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AXIS Capital Holdings Limited Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Josh Shanker – Citi

Josh Shanker – Citi

Your comfort in not being concerned about the recessions impact on the hard market for insurance particularly I was wondering in terms of if you look at most companies renewals they were not as aggressive as your own which might suggest you have some stronger appetite in capital comfort then your competitors. If you could focus a little bit on going into detail about what the market fears about the recession and why you don't think it's going to be a key issue?

John Charman

I'm not sure that we've demonstrated that we were aggressive in our insurance lines. We have stated throughout that we've actually been extremely defensive. You only have to look at the reductions in our property lines for instance and areas within our professional lines. I think we've actually been the opposite to being aggressive. I think we've capitalized on opportunities situations. Overall we've been extremely defensive in that quarter. We'll wait and see how the market reacts.

Josh Shanker – Citi

The expiring premium how much you renewed it for its considerably higher then some of your peers.

John Charman

If you actually look at our renewal premium we're actually down on a lot of our renewable premium as a portfolio. Let me just be clear about this, our portfolio has been extremely defensive on the insurance underwriting in the last quarter. I'm happy to talk about the recession's impact on the insurance portfolio which is bound to have an impact because the industrial companies are suffering greatly from the recession globally and will be cutting back and descaling their activity.

At the same time as that is the insurance marketplace which is significantly under priced, an awful lot of the specialty insurance products is going to have to move pricing upwards materially to recover some of the ground they've lost over the last three years. Secondly and equally importantly is the fact that there's a material reduction of capital and capacity available by insurers to write this business which again is going to force pricing increase.

Josh Shanker – Citi

Enough to offset the decline in policy count?

John Charman

Yes.

Josh Shanker – Citi

In the political risk you gave an example of your case reserves for the few cases that you have at average reserve of \$9.5 million. I was wondering if you could give us some equivalency to what the net limits would be for those cases.

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