Report

of the

Examination of

CMG Mortgage Reinsurance Company

Madison, Wisconsin

As of December 31, 2010

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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, *Governor*
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June 5, 2012

Honorable Theodore K. Nickel
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs and financial condition of:

CMG MORTGAGE REINSURANCE COMPANY
Madison, Wisconsin

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of CMG Mortgage Reinsurance Company (hereinafter also the company or CMG Re) was conducted in 2008 as of December 31, 2007. The current examination covered the intervening period ending December 31, 2010, and included a review of such 2011 and 2012 transactions as deemed necessary to complete the examination.

The examination was conducted using a risk-focused approach in accordance with the NAIC Financial Condition Examiners Handbook, which sets forth guidance for planning and performing an examination to evaluate the financial condition and identify prospective risks of an insurer. This approach includes the obtaining of information about the company including corporate governance, the identification and assessment of inherent risks within the company, and the evaluation of system controls and procedures used by the company to mitigate those risks. The examination also included an assessment of the principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation and management's compliance with statutory accounting principles, annual statement instructions, and Wisconsin laws and regulations.

The examination of the company was conducted concurrently with the examinations of PMI Mortgage Insurance Co. (hereinafter also PMI) and CUNA Mutual Insurance Society (hereinafter also CMIS), which are regulated by the Arizona Department of Insurance (hereinafter also AZDOI) and the Iowa Insurance Division (hereinafter also IID), respectively. CMG Mortgage Insurance Company, CMG Mortgage Assurance Company and CMG Mortgage Reinsurance Company (hereinafter collectively the CMG mortgage guaranty insurers) are owned under a 50/50 joint venture between PMI and CMIS. All day-to-day operations of the companies are performed by employees of PMI and CMIS under various affiliated services agreements, which will be discussed in detail later in this report. Representatives of the AZDOI acted in the capacity as the lead state for the coordinated exam of PMI Mortgage Insurance Co. and the CMG mortgage guaranty insurers. It was determined that there would be no exam coordination with the IID; however, representatives of the IID shared work performed as part of their examination of CMIS with this office. Work performed by the AZDOI and IID were reviewed and relied on where deemed appropriate.

The examination consisted of a review of all major phases of the company's operations and included the following areas:

History
Management and Control
Corporate Records
Conflict of Interest
Fidelity Bonds and Other Insurance
Territory and Plan of Operations
Affiliated Companies
Growth of Company
Reinsurance
Financial Statements
Accounts and Records
Data Processing

Emphasis was placed on the audit of those areas of the company's operations accorded a high priority by the examiner-in-charge when planning the examination. Special attention was given to the action taken by the company to satisfy the recommendations and comments made in the previous examination report.

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation with respect to the alternative or additional examination steps performed during the course of the examination.

Independent Actuary's Review

An independent actuarial firm was engaged under a contract with the Office of the Commissioner of Insurance. The actuary reviewed the adequacy of the company's loss and loss adjustment expense reserves. The actuary's results were reported to the examiner-in-charge. As deemed appropriate, reference is made in this report to the actuary's conclusion.

II. HISTORY AND PLAN OF OPERATION

CMG Mortgage Reinsurance Company was incorporated on May 27, 1999, pursuant to the laws of the state of Wisconsin, and commenced business on August 26, 1999. CMG Re was formed as a jointly owned subsidiary of CUNA Mutual Investment Corporation (hereinafter also CMIC) and PMI Mortgage Insurance Co. (hereinafter also PMI), as an adjunct corporation in the parent companies' strategic alliance for the joint ownership and operation of CMG Mortgage Insurance Company (hereinafter also CMG MI). Each of the two parent companies contributed initial capital of $1.5 million to CMG Re in May 1999. CMG Re is licensed solely in Wisconsin, having licensure authority to insure and reinsure mortgage guaranty risks.

CMG Re was established to assume reinsurance for excess coverages on residential mortgage guaranty insurance that is written on a direct basis by CMG MI. CMG Re reinsures from CMG MI coverages of up to 25% of an insured mortgage loan, the coverages being excess of the 25% of the insured mortgage loan that are retained by CMG MI.

CMG Re's reinsurance is for coverages on primary mortgage guaranty insurance products that are offered by CMG MI, currently, the CMG MI policies insuring first-lien residential mortgage loans that are originated by credit unions or credit union organizations to their members. Primary mortgage guaranty insurance provides mortgage loan default protection to loan origination lenders on individual loans. The insurance covers unpaid loan principal, delinquent interest and certain expenses associated with loan default and subsequent foreclosure in the event that the mortgage borrower defaults on an insured loan.

The group's insurance policies cover mortgage loans on owner-occupied one-to-four family homes. Mortgage guaranty insurance coverages may not be terminated by a mortgage insurer except in the event of nonpayment of premiums, and mortgage guaranty policies remain renewable at the option of the insured lender. An insured lender may elect to cancel insurance coverages at any time, upon the repayment or termination of the insured loan or upon the mortgage borrower's attainment of sufficient equity in the insured property.

CMIS obtained 50% ownership of CMG MI and CMG Mortgage Assurance Company (hereinafter also CMGA) through stock dividends from CMIC on June 30, 2009. Concurrently

CMG Re became a wholly owned subsidiary of CMGA through a stock ownership transfer via capital contributions from CMIS and PMI.

CMIS and PMI each own a 50% interest in the capital stock of CMG MI and CMGA, while CMG Re is a wholly owned subsidiary of CMGA. The objective of the CMG MI joint venture between CMIS and PMI was to establish a strategic alliance to offer mortgage guaranty insurance products and services to credit unions that originate residential mortgage loans. The strategic alliance was undertaken to combine and employ the expertise of the two parent organizations, with PMI contributing its specialized knowledge and business systems for mortgage guaranty insurance operations and with CMIS having close business association with and specialized knowledge of the credit union industry. The CMG mortgage guaranty insurers do not have their own employees, and their operating functions are provided by affiliated companies within the two parent holding company organizations, pursuant to several affiliated services agreements. Further discussion of affiliated relationships and affiliated services agreements is included in the section of this report titled “Affiliated Companies.”

The following table is a summary of the net insurance premiums written by the company in 2010. The growth of the company is discussed in the “Financial Data” section of this report.

Line of Business	Direct Premium	Reinsurance Assumed	Reinsurance Ceded	Net Premium
Mortgage guaranty	$0	$10,813,773	$0	$10,813,773
Total All Lines	$0	$10,813,773	$0	$10,813,773

Prior to the establishment of CMG Re in 1999, excess coverages written by CMG MI were ceded to an affiliate of PMI. Cessions under the former reinsurance arrangement terminated effective June 30, 1999. Thereafter, all CMG MI excess coverages on new policies have been ceded to and assumed by CMG Re.

