

April 22, 2026

The Honorable Mike Flood  
Chairman, House Subcommittee on Housing and Insurance  
2129 Rayburn House Office Building  
Washington, DC 20515

The Honorable Emanuel Cleaver  
Ranking Member, House Subcommittee on Housing and Insurance  
2129 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Flood, Ranking Member Cleaver, and Members of the Subcommittee:

We commend the House Subcommittee on Housing and Insurance, under your leadership, for convening the hearing titled “Diversifying Risk: The Benefits of Reinsurance and Credit Risk Transfer.” At a time of heightened interest in housing affordability, taxpayer protection, and financial stability, the Subcommittee’s focus on risk-sharing tools that have proven their value across economic cycles is both timely and important.

We write on behalf of organizations supportive of strengthening our financial systems and advancing affordable homeownership through effective use of credit risk transfer (CRT).

Following the financial crisis, the Federal Housing Finance Agency (FHFA) wisely directed Fannie Mae and Freddie Mac (the GSEs) to reduce taxpayer exposure by transferring mortgage credit risk to private capital. While multiple CRT structures have been executed by the GSEs, most issuance is done through capital markets- and insurance-based transactions. Over more than 15 years, CRT has transferred hundreds of billions of dollars of risk away from the GSEs to a diverse array of private credit investors, lowering systemic risk while supporting lower mortgage costs for borrowers. Importantly, the cost of insurance-based CRT has remained reasonable over time, helping to preserve consumer affordability.

A central lesson of this experience is that insurance-based CRT and capital markets issuance are complementary tools. In stable markets, capital market investors often provide the majority of CRT. In times of stress, insurers play a uniquely stabilizing role. During the COVID-19 pandemic, when capital markets were disrupted, insurers stepped in to supply nearly 40 percent of CRT protection<sup>1</sup>, well above their historical share, providing continuity in risk transfer and protecting taxpayers when it mattered most.

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<sup>1</sup> Arch analysis based on JPM, CRT Clarity, Data Dynamics, and Arch data.

This countercyclical feature should be strengthened, not weakened. Over the past several years, the GSEs have significantly raised the point at which CRT investors begin absorbing losses (i.e., the attachment point), which has discouraged meaningful risk transfer, thereby concentrating more mortgage credit risk back onto taxpayers and undermining one of the most successful post-financial-crisis reforms.

We are also concerned that outdated U.S. regulations prevent commercial banks from using insurance-based CRT credit risk transfer, even though such protection is recognized under international standards and widely permitted abroad. Allowing well-capitalized insurers to provide credit protection to banks would, similar to the benefits realized by the GSEs, reduce systemic risk by diversifying bank risk, enhance resilience, and support affordable credit—without increasing systemic risk.

As Congress conducts oversight of housing finance and financial regulation, we respectfully urge you to:

1. Support reliable, programmatic CRT at Fannie Mae and Freddie Mac, with attachment points that will transfer meaningful credit risk away from the GSEs.
2. Encourage FHFA to preserve CRT's countercyclical role across economic and market cycles; and
3. Direct bank regulators to recognize insurance-based CRT so insurers can provide credit protection to commercial banks on equal footing with global peers.

A housing finance system that relies on diverse capital providers, including both capital markets and insurance CRT investors, is more resilient, more affordable, and better equipped to protect taxpayers in the next downturn.

We appreciate the Subcommittee's leadership on these issues and thank you for your attention.

Respectfully,

Arch Mortgage Insurance Company  
Housing Policy Council  
Mortgage Bankers Association  
RenaissanceRe Holdings Ltd.