

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

## MBIA Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions)

#### Greg Diamond

Before we start the open call questions we're going to answer some questions that were submitted previously in writing. Before we do that let me just indicate that we did receive some questions about the potential for litigation as a result of the transformation and we're not inclined to comment on litigation matters. With that we'll go to the first question that was submitted in advance in writing.

It comes from Andrew Oliver of Transatlantic Capital. How will the proposed ability of bankruptcy courts change the terms of residential mortgages affect your estimate of MBA's losses in this area?

#### Jay Brown

I'd like to make the broader comments about each of the different solutions we've seen that's been proposed over the last 18 months to address the combination of mortgage losses and related losses on different types of securitization. It's our belief as an insurer of over \$120 billion of the most complex different types of securitizations out there that the government's efforts to pour money in the top or to put a variety of different Band-Aids on individual troubled loans continues to be the wrong approach.

We believe that if America is going to solve our mortgage problem and stabilize the housing market and at the same time fix the financial system ultimately the only answer is going to be to refinance all of the loans in all of the securitizations. This includes the preponderance of loans that are good loans in order for those loans to be refinanced at a lower rate and at the same time have the ability for the country to absorb the losses on the small portion of loans that ultimately will default.

We think the suggestions to buy out loans wholesale across the board and reissue those in the new securitization is ultimately the only answer that's going to have a significant effect. We think this mortgage change that is being suggested has great social overtones, it has the ability to deal with a small portion of the loans but we think when we look at the macro picture of the overall issue in America facing the housing market and the mortgage securitization market that the effects of this particular change like most of the others will be very nominal.

#### Anthony McKiernan

Overall the proposals keep changing and there are a number of proposals that are out there. History has also shown us that changes to the bankruptcy law are few and far between and they're

frequently highly contentious and that we're in an extraordinary environment now and perhaps that will be different. Whatever we're seeing now is not what we necessarily will see in the form of an amendment.

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