The total reinsurance premiums ceded by CMG MI in 2010 were $11.48 million, equal to 12.59% of CMG MI’s annual total gross written premium, of which CMG Re assumed $10.81 million. Other reinsurance of CMG MI was ceded to PMI Insurance Co. and a captive reinsurer.

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of ten members who are elected annually to serve a one-year term. Each member of the CMG Re board of directors is a senior executive in one of the two parent companies, CMIS and PMI, and may also serve as an executive or a director of one or more additional companies within their respective holding company systems. CMIS and PMI each have the right to designate the same number of directors to the board of CMG Re and to vote their respective shares in favor of their respective designees. As provided in the CMG MI, CMG Re, and CMGA Shareholders Agreements, each director of CMG MI also serves as a director of CMG Re and of CMGA, and the boards of directors of the three CMG mortgage guaranty insurers have common membership. As inside directors, the board members currently receive no compensation specific to their service on the board.

As of December 31, 2010, the board of directors consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
Michael T. Defnet Waunakee, Wisconsin	CMIS Senior Vice President of Sales	2011
Joseph F. Dillon, Jr. Novato, California	CMG Senior Vice President and General Manager	2011
G. Michael Edwards San Francisco, California	CMG Senior Vice President and General Manager	2011
Leslie R. Marquart Walnut Creek, California	PMI Vice President of Financial Planning and Analysis	2011
Thomas J. Merfeld Fitchburg, Wisconsin	CMIS Senior Vice President, Chief Risk Officer	2011
Peter C. Pannes San Anselmo, California	PMI Senior Vice President of Sales	2011
Lloyd A. Porter San Rafael, California	PMI Executive Vice President, Chief Risk Officer	2011
James M. Power Middleton, Wisconsin	CMIS Senior Vice President, Chief Products Officer	2011
Alastair C. Shore Madison, Wisconsin	CMIS Senior Vice President, Chief Actuary	2011
Janet A. Walker Lafayette, California	PMI Senior Vice President of Product Development and Marketing	2011

Officers of the Company

The officers of CMG Mortgage Reinsurance Company are appointed by the directors at the annual meeting of the CMG Re board of directors to serve a one-year term. Each officer of CMG Re is an officer in one of the two parent companies, CMIS and PMI, and may also serve as an officer of one or more additional companies within their respective holding company systems. Each officer of CMG Re also holds the corresponding office in CMG MI and in CMGA, and the three CMG mortgage guaranty insurers have a shared corps of executive officers.

As provided in the CMG MI, CMG Re, and CMGA Shareholders Agreements, the chairman of the board of directors of CMG MI also serves as the chairman of the boards of CMG Re and CMGA. The shared board chairmanship of CMG MI, CMG Re, and CMGA rotates annually between CMIS and PMI designees, and the president of the boards of directors of the CMG mortgage insurance companies shall be a person designated by CMIS.

The officers serving as of December 31, 2010, are as follows:

Name	Office	2010* Compensation
Alastair C. Shore	President and Chairman of the Board of Directors	$100,001
Earl W. Sealy	Secretary	169,538
Ray D. Chang	Treasurer	19,364
Kenneth S. Dailey	Actuary	35,310
Joseph F. Dillon, Jr.	Senior Vice President and General Manager	208,947
George M. Edwards	Senior Vice President and General Manager	137,333
Lloyd A. Porter	Vice Chairman	40,392

* Amount of each officer’s compensation allocated to the CMG mortgage guaranty insurers in 2010 by their parent companies.

Committees of the Board

The company's bylaws allow for the formation of certain committees by the board of directors. The committees as of December 31, 2010, are listed below:

Audit Committee	Investment and Finance Committee
Alastair C. Shore, Chair	Leslie R. Marquart, Chair
Leslie R. Marquart	Thomas J. Merfeld
Thomas J. Merfeld	Peter C. Pannes
Janet A. Walker	Alastair C. Shore
	Janet A. Walker

IV. AFFILIATED COMPANIES

CMG Mortgage Reinsurance Company is a joint venture enterprise and is a member of two independent holding company systems. The company is jointly owned and controlled by CUNA Mutual Insurance Society and PMI Mortgage Insurance Co. CMIS is a mutual life insurance company domiciled in Iowa and is the holding company parent for the CUNA Mutual Group. PMI is a wholly owned subsidiary in the insurance holding company led by The PMI Group, Inc., a corporation domiciled in Delaware that formerly was publicly traded on the New York Stock Exchange but was delisted in November of 2011. There were a number of events that occurred subsequent to December 31, 2010, which impacted members of PMI's and CMIS's respective holding company structures that are discussed further in the appendix section of the report entitled "Subsequent Events."

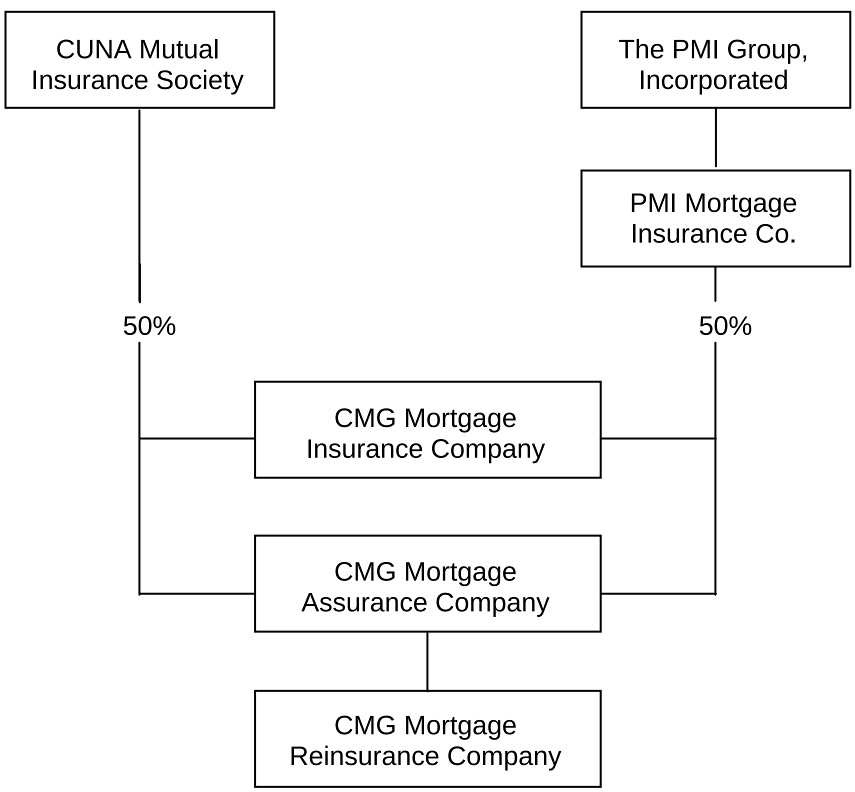
CMIS and PMI each own 50% of the capital stock of CMG MI and CMGA, and collectively hold 100% of the equity ownership of each company. CMIS obtained 50% ownership of both CMG MI and CMGA through stock dividends from CUNA Mutual Investment Corporation on June 30, 2009. CMG Re became a wholly owned subsidiary of CMGA on June 30, 2009, through a stock ownership transfer via capital contributions from CMIS and PMI. Concurrently CMIS, PMIC, CMIC and the CMG mortgage guaranty insurers entered into an assignment agreement, which reassigned CUNA Mutual Investment Corporation's interests, rights, responsibilities and duties under existing agreements with the CMG mortgage guaranty insurers to CMIS. CMG Re received a $2 million capital contribution from CMGA immediately after the ownership transfer and a $3.5 million capital contribution from CMGA in the fourth quarter of 2009.

