

WALNUT CREEK, Calif.--([BUSINESS WIRE](#))--Arch Mortgage Insurance Company (“Arch MI”), a leading provider of private mortgage insurance and a wholly owned subsidiary of Arch Capital Group Ltd., announced today that if the new draft financial requirements for private mortgage insurers published today by the Federal Housing Finance Agency (FHFA) went into effect immediately, Arch MI would meet the requirements in their current form.

The draft Private Mortgage Insurer Eligibility Requirements (PMIERs), released for public comment earlier today, establish new standards that mortgage insurers must meet in order to insure loans sold to or guaranteed by Fannie Mae and Freddie Mac (the GSEs). Based upon its mortgage insurance portfolio as of June 30, 2014, Arch MI currently satisfies the proposed financial requirements.

David Gansberg, President and CEO of Arch MI, commented: “We welcome the new standards in the draft PMIERs as a prudent means of ensuring that approved mortgage insurers have the necessary available assets and financial strength to fulfill their contractual obligation to pay claims in a wide range of macroeconomic environments. We are gratified that Arch MI’s financial strength allows us to meet the draft financial standards today. Accordingly, we are well positioned now to meet the needs and counterparty demands of our customers.”

In its review of the draft PMIERs shared with the industry participants, Arch MI estimated the amount of “available assets” (as defined by the PMIERs) that would be required by the PMIERs if they were applied to Arch MI’s mortgage insurance portfolio as of June 30, 2014. Arch MI’s current “available assets” are in excess of the requirements in the draft PMIERs.

The PMIERs are subject to a sixty-day public comment period ending on September 8, 2014. The PMIERs’ financial requirements are based in part on a risk-based, required assets model and employ a grid approach based upon a number of factors, including vintage (origination year), original loan-to-value and original credit score of performing loans and the delinquency status of non-performing loans.

The draft PMIERs propose up to a two year phase-in, beginning after publication of final PMIERs, for approved mortgage insurers to fully comply with the PMIER financial

requirements. The available assets required to satisfy such final requirements at any point in time will be affected by many factors, including the content and timing of any final PMIERS, macro-economic conditions, and the size and composition of Arch MI's mortgage insurance portfolio at the applicable point in time.

ABOUT ARCH MORTGAGE INSURANCE COMPANY (FORMERLY KNOWN AS CMG MORTGAGE INSURANCE COMPANY)

Arch MI is a leading provider of private insurance against mortgage credit risk. Headquartered in Walnut Creek, CA, Arch MI's mission is to protect lenders against credit risk, while extending the possibility of responsible home-ownership to qualified borrowers. Arch MI was renamed when Arch Capital acquired CMG Mortgage Insurance Company (CMG MI) and the mortgage insurance operating platform of PMI Mortgage Insurance Co. on January 30, 2014.

For more information about Arch MI, please visit: www.archmi.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This release or any other written or oral statements made by or on behalf of Arch MI, Arch Capital Group Ltd. or its subsidiaries may include forward-looking statements, which reflect our current views with respect to future events and financial performance. All statements other than statements of historical fact included in or incorporated by reference in this release are forward-looking statements.

Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe" or "continue" or their negative or variations or similar terminology. Forward-looking statements involve our current assessment of risks and uncertainties. Actual events and results may differ materially from those expressed or implied in these statements. A non-exclusive list of the important factors that could cause actual results to differ materially from those in such forward-looking statements includes the following: adverse general economic and market conditions; increased competition; pricing and policy term trends;

fluctuations in the actions of rating agencies and our ability to maintain and improve our ratings; investment performance; the loss of key personnel; the adequacy of our loss reserves, severity and/or frequency of losses, greater than expected loss ratios and adverse development on claim and/or claim expense liabilities; greater frequency or severity of unpredictable natural and man-made catastrophic events; the impact of acts of terrorism and acts of war; changes in regulations and/or tax laws in the United States or elsewhere; our ability to successfully integrate, establish and maintain operating procedures as well as integrate the businesses we have acquired or may acquire into the existing operations; changes in accounting principles or policies; material differences between actual and expected assessments for guaranty funds and mandatory pooling arrangements; availability and cost to us of reinsurance to manage our gross and net exposures; the failure of others to meet their obligations to us; and other factors identified in our filings with the U.S. Securities and Exchange Commission.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein or elsewhere. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.