NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

NAIC 2021 SPRING NATIONAL MEETING VIRTUAL

Date: 3/4/21

Virtual Meeting
(in lieu of meeting at the 2021 Spring National Meeting)

MORTGAGE GUARANTY INSURANCE (E) WORKING GROUP
Wednesday, April 6, 2021
12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 a.m. – 10:00 a.m. PT

ROLL CALL

Kevin Conley, Chair	North Carolina	Margot Small	New York
Kurt Regner	Arizona	Melissa Greiner	Pennsylvania
Monica Macaluso	California	Doug Slape	Texas
Robert Ballard	Florida	Amy Malm	Wisconsin
John Rehagen	Missouri		

NAIC Support Staff: Andy Daleo

AGENDA

1. Discuss Comments Received on the Proposed Mortgage Guaranty Exhibit—*Kevin Conley (NC)* Attachment A

2. Update on the State Regulatory Mortgage Insurance Capital Model (SRMICS) —*Kevin Conley (NC)* Attachment B

3. Discuss Any Other Matters Brought Before the Working Group—*Kevin Conley (NC)*

4. Adjournment

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NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

		FOR NAIC USE ONLY
	DATE: 3/4/2021	Agenda Item #_____
CONTACT PERSON:	Andy Daleo	Year 2021
TELEPHONE:	(816) 783-8141	Changes to Existing Reporting [X]
EMAIL ADDRESS:	adaleo@naic.org	New Reporting Requirement [ ]
ON BEHALF OF:	Mortgage Guaranty Ins. Working Group	**REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT**
NAME:	Kevin Conley	No Impact [X] Modifies Required Disclosure [ ]
TITLE:	Chair	**DISPOSITION**
AFFILIATION:	NC Department of Insurance	[ ] Rejected For Public Comment [ ] Referred To Another NAIC Group [ ] Received For Public Comment
ADDRESS:	325 N Salisbury Street	[ ] Adopted Date _____ [ ] Rejected Date _____
	Raleigh, NC 27603	[ ] Deferred Date _____ [ ] Other (Specify) _____

BLANK(S) TO WHICH PROPOSAL APPLIES

[X] **ANNUAL STATEMENT**	[X] **INSTRUCTIONS**	[ ] **CROSSCHECKS**
[ ] **QUARTERLY STATEMENT**	[X] **BLANK**	
[ ] Life, Accident & Health/Fraternal	[ ] Separate Accounts	[ ] Title
[X] Property/Casualty	[ ] Protected Cell	[ ] Other _____
[ ] Health	[ ] Health (Life Supplement)	

Anticipated Effective Date: Annual 2021

IDENTIFICATION OF ITEM(S) TO CHANGE

Add a new supplement Mortgage Guaranty insurance Exhibit to capture more information from mortgage guaranty insurers.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

The proposed Mortgage Guaranty Insurance Supplement will be primarily used by the domestic regulators of mortgage guaranty insurers. Currently, there is limited data captured on mortgage guaranty insurance within the financial statement. The proposed supplement will provide the means for the regulators to assess the capital level of the insurer and their overall financial solvency.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date:_____

Other Comments:

** **This section must be completed on all forms.** **Revised 7/18/2018**

MORTGAGE GUARANTY INSURANCE EXHIBIT

This exhibit is required to be filed no later than April 1.

All reporting entities reporting mortgage guarantees on Line 6 of the Annual Statement Underwriting and Investment Exhibit, Part 1 and/or Part 2 must prepare this Exhibit.

The following definitions should be used in completing the Mortgage Guaranty Insurance Exhibit:

a. "Primary Flow Business" means loans are insured on an individual loan-by-loan transaction basis. Premium rates typically vary depending on the perceived risk of a potential claim on the loan type based on consideration of the loan to value ratio, borrower credit score, payment plan, mortgage term and property type. The mortgage instrument may require the borrower to pay for the mortgage insurance, which is referred to as "borrower paid". Alternatively, the lender may be required to pay the premium, who in turn recovers the premium through an increase in the note rate, which is referred to as "lender paid".

b. "Pool and Bulk Business" means a collection of mortgages with similar rates and terms which are often securitized by dividing the pool into bonds backed by the payments of principal and interest into the pool by borrowers. Pool insurance typically covers the loss on a defaulted mortgage loan included in the pool, which is in excess of the loan's primary coverage, as well as the total loss on a defaulted mortgage which does not require primary coverage. Pool insurance may have a stated aggregate loss limit for a pool of loans or a deductible under which no loss is paid by the insurer until the deductible is exceeded. Bulk Business means coverage is provided on each mortgage loan included in a defined portfolio of loans insured under a single or bulk transaction. Bulk coverage typically insures the closed loans in an insured portfolio to a specified level of coverage. Loans insured on a bulk basis are typically part of a negotiated transaction, resulting in a composite rate applied to all such loans in the portfolio.

