

**Title 20—DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION
Division 500—Property and Casualty
Chapter 10—Mortgage Guaranty Insurance**

ORDER OF RULEMAKING

By the authority vested in the director of the Department of Insurance, Financial Institutions and Professional Registration under section 374.045, RSMo Supp. 2009, the director amends a rule as follows:

20 CSR 500-10.200 Financial Regulation is amended.

A notice of proposed rulemaking containing the text of the proposed amendment was published in the Missouri Register on May 17, 2009 (35 MoReg 793-794). The section with changes is reprinted here. This proposed amendment becomes effective thirty (30) days after publication in the *Code of State Regulations*.

SUMMARY OF COMMENTS: A public hearing regarding this proposed amendment was held June 17, 2010, and the public comment period ended June 24, 2010. At the public hearing, Division of Insurance Company Regulation staff explained the proposed amendment and three (3) public comments were made. Time for additional comments was extended and four (4) additional public comments were submitted in writing. A public meeting took place on August 5, 2010, to allow for discussion of the proposed amendment and submitted comments.

COMMENT #1: Heidi Heyrman, with Mortgage Guarantee Insurance Corporation, commented in favor of the proposed amendment.

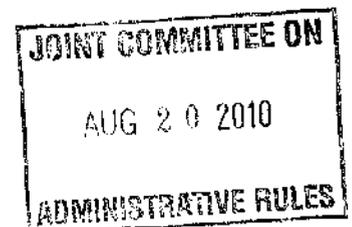
RESPONSE: No change was made as a result of this comment.

COMMENT #2: Richard Brownlee, with Polsinelli Shughart, LLC, commented in favor of the amendment and submitted two (2) exhibits. The first exhibit was a list of states that have a similar 25:1 ratio requirement that have made similar changes to this amendment. The second exhibit submitted by Mr. Brownlee was a written comment from Elizabeth J. Mendenhall, with Missouri Association of Realtors, expressing her support of the proposed amendment.

RESPONSE: No change was made as a result of this comment.

COMMENT #3: Harry Gallagher, on behalf of Mortgage Bankers Association of Missouri, requested additional time to submit comments on this amendment. Mr. Gallagher submitted additional written comments on June 30, 2010, stating that the amendment should be changed to include a requirement to consult the Missouri Commissioner of Finance, who could have access to the case file, and that the entire record of any proceeding be open to the Missouri Sunshine Act.

RESPONSE: No changes were made as a result of this comment as the changes made as a result of comments #4, #5, and #7 were adequate to address Mr. Gallagher's concerns.



COMMENT #4: Roshara J. Holub, with Missouri Credit Union Association, submitted a written comment on July 2, 2010, requesting that any waivers be published on the Department's website, expressing concern over no provision for bringing the liability back in line with the current rule, and suggested adding a schedule for reviewing the waiver over time to determine if it should remain in effect.

RESPONSE: As a result of this comment, and comments #5 and #7, this amendment will be changed to state that the requirements may be suspended for a period of time of up to two (2) years and that such suspension of the requirements will be made by order of the director, which shall be open to public inspection.

COMMENT #5: Max Cook, with Missouri Bankers Association, submitted a written comment on July 2, 2010, requesting that the amendment be changed to include that when a waiver is granted that information should be an open record under the Missouri Sunshine Act, that the mortgage insurance company should be required to submit a Corrective Restoration Plan to return to the 25:1 ratio, that there should be a definite time period for a company to re-establish the 25:1 ratio, and that there be a floor beyond which a ratio cannot be adjusted.

RESPONSE: As a result of this comment, and comments #4 and #7, this amendment will be changed to state that the requirements may be suspended for a period of time of up to two (2) years and that such suspension of the requirements will be made by order of the director, which shall be open to public inspection.

COMMENT #6: Suzanne C. Hutchinson, with Mortgage Insurance Companies of America, submitted a written comment on July 9, 2010, stating that the Department has the authority and ability to assess the safety and soundness of mortgage insurers when considering application of this amendment and that much of the information submitted when requesting a suspension of the requirements as contemplated by this amendment would be records protected from disclosure by law and therefore releasing those records would be inappropriate under the Missouri Sunshine Law.

RESPONSE: As this comment was made in support of the amendment as it was, no change was made as a result of this comment.

COMMENT #7: A discussion took place at a public meeting at the Department regarding this amendment involving all parties who had previously commented on this amendment. After the discussion, parties agreed that the amendment should include that the suspension of requirements should be for a period of time of up to two (2) years and that the suspension of requirements order should be open for public inspection.

RESPONSE: As a result of this comment, and comments #4 and #5, this amendment will be changed to state that the requirements may be suspended for a period of time of up to two (2) years and that such suspension of the requirements will be made by order of the director, which shall be open to public inspection.

20 CSR 500-10.200 Financial Regulation

(3) Limit of Aggregate Liability. Unless a request to suspend the requirements in this section is granted by the director as set forth below, a mortgage guaranty company at any time shall not have outstanding a total liability under its aggregate insurance policies exceeding twenty-five (25) times its policyholders' surplus, this liability to be computed

on the basis of the company's liability under its election as provided in subsection (2)(D). Subject to a suspension, which may be granted by the director, in the event that any company has outstanding total liability exceeding twenty-five (25) times its policyholders' surplus, it shall cease transacting new business until a time as its total liability no longer exceeds twenty-five (25) times its policyholders' surplus. Upon the request of a mortgage guaranty company, the director may suspend the requirements in this section for a period of time of up to two (2) years per request and under such conditions as the director may order. Any suspension of the requirements in this section shall be made by order of the director, which shall be open to public inspection.