MGIC Investment Corporation

Portfolio Supplement

Q1 2020

NYSE: MTG

Forward Looking Statements

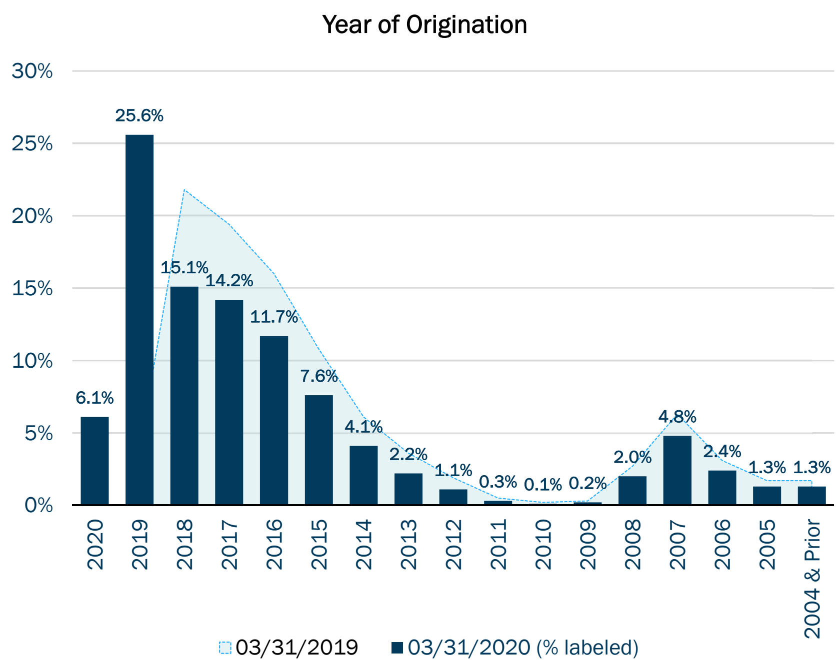
As used below, “we,” “our” and “us” refer to MGIC Investment Corporation’s consolidated operations or to MGIC Investment Corporation, as the context requires, and “MGIC” refers to Mortgage Guaranty Insurance Corporation.

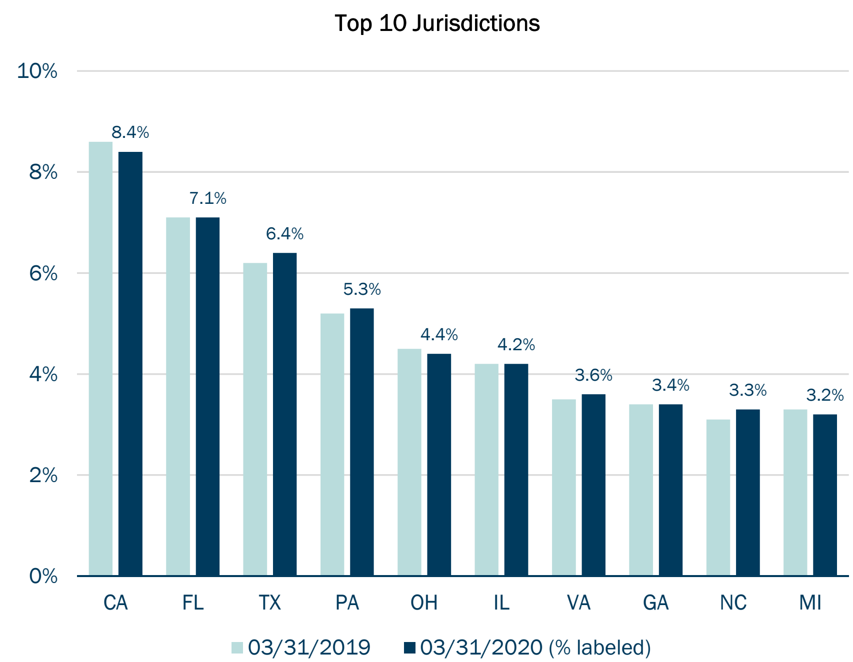
This presentation may contain forward looking statements. Our actual results could be affected by the risks associated with the COVID-19 pandemic which are discussed, and by the other the risk factors which are summarized, at the end of this presentation. These risk factors may also cause actual results to differ materially from the results contemplated by any forward looking statements that we may make.

Forward looking statements consist of statements which relate to matters other than historical fact, including matters that inherently refer to future events. Among others, statements that include words such as “believe,” “anticipate,” “will” or “expect,” or words of similar import, are forward looking statements.

These forward looking statements, including the discussion of the impact of the COVID-19 pandemic, speak only as of the date of this presentation and are subject to change without notice as the Company cannot predict all risks relating to this evolving set of events. We are not undertaking any obligation to update any forward looking statements or other statements we may make even though these statements may be affected by events or circumstances occurring after the forward looking statements or other statements were made. No person should rely on the fact that such statements are current at any time other than the time at which this presentation was prepared in May 2020.

