

SERFF Tracking Number:	ARKS-125588513	State:	Arkansas
Filing Company:	33790 - RADIAN GUARANTY INC.	State Tracking Number:	#1198798 \$100
Company Tracking Number:	RAD-86, RAD-84		
TOI:	10.0 Financial Guaranty	Sub-TOI:	10.0000 Financial Guaranty
Product Name:	n/a		
Project Name/Number:	/		

Filing at a Glance

Company: 33790 - RADIAN GUARANTY INC.

Product Name: n/a

TOI: 10.0 Financial Guaranty

Sub-TOI: 10.0000 Financial Guaranty

Filing Type: Rate

SERFF Tr Num: ARKS-125588513 State: Arkansas

SERFF Status: Closed

Co Tr Num: RAD-86, RAD-84

Co Status:

Author:

Date Submitted: 03/31/2008

State Tr Num: #1198798 \$100

State Status: Fees verified and received

Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding

Disposition Date: 04/07/2008

Disposition Status: Exempt from Review

Effective Date Requested (New): 04/21/2008

Effective Date Requested (Renewal): 04/21/2008

Effective Date (New): 04/21/2008

Effective Date (Renewal): 04/21/2008

State Filing Description:

RAD-86

RAD-84 - see also ARKS-125348290

General Information

Project Name:

Project Number:

Reference Organization:

Reference Title:

Filing Status Changed: 04/07/2008

State Status Changed: 04/07/2008

Corresponding Filing Tracking Number:

Filing Description:

Status of Filing in Domicile:

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Company and Contact

SERFF Tracking Number: ARKS-125588513 State: Arkansas
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TOI: 10.0 Financial Guaranty Sub-TOI: 10.0000 Financial Guaranty
Product Name: n/a
Project Name/Number: /

Filing Contact Information

NA NA, NA@NA.com
NA (123) 555-4567 [Phone]
NA, AR 00000

Filing Company Information

33790 - RADIAN GUARANTY INC. CoCode: 33790 State of Domicile: Arkansas
No Address Group Code: Company Type:
City, AR 99999 Group Name: State ID Number:
(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	04/07/2008	04/07/2008

SERFF Tracking Number: ARKS-125588513 *State:* Arkansas
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Disposition

Disposition Date: 04/07/2008

Effective Date (New): 04/21/2008

Effective Date (Renewal): 04/21/2008

Status: Exempt from Review

Comment: This line is exempt from filing rates in compliance with ACA 23-67-206 which states that P&C insurance for commercial risks, excluding workers' compensation, employers' liability and professional liability insurance, including but not limited to, medical malpractice insurance, are exempted from the rate filing and review requirements.

Rate data does NOT apply to filing.

SERFF Tracking Number: ARKS-125588513

State: Arkansas

Filing Company: 33790 - RADIANT GUARANTY INC.

State Tracking Number: #1198798 \$100

Company Tracking Number: RAD-86, RAD-84

TOI: 10.0 Financial Guaranty

Sub-TOI: 10.0000 Financial Guaranty

Product Name: n/a

Project Name/Number: /

Item Type	Item Name	Item Status	Public Access
Supporting Document	ARKS-125588513		No

SERFF Tracking Number: ARKS-125588513 *State:* Arkansas
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TOI: 10.0 Financial Guaranty *Sub-TOI:* 10.0000 Financial Guaranty
Product Name: n/a
Project Name/Number: /

Rate Information

Rate data does NOT apply to filing.

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TOI: 10.0 Financial Guaranty Sub-TOI: 10.0000 Financial Guaranty
Product Name: n/a
Project Name/Number: /

Supporting Document Schedules

Review Status:

Satisfied -Name: ARKS-125588513

04/07/2008

Comments:

Attachment:

ARKS-125588513.pdf

Radian Guaranty Inc.

RADIAN

1198798
100.08

LR

March 17, 2008

Mr. Royce Wigley
Arkansas Division of Insurance
Property and Casualty Department
1200 West Third Street
Little Rock, AR 72201-1904

ARKS-125588513

Radian Guaranty Inc.
NAIC# 33790
FEIN# 23-2018130

RE: Special LPMI Rates
New Rate Filing/Initial Rate Filing
Mortgage Guaranty Insurance
RAD-86

Dear Mr. Wigley:

Radian Guaranty, Inc. respectfully submits for your acknowledgement/approval the above captioned rate filing.

