NAIC National Association of Insurance Commissioners & The Center for Insurance Policy and Research

Capital Markets Special Report

The NAIC's Capital Markets Bureau monitors developments in the capital markets globally and analyzes their potential impact on the investment portfolios of US insurance companies. A list of archived Capital Markets Bureau Special Reports is available via the index

Residential Mortgage-Backed Securities and the U.S. Insurance Industry

As the residential mortgage-backed securities market continues to make regular headlines in the mainstream media and in the Capital Markets Daily Newsletters, this Special Report will recap some of the broader issues that have been discussed in recent months as we continue to follow this area closely.

Summary

The U.S. insurance industry has long had an important role in the U.S. residential mortgage-backed securities (RMBS) market. Given the insurance industry's large and stable cash flows, it is only natural that the insurance industry has served as a significant supplier of financing for the purchase of U.S. residential real estate by consumers. In particular, insurers have been important holders of the longer-dated portion of RMBS cash flows. Life insurers find RMBS attractive investments because they often seek longer maturity cash flows to match their longer liability profile, and they have an appetite for less liquid assets in order to take advantage of the additional yield.

Insurers have been active in both the conforming mortgage finance segment, which has been heavily dependent upon two government-sponsored enterprises—the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), which are currently under conservatorship by an agency of the federal government—as well as on the more recently developed, and now highly troubled, non-agency segment. Insurers have also been active in securities issued by the Government National Mortgage Association (Ginnie Mae), but because these securities have always had an explicit federal government guarantee, no credit issues have arisen with this sector.

For many decades, the availability of appropriate and sizeable RMBS investments has made it a core investment sector for the insurance industry. As of December 31, 2010, the insurance industry owned just shy of $500 billion of RMBS. For more detailed information regarding the insurance industry's involvement with RMBS investments, we refer you to our Capital Markets Bureau Special Report published April 29, 2011, *"The Insurance Industry's Investments in Residential Mortgage-Backed Securities."*

Until the recent financial crisis, the vast majority of RMBS were considered high-quality investments. The bonds were also attractive because they could be highly tailored through the investment structuring process to satisfying specific investor needs for duration and interest rate sensitivity, as well as other important investment attributes. Insurers in the past had typically needed to be more concerned about the cash flow volatility of non-agency RMBS that results from changing mortgage prepayment rates, than about credit quality issues.

The insurance industry owned $129 billion in current carrying value of non-agency RMBS as of December 31, 2010. The par amount of bonds held is considerably greater than this amount, as the industry has taken substantial write-offs in this sector since the housing crisis began. The industry has taken almost $27 billion in other-than-temporary impairments (OTTI) and unrealized valuation decreases just during the three-year period from January 1, 2008 to December 31, 2010.

Insurance Industry Non-Agency RMBS Other-Than-Temporary Impairments Recognized and Unrealized Valuation Decreases (Dollars in Millions)	
2008	$9,291
2009	14,691
2010	2,787
Total	26,769

According to the Securities Industry and Financial Markets Association, the size of the entire non-agency RMBS market was $1.6 billion as of December 31, 2010, so the insurance industry owned approximately 10% of the outstanding RMBS non-agency securities as of that date. More than 85% of this amount was owned by life insurance companies, with property and casualty companies owning the vast majority of the remainder. The carrying value of the industry's non-agency RMBS holdings has declined 32% over the last two years due to a variety of factors. One major reason is the substantial credit-related write-offs that have been taken on these investments since the housing market began to deteriorate. Also, as there has been almost no new issuance of non-agency RMBS since the onset of the financial crisis, the industry's portfolio has declined due to scheduled and unscheduled principal payments that can't be offset by purchases of new non-agency RMBS issuance.