SCHEDULE MG

There are five parts and the interrogatories within Schedule MG. Part 1 provides detailed information on losses and loss expenses. Part 2 provides a history of incurred losses and loss expenses on a policy year basis. If the reporting entity is unable to provide any part of the data required in Schedule MG for years prior to 1994, the company must obtain a letter of waiver from its domiciliary commissioner. A copy of this letter must be included with the reporting entity's filing of the Mortgage Guaranty Insurance Exhibit. Data for 1994 and subsequent should be provided in complete detail except for adjusting & other expenses (A&O) that should be in complete detail for 1996 and subsequent.

Schedule MG includes only the data for the insurer identified on the cover of the exhibit. Do not include consolidated data for affiliated companies. If the insurer participates in a pooling agreement, it should report only its share of the business, not the total of all participants.

In those instances where an insurer files an amended annual statement as a result of a restatement of prior year written premium, losses or loss adjustment expenses, Schedule MG must be restated and included in the amended of the exhibit. In those instances where one insurer is merged into another mortgage guaranty insurer, Schedule MG must be prepared so it includes the entire combined history of both companies.

When changes to pooling agreements impact prior policy years, historical data values in Schedule MG Parts, 1 and 2 should be restated based on the new pooling percentage. This should be done to present meaningful development patterns in Schedule MG. When pooling changes only impact future policy years, no restatement of historical values should be made.

Earned premium is on a calendar-year basis. Losses incurred should be assigned to the year in which the policy was written that triggered coverage under the contract.

Retroactive reinsurance should not be reflected in Schedule MG. The transferor in such an agreement must record, without recognition of the retroactive reinsurance, its loss and loss adjustment expense reserves on a gross basis on its balance sheet and in all schedules and exhibits. The transferee in such an agreement must exclude the retroactive reinsurance from its loss and loss expense reserves and from its schedules and exhibits.

The reserves for unpaid losses and loss adjustment expenses should take into account the explicit or implicit impacts of the various factors affecting claim frequency or ultimate claim cost.

Schedule MG, Part 1 is organized so that written premiums and other income for a year are matched with corresponding losses and Defense & Cost Containment expenses (D&CC) and Adjusting & Other expenses for policies issued during that year. Experience is shown for direct business, reinsurance assumed, reinsurance ceded and net of reinsurance.

Policy year loss and loss adjustment expense payments and reserves should be assigned to the year in which the policy was written under which coverage is triggered.

Part 2 displays 20-year loss development triangles on a policy year basis. In Part 2, losses are combined with D&CC. Loss and D&CC development is shown for total incurred, payments, case basis reserves, bulk reserves and incurred but not reported (IBNR) reserves (policy year basis only). Part 2 displays 20-year claim count development triangles on a policy year basis.

For report year development, group the claims by year in which the claim was first reported. The reserves reported are expected to represent the ultimate amounts to be paid, including anticipated inflation.

Report all dollar amounts in Schedule MG in thousands of dollars ($000 omitted), either by rounding or truncating. All claim counts are to be shown in whole numbers.

The number of claims reported is to be cumulative by policy year. The number of claims reported for each policy year is equal to the number of open claims at the end of the current year plus cumulative claims closed with or without payment for the current and prior calendar years.

For reporting entities reporting on a pooling basis, the pooling percentage should be applied to claim count as well as dollar amounts.

If the company changes its method of counting claims, the new method should be disclosed in the Notes to Financial Statements.

SCHEDULE MG- PART 1 – SUMMARY

Part 1 – Summary provides a 10-year summary of loss and defense & cost containment experience for the company. Part 1 – Summary should be equal to the sum of Part 1A and Part 1B. Columnar headings provide instructions necessary for completion.

The columnar headings provide instructions necessary for completion.

For each year, Number of Claims Reported (Column 17) should include the cumulative number of claims reported through the annual statement date for pooled and non-pooled business. For reporting entities reporting on a pooling basis, the pooling percentage should be applied to claim count as well as dollar amounts. Indicate in the Interrogatories whether per claim or per claimant.

Cumulative salvage and subrogation received and losses and expenses paid should be reported for each specific year. For "prior," report only salvage and subrogation received and losses and expenses paid in current year.

In Schedule MG, Part 1, salvage and subrogation received should be reported net of reinsurance, if any. Loss payments are to be reported net of salvage and subrogation received in Schedule MG.

Adjusting & Other Payments, Column 15, should reflect net payments in 1996 and prior and direct and assumed payments for 1997 and subsequent.