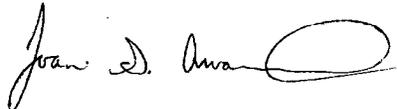
Lender Paid Mortgage Rates – Where the lender pays the mortgage insurance.

When this amendment is recognized, please return a stamped copy in the enclosed prepaid self-addressed envelope. The effective date requested is April 21, 2008.

If you have any questions regarding this submission or require any additional information, please contact me at (215) 231-1147 or (800) 523-1988, ext. 1147.

Thank you in advance for you cooperation.

Very truly yours,



Joan S. Amarnick-Webb
Rate Approval Manager
e-mail: joan.amarnick@radian.biz
Fax: (215) 231-2835

Enclosure

RECEIVED

1 MAR 31 2008

PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

Approved until withdrawn
or revoked

APR 07 2008

Arkansas Insurance Department

By: ZK-exempt
23-67-206

Manual Rule Page

Radian Guaranty Inc.

RAD-86 Ed. 03/08

NAIC# 33790

FEIN# 23-2018130

Special Lender Paid Mortgage Rates – Where the lender pays the mortgage insurance... Enclosed for filing are special lender-paid mortgage insurance rates developed for loans delivered by various lending institutions, usually pursuant to special loan programs. Lenders packaging loans for sale into the secondary market are dealing with dynamic and rapidly changing market conditions. This filing is designed to help lenders manage through dynamic market conditions and respond to their varying requirements for mortgage insurance quickly, using a range of rates that will allow Radian to offer negotiated pricing on a traditional high-volume basis, where a large portfolio of loans is priced at the same rate, to reflect to blended risk characteristics of that portfolio, or on a loan-by-loan basis, subject to portfolio constraints, described below. Thus, this filing will allow Radian the flexibility of either using existing high-volume pricing, or loan-level pricing, but in a way that ensures that pricing stays within bounds that reflect specific loan characteristics. Furthermore, this filing will allow Radian the ability to respond to more recent demands from lenders for faster response times for these types of transactions. The usual practice of filing specific rates does not work for special lender programs of the type currently requested by lenders. Due to the specialized nature of the requests and the inability of specific, filed flow rates to satisfy the requests (see explanation below on the need for high-volume rates v. traditional flow rates) a range of rates is the best way to meet the lenders requests in a timely manner. This is important for lenders to ensure their secondary market execution is properly supported, the sale is executed quickly before market prices move, and liquidity is returned to the lender to make more new loans to borrowers. Adjustments may apply but will not exceed the attached ranges.

Historically, mortgage insurance products have been segmented according to the party responsible for payment (borrower- or lender-paid) and the delivery process for underwriting (loan-by-loan or by group, hereafter referred to as “flow” or “high-volume” respectively). Borrower-paid, flow mortgage insurance is our standard and most common product. Loans are delivered individually for underwriting and servicing. Radian bills a loan servicing company, who subsequently collects mortgage insurance premiums from the borrower via the monthly mortgage payment. Lender-paid, flow mortgage insurance also covers loans delivered individually for coverage; however, the borrower does not explicitly incur the costs of coverage. Lender-paid, high-volume mortgage insurance is

often provided for a portfolio of loans. Premiums are often determined after the loans in the portfolio have closed; the borrower is not responsible for premium payment. Lenders purchase and pay directly for insurance on closed, active/live, seasoned loans in a portfolio to enhance marketability in the secondary markets to a GSE or as part of a mortgage-backed security.