Insurance Industry Non-Agency Residential Mortgage-Backed Securities Holdings
(Dollars in Millions)

Sector	December 31, 2010	December 31, 2009	December 31, 2008
Fraternal	$3,129	$3,720	$2,458
Health	787	1,250	2,244
Life	110,460	152,595	154,458
P&C	14,599	20,352	29,796
Title	3	4	23
Total	128,977	177,920	188,978

However, since the financial crisis began, the RMBS market—and the insurance industry's involvement with it—have been subject to significant turmoil. The contributing factors include: 1) both private government-sponsored enterprises (GSEs) dominating this market—Fannie Mae and Freddie Mac—were forced into seeking a federal government conservatorship to deal with their mounting financial problems; 2) billions of dollars of agency and especially non-agency mortgage loans have defaulted, with more expected to default in coming years; 3) investors in non-agency RMBS absorbing billions of dollars of resulting credit losses in what were initially considered low-risk investments; 4) the non-agency RMBS market having shrunk dramatically in size, with numerous former mortgage originators and securities issuers shrinking or failing entirely since the financial crisis began; 5) copious amounts of litigation between a wide variety of market participants regarding the appropriateness of historic mortgage market behaviors and servicing practices; and 6) the regulatory landscape subject to considerable additional oversight, both at the federal and state levels.

Because of these factors, the RMBS market and the insurance industry's involvement with it has changed substantially in recent years, and will no doubt be subject to equally dramatic changes

in the coming years. These changes will be the result of government actions, as well as the market's evolution in response to the ongoing RMBS market crisis and investor demands. This special report highlights the most important of these influences, and discusses how they may impact the insurance industry's ongoing involvement with the RMBS sector.

Government Activities

First and foremost in leading RMBS market changes are numerous actions being taken by a plethora of government agencies. The most important of these changes have been led by the federal government; however, state governments have also played an important role in this process. The residential real estate and RMBS markets have always been subject to heavy influence by government actions, and this period has been no exception.

The real estate framework in the U.S. is generally governed by state, law including property transference and recording ownership practices, mortgage documentation requirements, and mortgage collection practices. Because of this state-based system, many real estate market practices vary greatly by state. This has become an especially important issue recently as state-based legal considerations have become increasingly important in the servicing of mortgages undergoing financial difficulty.

From a societal perspective, the federal government has long championed increased private sector homeownership, which has been accomplished through a variety of methods, including favorable tax treatment of mortgage interest and real estate property taxes paid. Also highly important, and a primary topic of this report, is the federal assistance available for financing home purchases. Until fairly recently, this financing assistant effort was generally considered successful. These programs had been the object of considerable pride by both Republican and Democrat administrations, including the promotion of the "ownership society" by President George W. Bush. Financing assistance included both direct federal government support (by the Federal Housing Administration, Veterans Administration and Ginnie Mae) and indirect federal support (by Fannie Mae and Freddie Mac)

However, recent failures in the RMBS market have made clear the need for the implementation of meaningful changes in its operation. Given the federal government's current dominant role in financing residential real estate purchases, it will inevitably also play a leading role in its reformation. However, states will also need to play an important part in the evolution of this market, given their vital role in defining the terms of the real estate market's operation in their jurisdiction.

A summary of major government-initiated changes occurring in this market are:

The Conservatorship of Fannie Mae and Freddie Mac: The federal government's conservatorship of these two agencies, and having supported them financially with additional capital to date, is by far the most significant occurrence in this sector. According to the Federal Housing Finance Agency, as of March 31, 2011, the federal government had supplied $138 billion in net capital to the two GSEs since their takeover in 2008, with substantial additional sums likely to be required in the future as they continue incurring heavy credit-related losses. The two agencies had combined assets of $5.5 trillion as of this date, including the value of mortgages they have guaranteed but do not own.

Had the federal government not chosen to financially support the two GSEs, it would be hard to comprehend what today's real estate market and financial system would look like. This support has protected the approximately $370 billion that the insurance industry has invested in agency-issued RMBS, as well as almost $40 billion in direct debt securities of the two firms. However, the insurance industry, as well as other investors, did absorb substantial losses on investments in the common and preferred stock of these two GSEs.

Implementation of the Qualified Residential Mortgage definition and the associated 5% risk retention requirement for mortgages not satisfying this definition: The Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA) has been the federal government's primary legislative response to the financial crisis. Section 941 of DFA requires federal