Primary Risk in Force
March 31,





Primary Risk in Force

March 31, 2020

MGIC

	Origination year:																
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004 & Prior
Original risk written (billions)	$3.6	$16.2	$12.5	$12.3	$11.9	$10.8	$8.7	$7.4	$6.1	$3.5	$3.1	$4.0	$10.7	$20.1	$16.1	$16.8	$181.5
% of original risk remaining	99.6	91.7	69.7	67.2	57.1	40.6	27.4	17.2	10.1	4.4	1.3	2.4	10.8	13.9	8.6	4.4	0.4
Weighted average FICO[(1)]	751	749	743	745	747	744	741	749	755	752	742	747	722	694	671	667	657
760 and > (%)	45.2	44.0	39.6	41.5	43.7	41.3	38.5	44.8	50.7	44.8	37.8	41.6	25.8	15.7	11.1	9.9	5.9
740 – 759	20.1	19.0	17.5	17.6	17.0	16.2	16.4	16.4	17.4	19.8	14.7	17.6	13.5	9.2	6.8	6.3	5.0
720 – 739	14.0	14.2	15.1	14.2	14.2	15.4	15.4	15.9	15.2	15.5	17.2	15.9	14.2	10.2	7.8	7.7	6.2
700 – 719	10.5	11.0	12.5	11.8	11.0	10.2	11.3	10.2	8.7	9.8	12.0	11.8	14.3	11.7	9.4	8.8	8.0
680 – 699	7.2	7.2	7.7	7.9	7.9	9.0	9.7	8.0	5.9	7.3	12.8	8.9	13.8	11.9	9.6	10.0	10.1
660 – 679	1.7	2.6	4.0	3.8	3.4	4.2	4.9	3.5	1.9	2.6	5.6	2.2	7.1	10.8	9.9	10.0	11.6
640 – 659	0.9	1.4	2.5	2.2	1.9	2.5	2.6	0.9	0.2	0.1	-	1.3	5.1	10.0	10.3	11.0	11.9
639 and <	0.4	0.6	1.1	1.0	0.8	1.2	1.1	0.3	-	-	-	0.7	6.3	20.7	35.2	36.6	41.4
Weighted average LTV [(1)]	92.1	92.7	93.3	93.0	92.8	93.1	93.4	94.1	94.4	94.5	93.5	90.9	93.7	95.6	93.1	91.8	89.9
85 and < (%)	8.4	6.6	4.9	5.1	4.1	2.0	1.0	0.7	1.1	0.7	3.1	10.2	3.5	4.2	14.4	17.9	26.7
85.01 – 90.00	30.0	28.2	26.1	26.8	29.0	28.5	26.0	14.7	6.4	7.1	19.7	48.3	33.2	21.4	27.2	32.3	29.9
90.01 – 95.00	51.5	50.9	49.8	54.9	59.5	63.9	70.8	76.2	84.4	85.6	70.4	39.2	37.5	23.9	21.3	23.2	24.9
95.01 and >	10.1	14.3	19.2	13.2	7.5	5.6	2.2	8.4	8.1	6.6	6.8	2.4	25.8	50.5	37.1	26.6	18.5
Single Premium (%)	11.6	14.1	16.6	20.5	22.6	25.8	22.8	22.6	28.9	23.4	26.0	28.7	35.9	22.0	14.2	12.5	7.3
Investor (%)	0.1	0.1	0.2	0.1	0.1	0.1	-	-	-	-	0.1	-	1.6	1.8	2.6	3.8	4.6
Weighted average DTI [(1)(2)]	36.2	36.2	37.5	36.2	34.9	34.7	35.0	34.0	33.2	33.1	33.4	34.1	42.0	44.3	42.4	41.1	39.1
DTI > 45% [(1)(2)(3)]	12.5	12.8	19.3	11.1	5.0	3.7	2.8	1.0	-	-	0.3	2.9	38.4	44.1	37.4	33.2	26.6
Cashout Refinance (%)	0.1	0.2	0.1	0.1	0.1	0.1	0.2	-	-	-	-	2.6	6.7	12.3	28.6	34.4	32.7
Full Documentation (%)	100	100	100	100	100	100	100	100	100	100	100	100	98.5	90.6	80.9	82.3	84.8
HARP (%)	-	-	-	-	-	-	-	-	-	0.1	0.6	53.0	60.6	42.4	30.1	25.9	14.7

Year of origination as displayed is determined by the calendar date the insurance was effective. Percentages based on remaining risk in force, including the percentage of risk in force delinquent. Other delinquency statistics are based on the number of remaining loans.

(1) At time of origination; (2) In the fourth quarter of 2018 we changed our methodology for calculating DTI ratios for pricing and eligibility purposes to exclude the impact of mortgage insurance premiums. As a result, loan originators may have changed the information they provide to us, and therefore we cannot be sure that the DTI ratio we report for each loan includes the related mortgage insurance premiums in the calculation. (3) DTI > 50% less than 2% in origination years 2009 and later.

Primary Risk in Force
March 31, 2020

Origination year:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004 & Prior
Delinquency statistics: (1)																	
Risk in force delinquent (%)	-	0.2	1.0	1.2	1.1	1.5	1.9	1.8	1.5	3.5	9.7	5.2	6.3	10.0	15.0	16.5	17.5
# of loans delinquent	1	482	1,602	1,824	1,423	1,299	956	498	202	125	87	118	1,638	6,316	4,166	2,526	4,121
Delinquency rate (based on loan count) (%)	-	0.2	1.0	1.2	1.1	1.5	1.9	1.8	1.5	3.2	7.9	4.2	6.0	9.0	12.1	12.9	13.6
# of new notices received in quarter	1	509	1,079	1,106	834	739	506	280	103	57	25	42	649	2,577	1,502	902	1,487
New notices previously delinquent (%)	-	14.7	38.1	55.9	62.8	68.2	69.0	71.1	69.9	86.0	64.0	90.5	89.1	94.5	94.3	95.6	97.2
Loans remaining never reported delinquent (%)	100.0	99.6	97.8	96.5	95.8	94.5	92.5	92.7	93.1	88.3	73.7	79.3	64.2	46.4	39.1	36.7	35.8
Ever to date claims paid (millions)	-	-	$1.8	$5.4	$7.2	$12.7	$16.6	$13.3	$10.6	$11.2	$17.9	$65.1	$1,156.6	$5,330.8	$4,023.7	$2,711.7	N.M.