Effective September 30, 2010, CMG Re issued two ten-year $5 million surplus notes, which were purchased by CMIS and PMIC in order for CMG Re to increase its policyholders' surplus to meet certain capital requirements. The surplus notes require that CMG Re pay an annual interest rate of 6.25% on the outstanding principal balances of those notes through October 15, 2015, and thereafter at an interest rate of 9.00% on September 30 of each year, subject to disapproval by the Commissioner of Insurance.

CMG Re's management and operations are conducted pursuant to a joint venture of CMIS and PMI, established by the CMG MI Shareholders Agreement effective September 8, 1994, and restated June 1, 2003, by the CMG Re Shareholders Agreement effective May 27, 1999, and by the CMGA Shareholders Agreement effective October 1, 2000. All of the business operation functions of the CMG mortgage guaranty insurers, including personnel, legal and administrative services, premium billing and receipt, policy issuance and administration, claims processing and adjudication, asset management and investment, and general accounting and financial reporting operations, are provided to the companies by affiliates from within the CMIS and TPG holding companies, through the provisions of various affiliated services agreements.

The following organizational chart depicts the holding company relationships among the significant affiliates of the company as of December 31, 2010. A brief description of the significant affiliates of CMG Re follows the organizational chart, which is followed by a summary of the service agreement relationships between the company and its affiliates.

Organizational Chart
As of December 31, 2010



CUNA Mutual Insurance Society

CUNA Mutual Insurance Society and its affiliates provide group and individual life insurance products, accident and health insurance products, and other financial products and services to credit unions, credit union service organizations, and credit union members. CMIS business activities are conducted in all U.S. states, the District of Columbia, and in countries and political jurisdictions throughout the world.

As of December 31, 2010, CMIS's audited financial statements reported total admitted assets of $13,330,405,751, total liabilities of $11,975,589,106 and policyholders' surplus of $1,354,816,645. Operations for 2010 produced net income of $33,437,012.

The PMI Group, Inc.

The PMI Group, Inc., is an insurance holding company organized in December 1993 pursuant to the laws of the state of Delaware. TPG was originally a wholly owned subsidiary of Allstate Insurance Company (hereinafter also Allstate), an insurance subsidiary of The Allstate Corporation. In an April 18, 1995, initial public offering, Allstate sold 36.75 million shares of TPG common stock, representing a 70% ownership interest of TPG. Subsequent to the 1995 public offering of TPG, Allstate divested all of its remaining 30% ownership interest in TPG through an exchange of 12.9 million shares of TPG common stock to redeem outstanding Allstate exchangeable notes, and through the sale of 2.8 million shares of TPG common stock that remained in Allstate ownership following the Allstate exchange note redemptions.

Through its subsidiary, PMI Mortgage Insurance Co., TPG primarily provided private mortgage guaranty insurance to mortgage lenders in the United States. Other TPG subsidiaries provide mortgage guaranty reinsurance, home finance industry risk management products and services, and title insurance.

As of December 31, 2010, TPG's GAAP audited financial statements reported total assets of $4,218,987,000, total liabilities of $3,803,717,000, and shareholders' equity of $415,270,000. Operations for 2010 produced a net loss of $773,028,000 on premium revenues of $577,372,000.

PMI Mortgage Insurance Co.

PMI Mortgage Insurance Co. was incorporated November 10, 1972, as an Arizona stock mortgage guaranty insurance company. From 1973 until 1994, PMI was a wholly owned subsidiary of Allstate Insurance Company. Effective November 28, 1994, Allstate contributed all of the outstanding capital stock of PMI to TPG.

PMI writes residential mortgage guaranty insurance, providing primary insurance coverage on first-lien mortgage loans and, beginning in 1997, providing a government-sponsored mortgage pool insurance product that is used as an element of credit enhancement for secondary market mortgage loan securities transactions. PMI holds mortgage guaranty insurance licenses in all 50 U.S. states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

As of December 31, 2010, PMI's audited statutory financial statements reported total admitted assets of $3,132,212,478, total liabilities of $2,392,735,378, and policyholders' surplus of $739,477,100. Operations for 2010 produced a net loss of $551,819,341 on premium revenues of $512,265,069.

CMG Mortgage Insurance Company

CMG Mortgage Insurance Company was originally incorporated in 1980 as an Illinois-domiciled mortgage guaranty insurer. On April 14, 1994, CUNA Mutual Investment Corporation purchased 100% of the capital stock of CMG MI. On June 23, 1994, PMI purchased from CMIC 45% of the issued and outstanding stock of CMG MI, and on September 8, 1994, CMIC and PMI executed the CMG MI Shareholders Agreement that established a contractual joint venture arrangement and joint management of CMG MI under a strategic alliance of CMIC and PMI.

CMG MI resumed writing new business in 1994 and redomiciled to Wisconsin effective November 30, 1994. PMI's ownership interest in CMG MI increased to 50% in 1998 through PMI's purchase of 200,000 additional shares of CMG MI capital stock and after that transaction CMIC and PMI each held equal 50% ownership interests in the capital stock of CMG MI. As mentioned earlier in this section of the report, CMIC transferred its 50% ownership in CMG MI to CMIS through a stock dividend on June 30, 2009. CMG MI is licensed in all 50 U.S.

states, the District of Columbia and Puerto Rico, and issues mortgage guaranty insurance policies on first-lien residential mortgage loans originated by credit unions.

As of December 31, 2010, CMG MI's audited statutory financial statements reported total admitted assets of $392,627,164, total liabilities of $287,156,717, and policyholders' surplus of $105,470,447. Operations for 2010 produced net income of $3,368,354.

