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Radian Group Inc Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) And our first question will come from the line of Ron Bobman with Capital Returns. Please go ahead.

Ron Bobman - Capital Returns

Everybody must be sleeping in this morning and must be first on the line. I had a question about the MI business and the captive balances. You provided us sort of the distribution of Prime, Alt-A and A minus/subprime for risk in force as well as I think sort of new business risk in force rating. I am curious to know with respect to your MI book of business that's subject to captive protection and recoverables. How that's split up between the relative books of business Prime, Alt-A, and A minus.

Bob Quint

Most of the captive reinsurance is on our Prime business, but I would say that majority of the captive business is on our Prime business. The majority of the Smart Home is on subprime and then secondary is Alt-A.

Ron Bobman - Capital Returns

Would you mind reminding me or teaching me what do you mean by Smart Home?

Bob Quint

Smart home is a capital markets reinsurance transaction that we did in '05 and '06, its essentially reinsurance on our portion of our subprime portfolio.

Ron Bobman - Capital Returns

Okay, being closer to these kind of parties then presumably anyone else in the call. Are you hopeful or expecting Fannie to follow Freddie's sort of amendments with respect to limiting or eliminating the deep-cedes as well as the A minus, AA minus threshold abeyance?

Dave Applegate

This is Dave Applegate. Fannie Mae I am sure will take that under consideration. It will be difficult to speculate on exactly what they would do. We certainly are pleased with what Freddie has done to-date.

Operator

Thank you and next will go to the line of Ross Levin with Arbiter Partners. Please go ahead.

Ross Levin - Arbiter Partners

Hi guys, Arbiter actually. Two questions, first of all with respect to the mark-to-market on guaranteed CDO portfolio. There has been something I guess considerable move in terms of corporate credit spreads sort of prices that which corporate CDO exposure in the AAA tranche is trading, since December 31st.

Could you just give us a little bit of guidance on understanding of where that might lead you in terms of mark-to-market that would be very helpful? And also I know that, you probably knows your competitor took a premium deficiency reserve against bulk transactions, but if they refer to as Wall Street bulk transaction -- are you guys looking taking some sort of premium deficiency reserve against other segments of the book beyond the second?

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