the third quarter, so it is no longer on the balance sheet.

In terms of the economic returns, you can go back and look at our results for the quarter, but essentially we were carrying that on a fair value mark-to-market or mark-to-model basis and the net return on the investment side through the quarters was a net of zero through the nine months.

#### Ron Bobman - Capital Returns

At year-end '06, you had about a \$7.5 billion investment portfolio. It is presumably comprised of hundreds if not thousands of life policies, but I am surprised you'd have \$400 million in one particular note. Could you comment on that? Out of a \$7.5 billion portfolio.

#### David Greenfield

We haven't discussed the underlying details of the license settlement, but it wasn't hundreds of thousands of policies I can assure you of that. It was a particular transaction that we spent a great deal of time looking at and we were quite comfortable with the underlying risk exposure in the investment, particularly the longevity risk and we like the way that risk fit into our risk profile.

#### Ron Bobman - Capital Returns

What do you mean by longevity risk?

**John Charman**

Essentially it has to do with the underlying lives in the policy and how long those lives will continue.

**Operator**

Your next question comes from Jay Cohen - Merrill Lynch.

**Jay Cohen - Merrill Lynch**

What was the interest expense associated with the life settlement contract that now goes away, if you could just quantify that?

**David Greenfield**

I think it was about \$6 million a quarter.

**Jay Cohen - Merrill Lynch**

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