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Delphi Financial Group Q42008 Earnings Call Transcript

Question-and-Answer Session

Operator

Certainly. (Operator instructions). We'll take our first question from the line of Randy Binner, with FBR Capital Markets. Please go ahead.

Randy Binner - Friedman, Billings, Ramsey & Company

Hi. Thank you. Just on the guidance, I guess a little more color about how the yield would ramp back up and maybe just more explanation of how we would see those funds come back on line. It just seems like, in my model, it would be—you know, you'd have to really start ramping up that portfolio to get to that yield. So, just maybe color on when you're—if you're feeling more comfortable now with the market and how you look to ramp that back up.

Robert Rosenkranz

No, on the contrary. The guidance that we gave, simply projects a run rate on the existing assets currently held in portfolio. It does not assume any kind of ramp up in yield from the investment of cash balances.

Randy Binner - Friedman, Billings, Ramsey & Company

Okay, so it's the portfolio as currently positioned?

Robert Rosenkranz

Yes, exactly.

Randy Binner - Friedman, Billings, Ramsey & Company

Okay, and just one other quick one on the investments and I'll get back in the queue. With the negative results in the fourth quarter, on the alternative investments, where—how much of those losses, if you will, were from issues that are being exited, versus items that remain in the current holdings with the alternative investments?

Robert Rosenkranz

I don't have that completely top of mind. We'll get back to you on that.

Randy Binner - Friedman, Billings, Ramsey & Company

Okay, that's great. I'll get back in the queue. Thank you.

Operator

Thank you. We'll take our next question in from the line of Beth Malone with Wonder, Leslie (ph). Go ahead

Beth Malone - Wonder Leslie

Thank you. Could you just talk about what you think the rating—how you're interacting with the rating agencies over these results and the outlook and whether if they decided to downgrade, would that have a material impact on your business in the divisions?

Robert Rosenkranz

Well, I'm going to ask Bob Smith to give some color on that, but I think we believe that our RBC ratios, which have essentially been unchanged during the year are consistent with our ratings and really we don't see any rationalization for downgrade. We are of course on negative outlook as is most life insurance industry, but Bob, can you give some color?

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