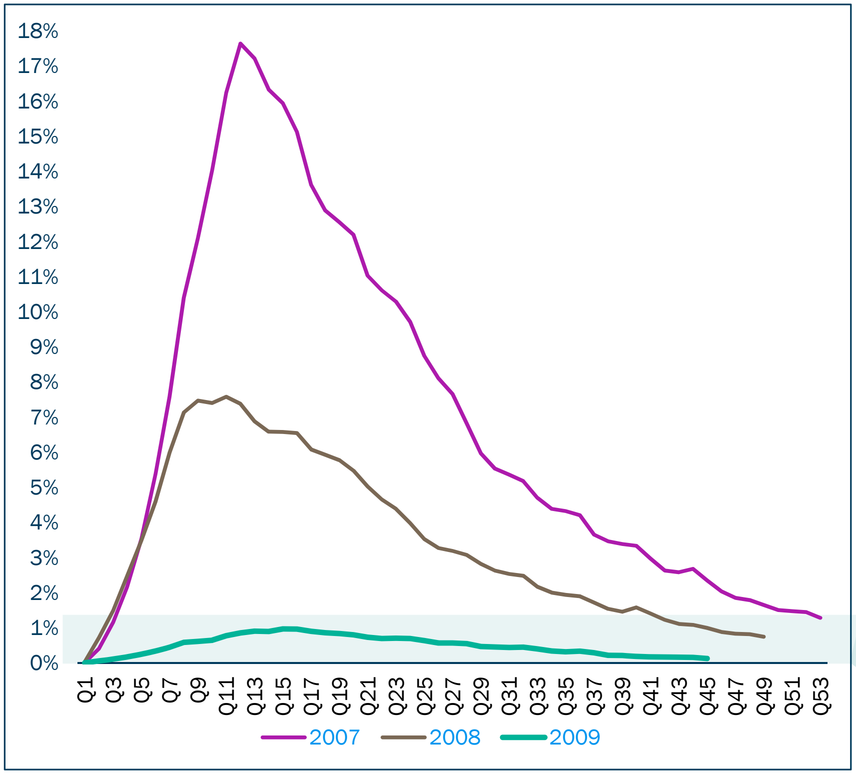
In force year:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004 & Prior
Loans covered by reinsurance: (2)																	
Quota share reinsurance (%)	81.8	89.9	82.6	87.5	90.8	94.6	98.7	99.0	94.0	91.5	81.3	82.6	49.9	31.4	18.7	15.8	3.2
Excess-of-loss reinsurance (%)	-	13.3	99.2	91.3	54.4	-	-	-	-	-	-	-	-	-	-	-	-
Total loans covered by reinsurance (%)	81.8	91.1	99.8	96.6	95.6	94.6	98.7	99.0	94.0	91.5	81.3	82.6	49.9	31.4	18.7	15.8	3.2

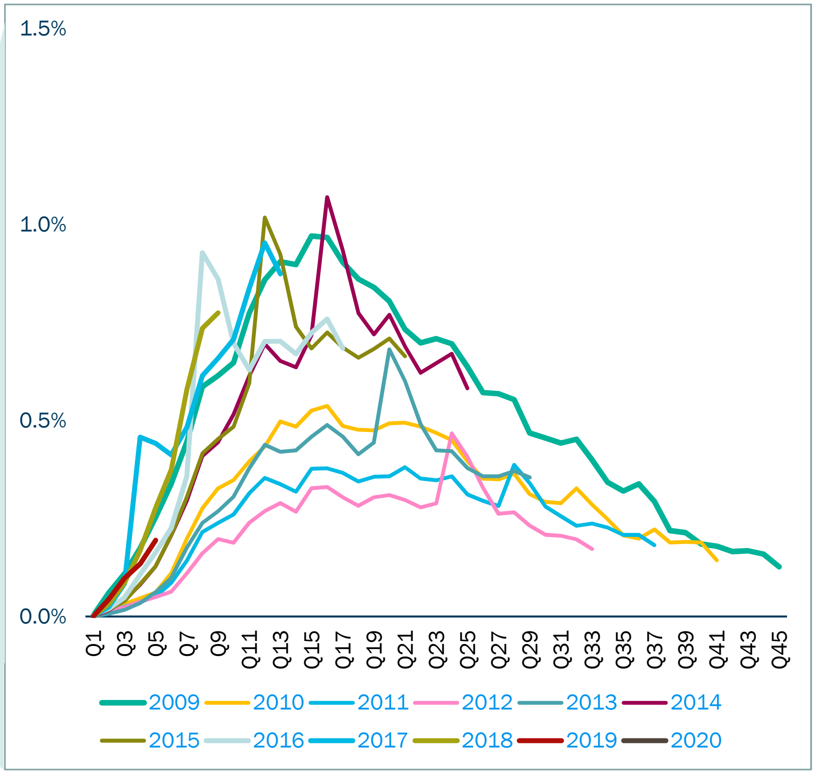
Year of origination as displayed is determined by the calendar date the insurance was effective.

(1) Percentages based on remaining risk in force, including the percentage of risk in force delinquent. Other delinquency statistics are based on the number of remaining loans.
(2) Reinsurance coverage percentage is calculated as the risk in force on policies with reinsurance coverage divided by the total risk in force. The percentage of loans covered by reinsurance is determined prior to the application of reinsurance coverage percentages under the associated transactions. Approximately 86% of our primary risk in force was covered by a reinsurance transaction.
Quota share reinsurance cede rate is 30% on eligible business for years 2020 through 2017 and 15% for eligible business in 2016 and prior.
See our Form 10-K filed with the Securities and Exchange Commission on February 24, 2020 for details of the reinsurance coverage provided by our excess-of-loss reinsurance transactions.

