

**Examination Warrant Number 18-000766-30872-R1**

**Report of Examination of**

**Radian Mortgage Assurance Inc.  
Philadelphia, Pennsylvania**

**As of December 31, 2018**

**For Informational Purposes Only**

# Radian Mortgage Assurance Inc.

## TABLE OF CONTENTS

<b>Subject</b>	<b>Page</b>
Salutation .....	1
Scope of Examination .....	1
History.....	2
Management and Control:	
Capitalization .....	3
Stockholder .....	3
Insurance Holding Company System.....	3
Board of Directors.....	6
Committees .....	6
Officers .....	7
Corporate Records:	
Minutes .....	7
Articles of Incorporation.....	8
By-Laws.....	8
Service and Operating Agreements .....	8
Reinsurance.....	9
Territory and Plan of Operation.....	9
Significant Operating Ratios and Trends.....	9
Pending Litigation.....	10
Financial Statements:	
Comparative Statement of Assets, Liabilities, Surplus and Other Funds .....	11
Comparative Statement of Income.....	12
Comparative Statement of Capital and Surplus .....	13
Comparative Statement of Cash Flow .....	14
Summary of Examination Changes .....	15
Notes to Financial Statements:	
Assets:	
Investments .....	15
Liabilities:	
Loss and Loss Adjustment Expense Reserves .....	16
Subsequent Events .....	16
Recommendations:	
Prior Examination .....	16
Current Examination.....	16
Conclusion.....	17

Harrisburg, Pennsylvania  
March 12, 2020

Honorable Joseph DiMemmo, CPA  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania  
Insurance Department  
Harrisburg, Pennsylvania

Dear Sir:

In accordance with instructions contained in Examination Warrant Number 18-000766-30872-R1, dated August 14, 2018, an examination was made of

### **Radian Mortgage Assurance Inc., NAIC Code: 30872**

a Pennsylvania domiciled, multi-state, mortgage guaranty insurance company, hereinafter referred to as “RMAI” or “the Company.” The examination was conducted at RMAI’s statutory home office, located at 1500 Market Street, Philadelphia, Pennsylvania 19102.

A report of this examination is hereby respectfully submitted.

### **SCOPE OF EXAMINATION**

The Pennsylvania Insurance Department (“Department”) has performed an examination of the Company, which was last examined as of December 31, 2013. This examination covered the five-year period from January 1, 2014 through December 31, 2018.

Work programs employed in the performance of this examination were designed to comply with the standards promulgated by the Department and the National Association of Insurance Commissioners (“NAIC”) *Financial Condition Examiners Handbook* (“Handbook”).

The Handbook requires that the Department plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, evaluate system controls and procedures used to mitigate those risks, and review subsequent events. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with statutory accounting principles.

The examination does not attest to the fair presentation of the financial statements included herein. Statements were prepared by management and are therefore the responsibility of management. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

This examination report includes significant findings of fact, in accordance with 40 P.S. § 323.5(a), and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective

## Radian Mortgage Assurance Inc.

-2-

conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

For each year of the examination period, the certified public accounting firm of PricewaterhouseCoopers LLP (“CPA”) of Philadelphia, Pennsylvania provided an unmodified audit opinion on the Company’s year-end financial statements based on statutory accounting principles. Relevant work performed by the CPA, during its annual audit of the Company, was reviewed during the examination and incorporated into the examination workpapers.

The following member companies of Radian Group Inc. (NAIC Group 766) were examined at the same time during the above examination:

Company	NAIC Code	State of Domicile
Radian Investor Surety, Inc. (“RISI”)	15546	PA
Radian Reinsurance Inc. (“RRI”)	15842	PA
Radian Mortgage Guaranty, Inc. (“RMGI”)	15843	PA
Radian Guaranty Reinsurance Inc. (“RGRI”)	15909	PA
Radian Insurance Inc. (“RII”)	20720	PA
Radian Guaranty Inc. (“RGI”)	33790	PA
EnTitle Insurance Company, Inc.	51632	OH

### HISTORY

The Company was incorporated on June 8, 1974, licensed by the Department on August 6, 1974, and commenced business on August 6, 1974 under the name Pennsylvania Mortgage Company. In 1982 the name of the Company was changed to PAMICO Mortgage Insurance Company. In July of 1984, the Company's name was changed to US Mortgage Insurance Company.

