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Brown & Brown, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Mark Hughes - SunTrust Robinson Humphrey

Mark Hughes - SunTrust Robinson Humphrey

What do you think the effect in Florida will be from a State Farm pulling out and then what are the prospects for Citizen raising rates in 2010.

Hyatt Brown

Well number one they, the pull out of State Farm has caused a lot of turmoil. We are getting as everybody is lots and lots of phone calls from irate State Farm policy holders and we do have some capacity although a lot of that business is going to go by definition into some of the take out companies at substantially higher rates than what are being currently charged by State Farm. Now currently the situation is that we think that the Citizens is going to raise rates 10% in 2010, 10% in 2011 and 10% in 2012.

That's not done yet so we'll see. Now there is a substantial angst now occurring in Florida among the bankers of Florida for the simple reason that it does not appear and I guess Jim can talk to this a little later in our teleconference, there is a substantial fear that by having more and more homes and other properties go into Citizens and the fact that the state currently probably can't raise the money to pay for a bad hurricane then what happens to the banks who are kind of holding the bag out there waiting for someone to pay them.

So we have a little bit of an angst going on. The pull out of State Farm I think is going to occur over a two year period. I haven't really found out and I'm sure exactly who knows about that yet. But it is not like tomorrow they're all gone, its going to be phased out.

Mark Hughes - SunTrust Robinson Humphrey

And then if you could sort aggregate your comments from across the country what do you think the impact from rates versus exposure units was in the quarter when you look at your organic growth.

Hyatt Brown

Well if I had to guess and we don't have a statistical ability to get into this, I would say that across the country exposure units were a greater impact than rates.

Operator

Your next question comes from the line of Keith Alexander – JPMorgan

Keith Alexander – JPMorgan

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