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## HCC Insurance Holdings, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### **Operator**

(Operator instructions) Your first question comes from the line of Mark Lane with William Blair & Company.

#### **Mark Lane – William Blair & Company**

Good morning. Just got a couple quick ones. So as of year-end, can you give us an idea what's the total net reserve position in the economically sensitive lines that you've highlighted D&O credit and surety of the total company's net reserves.

#### **John Molbeck**

Mark, we don't break down our net reserves by line of business. Ultimately when the K is filed, you will find it in the K which is not long from now.

#### **Mark Lane – William Blair & Company**

Okay. And regarding market conditions and I appreciate your candid assessment, so on the D&O side do you have an appetite to grow that business of this year, certainly a lot of dislocation in that market. What's your strategy going into 2009?

#### **John Molbeck**

Our strategy is not any different than it has been in the past other than we continued to remain opportunistic and obviously there's a lot more opportunity in 2009 than was in previous years. Buyers even more than the retail brokers have want to step up the quality of the insurance companies that provide coverage. And HCC being one of the few that are A plus and AA rated, we are seeing opportunities in 2009, for a relatively newcomer being in the business less than 10 years that we wouldn't otherwise see. We have great relationships with the major brokers that produce those lines of business and we expect to take advantage of it in 2009.

#### **Mark Lane – William Blair & Company**

It is the pricing there for you to take share, I mean the approach is – you said the approach is the same now as it was in the past, but your interest levels got to be dramatically higher than it's ever been?

#### **John Molbeck**

Well, we are getting into too greater detail. I would say that the premium on financial institution businesses is certainly, let's say, more than 30% over expiring. And the overall book of business is actually counting the non-financial institution businesses are more than 10%. And we are only into the month of January. So I think – and we certainly are seeing the opportunities to play at areas and levels where we haven't had the opportunity before. And Andy Stone who runs the US operations, Matt Fairfield who runs the international operations are known as individuals that brokers can come to and work out solutions to solve their problems.

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