During 1991, the Company was purchased by Verex Assurance, Inc., a Wisconsin corporation. At the time of the purchase, all business written by the Company and currently in-force was transferred to the new parent by means of a novation, enabled by an assumption reinsurance agreement and notice of certification of assumption

The Company was inactive from the date of the transfer of its business until April of 1992 when it was purchased by USMIC Corporation and its name was changed to Merit Mortgage Assurance Corporation. The name, Amerin Guaranty Corporation was adopted on November 16, 1992. Effective June 17, 1993, the Company re-domesticated from Pennsylvania to Illinois.

Pursuant to an Agreement and Plan of Merger, dated November 22, 1998, Amerin Corporation, the then parent, agreed to merge with CMAC Investment Corporation. On June 9, 1999, Amerin Corporation merged with CMAC Investment Corporation forming Radian Group, Inc.

## **Radian Mortgage Assurance Inc.**

-3-

The Company re-domesticated from Illinois, and effective April 13, 2010, Amerin Guaranty Corporation has been issued a Certificate of Authority to operate as a domestic property and casualty insurance company in Pennsylvania. On July 1, 2011, the current name, Radian Mortgage Assurance Inc., was adopted.

RMAI is currently authorized to transact those classes of insurance described in 40 P.S. § 382 (c)(7) Credit.

### **MANAGEMENT AND CONTROL**

### **CAPITALIZATION**

As of the examination date, December 31, 2018, the Company's total capital was \$8,681,161, consisting of 1,875,152 capital shares of issued and outstanding common stock with a par value of \$3.00 per share amounting to \$5,625,456; \$175,537,246 in gross paid-in and contributed surplus; \$(162,181,215) in unassigned funds (surplus) and \$(10,300,326) in treasury stock (107,222 shares).

The Company's minimum capital and surplus requirements for the type of business for which it is licensed, pursuant to 40 P.S. § 386(c), is \$750,000 in capital and \$375,000 in surplus. The Company has met all governing requirements throughout the examination period.

### **STOCKHOLDER**

RMAI is a wholly owned subsidiary of Radian Group Inc. ("RDN"). During the examination period, RMAI paid no dividends to its stockholder.