regulators to develop a uniform definition of a Qualified Residential Mortgage (QRM). A mortgage qualifying as a QRM must satisfy a number of requirements, each of which has been designed to ensure that the mortgage is of appropriate credit quality and safe for purchase by a third-party investor. The QRM requirements include: 1) minimum down payment requirements; 2) limits for mortgage purpose (e.g., only for primary residences); 3) limits in the terms of the mortgage loans to defined types of mortgages that are considered lower risk (i.e., no negative amortization loans); 4) limits to fees and points that can be charged on the mortgage; 5) limits for the borrower's debt-to-income ratios; and 6) the exclusion of borrowers who have incurred certain defined negative credit events, such as a payment delinquency of more than 60 days. According to DFA, only mortgages qualifying as QRMs may be securitized and sold to a third-party investor without either the mortgage securitizer or the originator being required to retain a 5% credit risk exposure to the mortgage. However, there remains some ambiguity regarding precisely how this requirement will be applied in practice. This requirement was developed in the expectation that a 5% risk retention requirement would better align the incentives of the mortgage provider with that of the ultimate mortgage investors, such as an insurer investing in RMBS backed by these mortgages. This 5% retained portion of the mortgage must remain on the balance sheet of the originator as an asset and at the risk of the mortgage's securitizer or originator. When the remaining 95% is sold, accounting rules would no longer have it carried as an asset on the originator's balance sheet.

Critics of the QRM requirement have concerns regarding the ability of potential borrowers to meet these strict QRM eligibility requirements. In addition, there are concerns about the ability of the mortgage finance industry to continue originating and securitizing mortgages subject to this risk retention requirement, given the capital requirements for most financial institutions. There have been expressed concerns that this capital cost could lead to more expensive residential mortgages for home owners. The intent is that this would better align the interests of all the parties involved in the residential mortgage financing process and improve the quality of the mortgages being originated, as originators would no longer see it simply as a fee-generating business. However, it is still too early to tell precisely how the process will develop, and whether the resulting securities under this requirement will be better investments for insurers than their predecessors had been.

Federal banking and securities regulators' actions and State Attorneys General "robo-signing" lawsuits: Since the onslaught of the financial crisis, a variety of state and federal regulators have spent considerable time and effort evaluating, and in many cases attempting to reform, mortgage market practices. Issues that have been under careful review include mortgage officer compensation incentives, property appraisal practices, accuracy of loan application information, qualification standards for loans, the appropriateness of loans being offered, loan documentation practices, and informational disclosures to borrowers. One major issue of concern is the appropriateness of servicing standards currently in use, especially for mortgages that are currently in or near default. Even more serious, there were substantial questions to what extent these standards were actually being applied in practice, given the large numbers of problem mortgages arising during this period.

Almost all parties agree that the existing mortgage servicing system needs considerable improvement. One problem is that the rules and contracts under which servicers currently operate may not be appropriate for a market environment far different than the one for which they were designed. Few, if any, servicing contracts contemplated an environment of declining real estate prices, "underwater mortgages" and massive numbers of delinquencies and foreclosures. Whether regulatory and market participant actions can successfully resolve these problems remains to be proven. To date, the results of market participant actions have led to only modest improvements. However, it is hoped that over time they may lead to significantly improved mortgage servicing standards.

In the meantime, however, the mortgage resolution process has slowed down considerably as the various parties involved attempt to develop an arrangement acceptable to all. If implemented effectively, such servicing improvements should eventually result in higher cash flows to investors in RMBS by improving the performance of troubled loans. Such improvements will take a considerable period of time to be implemented and become meaningful to investors, but they might offer considerable incremental value to insurers over time.

Mortgage owners incurring substantial credit losses might also benefit as aggrieved parties in large lawsuit settlements from mortgage originators and securitizers.

Other Activities

Investor lawsuits: RMBS investors, including insurers, have been involved with numerous lawsuits attempting to recover a portion of their non-agency RMBS-related losses. These lawsuits have made a variety of allegations including, but not limited to, fraud, making untrue statements, lacking important information in offering documents, and breach of contract. The plaintiffs have included insurance companies as both RMBS investors and financial guarantors of investment securities. Bank of America's recent $8.5 billion settlement agreement with Countrywide Financial RMBS investors on claims related to their investments was a significant breakthrough for RMBS investors. This is the first time that a major RMBS market participant has voluntarily agreed to indemnify RMBS investors for RMBS-related losses related to the participant's actions. The Bank of America settlement payments will flow to RMBS investors—including insurance companies that purchased these securities—that absorbed losses on Countrywide-related RMBS investments. While the settlement will still leave these RMBS investors with large net losses on these investments, the significant dollar amount of the settlement is such that investors will meaningfully benefit from it. In addition to the direct payments that Bank of America has agreed to make, the settlement could also benefit investors by serving as a template for additional, future settlements by other major RMBS originators that have been subject to similar investor claims. Payments by other market participants, if they occur, could account for substantial additional benefits for investors, helping offset previously incurred losses reported on their non-agency RMBS investments.