The underwriting process differs significantly between flow business and high-volume business. Flow business underwrites each loan individually and applies a rate from a rate table based on common guidelines. Flow rates are designed to be used for an indefinite period of time based on long-term average loss assumptions and forecasts of future economic conditions. The flow underwriting and servicing process occurs through operation centers and involves significant overhead expenses. Underwriting for high-volume business evaluates the total risk characteristics of a portfolio. The objectively assessed portfolio characteristics are entered into a pricing model that computes a rate. Each portfolio receives unique pricing based upon several factors examined in the underwriting process. This has typically been quoted to lenders as a single price for a block of closed loans. This so-called "high-volume" pricing is similar to pool insurance that has been available in the mortgage insurance industry for many years. More recently, in addition to increased requests for high-volume insurance, Radian has seen requests from lenders for pricing quotes in a matrix format that would insure individual closed loans during a specified time frame (e.g. for 3 months). Such pricing would be requested on a loan-by-loan basis using a combination of the factors listed below to determine pricing (e.g. loan type, loan-to-value, loan term, etc.), with such characteristics being agreed upon in advance between Radian and the lender. The rates would reflect the pricing that is required to achieve the target rate of return, which is neither inadequate nor excessive, given consideration to all risk factors given current economic conditions. The rates quoted can also be adjusted up or down should the actual production vary significantly from the underwriting analysis and expected quality agreed upon for the transaction. Following is a list of factors to be used in determining rates selected within the ranges for a specific portfolio of loans:

- Insured loan life
- Loan-to-value
- Coverage
- Presence or absence of a portfolio stop-loss
- Capital requirements
- Underwriting efficiencies
- Loan Type
- Occupancy
- Documentation
- Loan Term
- Property Type
- Servicing cost
- Required capital
- Return on capital
- Credit worthiness of the borrower
- Prior loss experience of lender
- Servicing arrangements

The process for pricing a portfolio could result in pricing that is more or less than standard flow rates. The types of loans that could be submitted in a portfolio could fall outside of the specifications for loans delivered as flow business. For example, amount of coverage, loan-to-value and term of coverage may be more or less than the guidelines for which standard flow business is priced. As expenses and capital requirements are different from typical "flow" business, the currently filed range of rates does not include rates that would be adequate, but not excessive for the expected range of underwriting outcomes. Additionally, because the portfolios as such are sold either in secondary markets or held in portfolio, the current economic conditions play a greater role in

determining the value of the portfolio than long-term economic expectations, recognizing that loans insured in high-volume may be sold individually later. In such cases, the coverage for that loan would continue in force at the high-volume rate. Singles can have a multiple up to seven to the base range.

When mortgage insurance is placed on a group of loans to be insured, whether the insurance is placed on each loan individually or as pool insurance, Radian can evaluate the risk more accurately and develop rates specific to the group of loans being insured. The wide distribution of risk characteristics associated with flow business may not be present. High-volume loans typically have homogenous risk characteristics that occupy a narrow range of the risk spectrum. The methodology for evaluating the pricing for any group of loans will be the same; however, the actual rates will be different for each specific group of loans. It is necessary to file a range of rates because the risk factors that affect the model vary continuously and subsequently produce rates that fall in the continuous range. Therefore, it would be quite difficult to file all the possible combinations of input variable values and the resulting indicated rates. This also differs from flow business that uses a simple look-up table to determine rates. The table of rates developed for flow business is necessary to simplify the process for lenders and to facilitate fulfillment of regulatory "Truth in Lending" requirements. The cost of borrower-paid mortgage insurance must be communicated clearly and early in the origination process. This is not a consideration for lender-paid high-volume mortgage insurance. The transaction occurs between two financially sophisticated entities – the lender and the mortgage guarantor.

Radian Guaranty Inc.

RADIAN

Special LPMI Rates

RAD-86

Monthly

<u>LTV Range</u>		<u>Low Rate</u>	<u>High Rate</u>
	Below 50%	0.10%	0.45%
50.01%	to 55%	0.10%	0.50%
55.01%	to 60%	0.10%	0.75%
60.01%	to 65%	0.10%	1.20%
65.01%	to 70%	0.10%	1.80%
70.01%	to 75%	0.10%	2.70%
75.01%	to 80%	0.10%	4.00%
80.01%	to 85%	0.10%	5.00%
85.01%	to 90%	0.10%	6.00%
90.01%	to 95%	0.10%	8.00%
Greater than	95%	0.10%	10.00%