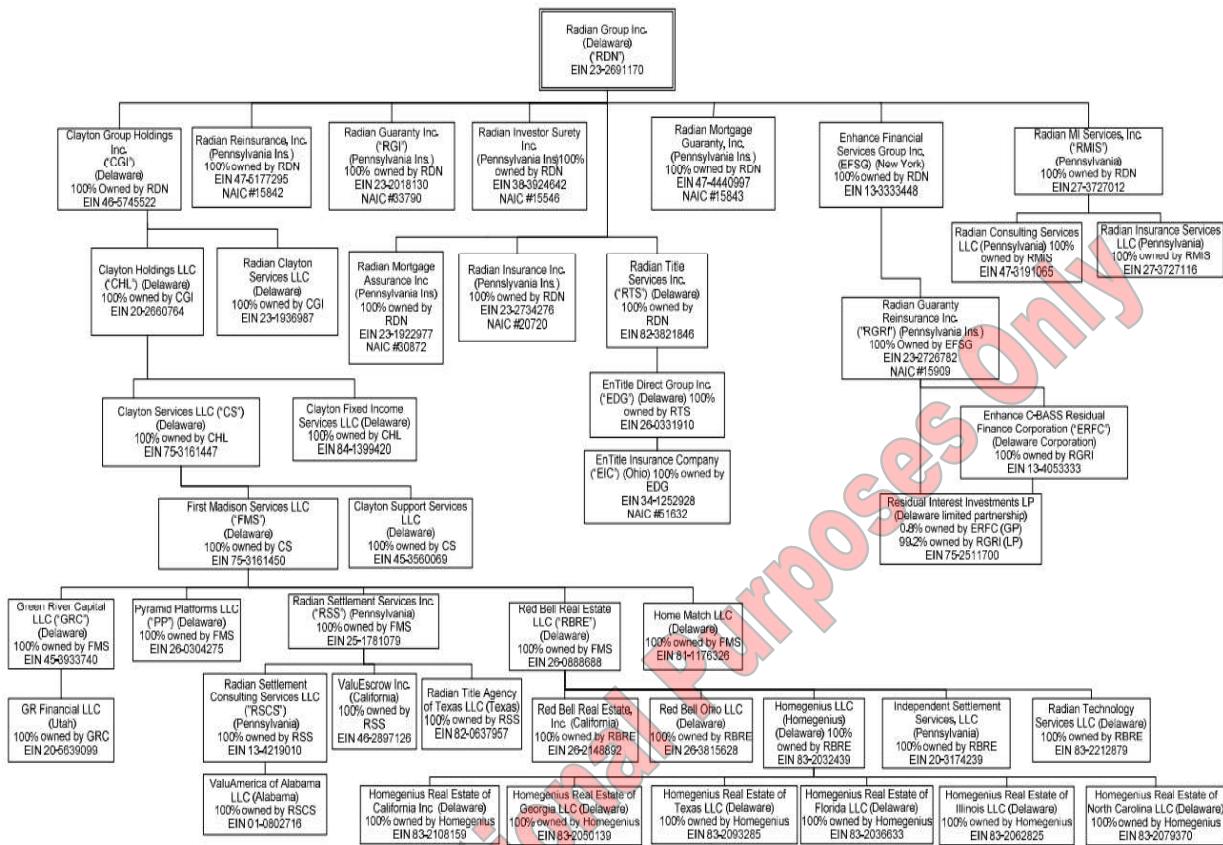
### **INSURANCE HOLDING COMPANY SYSTEM**

During the period under examination, RMAI met the requirements for filing an Insurance Holding Company System Registration Statement, in accordance with 40 P.S. §§ 991.1404(a)(1) and 991.1404(a)(2), to register with the Department by March 31, of each year during the examination period. Forms B and C were filed annually during the examination period.

## Radian Mortgage Assurance Inc.

-4-

The following represents the organizational chart of RDN as of December 31, 2018:



RDN is named as the ultimate controlling entity of the holding company system.

Members of the holding company system include the following entities briefly described below:

RADIAN GROUP INC.

RDN is publicly held and listed on the New York Stock Exchange. RDN began in 1992 when CMAC Investment Corporation was spun off through an initial public offering by Reliance Group Holdings. RDN is the ultimate parent of the holding company system. RDN does not have any operations of its own, but conducts its principal activity of providing credit enhancement, primarily through first-lien residential mortgage insurance, through its subsidiaries. RDN is also pursuing opportunities that align with its strategic objective to diversify beyond credit enhancement, such as mortgage services, particularly title services, and real estate services.

**RADIAN GUARANTY INC.**

RGI is domiciled in Pennsylvania and is 100% owned by RDN. RGI has provided mortgage insurance on both a flow and a structured basis and has offered pool insurance on a limited basis. RGI wrote the pool insurance in the form of credit enhancement on residential mortgage loans underlying residential mortgage-backed securities, whole loan sales, and other

## **Radian Mortgage Assurance Inc.**

-5-

structured transactions. It also wrote modified pool insurance, which differs from standard pool insurance in that it included an exposure limit on each individual loan, as well as a stop-loss feature for the entire pool of loans. RGI's current business focus is traditional first-lien primary mortgage insurance written on a flow basis. A mortgage insurance policy is issued to a lender to protect against losses arising from a borrower's monetary default. RGI's principal customers are mortgage originators such as mortgage bankers, mortgage brokers, commercial banks and savings institutions.

### **RADIAN INSURANCE INC.**

RII is domiciled in Pennsylvania, 100% owned by RDN, and historically wrote mortgage and financial guaranty insurance on both a direct and an assumed basis. RII formerly insured the group's Hong Kong portfolio, which is no longer in force as of the examination date. Similarly, RII is in a runoff mode with respect to its domestic business.