CMG Mortgage Assurance Company

CMG Mortgage Assurance Company was originally organized in 1969 as a California-domiciled mortgage guaranty insurer, under the name Investors Mortgage Insurance Company of California. The name was changed to Investors Equity Insurance Company, Inc. (hereinafter also IEIC) effective September 23, 1980. In December 1981, CMG MI acquired control of 100% of the capital stock of IEIC when IEIC's parent merged into CMG MI. IEIC ceased writing new business in 1986. In 1994, following CMIC's acquisition of CMG MI, CMG MI paid to CMIC an extraordinary dividend consisting of 100% of the capital stock of IEIC. In 1999, IEIC changed its name to CMG Mortgage Assurance Company, and on June 1, 2000, CMGA redomiciled from California to Wisconsin.

Effective October 1, 2000, PMI purchased from CMIC 50% of the capital stock of CMGA, and CMGA became a jointly owned subsidiary of CMIC and PMI. As mentioned earlier in this section of the report, CMIC transferred its 50% ownership in CMGA to CMIS through a stock dividend on June 30, 2009. CMGA is licensed as a mortgage guaranty insurer. The joint venture ownership of CMGA was established to provide insurance coverages on junior lien second-mortgage loans issued by credit unions to their credit union members. CMGA began writing business on these coverages in the third quarter of 2001. Due to unfavorable results from this line of business, the company's board of directors resolved to discontinue writing new business effective March 31, 2008.

As of December 31, 2010, CMGA's audited statutory financial statements reported total admitted assets of $15,113,564, total liabilities of $1,879,300, and policyholders' surplus of $13,234,264. Operations for 2010 produced a net loss of $294,714.

Agreements with Affiliates

As previously described, each of the three CMG mortgage guaranty insurers was organized as a joint venture enterprise by CMIS and PMI, with each parent organization having responsibility for specified portions of the operations and management of CMG MI, CMG Re, and CMGA. The rights and responsibilities of affiliates who participate in the joint venture are formalized in agreements between CMIS and PMI (and their affiliates) and each respective CMG mortgage insurance company. Affiliated reinsurance agreements are described in section V of the report titled "Reinsurance." A brief summary of CMG Re's other affiliated agreements and undertakings follows arranged by effective date.

PMI Reinsurance Services Agreement

CMG Mortgage Reinsurance Company and PMI Mortgage Insurance Co. entered into a reinsurance services agreement effective May 27, 1999, which was restated effective September 3, 2003, and last amended on November 29, 2005. Pursuant to the agreement, PMI is to provide services essential to the day-to-day operation of CMG Re, which include:

1. General Management—management assistance in accordance with the Shareholders Agreement, including, but not limited to, services of specified management personnel;
2. Actuarial Services;
3. Accounting Services;
4. Legal and Government Relations;
5. Bank, Cash/Liquidity Management and Cash Forecasting.

In consideration of the services provided to CMG Re under this agreement, CMG Re agrees to pay to PMI a monthly service fee based on the actual cost of services. Payments are to be made within 30 days of the end of each month. The agreement is continuous until the termination of the Restated CMG Re Shareholders Agreement. This agreement may be terminated if the other party has materially defaulted under the terms and conditions of the agreement and such default has not been cured within 60 days of receipt of written notice.

CMIS Reinsurance Services Agreement

Effective May 27, 1999, CMG Mortgage Reinsurance Company and CUNA Mutual Investment Corporation entered into a reinsurance services agreement, which was restated effective September 3, 2003, and last amended on November 29, 2005. As described earlier in this section of the examination report CMIC reassigned its interests, rights, responsibilities and duties under this agreement to CMIS effective June 30, 2009. Pursuant to the agreement, CMIS is to provide services essential to the day-to-day operation of CMG Re which include:

1. General Management—management assistance in accordance with the Shareholders Agreement, including, but not limited to, services of specified management personnel;
2. Purchase of insurance coverages, including coverages for directors, officers and employees;
3. Investment Accounting Services;
4. Legal and Government Relations, including, but not limited to, those generally related to maintenance of insurance licenses, corporate transactions, general corporate governance, review/identification of proposed laws and regulations relating to state and federal regulation of credit unions which may affect the company's business, and regulatory filings; and
5. Facilities Management and Administration.

In consideration of the services provided to CMG Re under this agreement, CMG Re agrees to pay to CMIS a monthly service fee based on the actual cost of services. Payments are to be made within 30 days of the end of each month. The agreement is continuous until the termination of the Restated CMG Re Shareholders Agreement. This agreement may be terminated if the other party has materially defaulted under the terms and conditions of the agreement and such default has not been cured within 60 days of receipt of written notice.

Investment Advisory Agreement

CMG Mortgage Reinsurance Company and MEMBERS Capital Advisors, Inc. (hereinafter also MCA) entered into an investment advisory agreement effective May 27, 1999, which was last amended and restated as of September 1, 2009. Pursuant to the Investment Advisory Agreement, CMG Re appointed MCA to act as CMG Re's investment advisor and investment portfolio manager for the purpose of managing the investment and reinvestment of the company's assets. MCA is allowed to appoint third-party investment advisors to perform some or all of its investment advisor duties pursuant to a written agreement. MCA, a duly licensed registered investment advisor domiciled in the state of Iowa, is 100% owned by CMIC. Specific services provided to CMG Re by MCA are the following:

1. Makes investment decisions and is responsible for investment and reinvestment of the CMG Re investment securities portfolio;

2. Performs research, statistical analysis and continuous supervision of the CMG Re portfolio;

3. Provides to CMG Re the data and information required to prepare and file all necessary statutory statements, tax returns, and any other reports or returns of a regulatory nature;

4. Monitors systems and procedures for proper functioning of all investment activities to ensure compliance with the requirements of applicable federal and state laws, rules, and regulations;

5. Renders any periodic and special reports reasonably requested.

In consideration of the services provided to CMG Re under this agreement, CMG Re agrees to pay to MCA a monthly management fee equivalent to one-twelfth of 15 basis points of the end of month value of securities and cash managed by the advisor. Payments are to be made within 30 days of the end of each month. The agreement is continuous until the termination of the Restated Reinsurance Services Agreement between CMG Re and CMIS. This agreement may be terminated if the other party has defaulted under the terms and conditions of the agreement and such default has not been cured within 60 days of receipt of written notice. This agreement may also be terminated if MCA fails to meet the performance standards of the contract, by 30 days' written notice to MCA given either by CMG Re or by CMIS.