Premiums earned and losses paid, unpaid, and incurred should reconcile with the Statement of Income page. The workpapers that show a reconciliation explaining reinsurance and salvage and subrogation adjustments should be available for examination on request.

"Assumed" means reinsurance assumed, including from affiliated pooling agreements, but excluding any non-proportional reinsurance assumed reported as a separate line and reported accordingly.

"Direct" means as directly written, but not if part of an affiliated pooling agreement.

"Ceded" means reinsurance ceded on business so reported as direct or assumed.

Line 1, "Prior," Columns 8 through 16 should only reflect amounts paid or received in the current calendar year.

Report cumulative amounts paid or received for specific years.

"Defense & Cost Containment" expenses include defense, litigation and cost containment expenses, whether internal or external. "Defense" means defense by the reporting entity in a contentious situation, whether a first party or a third-party claim. The fees charged for reporting entity employees should include overhead, just as an outside firm's charges would include. The expenses exclude expenses incurred in the determination of coverage. These expenses include the following items:

1. Surveillance expenses;
2. Fixed amounts for cost containment expenses;
3. Litigation management expenses;
4. Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by accident year;
5. Fees or salaries for appraisers, private investigators, hearing representatives, inspectors and fraud investigators, if working in defense of a claim, and fees or salaries for rehabilitation nurses, if such cost is not included in losses;
6. Attorney fees incurred owing to a duty to defend, even when other coverage does not exist; and
7. The cost of engaging experts.

"Adjusting & Other" expenses are those expenses other than those above and which have been assigned to the "Loss Adjustment Expense" group in the Underwriting and Investment Exhibit, Part 3, Expenses. These expenses include the following items:

1. Fees of adjusters and settling agents (but not if engaged in a contentious defense);

2. Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by calendar year;

3. Attorney fees incurred in the determination of coverage, including litigation between the reporting entity and the policyholder; and

4. Fees or salaries for appraisers, private investigators, hearing representatives, re-inspectors and fraud investigators, if working in the capacity of an adjuster.

The foregoing list is not intended to be all-inclusive. We are relying on the reporting entities to use reasonable judgment in particular situations.

Reporting entities should assign the "Defense & Cost Containment" expenses to the policy year in which the associated losses were assigned. Reporting entities may assign the "Adjusting & Other" expenses in any justifiable way among the policy years. The preferred way is to apportion these expenses in proportion to the number of claims reported, closed, or outstanding each year.

Please Note: This instruction is intended solely to give guidance on reporting loss adjustment expenses in Schedule MG in the annual statement. It is not intended to provide guidance on the types of expenses to include in loss adjustment expenses. These definitions of defense & cost containment expense and adjusting & other expense are not intended to affect insurance or reinsurance agreements or other contractual agreements.

Pooling

Many insurers have a pooling arrangement with affiliated companies, approved by the domiciliary commissioner, in which the business written is reallocated among the affiliated companies according to a specified percentage. Some affiliated companies may be part of the pool and some may not, and some lines may be included, and some may not. The premiums and losses are to be reported in Schedule P after such pooling arrangements, not before.

Pooled business ceded is that which, if retained instead of ceded, would be pooled among the affiliated companies who are party to the pooling agreement. Any such business that is ceded by the pool participants to non-pooled companies prior to the pooling distribution among the participating companies is considered pooled business ceded. Non-pooled business includes all direct, assumed, and ceded business not subject to pooling, as well as any pooled business that is ceded after the pooling distribution has been made.

Direct and Assumed columns include the participation in any pool. In addition, all direct business not pooled plus assumed business from other than the pool is to be included. Ceded columns include the company's participation in the pool such as any ceding by the company to companies independent of the pool.

Claim counts should be reported in accordance with the pooling arrangement and should reflect the company's proportionate share of the total number of claims. If the company's losses are 40% of the pool, then 40% of the claim count should be reported.

The pooling percentage is to reflect the company's participation in the pool as of year-end. When changes to pooling agreements impact prior policy years, historical data values in Schedule MG Parts, 1 and 2 should be restated based on the new pooling percentage. This should be done to present meaningful development patterns in Schedule MG. When pooling changes only impact future policy years, no restatement of historical values should be made.

Column 7 – Premiums Earned and Other Income Net

Should equal Columns 3 + 4 + 5 – 6.

Column 16 – Total Net Loss and Expense Paid

Should equal Columns 8 + 9 – 10 + 11 + 12 – 13 + 15.

Column 25 – Total Net Loss and LAE Unpaid

Should equal Columns 18 + 19 – 20 + 21 + 22 -23 + 24.

Column 27 – Losses and Defense & Cost Containment Expenses Incurred Direct

Should equal Columns 8 + 11 + 18 + 21.