The Future

Given the tenuous state of the current RMBS market, many changes will occur as the market adapts to the evolving environment. While the specifics of these changes remain uncertain, they will inevitably have a significant impact on the future of the residential mortgage and RMBS markets, and the nature of the insurance industry's participation in them.

Timing and nature of a replacement vehicle for agency RMBS: One of the few almost universally held views today related to RMBS is that the current GSE-oriented mortgage finance system needs substantial reform. Much of the federal government, including the Obama administration, is calling for the elimination of Fannie Mae and Freddie Mac in their current form. However, it remains quite uncertain how and when reform of this type might take place. Even several years after these two GSEs were rescued by the federal government in late 2008, no significant movement has yet taken place toward even beginning a meaningful reform of the mortgage finance system. However, Fannie and Freddie were mandated to be more conservative in the types of loans they were permitted to make, and what was a temporary expansion in their permitted maximum mortgage loan limits in higher-cost housing areas will be allowed to expire October 1, 2011.

Currently, Fannie Mae and Freddie Mac represent an even larger percent of the mortgage finance system than before the financial crisis. Including other federal government mortgage-related agencies, such as the FHA and Ginnie Mae, the federal government is now involved with approximately 90% of current residential mortgage lending. While it is likely that Fannie and Freddie will eventually be replaced as the primary vehicles of the U.S. mortgage finance system, it will likely be years before such a change takes place in practice. Until a new system is

developed, we expect that the insurance industry, along with other investors, will continue to rely heavily upon GSE-sponsored securities in constructing their investment portfolios.

Covered bonds: One mortgage finance alternative that has attracted considerable attention in the U.S. is the creation of a U.S.-based covered bond market. Covered bonds are debt securities backed by cash flows from mortgages and/or other assets. Covered bonds are similar in many respects to asset-backed securities created by a securitization transaction. However, in a covered bond transaction, all supporting assets remain on the issuer's consolidated balance sheet. Under the provisions of most covered bonds, the assets supporting the bond can be changed by the bond's issuer as long as they continue satisfying the bond's contractual requirements. Also the assets supporting the bond can be anything permitted under the relevant law and the bond's contractual requirements, although they are commonly residential mortgages.

All credit losses arising from a covered bond's supporting assets remain the full responsibility of the bond's issuer. The covered bond also remains an issuer obligation. Approximately €2.4 trillion in covered bonds is currently outstanding worldwide. Covered bonds have long been popular investments for European insurers because of their high quality and favorable yields. However, only a handful of covered bonds have been issued by U.S. institutions due to regulatory concerns. The U.S. House of Representatives Committee on Financial Services recently approved the United States Covered Bond Act of 2011. According to the bill's sponsors, the bill would create a legislative framework for the development of a U.S. covered bond market, including the provision of legal certainty for covered bond programs and public supervision by federal regulators. However, it remains unclear the extent to which U.S. investors would be interested in covered bond investments. One major RMBS insurer investor, MetLife Investments, has publicly indicated that they "would have very little room for covered bonds." No other U.S. RMBS investors have, to our knowledge, publicly commented on their interest in this as a potential U.S. asset class.

Opportunities for insurers: Insurance companies, especially life insurers, have had a long history of active involvement in financing the acquisition of residential real estate by consumers. In recent decades insurers' involvement has been primarily through the purchase and ownership of RMBS. However, they have also purchased and owned "whole loan" residential mortgages. These are residential mortgages that have not been securitized. Given the vacuum that is now occurring in this market, and the strong likelihood that the vacuum will become even larger if the role of the GSEs is reduced as planned, one possibility is for insurers to expand their direct involvement with the residential mortgage sector.

The regulatory and financial reporting treatment of residential mortgage loans for insurers is a complex matter depending upon the details of the investment. If the mortgage is retained in whole loan form (not securitized), it would be reported as a mortgage loan and would be subject to a 0.68% risk-based capital requirement for a life insurer and 5.0% for a property and casualty insurer.