License Agreement

Effective May 27, 1999, CMG Mortgage Reinsurance Company and CUNA Mutual Insurance Society entered into a license agreement. Pursuant to this agreement, CMIS granted to CMG Re a royalty-free, non-exclusive right and license in the United States to use the term "CMG," a CUNA Mutual Group trade name, as part of CMG Re's corporate name, corporate trade name, and corporate trademarks and service marks. The agreement establishes requirements and prohibitions on the company's authority to use the term "CMG." The agreement provides that any use of the mark by CMG Re shall inure for the benefit of CUNA Mutual Group, and provides that CMG Re acknowledges the validity of the mark "CMG" and CUNA Mutual Group's exclusive right, title, and interest in the mark. So long as CMG Re shall make regular commercial use of the authorized trademark, the agreement is continuous until the termination of the CMG Re

Shareholders Agreement or upon CMG Re's violation of the contract provisions for CMIS's exclusive rights under the contract, CMG Re's assignment of the contract, or CMG Re's improper use of the trademark. CMG Re may terminate the contract upon 30 days' written notice.

CMG Reinsurance Services Agreement with CMG MI

CMG Mortgage Insurance Company and CMG Mortgage Reinsurance Company entered into a reinsurance services agreement effective May 27, 1999, concurrent with the formation of CMG Re and the adoption of the CMG Re Shareholders Agreement between CMIC and PMI (currently between CMIS and PMI). This agreement has been restated as of November 2, 2004. Pursuant to the reinsurance services agreement, CMG MI shall provide to CMG Re general management assistance services, including, but not limited to, the services of CMG MI's management personnel, necessary for the operation of the reinsurance business conducted by CMG Re. The agreement provides that the performance standards for CMG MI services shall be that of best efforts and the exercise of the highest degree of professional competence. In consideration of the services provided to CMG Re under this agreement, CMG Re agrees to pay to CMG MI a monthly service fee based on the actual cost of services. Payments are to be made within 30 days of the end of each month. The agreement may be terminated by either party providing 60 days' written notice in the event that CMG Re no longer reinsures any of CMG MI's business. This agreement may also be terminated if the other party has materially defaulted under the terms and conditions of the agreement and such default has not been cured within 60 days of receipt of written notice.

CMIS Procurement and Disbursement and Billing and Collection Services Agreement

Effective December 20, 2007, CMIS and its affiliates entered into a procurement and disbursement and billing and collection services agreement. Under this agreement, CMIS will perform certain services relating to procurement activities, disbursement activities, and billing and collection activities, not provided by other affiliated entities under separate services agreements. In consideration of the services provided to CMG Re under this agreement, CMG Re agrees to pay to CMIS a quarterly service fee based on the actual cost of services. Payments are to be made within 15 days of the end of each quarter. This agreement is continuous and may be terminated by either party providing 30 days' notice.

Tax-Sharing Agreement

Effective June 30, 2009, CMG Mortgage Assurance Company and CMG Mortgage Reinsurance Company entered into a tax-sharing agreement. Under this agreement, CMGA files a consolidated U.S. Federal Income Tax Return that includes CMG Re. The agreement sets forth the rights and obligations of the parties to the agreement with respect to the determination and settlement of federal income tax liabilities as well as the allocation of the companies' consolidated U.S. federal income tax liability in accordance with a rational, systematic formula. The agreement provides for computation of tax, settlement of balances between the two entities, tax-sharing, filing the return, audits and other adjustments, dispute resolution and other administrative requirements. The agreement calls for the settlement of quarterly estimated federal tax payments and final year-end calculated adjusted payments within 30 days' written notification. The agreement has provisions that address members entering or departing the group and provides for successors.

V. REINSURANCE

The reinsurance portfolio and strategy of CMG Mortgage Reinsurance Company is described below. CMG Re has one assumption reinsurance agreement with its affiliate, CMG MI, and is not party to any ceding reinsurance agreement. The company's sole reinsurance contract contains a proper insolvency provision.

In certain jurisdictions a direct writer of mortgage guaranty insurance is limited to a maximum retention equal to 25% of the indebtedness of the borrower on the insured loan. The CMG Re assumption reinsurance treaty with CMG MI was undertaken by CMG MI primarily for regulatory compliance purposes, to enable CMG MI to satisfy limitations established by various jurisdictions regarding the proportionate amount of risk that a direct writer of mortgage guaranty insurance is permitted to retain for its own account.

Pursuant to the CMG Re reinsurance assumption treaty, CMG MI cedes to CMG Re and CMG Re assumes coverages on primary residential mortgage guaranty insurance in excess of 25% of the insured mortgage loan amount, up to a maximum of 25% of the insured mortgage loan amount. Ceded premium rates vary and are based on a proportional amount of the mortgage loan risk ceded multiplied by the related net policy premium charged by CMG MI. CMG MI in return receives a 22% ceding commission. This agreement can be terminated by either party by 30 days' prior written notice of the termination date.

The treaty between CMG MI and CMG Re became effective July 1, 1999, for CMG MI cession of new business written on or after July 1, 1999, and replaced a prior reinsurance agreement between CMG MI as direct writer and PMI Insurance Co. (formerly known as Residential Guaranty Co.) as the reinsurer of a portion of coverages written by CMG MI. The coverage provisions of the terminated agreement between CMG MI and PMI Insurance Co. were identical to those of the present treaty between CMG MI and CMG Re except for the ceding commission clause. The treaty between CMG MI and PMI Insurance Co. terminated pursuant to the contract effective June 30, 1999, and remains in runoff until the CMG MI gross risk in force on the subject business is reduced to zero.

In 2010, CMG MI had direct written premium of $91,174,723, ceded written premium of $10,813,773 to CMG Re, ceded written premium of $12,336 to PMI Insurance Co., and ceded written premium of $649,814 to Colonial Mortgage Insurance Company, a captive insurer.

VI. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the Commissioner of Insurance in the December 31, 2010, annual statement. Also included in this section are schedules that reflect the growth of the company, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the minimum policyholders' position calculation. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination."