Flow Primary Risk in Force
March 31, 2020

Static Pool Delinquency Rates Based on Loan Count





Static Pool Delinquency Rates = (total number of delinquent loans at the end of the stated reporting period) / (original number of loans insured in the annual periods shown)

COVID-19

External Actions That Will Impact MGIC

- Material increase in unemployment will lead to increased loan delinquencies, incurred losses, additional PMIERs-required capital and, in time, claims
- GSEs announced multiple changes (some tightening; others expanding) to their origination and servicing requirements to adapt to current operating environment
- Significant response from federal government and GSEs including:
  - Payment forbearance of up to 360 days on GSE mortgages to borrowers experiencing a hardship during the COVID-19 pandemic.
  - For those mortgages that are not subject to forbearance, a suspension of foreclosures and evictions for at least 60 days from March 18, 2020, on GSE mortgages.
  - Direct aid to individuals in the form of refundable tax credit rebates paid in April 2020.
  - "Paycheck Protection Program " to provide small businesses with funds to pay up to eight weeks of payroll costs, and certain other expenses.
  - Enhanced unemployment benefits.
- Refinance activity increased materially from last year
- Purchase activity has begun to materially slow

MGIC Specific Actions

- Operational Health and Safety
  - Our Crisis Management Team (CMT) implemented our Pandemic Plan. We closely monitor health organizations and government agencies to help us respond properly
  - In mid-March, CMT activated a Remote Work protocol
    - > 95% of the workforce working remotely
    - All business operations are functioning
- Underwriting and pricing
  - Cash-out transactions and Investment property are no longer eligible for MGIC insurance
  - Monitoring geographic and risk characteristics for changed loss expectations and adjusting pricing accordingly.
- Coordination with Lenders and GSEs
  - MGIC aligned with GSE underwriting/servicing changes
- Capital Management
  - Temporarily suspended share repurchases
  - Paid common stock dividend, future dividends will be assessed quarterly
  - Will not pay a dividend to holding company in Q2, future dividends will be assessed quarterly

Illustration of the Amount of Delinquent Loans Our Excess over PMIERs Minimum Required Assets Could Absorb

Pro-forma March 31, 2020

Under PMIERs delinquent loans are subject to separate non-performing risk charges based on missed payments and whether a claim has been received. For loans with 2-3 missed payments the required asset factor is 55% of the risk in force and increases as the delinquency ages. PMIERs also provides for a 70% reduction to the non-performing risk charges for FEMA declared Major Disasters for 120 days and longer if certain conditions are met. FEMA has declared Major Disasters related to COVID-19 in all jurisdictions where we write business.

	Required Assets as % of RIF	*Notes*
Avg Performing Loan @ 3/31	6.6%	
Delinquent 2-3 Missed Payments	16.5%	*= 55% * 0.30*
Incremental Required Assets upon becoming delinquent	9.9%	

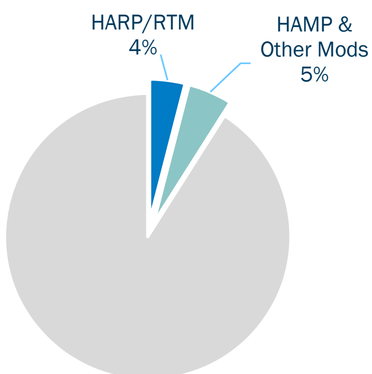
Below is a calculation of the pro-forma count of incremental delinquent loans to exhaust our PMIERs excess as of March 31, 2020.

Average Net RIF per performing loan	Incremental Required Assets as % of RIF	Incremental Required Assets per Loan	PMIERs Excess	Implied count of incremental delinquencies	# of delinquent loans at 3/31/20	Pro forma # of delinquent loans at 3/31/20	Delinquency rate at 3/31/20	Pro Forma delinquency rate required to exhaust 3/31/20 PMIERs Excess
$42.8k	9.9%	$4.2k	$1.0 billion	235k	27k	262K	2.5%	24.3%

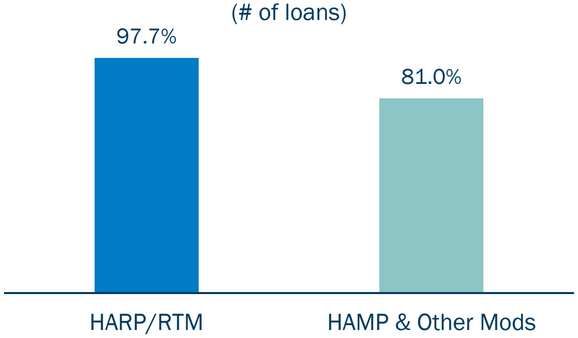
Key assumptions: all incremental delinquent loans are 2-3 missed payments and associated with the COVID-19 pandemic; incremental delinquencies reflect the same mix of book years and risk characteristics as our remaining risk-in force; average net risk in force per loan reflects a weighted average reduction of 20% for risk ceded in quota share transactions; insurance linked notes are not considered

Summary of Loan Modification and HARP Activity

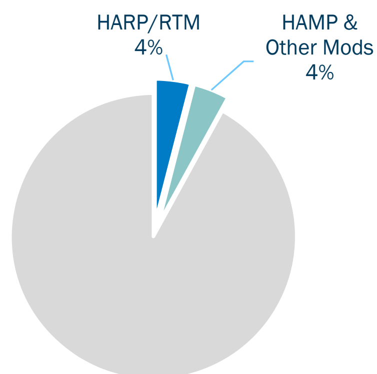
Risk in Force
Total Primary Book



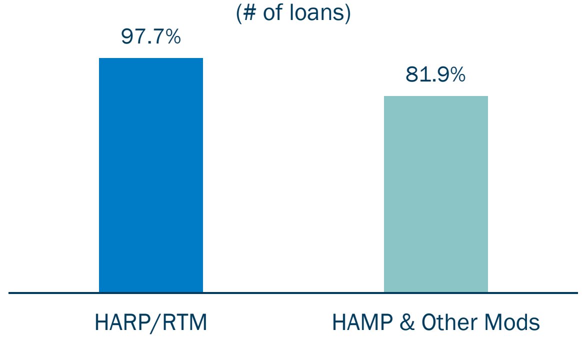
% Current at 03/31/2020
(# of loans)