### **RADIAN GUARANTY REINSURANCE INC.**

RGRI was incorporated in 1993 in the State of Texas as a capital stock mortgage guaranty insurance company and became a Pennsylvania domiciled insurance company in 2013. RGRI's business was concentrated on the assumption of mortgage guaranty policies from its affiliate, RGI, and does not produce any direct written business. RGRI is 100% owned by Enhance Financial Services Group Inc., which is 100% owned by RDN.

### **RADIAN INVESTOR SURETY INC.**

RISI was domiciled and licensed in Pennsylvania as a stock casualty insurance company in 2014. RISI is authorized to carry on the business of mortgage credit-related products which are currently in a developmental stage and is not licensed in any jurisdiction other than Pennsylvania. RISI is 100% owned by RDN.

### **RADIAN REINSURANCE INC.**

RRI was domiciled and licensed in Pennsylvania in 2015 and is 100% owned by RDN. RRI was initially funded in part by dividends from Enhance Financial Services Group, Inc., a now-inactive subsidiary of RDN. RRI is a licensed affiliated reinsurer that primarily provided reinsurance to RGI during the examination period. In addition, RRI participates in the Front-end and Back-end credit risk transfer programs developed by Fannie Mae and Freddie Mac.

### **RADIAN MORTGAGE GUARANTY INC.**

RMGI was domiciled and licensed in Pennsylvania in 2015 as a stock casualty insurance company and is a direct subsidiary of RDN. RMGI is authorized to carry on the business of credit insurance, including the authority to write mortgage guaranty insurance. RMGI is a monoline insurer, restricted to writing only residential mortgage guaranty insurance. RMGI did not write any business in 2017 or 2018.

## Radian Mortgage Assurance Inc.

-6-

The status of key subsidiaries included in the previous examination report is as follows:

- Enhance Financial Services Group Inc. – functions as a holding company to own RGRI.
- Radian Services LLC – transferred to RDN's wholly-owned subsidiary Clayton Group Holdings LLC and renamed Radian Clayton Services LLC.
- Radian Mortgage Insurance Inc. ("RMII") – pursuant to a reorganization that was effective December 31, 2015, RMII was sold by RGI to RDN for \$2.8 million (the amount of RMII's statutory capital as of that date) in 2016. RMII was liquidated in 2017, paying a liquidating dividend of \$24.9 million to RDN consisting of a cash dividend of \$2.7 million and the distribution of tax recoverables of \$22.2 million. The proceeds from this dividend were subsequently split between RGI and RRI; none were retained by RDN. RMII surrendered its Pennsylvania Certificate of Authority in 2017.
- Radian Asset Assurance Inc. – sold to Assured Guaranty Corp., a subsidiary of Assured Guaranty Ltd., in 2015.

## BOARD OF DIRECTORS

Management of the Company is vested in its Board of Directors ("Board"), which was comprised of the following members as of the examination date, December 31, 2018:

Name and Address	Principal Occupation
Richard G. Thornberry Philadelphia, PA	Chief Executive Officer Radian Group Inc.
J. Franklin Hall Cincinnati, OH	Chief Financial Officer Radian Group Inc.
Timothy W. Hunter Philadelphia, PA	General Counsel and Secretary Radian Guaranty Inc.
Zoe L. Devaney Titusville, NJ	Senior Vice President Radian Guaranty Inc.
Edward J. Hoffman Wynnewood, PA	General Counsel and Secretary Radian Group Inc.
Brien J. McMahon Randolph, NJ	Chief Franchise Officer Radian Group Inc.
Derek V. Brummer Blue Bell, PA	Chief Risk Officer Radian Group Inc.

All directors are elected at the annual meeting of the shareholder. Each director holds office for one year or until his successor is elected and qualified.