CMG Mortgage Reinsurance Company
Assets
As of December 31, 2010

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$34,568,404	$ 0	$34,568,404
Cash, cash equivalents, and short-term investments	11,672,466	0	11,672,466
Investment income due and accrued	388,626	0	388,626
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	737,229	0	737,229
Net deferred tax asset	2,553,498	2,183,695	369,803
Receivable from parent, subsidiaries, and affiliates	935,417	0	935,417
Total Assets	$50,855,640	$2,183,695	$48,671,945

CMG Mortgage Reinsurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2010

Losses		$24,869,752
Reinsurance payable on paid loss and loss adjustment expenses		1,476,493
Other expenses (excluding taxes, licenses, and fees)		44,167
Unearned premiums		839,165
Payable to parent, subsidiaries, and affiliates		36,872
Write-ins for liabilities:		
Reserve for contingencies		748,224
Total liabilities		28,014,673
Common capital stock	$ 2,000,000	
Surplus notes	10,000,000	
Gross paid in and contributed surplus	6,500,000	
Unassigned funds (surplus)	2,157,272	
Surplus as regards policyholders		20,657,272
Total Liabilities and Surplus		$48,671,945

CMG Mortgage Reinsurance Company
Summary of Operations
For the Year 2010

Underwriting Income		
Premiums earned		$11,090,380
Deductions:		
Losses incurred	$ 18,720,807	
Other underwriting expenses incurred	2,793,853	
Write-ins for underwriting deductions:		
Increase in reserve for contingencies	5,545,190	
Approved withdrawal from contingency reserve	(14,839,173)	
Total underwriting deductions		12,220,677
Net underwriting gain (loss)		(1,130,297)
Investment Income		
Net investment income earned	824,545	
Net realized capital gains (losses)	2,257	
Net investment gain (loss)		826,802
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		(303,495)
Federal and foreign income taxes incurred		(607,048)
Net Income		$ 303,553

CMG Mortgage Reinsurance Company
Cash Flow
For the Year 2010

Premiums collected net of reinsurance			$10,916,069
Net investment income			1,034,989
Total			11,951,058
Benefit- and loss-related payments		$15,581,956	
Commissions, expenses paid, and aggregate write-ins for deductions		2,802,357	
Federal and foreign income taxes paid (recovered)		(31,914)	
Total deductions			18,352,399
Net cash from operations			(6,401,341)
Proceeds from investments sold, matured, or repaid:			
Bonds	$ 8,973,805		
Net gains (losses) on cash, cash equivalents, and short-term investments	1,317		
Total investment proceeds		8,975,122	
Cost of investments acquired (long-term only):			
Bonds	18,208,114		
Total investments acquired		18,208,114	
Net cash from investments			(9,232,992)
Cash from financing and miscellaneous sources:			
Surplus notes, capital notes		10,000,000	
Other cash provided (applied)		(897,303)	
Net cash from financing and miscellaneous sources			9,102,697
Reconciliation:			
Net change in cash, cash equivalents, and short-term investments			(6,531,636)
Cash, cash equivalents, and short-term investments:			
Beginning of year			18,204,103
End of Year			$11,672,467

CMG Mortgage Reinsurance Company
Policyholders' Position Calculation
December 31, 2010

Surplus as regards policyholders		$20,657,272	
Contingency reserve		748,224	
Total policyholders' position			$21,405,496
Net minimum policyholders' position:			
Individual loans:			
Loan-to-value more than 75%	$13,630,285		
Total individual loans		13,630,285	
Deduct aggregate minimum policyholder position for certain loans with established reserves		(1,292,438)	
Total minimum policyholders' position			12,337,847
Excess of Total Policyholders' Position over Minimum Policyholders' Position			$ 9,067,649

CMG Mortgage Reinsurance Company
Reconciliation and Analysis of Surplus
For the Three-Year Period Ending December 31, 2010

The following schedule is a reconciliation of total surplus during the period under examination as reported by the company in its filed annual statements:

	2010	**2009**	**2008**
Surplus, beginning of year	$11,625,138	$ 6,325,541	$6,493,227
Net income	303,553	(1,365,405)	(63,995)
Change in net deferred income tax	(103,838)	1,389,113	309,407
Change in nonadmitted assets	(1,167,581)	(323,491)	(413,098)
Change in surplus notes	10,000,000	0	0
Capital changes:			
Paid in	0	5,500,000	0
Write-ins for gains and (losses) in surplus:			
Prior year deferred income tax adjustment	0	99,380	0
Surplus, End of Year	$20,657,272	$11,625,138	$6,325,541

CMG Mortgage Reinsurance Company
Insurance Regulatory Information System
For the Three-Year Period Ending December 31, 2010

The company's NAIC Insurance Regulatory Information System (IRIS) results for the period under examination are summarized below. Unusual IRIS results are denoted with asterisks and discussed below the table.

	Ratio	**2010**	**2009**	**2008**
#1	Gross Premium to Surplus	52%	106%	199%
#2	Net Premium to Surplus	52	106	199
#3	Change in Net Premiums Written	(12)	(2)	23
#4	Surplus Aid to Surplus	0	0	0
#5	Two-Year Overall Operating Ratio	101*	101*	100*
#6	Investment Yield	1.8*	2.5*	2.9*
#7	Gross Change in Surplus	78*	84*	(3)
#8	Change in Adjusted Surplus	(8)	(3)	(3)
#9	Liabilities to Liquid Assets	60	79	88
#10	Agents' Balances to Surplus	4	7	15
#11	One-Year Reserve Development to Surplus	12	34*	25*
#12	Two-Year Reserve Development to Surplus	56*	31*	11
#13	Estimated Current Reserve Deficiency to Surplus	(39)	(111)	(92)

Ratio No. 5, Two-Year Overall Operating Ratio, measures the company's profitability over the previous two-year period and was exceptional in each of the years under examination. The exceptional ratios during the three-year period under examination were primarily impacted by large losses incurred by the company mostly attributable to poor housing market conditions and poor economic conditions. The exceptional ratio in 2008 was also affected by 2007 results, which was mostly due to increased underwriting expenses. The contingency reserve is a component of underwriting expenses and is a large liability that is required for writing mortgage insurance business. The contingency reserve is based on earned premium, which increased by 29.3% compared to the previous year (2006).

Ratio No. 6, "Investment Yield," measures the amount of the company's net investment income as a percentage of the average amount of cash and invested assets. Exceptional investment yield ratios were noted in each of the years under examination. This was primarily caused by low interest on bond holdings. Net investment income from bond holdings was limited over the last several years and was affected by the low interest rate bond market, where investors reinvested proceeds from bond disposals (having been called, matured or sold) in a bond market with low returns.

Ratio No. 7, "Gross Change in Surplus," was considered exceptional in 2009 and 2010. The exceptional ratio in 2009 is primarily due to CMG Re receiving a $2 million capital contribution from CMGA immediately after acquiring the company on June 30, 2009, and a $3.5 million capital contribution from CMGA in the fourth quarter of 2009. The exceptional ratio in 2010 is mostly attributable to the company issuing two ten-year $5 million surplus notes on September 30, 2010, that were purchased by CMIS and PMIC.

Ratio No. 11, "One-Year Reserve Development to Surplus," measures a company's one-year loss reserve development as a percent of the prior years' policyholders' surplus and was considered exceptional in 2008 and 2009. This is attributable to the company significantly strengthening its reserves in those years, which was caused by higher levels of mortgage foreclosures and declining home prices in the United States which affected both the number and size of mortgage guaranty claims.

Ratio No. 12, "Two-Year Reserve Development to Surplus," measures a company's two-year loss reserve development as a percent of the prior years' policyholders' surplus and was considered exceptional in 2009 and 2010 for the same reasons as Ratio No. 11.