Conclusion

RMBS have been and continue to be a major portion of insurers' investment portfolios. Insurers' involvement with RMBS has gone from an extremely high quality government agency-dominated sector, to a sector ripe with private sector innovation and risk taking, and back again. Given the industry's need for high-quality investable assets, as well as the enormous capital needs of the residential mortgage market, we expect that the insurance industry and the RMBS market will continue to be closely intertwined for many years to come, regardless of the specifics of the ongoing changes to this market.

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Major Insurer Bond Yields

	Company	Coupon	Maturity	Price		Yield	Spread	
				Current	Change		B.P.	Change
Life	Aflac	8.500%	5/15/2019	$125.98	$1.28	4.50%	215	0
	Ameriprise	5.300%	3/15/2020	$109.69	$0.94	3.96%	137	5
	Genworth	6.515%	5/15/2018	$95.82	$0.11	7.30%	518	25
	Lincoln National	8.750%	7/15/2019	$128.96	$0.68	4.38%	195	4
	MassMutual	8.875%	6/15/2039	$144.23	$2.39	5.69%	161	(1)
	MetLife	4.750%	2/15/2021	$104.88	$1.35	4.12%	133	(1)
	Mutual of Omaha	6.800%	6/15/2036	$108.94	$2.18	6.10%	221	(3)
	New York Life	6.750%	11/15/2039	$119.62	$2.14	5.39%	129	(1)
	Northwestern Mutual	6.063%	3/15/2040	$110.95	$2.42	5.31%	116	(4)
	Pacific Life	9.250%	6/15/2039	$134.69	$1.89	6.53%	244	(0)
	Principal	6.050%	10/15/2036	$107.11	$0.86	5.52%	156	2
	Prudential	4.500%	11/15/2020	$102.63	$0.97	4.15%	142	4
	TIAA	6.850%	12/15/2039	$119.06	$2.07	5.51%	138	(1)
P&C	ACE INA	5.900%	6/15/2019	$115.66	$1.22	3.60%	120	1
	Allstate	7.450%	5/15/2019	$122.78	$1.12	4.01%	167	2
	American Financial	9.875%	6/15/2019	$126.25	$0.52	5.69%	327	8
	Berkshire Hathaway	5.400%	5/15/2018	$113.92	$0.99	3.11%	102	2
	Travelers	3.900%	11/15/2020	$99.53	$1.11	3.96%	122	2
	XL Group	6.250%	5/15/2027	$103.49	$1.18	5.91%	263	4
Other	AON	5.000%	9/15/2020	$106.10	$1.17	4.19%	150	4
	AIG	5.850%	1/15/2018	$105.84	$0.33	4.79%	282	15
	Fidelity National	7.875%	7/15/2020	$106.88	($0.06)	6.83%	468	20
	Hartford	5.500%	3/15/2020	$105.23	$0.95	4.75%	217	3
	Marsh	9.250%	4/15/2019	$130.03	$0.71	4.58%	221	7
	Nationwide	9.375%	8/15/1939	$125.60	$0.75	7.23%	316	9
Health	Aetna	3.950%	9/15/2020	$101.96	$1.46	3.69%	100	(3)
	CIGNA	5.125%	6/15/2020	$109.22	$1.45	3.89%	123	(3)
	United Healthcare	3.875%	10/15/2020	$101.48	$1.38	3.68%	103	(2)
	Wellpoint	4.350%	8/15/2020	$105.22	$1.38	3.67%	100	(1)

July 29, 2011 Major Market Variables	Close	Change % Week	Change % QTD	Change % YTD	Prior Week	Prior Quarter	Prior Year
Dow Jones Ind	12,143.31	(4.2)	(3.5)	4.9	12,681.16	12,582.77	11,577.51
S&P 500	1,292.30	(3.9)	(3.5)	2.8	1,345.01	1,339.67	1,257.64
S&P Financial	199.19	(3.5)	(5.4)	(7.3)	206.45	210.45	214.77
S&P Insurance	177.43	(2.9)	(6.2)	(5.7)	182.67	189.06	188.22
US Dollar $		Change %			Prior		
/ Euro	$1.44	0.1	(1.0)	7.4	$1.44	$1.45	$1.34
/ Crude Oil bbl	95.96	(3.8)	1.1	4.1	99.75	94.94	92.22
/ Gold oz	1,624.70	1.3	9.6	14.4	1,603.30	1,482.60	1,420.78
Treasury Ylds %	%	Change			%	%	%
1 Year	0.20	0.03	0.01	(0.07)	0.18	0.19	0.27
10 Year	2.79	(0.17)	(0.39)	(0.50)	2.96	3.18	3.30
30 Year	4.14	(0.12)	(0.26)	(0.20)	4.26	4.39	4.34
Corp Credit Spreads -bp		Change %			Prior		
CDX.IG	82.50	4.1	7.5	(2.9)	79.24	76.76	85.00