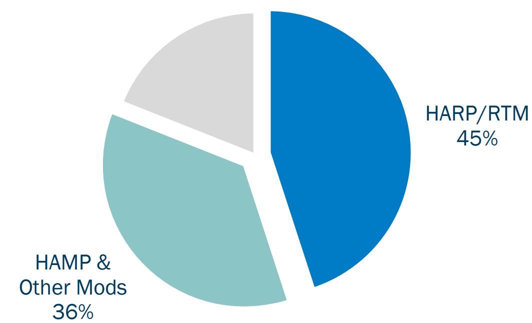
Risk in Force
Flow Primary Book



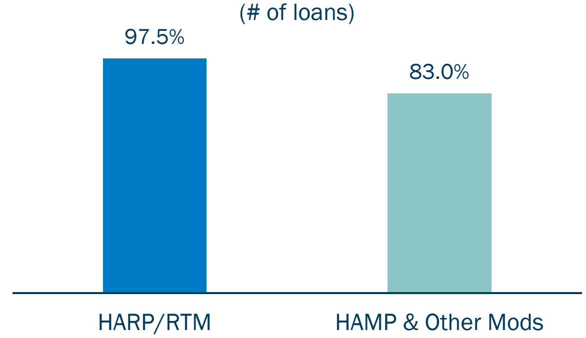
% Current at 03/31/2020
(# of loans)



Risk in Force
2007 Flow Primary Book

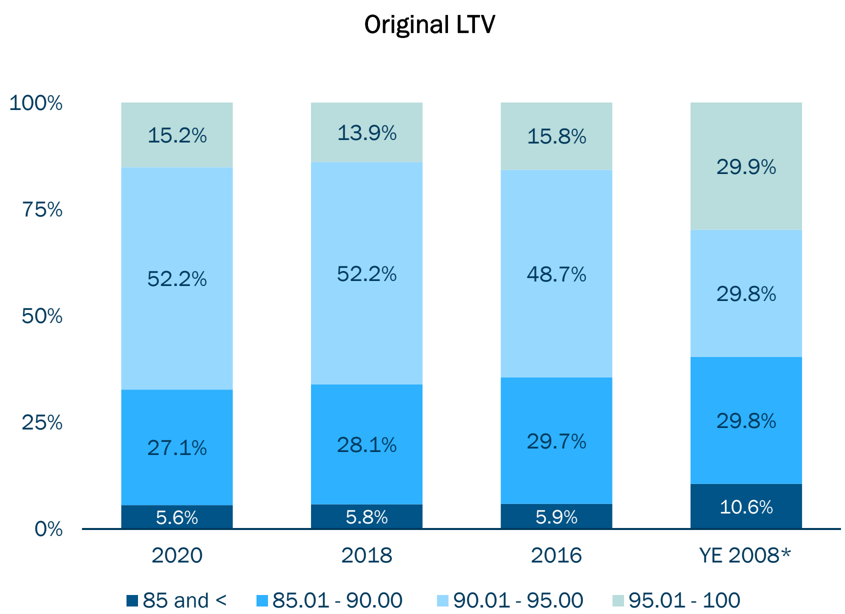


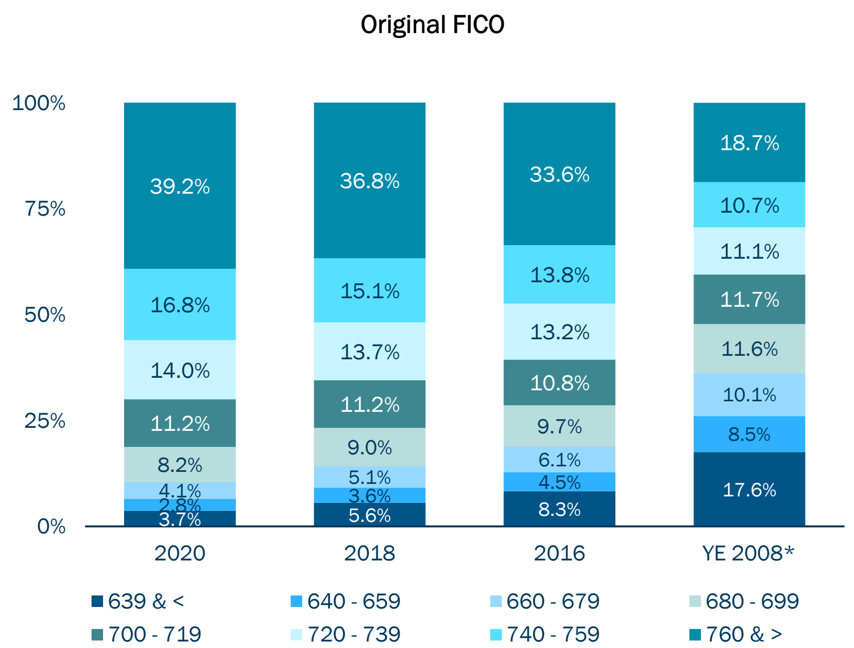
% Current at 03/31/2020
(# of loans)



Primary Risk in Force

March 31,

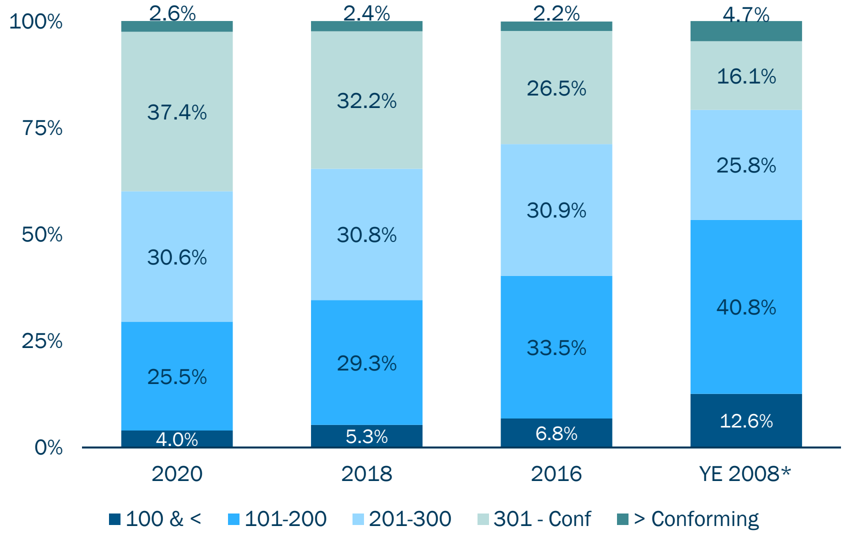




Note: Charts may not add to 100% due to rounding. *As of December 31, 2008.