Growth of CMG Mortgage Reinsurance Company

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2010	$48,671,945	$28,014,673	$20,657,272	$ 303,503
2009	46,640,508	35,015,370	11,625,138	(1,365,405)
2008	37,320,488	30,994,947	6,325,541	(63,995)
2007	29,785,970	23,292,743	6,493,227	(283,297)

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2010	$10,813,773	$10,813,773	$11,090,380	168.8%	(60.1)%	108.7%
2009	12,290,849	12,290,849	12,570,498	153.4	(45.1)	108.3
2008	12,595,824	12,595,824	12,431,943	85.2	24.3	109.5
2007	10,279,957	10,279,957	9,934,547	35.6	71.2	106.8

The company has experienced surplus growth of 218% over the three-year period beginning in 2008 to 2010 and is mostly attributable to $5.5 million in capital contributions received from CMGA in 2009 and the issuance of surplus notes totaling $10 million in 2010, both of which were mentioned in the explanation of exceptional IRIS Ratio No. 5 results. Gross and net premium growth steadily decreased in 2009 and 2010 as a result of the reduction of business directly written by CMG MI and ceded to CMG Re. Beginning in 2009 CMG MI, the sole entity CMG Re assumes business from, intentionally reduced the amount of new insurance it wrote to preserve policyholders' surplus. Premiums directly written by CMG MI in the last two years were also impacted by an increase in loan defaults as well as stricter guidelines implemented by its credit union customers regarding the refinancing of mortgage loans, which resulted in increased cancelations of insured loans. The company's loss ratio has increased significantly over the last three years, which can be attributable to poor housing market conditions and poor economic conditions. A benefit to the company, compared to other mortgage insurers, was that credit unions were known to have more stringent underwriting standards when making loans compared to other financial institutions and therefore have been less impacted by defaults caused by the decline in the economy and housing market. The company's expense ratio decreased significantly in 2008 and was negative in 2009 and 2010, which was mainly attributable to the company being approved by this office to make provisional withdrawals of funds from its contingency reserves in those years. The company has recorded net losses in three out of the last four years as a result of negative underwriting results in each of the last four years. In 2010 the company recorded net income as a result of net investment gains and negative federal income taxes incurred entirely offsetting the net underwriting loss.

Reconciliation of Surplus per Examination

No adjustments were made to surplus as a result of the examination. The amount of surplus of $20,657,272 reported by the company as of December 31, 2010, is accepted.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There were three specific comments and recommendations in the previous examination report. Comments and recommendations contained in the last examination report and actions taken by the company are as follows:

1. Executive Compensation—It is again recommended that the company complete the Report on Executive Compensation in compliance with s. 611.63 (4), Wis. Stat., and as further defined in the report form as included in the Property and Casualty Annual Statement Packet, which includes the disclosure of compensation relating to the companies' CEO, the four most highly paid officers or employees (other than the CEO), and any other employees who meet the threshold as calculated in the schedule on that form.

   Action—Compliance.

2. Conflict of Interest—It is recommended that annually each director, officer, and key employee of the company complete a conflict of interest disclosure as required by the Commissioner's directive, and that the company retains copies of each year's disclosure forms with company records so that they may be available for review by this office.

   Action—Compliance.

3. Invested Assets—It is recommended that the custodial/safekeeping agreement entered into by the company include the requirements as established by the NAIC Financial Condition Examiners Handbook, Part 1, Section IV, which include the following:

   a) The custodian is required to hold securities separate and distinct from the other deposits with the custodian so that at all times they may be identified as belonging solely to CMG Mortgage Reinsurance Company;

   b) The custodian is obligated to indemnify the company for any loss of securities of the insurance company in the bank or banking and trust company's custody occasioned by the negligence or dishonesty of the bank or banking and trust company's officers or employees, or burglary, robbery, holdup, theft, or mysterious disappearance, including loss by damage or destruction; and

   c) In the event that there is a loss of the securities for which the bank or banking and trust company is obligated to indemnify the company, the securities shall be promptly replaced or the value of the securities and the value of any loss of rights or privileges resulting from said loss of securities shall be promptly replaced.

   Action—Noncompliance; see comments in the "Summary of Current Examination Results."

Summary of Current Examination Results

This section contains comments and elaboration on those areas where adverse findings were noted or where unusual situations existed. Comment on the remaining areas of the company's operations is contained in the examination work papers.

Invested Assets

The previous examination determined that the custodial/safekeeping agreement entered into by the company did not include certain indemnification language requirements as established by the NAIC Financial Condition Examiners Handbook, Part 1, Section IV. The current examination reviewed the company's current safekeeping agreement with its custodian, which was obtained from the company. It was discovered that the custodial agreement received as part of the current examination was identical to the agreement presented by the company during the previous examination. It was concluded that there were no changes made to the company's safekeeping agreement since the previous examination in terms of inclusion of NAIC prescribed indemnification language. Therefore, it is again recommended that the custodial/safekeeping agreement entered into by the company include the requirements as established by the NAIC Financial Condition Examiners Handbook, Part 1, Section IV, which include the following:

a) The custodian is obligated to indemnify the company for any loss of securities of the insurance company in the bank or banking and trust company's custody occasioned by the negligence or dishonesty of the bank or banking and trust company's officers or employees, or burglary, robbery, holdup, theft, or mysterious disappearance, including loss by damage or destruction; and

b) In the event that there is a loss of the securities for which the bank or banking and trust company is obligated to indemnify the company, the securities shall be promptly replaced or the value of the securities and the value of any loss of rights or privileges resulting from said loss of securities shall be promptly replaced.

VIII. CONCLUSION

The company reported assets of $48,671,945, liabilities of $28,014,673, and policyholders' surplus of $20,657,272 for 2010. Operations for 2010 produced net income of $303,553. Over the three-year period under examination the company's reported policyholders' surplus increased by approximately 218%, primarily due to $5.5 million in capital contributions from CMGA in 2009 and the issuance of two $5 million surplus notes in 2010, which were acquired by CMIS and PMI. Gross and net premiums written over the period under examination decreased since 2008 as a result of CMG MI writing less direct business during that period, which affected the amount of business assumed by CMG Re. CMG MI's direct writings were impacted by intentionally reducing the amount of new insurance it wrote in those years to preserve capital, implementation of stricter refinancing guidelines by its credit union customers that caused increased cancelations of insured loans, and significant increases in loans it insures defaulting. The company reported net underwriting losses in each of the last four years. During the period under examination the company's net loss and loss adjustment expense ratio has averaged 135.8% with the highest being recorded in 2010 of 168.8%. The negative operational results for the period under examination are primarily attributable to poor housing market conditions and poor economic conditions.