July 29, 2011 Major Insurer Share Prices		Close	Change % Week	QTD	YTD	Prior Week	Quarter	Year
Life	Aflac	$46.08	(0.2)	(2.8)	(18.3)	$46.15	$47.43	$56.43
	Ameriprise	54.04	(2.4)	(7.4)	(6.1)	55.38	58.39	57.55
	Genworth	8.28	(7.2)	(21.6)	(37.0)	8.93	10.56	13.14
	Lincoln	26.45	(4.8)	(9.3)	(4.9)	27.78	29.15	27.81
	MetLife	41.10	(1.5)	(7.4)	(7.5)	41.72	44.38	44.44
	Principal	27.63	(4.7)	(10.5)	(15.1)	28.99	30.87	32.56
	Protective	21.26	(7.0)	(9.8)	(20.2)	22.86	23.56	26.64
	Prudential	58.67	(3.7)	(9.4)	(0.1)	60.94	64.77	58.71
	UNUM	24.38	(4.6)	(6.0)	0.7	25.55	25.94	24.22
PC	ACE	$67.00	1.8	1.1	7.6	$65.80	$66.26	$62.25
	Axis Capital	31.70	0.0	1.8	(11.7)	31.69	31.13	35.88
	Allstate	27.72	(3.3)	(10.3)	(13.0)	28.66	30.90	31.88
	Arch Capital	33.73	3.4	3.6	14.9	32.63	32.56	29.35
	Cincinnati	27.38	(3.6)	(7.1)	(13.6)	28.41	29.47	31.69
	Chubb	62.39	(3.2)	(1.0)	4.6	64.46	63.03	59.64
	Everest Re	82.20	0.8	0.5	(3.1)	81.58	81.80	84.82
	Progressive	19.63	(4.1)	(8.4)	(1.2)	20.46	21.44	19.87
	Travelers	55.12	(4.2)	(6.8)	(1.1)	57.55	59.11	55.71
	WR Berkley	30.78	(5.2)	(6.0)	12.4	32.46	32.75	27.38
	XL	20.50	(4.9)	(8.1)	(6.0)	21.56	22.30	21.82
Other	AON	$47.94	(4.8)	(7.3)	4.2	$50.36	$51.71	$46.01
	AIG	28.67	(1.3)	(4.4)	(40.6)	29.06	29.98	48.27
	Assurant	35.62	1.7	(2.8)	(7.5)	35.04	36.64	38.52
	Fidelity National	16.27	1.9	1.7	18.9	15.96	16.00	13.68
	Hartford	23.38	(1.9)	(13.6)	(11.7)	23.83	27.05	26.49
	Marsh	29.49	(1.1)	(6.5)	7.9	29.81	31.54	27.34
Health	Aetna	$41.35	(4.6)	(8.6)	35.5	$43.36	$45.23	$30.51
	Cigna	49.68	(5.5)	(4.8)	35.5	52.59	52.20	36.66
	Humana	74.47	(6.4)	(10.4)	36.0	79.57	83.12	54.74
	United	49.63	(6.0)	(6.6)	37.4	52.80	53.13	36.11
	WellPoint	67.50	(9.3)	(16.5)	18.7	74.43	80.79	56.86
Monoline	Assured	$14.09	(5.8)	(16.2)	(20.4)	$14.95	$16.82	$17.70
	MBIA	9.16	(7.0)	1.0	(23.6)	9.85	9.07	11.99
	MGIC	3.98	(3.9)	(34.8)	(60.9)	4.14	6.10	10.19
	PMI	1.01	(2.4)	(9.5)	(69.5)	1.03	1.11	3.30
	Radian	3.14	(5.4)	(26.5)	(61.1)	3.32	4.27	8.07
	XL Capital	20.50	(4.9)	(8.1)	(6.0)	21.56	22.30	21.82

Questions and comments are always welcome. Please contact the Capital Markets Bureau at **CapitalMarkets@naic.org**.

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