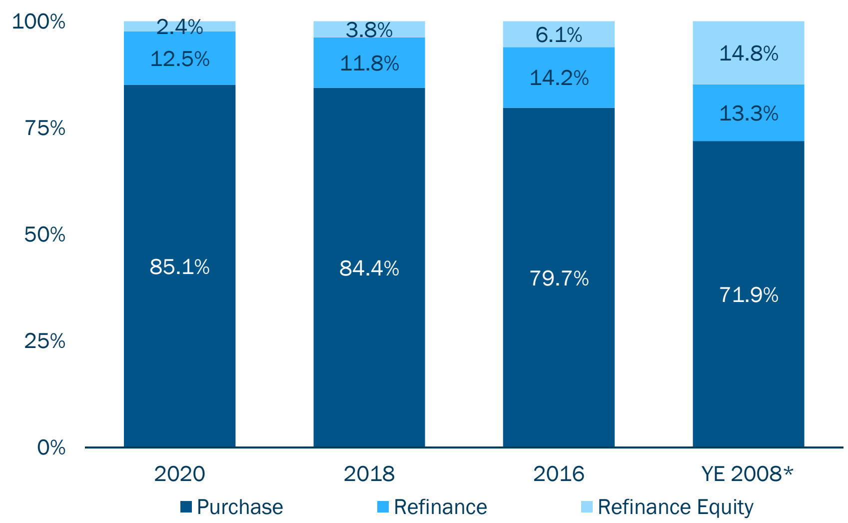
Primary Risk in Force
March 31,

Loan Amount (1)



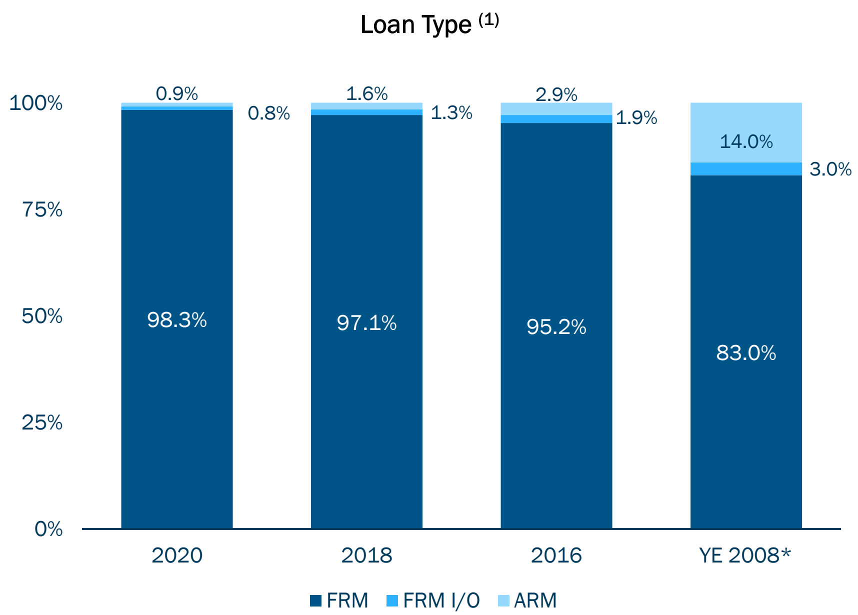
(in thousands of dollars)

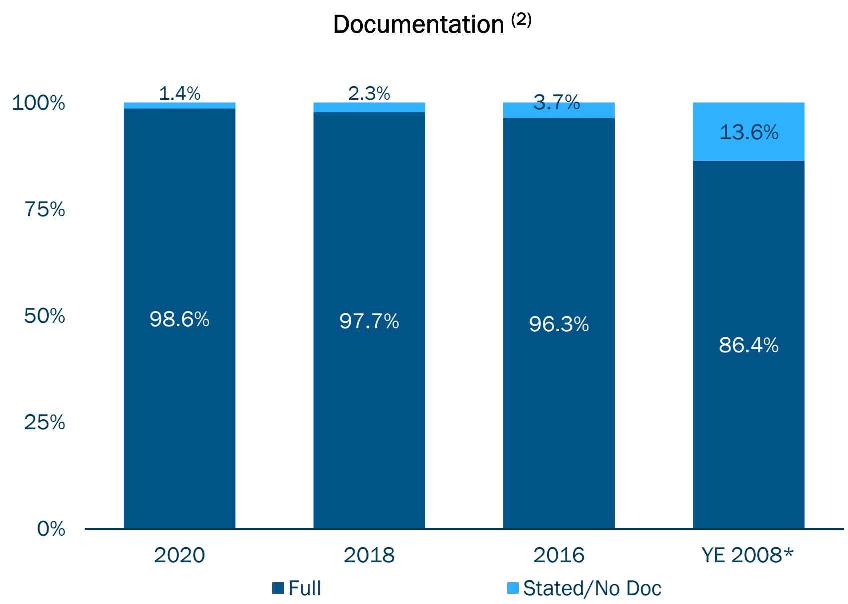
Loan Purpose



(1) Loans within the conforming loan limit have an original principal balance that does not exceed the maximum conforming loan limit for mortgages to be acquired by the GSEs. For 2020, the conforming loan limit for one unit properties is $510,400 and the limit in the most high cost areas is $765,600.
Note: Charts may not add to 100% due to rounding. *As of December 31, 2008.