Column 28 – Losses and Defense & Cost Containment Expenses Incurred Assumed

Should equal Columns 9 + 12 + 19 + 22.

Column 29 – Losses and Defense & Cost Containment Expenses Incurred Ceded

Should equal Columns 10 + 13 + 20 + 23.

Column 30 – Losses and Defense & Cost Containment Expenses Incurred Net

Should equal Columns 27 + 28 – 29.

Column 31 – Loss and LAE Ratio Direct Basis

Should equal (Columns 15 + 24 + 27)/Column 3.

Column 32 – Loss and LAE Ratio Net Basis

Should equal (Columns15 + 24 + 30)/(Columns 7 – 5).

Column 33 – Net Loss & LAE Coverage

Should equal (Columns 15 + 24 + 30)/Column 1.

Column 34 – Net Reserves

Should equal Columns 25 – 33.

SCHEDULE MG – PARTS, 1A and 1B

Reporting entities should complete Schedule MG in thousands only but must report all claim counts in whole numbers.

NOTE: For "prior," report amounts paid or received in current year only. Report cumulative amounts paid or received for specific years. Report loss payments net of salvage and subrogation received.

The number of claims reported is to be cumulative by accident year. The number of claims reported in each accident year is equal to the number of open claims at the end of the current year plus cumulative claims closed with or without payment for current and prior calendar years.

Column 7 – Premiums Earned and Other Income Net

Should equal Columns 3 + 4 + 5 – 6.

Column 16 – Total Net Loss and Expense Paid

Should equal Columns 8 + 9 – 10 + 11 + 12 – 13 + 15.

Column 25 – Total Net Loss and LAE Unpaid

Should equal Columns 18 + 19 – 20 + 21 + 22 -23 + 24.

Column 27 – Losses and Defense & Cost Containment Expenses Incurred Direct

Should equal Columns 8 + 11 + 18 + 21.

Column 28 – Losses and Defense & Cost Containment Expenses Incurred Assumed

Should equal Columns 9 + 12 + 19 + 22.

Column 29 – Losses and Defense & Cost Containment Expenses Incurred Ceded

Should equal Columns 10 + 13 + 20 + 23.

Column 30 – Losses and Defense & Cost Containment Expenses Incurred Net

Should equal Columns 27 + 28 – 29.

Column 31 – Loss and LAE Ratio Direct Basis

Should equal (Columns 15 + 24 + 27)/Column 3.

Column 32 – Loss and LAE Ratio Net Basis

Should equal (Columns15 + 24 + 30)/(Columns 7 – 5).

Column 33 – Net Loss & LAE Coverage

Should equal (Columns 15 + 24 + 30)/Column 1.

Column 34 – Net Reserves

Should equal Columns 25 – 33.

SCHEDULE MG- PART 1A – PRIMARY FLOW BUSINESS

Part 1A provides a summary of primary flow business premium, payments, claims, and reserves by policy year. Columnar headings provide instructions necessary for completion.

SCHEDULE MG- PART 1B – POOL AND BULK BUSINESS

Part 1B provides a summary of pool and bulk flow business premium, payments, claims, and reserves by policy year. Columnar headings provide instructions necessary for completion.

SCHEDULE MG- PART 2
POLICY YEAR DIRECT INCURRED LOSS AND DEFENSE & COST CONTAINMENT EXPENSE

Part 2 provides a historical summary of loss and defense & cost containment expenses development by policy year. Columnar headings provide instructions necessary for completion.

The definition of "prior years" should be the same as that used by the company in Part 1.

SCHEDULE MG- PART 2A
POLICY YEAR DIRECT PAID LOSS AND DEFENSE & COST CONTAINMENT EXPENSE

Part 2A shows cumulative direct loss and defense & cost containment expense payments by year the policy was written as of December 31 of each year shown in Columns 1 to 10.

SCHEDULE MG- PART 2B
POLICY YEAR DIRECT CURRENT RISK IN FORCE

Part 2B provides a policy year summary of direct risk in force.

SCHEDULE MG- PART 2C
POLICY YEAR DIRECT EARNED PREMIUM

For Schedule MG, Part 2C, the premiums to be reported are exposure or coverage year earned premiums, recalculated each subsequent year to reflect audits, retrospective adjustments based on loss experience, accounting lags, etc. Mechanically, the earned premium file would be restated and the earned premium calculation repeated each year. Premium adjustments for policy periods that cover more than one calendar year should be proportionately distributed between the calendar years covered by the policy period. The objective is to develop earned premiums by calendar year of coverage consistent with the loss and Defense & Cost Containment expense by policy year. Only accident years 1993 and subsequent must be reported.

