

# Loss Reserving for Loan Default Insurance

Casualty Loss Reserve Seminar  
Disney's Contemporary Resort  
September 21, 2010

Presented by:

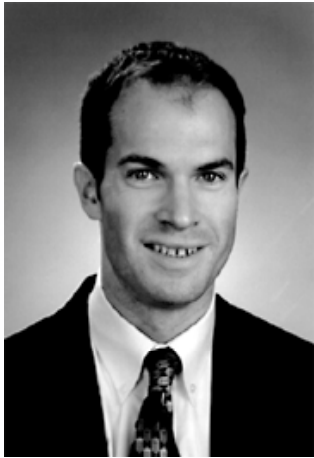
Michael C. Schmitz, FCAS, MAAA  
Principal & Consulting Actuary



## Antitrust Notice

- The Casualty Actuarial Society is committed to adhering strictly to the letter and spirit of the antitrust laws. Seminars conducted under the auspices of the CAS are designed solely to provide a forum for the expression of various points of view on topics described in the programs or agendas for such meetings.
- Under no circumstances shall CAS seminars be used as a means for competing companies or firms to reach any understanding – expressed or implied – that restricts competition or in any way impairs the ability of members to exercise independent business judgment regarding matters affecting competition.
- It is the responsibility of all seminar participants to be aware of antitrust regulations, to prevent any written or verbal discussions that appear to violate these laws, and to adhere in every respect to the CAS antitrust compliance policy.

# Michael Schmitz – Moderator



- Principal and consulting actuary with Milliman
- Manages practice dedicated to financial risks such as mortgage guaranty, financial guaranty, and credit enhancement products
- Assisted in structuring and pricing credit enhancement mechanisms for securitizations, both in the United States and internationally, and has spoken at conferences on this topic, as well as other topics
- Has consulted to the majority of the insurers that comprise the private mortgage insurance industry and to banks and other financial institutions on topics including reserving, pricing, financial analysis, mortgage portfolio credit risk, product development, structured transactions, risk transfer analysis, structured securities valuation and capital model design and validation
- Core areas of expertise include property and casualty insurance, ratemaking, loss reserve, and financial analysis; also has extensive experience in reinsurance and commercial lines, including workers' compensation, professional liability, reinsurance, and other long-tail lines
- BBA, Actuarial Science and Risk Management/Insurance
- FCAS, MAAA
- Member, Mortgage Bankers Association
- President, Credit Risk Special Interest Section of the CAS

# Kyle Mrotek – Financial Guaranty Insurance



- Principal and consulting actuary with Milliman
- Provides actuarial and risk analytical services to financial institutions in the context of mortgage risk credit enhancement and alternative risk transfer of traditional property/casualty exposures
- Area of expertise is analysis and management of mortgage credit risk
- Has extensive experience working on client issues involving mortgage performance forecasting, economic capital analyses, mortgage-backed security valuation, loss reserving, pricing, product development, and credit enhancement structures
- Additionally, works with financial institutions to analyze alternative risk transfer of property/casualty exposures such as captive insurance of work comp, general liability, and debt protection
- Clients include lenders, mortgage insurers, investors, and government agencies
- BBA, Actuarial Science
- BBA, Finance, Investments and Banking

# Brian Mullen – Lenders Protection Insurance

- Senior actuary with CUNA Mutual Group
- In P&C, has done pricing, reserving, and predictive modeling work, as well as work on economic capital
- Has worked on most commercial lines, including fidelity and surety, credit default, and collateral protection
- Prior to P&C, worked for several years in Life & Health, in both Individual and Group business
- Has also worked in Investments
- FCAS, MAAA, and ASA
- Master of Music degree in Music Composition

# Jason Berkey – Mortgage Guaranty Insurance



- Appointed Actuary for all of the United Guaranty domestic insurance companies
- Oversees United Guaranty's Risk & Actuarial Department, providing pricing, credit policy/underwriting guidelines, economic/declining market analysis, rate and rule filings, loss reserve analysis, loss forecasting, quality control, capital/catastrophe management, and statistical scorecard development. Also provides support for the GSE, FHA, and Capital Markets reference for the company
- Represents United Guaranty on the Research Committee of the Mortgage Insurance Companies of Americas (MICA)
- Recently spearheaded development of United Guaranty's risk-based-pricing product (Performance Premiums), in addition to a risk quality index (RQI), premium adequacy ratio (PAR), premium deficiency reserve (PDR) Analysis, and the loss reserve scorecard
- Prior, was the Manager of Commercial Lines Pricing with Liberty Mutual
- B.S. degree in Math with minors in business and computer science from Bridgewater College of Virginia
- FCAS, MAAA
- Founding member of the Credit Risk Section of the Casualty Actuarial Society

## MI/FG Loss Reserves & MBA Delinquency Rates by Eval Date