The examination verified the financial condition of the company as reported in its annual statement as of December 31, 2010. The examination of CMG Re resulted in one recommendation, which was considered a repeat recommendation, no adjustments to surplus and no reclassifications. The repeat recommendation pertains to the company not complying with an examination report recommendation in regard to executing a safekeeping agreement with its custodian that contains prescribed indemnification language.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 30 - Invested Assets—It is again recommended that the custodial/safekeeping agreement entered into by the company include the requirements as established by the NAIC Financial Condition Examiners Handbook, Part 1, Section IV, which include the following:

    a) The custodian is obligated to indemnify the company for any loss of securities of the insurance company in the bank or banking and trust company's custody occasioned by the negligence or dishonesty of the bank or banking and trust company's officers or employees, or burglary, robbery, holdup, theft, or mysterious disappearance, including loss by damage or destruction; and

    b) In the event that there is a loss of the securities for which the bank or banking and trust company is obligated to indemnify the company, the securities shall be promptly replaced or the value of the securities and the value of any loss of rights or privileges resulting from said loss of securities shall be promptly replaced.

X. ACKNOWLEDGMENT

The courtesy and cooperation extended during the course of the examination by the officers and employees of the company are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
Ana J. Careaga	Insurance Financial Examiner
Randy F. Milquet	IT Specialist
Jerry C. DeArmond	Reserve Specialist
Frederick H. Thornton	Exam Planning & Quality Control Specialist

Respectfully submitted,

John E. Litweiler
Examiner-in-Charge

XI. APPENDIX—SUBSEQUENT EVENTS

There were a number of events that transpired subsequent to December 31, 2010, which significantly impacted members of the company's holding company structure. A brief summary of those events follows, arranged by joint venture partner of the CMG mortgage guaranty insurers to which they relate. Also reported in this section are updated listings of the company's board of directors and officers due to the numerous changes in appointments subsequent to December 31, 2010.

CUNA Mutual Insurance Society

On September 7, 2011, CMIS's policyholders approved a plan of reorganization, where CMIS would reorganize by forming a mutual insurance holding company named CUNA Mutual Holding Company (hereinafter also CMHC) and continuing its corporate existence as a stock life insurance company subsidiary of a newly formed intermediate stock holding company named CUNA Mutual Financial Group, Inc., that would be a subsidiary of CMHC. CMIS's name would concurrently change to CMFG Life Insurance Company. Under the new structure, insurance policies and annuity contracts would remain the same and policyholder benefits and rights would not be reduced or altered in any way. On October 7, 2011, the Iowa Insurance Commissioner approved the plan for the new mutual ownership structure, which became effective on January 31, 2012.

PMI Mortgage Insurance Co.

On August 19, 2011, PMI and its wholly owned subsidiary PMI Insurance Co. (hereinafter PIC) were placed under a supervisory order by the Arizona Director of Insurance (hereinafter Director) as a result of the Arizona Department of Insurance's determination of a hazardous financial condition under Arizona insurance laws and regulations relating to PMI's June 30, 2011, operational results. The order required the two companies to cease issuing new mortgage guaranty insurance commitments at close of business on August 19, 2011, and to cease issuing mortgage insurance certificates under pending commitments at the close of business on September 16, 2011. Mr. Truitte D. Todd of Tharp and Associates, Inc. (hereinafter Supervisor) was appointed by the Director as the interim supervisor of PMI and PIC.

Effective August 22, 2011, Fannie Mae and Freddie Mac each suspended PMI, PIC and PMI Mortgage Assurance Co. from its list of approved mortgage insurers.

On October 20, 2011, the Director requested and received an order (hereinafter the Possession Order) to take full and exclusive possession and control of PMI by the Superior Court of Maricopa County, Arizona (hereinafter the AZ Court) as a result of the AZDOI's determination that PMI did not meet certain capital requirements under Arizona law as of the third quarter of 2011. Concurrent with the granting of the Possession Order, the Director filed a Complaint for the Appointment of Receiver and Injunction to place PMI into rehabilitation.

Concurrent with the granting of the Possession Order, the Director also issued a Notice of Determination, Order of Supervision and Notice of Appeal Rights to the principal regulated reinsurance subsidiaries of The PMI Group, Inc. These companies are PMI Reinsurance Co., PMI Mortgage Guaranty Co. and Residential Insurance Co. Truitte D. Todd was appointed Supervisor by the Director with full authority to supervise the TPG-controlled PMI insurance companies on the Director's behalf under the relevant supervision order.

TPG management filed a formal objection to the Possession Order and the Complaint for the Appointment of Receiver in the AZ Court on October 28, 2011. The AZ Court upheld the Possession Order on November 22, 2011, and a receivership hearing was scheduled for January 10, 2012. However, on November 23, 2011, TPG filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware, which resulted in the postponement of the receivership hearing.

On February 6, 2012, TPG and the AZDOI filed with the AZ Court a joint stipulation, where TPG withdrew its opposition to the AZDOI's request for the appointment of a receiver.

On March 14, 2012, the AZ Court issued an Order for Appointment of Receiver and Injunction placing PMI into rehabilitation. The Director named Mr. Truitte D. Todd as the Special Deputy Receiver of PMI.

Name and Residence	Principal Occupation	Term Expires
Andrew D. Cameron Berkeley, California	PMI President and General Counsel	2013
Michael T. Defnet Waunakee, Wisconsin	CMIS Senior Vice President of Sales	2013
Sean A. Dilweg Madison, Wisconsin	CMIS Vice President, Product Executive	2013
Thomas H. Jeter Mill Valley, California	PMI Chief Financial Officer and Chief Administrative Officer	2013
Leslie R. Marquart Walnut Creek, California	PMI Senior Vice President and Corporate Controller	2013
Thomas J. Merfeld Fitchburg, Wisconsin	CMIS Senior Vice President, Chief Risk Officer	2013
Andrew J. Michie Middleton, Wisconsin	CMIS Senior Vice President, Chief Accounting Officer	2013
Janet W. Parker Oakland, California	PMI Senior Vice President, General Manager of CMG	2013
Kimberly A. Shaul Madison, Wisconsin	CMIS Senior Vice President, General Manager of CMG	2013
Truitte D. Todd Glendale, Arizona	Special Deputy Receiver, PMI Mortgage Insurance Company	2013

Updated List of Principal Officers

Name	Office
Sean A. Dilweg	President and Chairman of the Board of Directors
Nicole C Sanchez	Secretary
Ray D. Chang	Treasurer
Janet W. Parker	Senior Vice President and General Manager
Kimberly A. Shaul	Senior Vice President and General Manager
Thomas H. Jeter	Vice Chairman