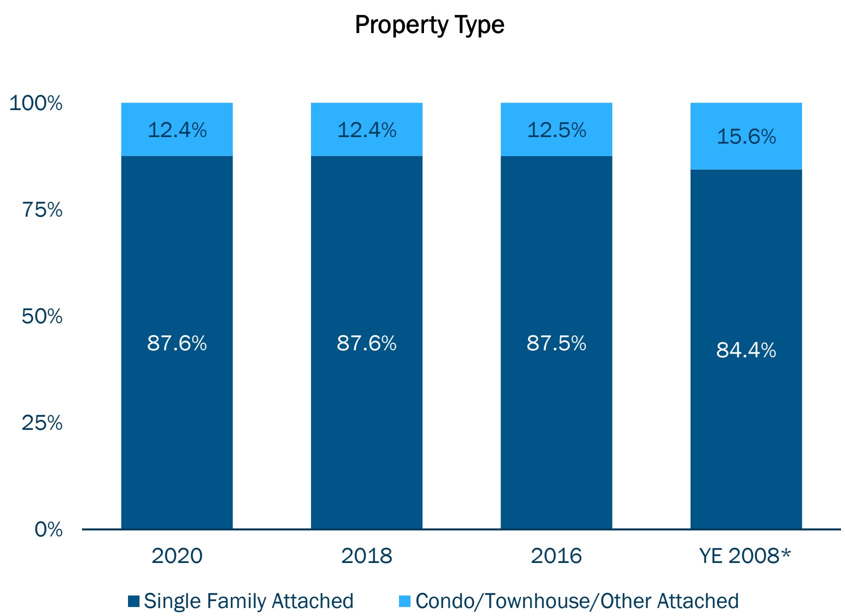
Primary Risk in Force
March 31,

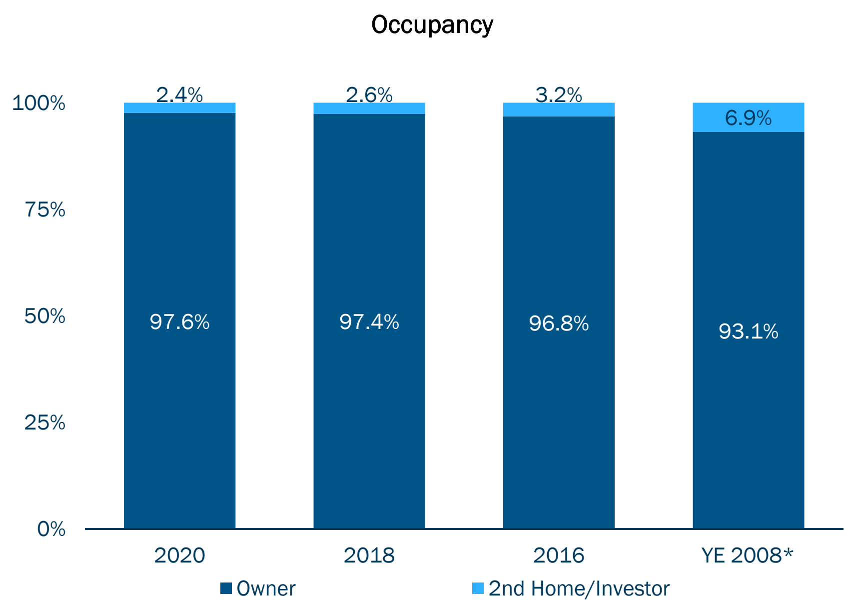




(1) FRM includes ARMs with initial reset periods of greater than 5 years. ARMs include loans with initial reset periods less than 5 years, pay option ARMs and other ARMS with negative amortization features.
(2) In accordance with industry practice, loans approved by GSE and other automated underwriting (AU) systems under "doc waiver" programs that did not require verification of borrower income are classified by MGIC as "full documentation." Based in part on information provided by the GSEs, MGIC estimates full documentation loans of this type were approximately 4% of 2007 NIW. Information for other periods is not available. MGIC understands these AU systems granted such doc waivers for loans they judge to have higher credit quality. MGIC also understands that the GSEs terminated their "doc waiver" programs in the second half of 2008.
Note: Charts may not add to 100% due to rounding. *As of December 31, 2008.

Primary Risk in Force
March 31,





Note: Charts may not add to 100% due to rounding. *As of December 31, 2008.

Risk Factors

Below are risk factors that could cause the issuer's results to differ materially from those expressed in, or implied by, the forward looking statements included in this presentation. Before investing in the issuer's securities, investors should read and carefully consider the risks described in the company's SEC filings.

The impact of the COVID-19 pandemic on our business and financial condition may be material.
While uncertain, the impact of the COVID-19 pandemic on the Company's business, financial results, liquidity and/or financial condition may be material. We expect that the increase in unemployment and economic uncertainty resulting from initiatives to reduce the transmission of COVID-19 (including "shelter-in-place" restrictions), as well as COVID-19-related illnesses and deaths, will negatively impact our business. The magnitude of the impact will be influenced by various factors, including the length and severity of the pandemic in the United States, the length of time that measures intended to reduce the transmission of COVID-19 remain in place, the resulting level of unemployment, and the impact of various government initiatives (including the enactment of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act")) and actions taken by Fannie Mae and Freddie Mac (the "GSEs") (including implementation of mortgage forbearance and modification programs) to mitigate the economic harm caused by COVID-19 and efforts to reduce its transmission.