## COMMITTEES

As of the examination date, December 31, 2018, the following committees were appointed by the Board and serving in accordance with the Company's by-laws:

## Radian Mortgage Assurance Inc.

-7-

### **Audit Committee**

David C. Carney (Chairperson)  
Gregory V. Serio  
Noel J. Spiegel

### **Compensation & HR Committee**

Howard B. Culang  
Lisa W. Hess  
Stephan T. Hopkins (Chairperson)  
Gaetano J. Muzio

### **Credit Committee**

David C. Carney  
Howard B. Culang (Chairperson)  
Noel J. Spiegel

### **Finance & Investment Committee**

Lisa W. Hess (Chairperson)  
Stephan T. Hopkins  
Gaetano J. Muzio  
Noel J. Spiegel

### **Governance Committee**

David C. Carney  
Howard B. Culang  
Stephan T. Hopkins  
Gregory V. Serio (Chairperson)

## **OFFICERS**

As of the examination date, December 31, 2018, the following officers were appointed and serving in accordance with the Company's by-laws:

<b>Name</b>	<b>Title</b>
Richard G. Thornberry	Chief Executive Officer and President
J. Franklin Hall	Senior Executive Vice President and Chief Financial Officer
Timothy W. Hunter	Senior Vice President, General Counsel and Secretary
William T. Tomljanovic	Senior Vice President and Treasurer
Robert V. Radicioni	Senior Vice President

## **CORPORATE RECORDS**

## **MINUTES**

A compliance review of corporate minutes revealed the following:

- The Annual Meetings of the Company's stockholder were held in compliance with its by-laws.
- The stockholder elects directors at such meetings in compliance with the by-laws.
- The stockholder ratified the prior year's actions of the officers and directors.
- Quorums were present at all directors' meetings.
- The Company's investment transactions are approved quarterly by the Board.
- All directors attend Board meetings regularly.

## **Radian Mortgage Assurance Inc.**

-8-

- The Company's Board minutes approve the reinsurance contracts.

## **ARTICLES OF INCORPORATION**

There were no amendments made to the Company's Articles of Incorporation during the examination period.

## **BY-LAWS**

There were no amendments made to the Company's by-laws during the examination period.

## **SERVICE AND OPERATING AGREEMENTS**

The Company is party to various service and operating agreements, which includes intercompany and related-party agreements. The following significant agreements were in place during the examination period:

## **EXPENSE ALLOCATION AND SERVICES AGREEMENTS**

RMAI entered into an Expense Allocation and Services Agreement with RDN on January 1, 2016, replacing its prior agreement that was in effect since 2003. This agreement provides for the use of RDN facilities and services by RMAI and the other subsidiaries. Expenses, which benefit multiple parties, are allocated on the basis of time studies or "another fair and equitable basis." Direct expenses are charged to the benefiting parties and interest expense is allocated on the basis of the various companies' relative capital.

The agreement was amended on April 1, 2017 to reflect changes in the allocations among the various subsidiaries, and was further amended on February 19, 2018 as follows:

- Provide for interest to be paid if the settlement provisions are not met on a timely basis
- Apply the indemnification provision to all forms of negligence rather than only gross negligence
- All funds and invested assets are the exclusive property of the insurer and held for the benefit of the insurer
- Terms of the agreement must be renegotiable every third year if the agreement survives more than five years from its date of inception
- The agreement cannot be assigned.

## **TAX ALLOCATION AGREEMENT**

RMAI has a written Tax Allocation Agreement with RDN which has been approved by the Board. The agreement sets forth the manner in which the total combined federal income tax is allocated to each entity that is a party to the consolidation. The method of allocation is based upon separate return calculation with current credit for Net Operating Losses being utilized on the consolidated return of RDN.

## Radian Mortgage Assurance Inc.

-9-

### INTERCOMPANY TRANSFER AGREEMENT

RMAI entered into an Intercompany Transfer Agreement with RDN, RGI, RMII, RII, and RGRI on September 20, 2010. The purpose of the agreement was to help facilitate sales of investment grade securities among the group of companies noted above.

All inter-company agreements above satisfy the fair and reasonable standards set forth in 40 P.S. § 991.1405(a)(1)(i).

### REINSURANCE

The Company did not cede or assume any reinsurance during the examination period.

### TERRITORY AND PLAN OF OPERATION

The Company is licensed in 48 states and the District of Columbia and is currently not writing, assuming nor ceding any premiums.