SCHEDULE MG- PART 2D
POLICY YEAR DIRECT CALCULATED SRMICS

Part 2D provides a policy year summary of direct calculated State Regulatory Mortgage Insurance Capital Standard (SRMIC).

SCHEDULE MG- PART 2E
POLICY YEAR DIRECT DELINQUENCIES

Part 2E provides a policy year summary of direct delinquencies.

MORTGAGE GUARANTY INSURANCE EXHIBIT

FOR THE YEAR ENDED DECEMBER 31, 20XX

(To Be Filed by April 1)

Of: ……

NAIC Group Code ..... NAIC Company Code ..... Employer's ID Number .....

SCHEDULE MG- PART 1 – SUMMARY

($000 OMITTED)

Years in Which Policies Written	1 Original Risk In Force Written in Millions	2 Current Risk In Force Written in Millions	Premiums Earned and Other Income					Loss and Defense & Cost Containment Expenses Payments					
								Loss Payments			Defense & Cost Containment Expenses Payments		
			3 Direct Premium	4 Assumed Premium	5 Other Income	6 Ceded Premium	7 Net	8 Direct	9 Assumed	10 Ceded	11 Direct	12 Assumed	13 Ceded
1. Prior													
2. 2012													
3. 2013													
4. 2014													
5. 2015													
6. 2016													
7. 2017													
8. 2018													
9. 2019													
10. 2020													
11. 2021													
12. Totals													

	14 Salvage and Subrogation Received	15 Adjusting & Other Expense Payments	16 Total Net Loss and Expense Paid	17 Number of Claims Reported (Direct)	Loss and Defense & Cost Containment Expenses Unpaid						24 Adjusting & Other Expense Unpaid
					Known Claim Reserves			IBNR Reserves			
					18 Direct	19 Assumed	20 Ceded	21 Direct	22 Assumed	23 Ceded	
1. Prior											
2. 2012											
3. 2013											
4. 2014											
5. 2015											
6. 2016											
7. 2017											
8. 2018											
9. 2019											
10. 2020											
11. 2021											
12. Totals											

	25 Total Net Loss and LAE Unpaid	26 Number of Claims Outstanding (Direct)	Losses and Defense & Cost Containment Expenses Incurred				Loss and LAE Ratio		33 Net Loss & LAE Coverage	34 Net Reserves
			27 Direct	28 Assumed	29 Ceded	30 Net	31 Direct Basis	32 Net Basis		
1. Prior										
2. 2012										
3. 2013										
4. 2014										
5. 2015										
6. 2016										
7. 2017										
8. 2018										
9. 2019										
10. 2020										
11. 2021										
12. Totals										

SCHEDULE MG- PART 1A – PRIMARY FLOW BUSINESS

($000 OMITTED)

Years in Which Policies Written	1 Original Risk In Force Written in Millions	2 Current Risk In Force Written in Millions	Premiums Earned and Other Income					Loss and Defense & Cost Containment Expenses Payments					
								Loss Payments			Defense & Cost Containment Expenses Payments		
			3 Direct Premium	4 Assumed Premium	5 Other Income	6 Ceded Premium	7 Net	8 Direct	9 Assumed	10 Ceded	11 Direct	12 Assumed	13 Ceded
1. Prior													
2. 2012													
3. 2013													
4. 2014													
5. 2015													
6. 2016													
7. 2017													
8. 2018													
9. 2019													
10. 2020													
11. 2021													
12. Totals													

	14 Salvage and Subrogation Received	15 Adjusting & Other Expense Payments	16 Total Net Loss and Expense Paid	17 Number of Claims Reported (Direct)	Loss and Defense & Cost Containment Expenses Unpaid						24 Adjusting & Other Expense Unpaid
					Known Claim Reserves			IBNR Reserves			
					18 Direct	19 Assumed	20 Ceded	21 Direct	22 Assumed	23 Ceded	
1. Prior											
2. 2012											
3. 2013											
4. 2014											
5. 2015											
6. 2016											
7. 2017											
8. 2018											
9. 2019											
10. 2020											
11. 2021											
12. Totals											

	25 Total Net Loss and LAE Unpaid	26 Number of Claims Outstanding (Direct)	Losses and Defense & Cost Containment Expenses Incurred				Loss and LAE Ratio		33 Net Loss & LAE Coverage	34 Net Reserves
			27 Direct	28 Assumed	29 Ceded	30 Net	31 Direct Basis	32 Net Basis		
1. Prior										
2. 2012										
3. 2013										
4. 2014										
5. 2015										
6. 2016										
7. 2017										
8. 2018										
9. 2019										
10. 2020										
11. 2021										
12. Totals										

SCHEDULE MG- PART 1B – POOL AND BULK BUSINESS

($000 OMITTED)

