

Deutsche Bank

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Joint Forum consultation on mortgage insurance – market structure, underwriting cycle and policy implications

Dear Sir or Madam,

We welcome the consultative report on Mortgage insurance and the work undertaken by the Joint Forum to examine the interaction of mortgage insurers with mortgage originators and underwriters following the global financial crisis.

We agree with you that making recommendations about interactions is not an easy endeavour. Nevertheless, the recommendations you make, appear to us appropriate to reduce the likelihood of mortgage insurance stress and failure in tail events.

As the report highlights, Mortgage insurance may constitute a positive part of a safe mortgage system but it also may mask risks if wrongly used. In case mortgage insurers fail, the credit risk will revert to the banking sector. To avoid creating systemic risks, strong and consistently applied standards for mortgage insurance are indeed necessary. More particularly we support to apply the FSB Principles for Sound Residential Mortgage Underwriting Practices to mortgage insurers.

We do not have any detailed comments, but remain at your disposal should you wish to debate with our experts any specific questions that might arise in the context of this consultation and the Joint Forum's work on mortgage insurance.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'A. Procter'.

Andrew Procter
Global Head of Compliance, Government & Regulatory Affairs