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## The PMI Group, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator Instructions) Your first question comes from Joseph Marino - Piper Jaffray.

**Joseph Marino - Piper Jaffray**

Could you give us some commentary on some trends that happened in the first quarter? How has business been so far this quarter and this year, I guess, to date?

**L. Stephen Smith**

Yes, Joseph. So far through February the trends are as we expected and in some cases a little bit favorable to our expectations so far.

**Joseph Marino - Piper Jaffray**

More favorable than fourth quarter trends?

**L. Stephen Smith**

I can't relate it to the fourth quarter, but in terms of what we're expecting for the year, many of the trends are favorable as we built our plan.

**Joseph Marino - Piper Jaffray**

What were your paid losses in the fourth quarter, paid claims?

**Donald P. Lofe, Jr.**

\$243 million.

**Operator**

Your next question comes from Donna Halverstadt - Goldman Sachs.

**Donna Halverstadt - Goldman Sachs**

You suggested a hold co cost down significantly this year. What's a good estimated annual run rate on the non-interest hold co costs?

**Donald P. Lofe, Jr.**

There's two things, Donna. One, you've got to look at it from an expense point of view. And from FAS 123(R), option costs, that's roughly about \$5 million on a pre-tax basis, and then other allocated costs would be about \$3 to \$4 million on an annualized basis. And both those numbers are pre-tax.

**Donna Halverstadt - Goldman Sachs**

And what's the annual run rate cost on the facility?

**Donald P. Lofe, Jr.**

The facility at this point in time is roughly from a cost perspective about \$9 million. But again, as we talked about, we're in discussions to amend that. That would be total interest and facility fees and things such as that, so that's an all-in cost.

**Donna Halverstadt - Goldman Sachs**

And then thinking about resources, you mentioned the cash and investments at the hold co. There's also the receivable from PMI related to the tax-sharing agreement. Can you talk about how large that is, when it might be forthcoming, whether or not payment to you is subject to regulatory approval, and whether or not there's anything else other than insurance regulators that could stop payment of that receivable to the hold co?

**Donald P. Lofe, Jr.**

Sure. There's two components of this for 2009. There's a refund that is attributable to the 2007 year, and we expect that to be paid in the first half of 2009. And so we don't see any issues with respect to that.

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