Years in Which Policies Written	1 Original Risk In Force Written in Millions	2 Current Risk In Force Written in Millions	Premiums Earned and Other Income					Loss and Defense & Cost Containment Expenses Payments					
								Loss Payments			Defense & Cost Containment Expenses Payments		
			3 Direct Premium	4 Assumed Premium	5 Other Income	6 Ceded Premium	7 Net	8 Direct	9 Assumed	10 Ceded	11 Direct	12 Assumed	13 Ceded
1. Prior													
2. 2012													
3. 2013													
4. 2014													
5. 2015													
6. 2016													
7. 2017													
8. 2018													
9. 2019													
10. 2020													
11. 2021													
12. Totals													

	14 Salvage and Subrogation Received	15 Adjusting & Other Expense Payments	16 Total Net Loss and Expense Paid	17 Number of Claims Reported (Direct)	Loss and Defense & Cost Containment Expenses Unpaid						24 Adjusting & Other Expense Unpaid
					Known Claim Reserves			IBNR Reserves			
					18 Direct	19 Assumed	20 Ceded	21 Direct	22 Assumed	23 Ceded	
1. Prior											
2. 2012											
3. 2013											
4. 2014											
5. 2015											
6. 2016											
7. 2017											
8. 2018											
9. 2019											
10. 2020											
11. 2021											
12. Totals											

	25 Total Net Loss and LAE Unpaid	26 Number of Claims Outstanding (Direct)	Losses and Defense & Cost Containment Expenses Incurred				Loss and LAE Ratio		33 Net Loss & LAE Coverage	34 Net Reserves
			27 Direct	28 Assumed	29 Ceded	30 Net	31 Direct Basis	32 Net Basis		
1. Prior										
2. 2012										
3. 2013										
4. 2014										
5. 2015										
6. 2016										
7. 2017										
8. 2018										
9. 2019										
10. 2020										
11. 2021										
12. Totals										

SCHEDULE MG- PART 2 – POLICY YEAR DIRECT INCURRED LOSS AND DEFENSE & COST CONTAINMENT EXPENSE

Years in Which Policies Were Written	Incurred Losses and Defense & Cost Containment Expenses at Year-End ($000 OMITTED) Including Known Claims and IBNR on Unreported Claims									
	1 2012	2 2013	3 2014	4 2015	5 2016	6 2017	7 2018	8 2019	9 2020	10 2021
1. Prior										
2. 2002										
3. 2003										
4. 2004										
5. 2005										
6. 2006										
7. 2007										
8. 2008										
9. 2009										
10. 2010										
11. 2011										
12. 2012										
13. 2013	XXX									
14. 2014	XXX	XXX								
15. 2015	XXX	XXX	XXX							
16. 2016	XXX	XXX	XXX	XXX						
17. 2017	XXX	XXX	XXX	XXX	XXX					
18. 2018	XXX	XXX	XXX	XXX	XXX	XXX				
19. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
20. 2020	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
21. 2021	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE MG- PART 2A – POLICY YEAR DIRECT PAID LOSS AND DEFENSE & COST CONTAINMENT EXPENSE

Years in Which Policies Were Written	Cumulative Paid Losses and Defense & Cost Containment Expenses at Year-End ($000 OMITTED)									
	1 2012	2 2013	3 2014	4 2015	5 2016	6 2017	7 2018	8 2019	9 2020	10 2021
1. Prior										
2. 2002										
3. 2003										
4. 2004										
5. 2005										
6. 2006										
7. 2007										
8. 2008										
9. 2009										
10. 2010										
11. 2011										
12. 2012										
13. 2013	XXX									
14. 2014	XXX	XXX								
15. 2015	XXX	XXX	XXX							
16. 2016	XXX	XXX	XXX	XXX						
17. 2017	XXX	XXX	XXX	XXX	XXX					
18. 2018	XXX	XXX	XXX	XXX	XXX	XXX				
19. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
20. 2020	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
21. 2021	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE MG- PART 2B – POLICY YEAR DIRECT CURRENT RISK IN FORCE

Years in Which Policies Were Written	Direct Current Risk in force ($000,000)									
	1 2012	2 2013	3 2014	4 2015	5 2016	6 2017	7 2018	8 2019	9 2020	10 2021
1. Prior										
2. 2002										
3. 2003										
4. 2004										
5. 2005										
6. 2006										
7. 2007										
8. 2008										
9. 2009										
10. 2010										
11. 2011										
12. 2012										
13. 2013	XXX									
14. 2014	XXX	XXX								
15. 2015	XXX	XXX	XXX							
16. 2016	XXX	XXX	XXX	XXX						
17. 2017	XXX	XXX	XXX	XXX	XXX					
18. 2018	XXX	XXX	XXX	XXX	XXX	XXX				
19. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
20. 2020	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
21. 2021	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE MG- PART 2C – POLICY YEAR DIRECT EARNED PREMIUM