### SIGNIFICANT OPERATING RATIOS AND TRENDS

The underwriting ratios summarized below are shown on an earned/incurred basis, and encompass the five-year period covered by this examination.

	Amount	Percentage
Premiums earned	0	0.0 %
Other underwriting expenses incurred	1,446,546	0.0 %
Net underwriting gain or (loss)	(1,446,546)	0.0 %
Totals	0	0.0 %

The Company reported the following net underwriting, investment, and other gains or losses during the period under examination:

	2018	2017	2016	2015	2014
Admitted assets	\$ 8,698,570	\$ 8,749,796	\$ 8,643,468	\$ 8,132,234	\$ 17,507,206
Liabilities	\$ 17,409	\$ 16,659	\$ 20,135	\$ 31,443	\$ 36,419
Surplus as regards policyholders	\$ 8,681,161	\$ 8,733,137	\$ 8,623,333	\$ 8,100,791	\$ 17,470,787
Gross premium written	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net premium written	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Underwriting gain/(loss)	\$ (163,820)	\$ (151,782)	\$ (162,530)	\$ (417,304)	\$ (551,110)
Investment gain/(loss)	\$ 111,844	\$ 61,586	\$ 22,572	\$ 31,475	\$ 36,832
Other gain/(loss)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net income	\$ (51,976)	\$ (90,196)	\$ (139,958)	\$ (385,829)	\$ (507,489)

## **Radian Mortgage Assurance Inc.**

-10-

### **PENDING LITIGATION**

As of December 31, 2018, the Company is subject to litigation and arbitration arising in the normal course of business. The Company is not a party to any material litigation or arbitration other than as routinely encountered in claims activity, none of which will, in the opinion of management, have a material adverse effect on the Company's capital and surplus.

### **FINANCIAL STATEMENTS**

The financial condition of the Company, as of December 31, 2018, and the results of its operations for the five-year period under examination, are reflected in the following statements\*:

Comparative Statement of Assets, Liabilities, Surplus and Other Funds;  
Comparative Statement of Income;  
Comparative Statement of Capital and Surplus; and  
Comparative Statement of Cash Flow

\*Note: Some financials shown in this report may contain immaterial differences to those reported in the Company's filed Annual Statements due to rounding errors.

**Radian Mortgage Assurance Inc.**

-11-

**Comparative Statement of Assets, Liabilities, Surplus and Other Funds  
As of December 31,**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Bonds	\$ 4,240,901	\$ 4,233,177	\$ 5,729,224	\$ 5,821,950	\$ 5,914,009
Cash, cash equivalents, and short term investments	4,436,011	4,495,900	2,857,265	2,252,112	11,536,783
Subtotals, cash and invested assets	<u>8,676,912</u>	<u>8,729,077</u>	<u>8,586,489</u>	<u>8,074,062</u>	<u>17,450,792</u>
Investment income due and accrued	21,658	20,719	56,979	58,172	56,414
Total	<u><u>\$ 8,698,570</u></u>	<u><u>\$ 8,749,796</u></u>	<u><u>\$ 8,643,468</u></u>	<u><u>\$ 8,132,234</u></u>	<u><u>\$ 17,507,206</u></u>
Other expenses	\$ 0	\$ 91	\$ 406	\$ 718	\$ 506
Taxes, licenses and fees	0	0	0	2,217	1,619
Payable to parent, subsidiaries and affiliates	17,409	16,568	19,729	28,508	34,294
Total liabilities	<u>17,409</u>	<u>16,659</u>	<u>20,135</u>	<u>31,443</u>	<u>36,419</u>
Common capital stock	5,625,456	5,625,456	5,625,456	5,625,456	5,625,456
Gross paid in and contributed surplus	175,537,246	175,537,246	175,337,246	174,687,246	183,687,246
Unassigned funds (surplus)	(162,181,215)	(162,129,239)	(162,039,043)	(161,911,585)	(161,541,589)
Less treasury stock at cost - common	10,300,326	10,300,326	10,300,326	10,300,326	10,300,326
Surplus as regards policyholders	8,681,161	8,733,137	8,623,333	8,100,791	17,470,787
Totals	<u><u>\$ 8,698,570</u></u>	<u><u>\$ 8,749,796</u></u>	<u><u>\$ 8,643,468</u></u>	<u><u>\$ 8,132,234</u></u>	<u><u>\$ 17,507,206</u></u>

