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Aspen Insurance Holdings Ltd. Q3 2008 Earnings Conference Call Transcript

Question-and-Answer Session

Thank you. [Operator Instructions]. Our first question is coming from Jay Gelb of Barclays Capital.

Jay Gelb - Barclays Capital

Thanks very much and good morning. Chris that was a great review in terms of what it may take to change the cycle here. I believe one of the things you mentioned was low rate and high attritional losses. It seems it was maybe different about the cycle is that the underwriting results are still overall pretty solid, including what most of would argue is still some excess loss reserve positions for the industry. Do we need to see loss reserves start to become more deficient for the industry with higher calendar year underwriting losses before we can call it a turn?

Christopher O'Kane - Chief Executive Officer

Jay, I mean... I think it's incredibly difficult one to call. And I agree with you, that's why I was really trying to say there are reasons to be cautious and there are reasons to be optimistic. And if you want to put it prudently, things happened in that bad so far for most people, notwithstanding the depletion of returns on the investment side. There probably is maybe another year worth of over reserving within the industry as a whole, maybe 18 months. I think the first factor is you're going to see that trying to being leached out, maybe that's easier to do than push for rate increases, which would say may be we see the beginnings of the turn this year-end and may be it begins to develop and strengthen over the next 18 months or so with may be a hard market coming more in let's say 2010 rather than 2009.

I think it's very, very tough to call. The other side is how long is the crisis investments markets going to carry on. I mean if that recovers, it eases pressure on underwriting. If that intensifies, it increases pressure on underwriting. So, I feel I don't want to sit on fence here but I feel things are definitely looking up compared to what they were, but it might be a little bit early to sound the trumpet and say the hard market is with us.

Jay Gelb - Barclays Capital

Okay. That makes a lot of sense. And then secondly, can you talk about the exposure to the hurricanes, you saw it on the property reinsurance, the property insurance, the international to the offshore? When you look back in terms of the risk management process, is Aspen comfortable that it wasn't accepting too much exposure in too many different parts of the franchise?

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