Years in Which Policies Were Written	Cumulative Direct Earned Premium ($000,000 Omitted)									
	1 2012	2 2013	3 2014	4 2015	5 2016	6 2017	7 2018	8 2019	9 2020	10 2021
1. Prior										
2. 2002										
3. 2003										
4. 2004										
5. 2005										
6. 2006										
7. 2007										
8. 2008										
9. 2009										
10. 2010										
11. 2011										
12. 2012										
13. 2013	XXX									
14. 2014	XXX	XXX								
15. 2015	XXX	XXX	XXX							
16. 2016	XXX	XXX	XXX	XXX						
17. 2017	XXX	XXX	XXX	XXX	XXX					
18. 2018	XXX	XXX	XXX	XXX	XXX	XXX				
19. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
20. 2020	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
21. 2021	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE MG- PART 2D – POLICY YEAR DIRECT CALCULATED SRMICS*

Years in Which Policies Were Written	Direct Calculated SRMICS ($000,000)									
	1 2012	2 2013	3 2014	4 2015	5 2016	6 2017	7 2018	8 2019	9 2020	10 2021
1. Prior										
2. 2002										
3. 2003										
4. 2004										
5. 2005										
6. 2006										
7. 2007										
8. 2008										
9. 2009										
10. 2010										
11. 2011										
12. 2012										
13. 2013	XXX									
14. 2014	XXX	XXX								
15. 2015	XXX	XXX	XXX							
16. 2016	XXX	XXX	XXX	XXX						
17. 2017	XXX	XXX	XXX	XXX	XXX					
18. 2018	XXX	XXX	XXX	XXX	XXX	XXX				
19. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
20. 2020	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
21. 2021	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

*State Regulatory Mortgage Insurance Capital Standard

SCHEDULE MG- PART 2E – POLICY YEAR DIRECT DELINQUENCIES

Years in Which Policies Were Written	Delinquencies = 3 or more consecutive missed payments									
	1 2012	2 2013	3 2014	4 2015	5 2016	6 2017	7 2018	8 2019	9 2020	10 2021
1. Prior										
2. 2002										
3. 2003										
4. 2004										
5. 2005										
6. 2006										
7. 2007										
8. 2008										
9. 2009										
10. 2010										
11. 2011										
12. 2012										
13. 2013	XXX									
14. 2014	XXX	XXX								
15. 2015	XXX	XXX	XXX							
16. 2016	XXX	XXX	XXX	XXX						
17. 2017	XXX	XXX	XXX	XXX	XXX					
18. 2018	XXX	XXX	XXX	XXX	XXX	XXX				
19. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
20. 2020	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
21. 2021	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SUBMITTED BY EMAIL

April 1, 2021

Andrew T. Daleo
Senior Manager, Property/Casualty & Title Financial Analysis
National Association of Insurance Commissioners
adaleo@naic.org

Re: Proposed Mortgage Guaranty Insurance Exhibit and Instructions (the "MG Exhibit").

Dear Mr. Daleo:

These comments on the MG Exhibit are submitted on behalf of the "MG Industry Group" consisting of Arch Mortgage Insurance Company, Essent Guaranty, Inc., Genworth Mortgage Insurance Corporation, Mortgage Guaranty Insurance Corporation, National Mortgage Insurance Corporation, and Radian Guaranty Inc. We appreciate your approval of a two week extension until April 1st to provide comments on the proposed MG Exhibit.

We have a few general questions and comments followed by some more technical issues:

1. We view the alterations to the scope of public disclosure associated with Schedule MG as extremely problematic from a confidentiality perspective. We point to Part 2C: Earned Premium triangle and Part 2D: SRMICS triangle as particularly problematic, as earned premium could be used to derive rate history and SRMICS could be used to derive change in risk quality for the book. As the MG Industry Group is comprised of public companies, we recommend that Schedule MG be implemented as a confidential filing under examination (or other similar) authority that the domestic regulators might share under terms of an MOU.

2. It is helpful to hear that the SRMICS triangle in this supplement continues to be tied to the Model Act. For now, we recommend against including the "Direct Calculated SRMICS" triangles (in Part 2D). It is uncertain whether the SRMICS model will be ready at the same time as this proposed Schedule MG, and the MG Industry Group considers it more appropriate to incorporate a request for provision of SRMICS data through Schedule MG if/when the SRMICS model is adopted.

3. We would like to understand if Schedule MG will be required of all companies, or on a voluntary basis depending on the domiciliary commissioner.