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**Radian Mortgage Assurance Inc.**

-12-

**Comparative Statement of Income  
For the Year Ended December 31,**

	<b>Underwriting Income</b>	2018	2017	2016	2015	2014
Premiums earned		0	0	0	0	0
Deductions:						
Other underwriting expenses incurred		163,820	151,782	162,530	417,304	551,110
Total underwriting deductions		163,820	151,782	162,530	417,304	551,110
Net underwriting gain or (loss)		(163,820)	(151,782)	(162,530)	(417,304)	(551,110)
	<b>Investment Income</b>					
Net investment income earned		111,831	61,770	22,572	31,475	36,832
Net realized capital gains or (losses)		13	(184)	0	0	0
Net investment gain or (loss)		111,844	61,586	22,572	31,475	36,832
	<b>Other Income</b>					
Total other income		0	0	0	0	0
Net income before dividends to policyholders and before federal and foreign income taxes		(51,976)	(90,196)	(139,958)	(385,829)	(514,278)
Federal and foreign income taxes incurred		0	0	0	0	(6,789)
Net income		<u>\$ (51,976)</u>	<u>\$ (90,196)</u>	<u>\$ (139,958)</u>	<u>\$ (385,829)</u>	<u>\$ (507,489)</u>

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# Radian Mortgage Assurance Inc.

-13-

## Comparative Statement of Capital and Surplus For the Year Ended December 31,

	2018	2017	2016	2015	2014
Surplus as regards policyholders, December 31, previous year	\$ 8,733,137	\$ 8,623,333	\$ 8,100,791	\$ 17,470,787	\$ 17,980,409
Net income	(51,976)	(90,196)	(139,958)	(385,829)	(507,489)
Change in net deferred income tax	0	0	(4,375)	(5,542)	747
Change in nonadmitted assets	0	0	16,875	21,375	(2,880)
Surplus adjustments:					
Paid in	0	200,000	650,000	(9,000,000)	0
Change in surplus as regards policyholder for the year	(51,976)	109,804	522,542	(9,369,996)	(509,622)
Surplus as regards policyholders, December 31, current year	\$ 8,681,161	\$ 8,733,137	\$ 8,623,333	\$ 8,100,791	\$ 17,470,787

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# Radian Mortgage Assurance Inc.

-14-

## Comparative Statement of Cash Flow For the Year Ended December 31,

	2018	2017	2016	2015	2014
<b>Cash from Operations</b>					
Premiums collected net of reinsurance	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0
Net investment income	103,077	147,394	116,179	122,493	128,222
Total income	103,078	147,394	116,179	122,493	128,222
Commissions, expenses paid and aggregate write-ins for deductions	163,820	151,782	164,747	417,212	554,048
Federal and foreign income taxes paid (recovered)	0	0	0	0	(6,789)
Total deductions	163,820	151,782	164,747	417,212	547,259
Net cash from operations	(60,742)	(4,388)	(48,568)	(294,719)	(419,037)
<b>Cash from Investments</b>					
Proceeds from investments sold, matured or repaid:					
Bonds	0	5,675,930	0	0	0
Net gain or (loss) on cash and short-term investments	13	31	0	0	0
Total investment proceeds	13	5,675,961	0	0	0
Cost of investments acquired (long-term only):					
Bonds	0	4,229,777	0	0	0
Miscellaneous applications	0	1	0	0	0
Total investments acquired	0	4,229,778	0	0	0
Net cash from investments	13	1,446,183	0	0	0
<b>Cash from Financing and Miscellaneous Services</b>					
Other cash provided (applied):					
Capital and paid in surplus, less treasury stock	0	200,000	650,000	(9,000,000)	0
Other cash provided or (applied)	840	(3,160)	3,721	10,048	16,519
Net cash from financing and miscellaneous sources	840	196,840	653,721	(8,989,952)	16,519
<b>Reconciliation of cash and short-term investments:</b>					
Net change in cash and short-term investments	(59,889)	1,638,635	605,153	(9,284,671)	(402,518)
Cash and short-term investments:					
Beginning of the year	4,495,900	2,857,265	2,252,112	11,536,783	11,939,301
End of the year	\$ 4,436,011	\$ 4,495,900	\$ 2,857,265	\$ 2,252,112	\$ 11,536,783

