

**FINAL ORDER**

**EFFECTIVE: 2-22-13**

**BEFORE THE COMMISSIONER OF INSURANCE  
OF THE STATE OF KANSAS**

In the Matter of the Proposed Waiver )  
Mortgage Guaranty Insurance Corporation ) Docket No. 4228-W

**CONSENT ORDER**

Pursuant to the authority granted to the Commissioner of Insurance (“Commissioner”) by K.S.A. §40-3512, the Commissioner hereby, at the filing of a request of Mortgage Guaranty Insurance Corporation for a waiver of the risk to capital requirements of mortgage guaranty insurance companies operating in the state of Kansas, makes the following findings of fact, and conclusions of law, to wit:

This Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period if no request for a hearing is made, pursuant to K.S.A. §77-542.

**Findings of Fact**

1. The Commissioner has jurisdiction over this matter pursuant to K.S.A. §40-3512, as amended.
2. Mortgage Guaranty Insurance Corporation (“Corporation”) requested an Order on December 13, 2012, waiving the risk to capital requirements of the Corporation pursuant to K.S.A. §40-3512, as amended.
3. Corporation was admitted to the State of Kansas on September 18, 1980 to underwrite mortgage guaranty insurance business.
4. Corporation is one of twenty-one companies authorized to write mortgage guaranty insurance coverage insurance as of the date of this Order.

5. Corporation wrote twenty-three percent (23%) of the direct premiums of mortgage guaranty insurance-written in the State of Kansas for the year ending December 31, 2011.
6. Corporation has stated it exceeded the maximum risk to capital ratio at September 30, 2012 and believes it will continue to exceed the 25 to 1 risk to capital ratio through 2014.

#### **Conclusions of Law**

A waiver of the risk to capital requirements is hereby granted at the request of the Corporation as provided for in K.S.A. §40-3512, which states in part: “...*Upon the request of a mortgage guaranty insurance company, the commissioner may waive the requirements in this section for such time and under such conditions as the commissioner may order, except that no such waiver shall exceed two years.*”

Based on the Findings of Fact enumerated above in Paragraphs #1 through #6:

#### **IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE:**

1. The Commissioner approves the waiver request of Corporation for the period January 1, 2013 until December 31, 2013, subject to the following stipulations:
  - A. That the Corporation provide the Commissioner, on semi-annual basis, a report showing the risk to capital ratio, pursuant to K.S.A. §40-3512, as amended, for each mortgage insurance company and on a consolidated basis for all mortgage guaranty companies which are part of the holding company system defined in K.S.A. §40-3302.
  - B. That the Corporation provides the Commissioner *pro-forma* financial projections of direct premiums written, admitted assets, total liabilities and capital and surplus along with cash flow projections for each quarter through December 31, 2013.
  - C. That the Corporation provides the Commissioner notification of any regulatory actions taken against the Corporation and affiliates.

- D. That the Corporation provides the Commissioner notification of any rating agency actions taken of the Corporation and affiliates.
2. The Commissioner retains jurisdiction over this matter to issue any and all further Orders deemed appropriate or to take such further action as necessary to dispose of this matter.

**NOTICE OF RIGHTS**

Corporation is entitled to a hearing pursuant to K.S.A. §77-537, the Kansas Administrative Procedure Act. If Respondent desires a hearing, the company must file a written request for a hearing with:

John Wine, General Counsel  
Kansas Insurance Department  
420 S.W. 9<sup>th</sup> Street  
Topeka, Kansas 66612

This request must be filed within fifteen (15) days from the date of service of this Order. If Respondent requests a hearing, the Kansas Insurance Department will notify the Respondent of the time and place of the hearing and information on the procedures, right of representation, and other rights of parties relating to the conduct of the hearing, before commencement of the same. If a hearing is not requested in the time and manner stated above, this Summary Order shall become effective as a Final Order upon the expiration of time for requesting a hearing, pursuant to K.S.A. §77-613. In the event Respondent files a petition for judicial review, pursuant to K.S.A. §77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

John Wine, General Counsel  
Kansas Insurance Department  
420 S.W. 9<sup>th</sup> Street  
Topeka, Kansas 66612

IT IS SO ORDERED THIS 4th DAY OF FEBRUARY, 2013, IN THE CITY OF  
TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



/s/ Sandy Praeger  
Sandy Praeger

Commissioner of Insurance

BY:

/s/ John Wine

John Wine

General Counsel

**Stipulation**

The undersigned agree to the above recitations and facts as well as the Conclusions of Law and the actions of the Commissioner.

/s/ Heidi A. Heyrman  
Heidi A. Heyrman  
Vice-President – Regulatory Relations  
Assistant General Counsel and Assistant Secretary  
Mortgage Guaranty Insurance Corporation

**Certificate of Service**

The undersigned hereby certifies that above and foregoing Summary Order was served via the United States Postal Service, first-class postage prepaid, on this \_\_4th\_\_ day of February, 2013, addressed to the following:

Heidi A. Heyrman  
Mortgage Guaranty Insurance Corporation  
MGIC Plaza  
PO Box 756  
Milwaukee, WI 53201-0488

\_\_\_\_\_/s/ John R. Dowell\_\_\_\_\_  
John R. Dowell  
Staff Attorney