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Philadelphia Consolidated Holding Q3 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We'll go first to Mike Grasher with Piper Jaffray.

Mike Grasher - Piper Jaffray

Good morning. Congratulations on the quarter. Good afternoon. Excluding the large accounts, what would growth have been?

Jamie Maguire

Excluding the large accounts?

Mike Grasher - Piper Jaffray

Yes. So if you back out -- I guess, how much did you actually lose in large accounts?

Jamie Maguire

I'd have to get that number for you, Mike. I don't have -- do you mean over \$100,000 in premium?

Mike Grasher - Piper Jaffray

Exactly.

Jamie Maguire

I mean I think we're holding on to most of them. I would have to get you a firm number on that. I don't have that at my fingertips.

Mike Grasher - Piper Jaffray

Okay. And then, Sean, can you talk about the new businesses? There's a couple I think that you have recently introduced. I mean how much are you looking to do when you get a new line established in, I guess, the first year?

And then how do you think about the, I guess, the growth rates after the first year? So by year two, you would like to see it growing X amount, and how much total premium by the end of, say, year three or year five, whatever it may be?

Sean Sweeney

We introduced museums, zoos, botanical gardens and aquariums, if that might be what you're referencing. We'd like to see a product aggregate about a \$5 million range within the first 12 to 18 months and then grow at about 15% a year thereafter with the caveat that it has to be profitable and meet the underwriting criteria that we've established.

Mike Grasher - Piper Jaffray

Okay. And then a final question around the expense ratio dropping, I mean, does it go any lower than where we are right now? Is this kind of a base?

Jamie Maguire

I think it's a good base to go with. I mean we're hoping that we're going to see some efficiencies from some of our technology that we're going to implement over the next year or two. So I think in the short term, this is a good run rate.

Mike Grasher - Piper Jaffray

Okay. Thank you.

Operator

We'll next go to Amit Kumar with Fox-Pitt Kelton.

Amit Kumar - Fox-Pitt Kelton

Good afternoon. Just starting with the market conditions. Jamie, I think you mentioned that a number of companies have identified Philly as a target. Could you just expand on that?

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