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W.R. Berkley Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Dan Johnson – Citadel

Dan Johnson – Citadel

Can you talk about, you mentioned the conservative marks, can you talk about where the muni's were marked at the end of the year?

William Berkley

They were marked to wherever the market value was. There was very little difference in our market or KPMG's market.

Gene Ballard

Our muni portfolio is all level 1.

William Berkley

It's all very totally marketable stuff and very high rated.

Dan Johnson – Citadel

So are we talking sort of upper 90s, lower 90s?

William Berkley

We mark each security to market. I can't give you an answer to that.

Dan Johnson – Citadel

Do you have the paid for the quarter?

Gene Ballard

The losses were 685.3.

Dan Johnson – Citadel

Just to comment on the ROE, just to set it to you look at that on an average or on a beginning basis?

William Berkley

We do it on a beginning basis. Some years like this year, it didn't work it so well.

Dan Johnson – Citadel

and if we're counting on pricing to realistically look like a later in the year event and just given the sort of lag between when you write something and when you earn it, if pricing improves a later in the year, why would ROEs sort of move up concurrently, or are you talking about, as it's being written as opposed to being earned.

William Berkley

First of all, I think we said we expect our combined ratio to be reflective of this. I think we're expecting that the investment portfolio will be impacted as in the fourth quarter in the first quarter this year and we think those issues will be disappearing as we get into the year, because you can't mark things down less than zero.

Dan Johnson – Citadel

Okay, so that's more, the ROE is more of an investment comment in the short term than a pricing comment?

William Berkley

Yes sir.

Operator

Your next question comes from the line of Meyer Shields – Stifel Nicolaus

Meyer Shields – Stifel Nicolaus

Do you have the same expectations for the timing of any turn in reinsurance as you do on the primary side?

William Berkley

Actually, we think reinsurance is going to turn sooner. We think that there is capacity constraints. Reinsurance pricing was down less than 5% in January for our business and we think that reinsurance pricing is going to start to get better on the 401 renewals. So, in fact, we think our reinsurance is going to get better sooner than we are optimistic about that business.

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