4. Is there a minimum company capital amount required for Schedule MG to be submitted? Some MG companies have smaller MG affiliates within their holding company systems and we request that Schedule MG only be applicable to flagship companies.

5. Technical Concerns

   A. Schedule MG – Part 1.

      i. Are Columns 1 (Original Risk In Force) and Column 2 (Current Risk In Force) direct or net? For additional clarity, is Column 1 as of December 31, 20xx? Meaning, for the 2012 policy year, new risk written as of December 31, 2012, could be different than new risk written throughout 2012 as a policy written in January could have been rescinded. For Column 2, the word "written" should be removed.

      ii. Providing earned premium and paid losses (in Columns 3 to 17) cumulatively by policy year will be unduly onerous. All companies can provide direct (as also requested in the triangles for Part 2A and 2C) but some are unable to provide cumulative assumed/ceded/net (Columns 4, 6, 7, 9, 10, 12, 13, 16) due to the unavailability of past ceded and assumed information and changing internal reinsurance agreements in some companies' histories. Accordingly, we recommend amending Columns 3 to 17 to request calendar year information.

      iii. What is "Other Income" (Column 5)?

      iv. The Summary requests the Number of Claims Reported (Direct) at Column 17 and Number of Claims Outstanding (Direct) at Column 26. We do not report this information for other NAIC schedules/supplements such as Schedule P. If we are expected to report this, we will require some additional definitions. For example, what is meant by the number of Claims Reported (Column 17)? Does it include current and paid claims? Does it include denied claims? Does it include NODs that have not filed claims? And, would Claims Outstanding (Column 26) include NODs or just filed claims? We note existing NAIC definitions would benefit from more clarification:

         1. *Definition as per Schedule P – "The number of claims is to be cumulative by policy year. The number of claims reported for each policy year is equal to the number of open claims at the end of the current year plus cumulative claims closed with or without payment for the current and prior calendar years"* [Note that this doesn't apply to Schedule P for monoline MG companies; however it applies for certain other industries.]

         2. *Definition as per NAIC model laws (as applied to Health Insurance Contracts): "Claims reported" are considered as a reported claim for annual statement purposes when an insurer has been informed that a claim has been incurred, if the date reported is on or prior to the valuation date*

      v. The header for Columns 18-20 should read "known loss reserves" or simply "loss reserves" rather than "claim reserves." The current header implies the reserves for claims which would not make sense.

vi. For Part IA and IB, the MG Industry Group believes bulk should be combined with primary "flow" to be consistent with how the industry reports results.

B. Schedule MG, Part 2.

i. For Part 2 to 2E, are so many years necessary? Might we align with the years reported in Part 1 and Schedule P? Would this schedule replace the requirement for mortgage insurers to complete Schedule P?

ii. The Instructions for Part 2C state, *"Only accident years 1993 and subsequent must be reported."* Does this refer to how far back the Prior row is expected to report? Also, we recommend references to accident year be changed to policy year.

iii. The Instructions state, "*For report year development, group the claims by year in which the claim was first reported."* The year in which the claim was reported will be different than the policy year, so we seek clarification as to what we are being asked to report. Also, if we are reporting by the year the claim was reported, we believe this would be redundant with the results reported on Schedule P.

iv. Part 2E – Policy Year Direct Delinquencies. We recommend removing the definition of delinquencies from the header to the table. MG companies will define reporting to align with their reserve requirements. We request clarification as to whether the report seeks a snapshot of existing DQs (i.e. DQ inventory) or an "ever DQ" count, and recommend a calendar year inventory.

6. Housekeeping. Finally, we recommend conforming the tables, some of which are denoted in thousands while others are denoted in millions, and removing the reference to interrogatories on page 2 of the Instructions as there are no interrogatories associated with this Schedule MG.

We look forward to discussing these matters with the members of the Mortgage Guaranty Insurance Working Group at the April 6th meeting you have arranged, and are also prepared to engage on the comments previously submitted by the MG Industry Group with respect to the latest exposure draft of the Model Act and SRMICS.

Thank you for your consideration of our comments.

Respectfully submitted,

MG Industry Group

	2020 SRMICS	Simpler Stronger SRMICS 2021
Relation to RBC?	Independent	Independent (no chg)
Risk Factors	per Milliman 2019	per Milliman 2019 (no change)
Base Rate	0.55	1.10
Expense Margin	1% of RIF	none
Premium Credits	2 years projected earned and 26.9% of UPR	none none
Seasoning Factors	100%/100/100/100/ 95/90/85/80/75/70	100%/100/100/100/100/ 80/60/40/30/20/15
Direct or Net?	tbd	Direct
Bulk and Pool	tbd	rely on data reporting