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# Radian Mortgage Assurance Inc.

-15-

## SUMMARY OF EXAMINATION CHANGES

There were no examination changes to the preceding financial statements as filed with regulatory authorities over the review period.

## NOTES TO FINANCIAL STATEMENTS

### ASSETS

#### INVESTMENTS

As of December 31, 2018, the Company's invested assets were distributed as follows:

	<b>Amount</b>	<b>Percentage</b>
Bonds	4,240,901	48.9 %
Cash	241,185	2.8 %
Cash equivalents	4,194,826	48.3 %
Totals	<u><u>8,676,912</u></u>	<u><u>100.0 %</u></u>

The Company's bond and short-term investment portfolio had the following quality and maturity profiles:

<b>NAIC Designation</b>	<b>Amount</b>	<b>Percentage</b>
1 - highest quality	8,435,727	100.0 %
Totals	<u><u>8,435,727</u></u>	<u><u>100.0 %</u></u>

<b>Years to Maturity</b>	<b>Amount</b>	<b>Percentage</b>
1 year or less	4,194,826	49.7 %
2 to 5 years	4,240,901	50.3 %
Totals	<u><u>8,435,727</u></u>	<u><u>100.0 %</u></u>

Investment management is provided under written agreements with various external advisors.

The Company has a written investment policy as required by 40 P.S. § 653b(b). The investment policy is reviewed and approved on an annual basis by the Board. The Company was following its investment policy at December 31, 2018.

The Company has a custodial agreement with Northern Trust Company and is in compliance with 31 Pa. Code § 148a.3.

## **Radian Mortgage Assurance Inc.**

-16-

### **LIABILITIES**

#### **LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES**

The Company did not report any net reserves for losses or loss adjustment expenses on the December 31, 2018 Annual Statement.

#### **SUBSEQUENT EVENTS**

The Department is monitoring the impact of the COVID-19 global pandemic. The Department recognizes that COVID-19 could have a significant financial and operational impact on all of its domestic insurers, including the Company. As such, the Department will continue to monitor and share information with the Company as appropriate related to COVID-19 developments.

#### **RECOMMENDATIONS**

#### **PRIOR EXAMINATION**

The prior examination report did not contain any recommendations.

#### **CURRENT EXAMINATION**

As a result of the current examination, no recommendations are being made.

## Radian Mortgage Assurance Inc.

-17-

### CONCLUSION

As a result of this examination, the financial condition of RMAI, as of December 31, 2018, was determined to be as follows:

	<b>Amount</b>	<b>Percentage</b>
Admitted assets	8,698,570	100.0 %
Liabilities	17,409	0.2 %
Surplus as regards policyholders	8,681,161	99.8 %
Total liabilities and surplus	<u>8,698,570</u>	<u>100.0 %</u>

Since the previous examination, made as of December 31, 2013, the Company's assets decreased by \$9,302,545, its liabilities decreased by \$3,297, and its surplus decreased by \$9,299,248.

This examination was conducted by John Garner, CPA; Glenn LeGault, CFE, CPA; Pamela Roberts, AFE; LeeAnne Creevy, CPA, CISA, CITP, CRMA, MCM; Steve Skenyon, CPA, CISA; Brian Menard, CFE, CISA, FLMI; David Heppen, FCAS, MAAA; Andrew Chandler, ACAS, MAAA; Barry Ash; Stephan Donk, AIE, CPCU, MCM; Edward Toy; and William Michael, CFE, CIA, CPCU, ARE, with the latter in charge.

Respectfully,

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