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## CRM Holdings Ltd. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Your first question comes from Matthew Carletti - Fox-Pitt Kelton.

#### Matthew Carletti - Fox-Pitt Kelton

A quick question on capital management, I mean you de-risk the business model a little bit at year-end canceling some of the New York business. You indicated that you don't expect, I guess you said flat premium growth should be expected for 2009. With the stock where it is, \$1 million share repurchase which is less than 1% of your capital base would buy back nearly 10% of the company.

Can you comment on it, do you have any plans for putting even a little bit of capital to work that I think would go a long way towards your stated goal of building book value?

#### Daniel Hickey

Yes, our Board of Directors is looking into very aggressively a stock repurchase plan and when I say aggressively, I mean looking into how that would work and what the potential outcomes a buyback would have.

The most considerable piece of any buyback plan that we have to contemplate is maintaining our AM best rating. So we intend, to further consult with our Board of Directors and look at A from a BCAR modeling perspective, what do we determine is available capital, keeping the company moving in a favorable direction and then how much of the capital can be used for buyback without interrupting our BCAR and not disturbing our favorable relationship with AM best that has an A minus rating.

#### Matt Carletti – Fox-Pitt Kelton

Does that also play in any way to your, I guess what are your thoughts buying back stock at 10% of book value, versus adjusting the quota share which is also capital relief in other forms. Do you view one as having a better return than the other?

#### Daniel Hickey

Obviously if you look at the relationship on a book value per share, of a buyback plan, there are certainly at these stock prices is value in doing that. We also have to look at and balance the expense charges that are associated with third-party quota share. Obviously there is an expense associated with using another company balance sheet.

So, we'll weigh those factors, again all things being equal if we have excess capital, at these stock prices, buyback appears to be a very favorable direction to go in. We hope to announce in the near future specificity on a plan, but we won't do that without first making sure that we don't in any way interrupt our rating or agitate that rating with AM Best.

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