The COVID-19 pandemic has impacted and may continue to impact our business in various ways, including the following:

- Our incurred losses will increase as the number of insured mortgage delinquencies increase. We establish case reserves for insurance losses when delinquency notices are received and for loans we estimate are delinquent prior to the close of the accounting period but for which delinquency notices have not yet been reported to us (this is often referred to as "IBNR"). For information about our loss reserving methodology, see our risk factors titled *"Because we establish loss reserves only upon a loan delinquency rather than based on estimates of our ultimate losses or risk in force, losses may have a disproportionate adverse effect on our earnings in certain periods,"* and *"Because loss reserve estimates are subject to uncertainties, paid claims may be substantially different than our loss reserves."*
- We will be required to maintain more capital under the private mortgage insurer eligibility requirements ("PMIERs") of the GSEs, which generally require more capital to be held for delinquent loans than for performing loans. For more information about the capital requirements of the PMIERs, see our risk factor titled *"We may not continue to meet the GSEs' private mortgage insurer eligibility requirements and our returns may decrease if we are required to maintain more capital in order to maintain our eligibility."*
- Over time, as the number of delinquencies increases, the number of claims that we must pay is likely to increase. For more information, see our risk factor titled *"Downturns in the domestic economy or declines in the value of borrowers' homes from their value at the time their loans closed may result in more homeowners defaulting and our losses increasing, with a corresponding decrease in our returns."*
- As the number of purchase mortgage originations decreases, and if the number of refinance mortgage originations decreases, the number of mortgages available for us to insure in the near term will also decrease. For more information, see our risk factor titled *"If the volume of low down payment home mortgage originations declines, the amount of insurance that we write could decline."*
- We may be unable to secure excess of loss reinsurance through insurance-linked notes transactions in the near term. For more information, see our risk factor titled *"Reinsurance may not always be available or affordable."*
- Our receipt of premiums may be delayed. For more information, see our risk factor titled *"We are susceptible to disruptions in the servicing of mortgage loans that we insure and we rely on third-party reporting for information regarding the mortgage loans we insure."*
- Our operations may be impacted if our management or other employees are unable to perform their duties as a result of COVID-19-related illnesses. For more information, see our risk factor titled *"We rely on our management team and our business could be harmed if we are unable to retain qualified personnel or successfully develop and/or recruit their replacements."*

Risk Factors

MGIC

Downturns in the domestic economy or declines in the value of borrowers' homes from their value at the time their loans closed may result in more homeowners defaulting and our losses increasing, with a corresponding decrease in our returns.

Losses result from events that reduce a borrower's ability or willingness to continue to make mortgage payments, such as unemployment, health issues, family status, and whether the home of a borrower who defaults on his mortgage can be sold for an amount that will cover unpaid principal and interest and the expenses of the sale. In general, favorable economic conditions reduce the likelihood that borrowers will lack sufficient income to pay their mortgages and also favorably affect the value of homes, thereby reducing and in some cases even eliminating a loss from a mortgage default. A deterioration in economic conditions, including an increase in unemployment, generally increases the likelihood that borrowers will not have sufficient income to pay their mortgages and can also adversely affect home prices, which in turn can influence the willingness of borrowers with sufficient resources to make mortgage payments to do so when the mortgage balance exceeds the value of the home. Home prices may decline even absent a deterioration in economic conditions due to declines in demand for homes, which in turn may result from changes in buyers' perceptions of the potential for future appreciation, restrictions on and the cost of mortgage credit due to more stringent underwriting standards, higher interest rates generally, changes to the deductibility of mortgage interest for income tax purposes, decreases in the rate of household formations, or other factors.

The unemployment rate rose from 3.5% as of December 31, 2019, to 4.4 % as of March 31, 2020, and, on May 3, 2020, *The Wall Street Journal* reported that economists it surveyed forecast that unemployment rose to 16.1% as of April 30, 2020. We expect increasing unemployment to result in an increasing number of mortgage delinquencies and insurance claims; however, the increases are difficult to predict given the uncertainty in the current market environment, including uncertainty about the length and severity of the COVID-19 pandemic; the length of time that measures intended to reduce the transmission of COVID-19 remain in place; effects of forbearance programs enacted by the GSEs, various states and municipalities; and effects of stimulus programs, including those contained in the CARES Act. The programs contained in the CARES Act include, among many others:

- Payment forbearance on federally-backed mortgages (including those delivered to or purchased by the GSEs) to borrowers experiencing a hardship during the COVID-19 pandemic. Forbearance allows for mortgage payments to be suspended for up to 360 days. Approximately 82% of our insurance in force that was written in 2019 and before was delivered to or purchased by the GSEs. While servicers of some non-GSE loans may not be required to offer forbearance to borrowers, we allow servicers to apply GSE loss mitigation programs to non-GSE loans. In addition, the Consumer Financial Protection Bureau ("CFPB") requires substantial loss mitigation efforts be made prior to servicers initiating foreclosure, therefore, servicers of non-GSE loans may have an incentive to offer forbearance or deferment.
- For those mortgages that are not subject to forbearance, a suspension of foreclosures and evictions for at least 60 days from March 18, 2020, on mortgages purchased or securitized by the GSEs.
- Direct aid to individuals in the form of refundable tax credit rebates paid in April 2020.
- "Paycheck Protection Program " to provide small businesses with funds to pay up to eight weeks of payroll costs, and certain other expenses.
- Enhanced unemployment benefits.
- Increased flexibility under retirement plans.

Risk Factors

We may not continue to meet the GSEs' private mortgage insurer eligibility requirements and our returns may decrease if we are required to maintain more capital in order to maintain our eligibility.
We must comply with a GSE's PMIERs to be eligible to insure loans delivered to or purchased by that GSE. The PMIERs include financial requirements, as well as business, quality control and certain transaction approval requirements. The financial requirements of the PMIERs require a mortgage insurer's "Available Assets" (generally only the most liquid assets of an insurer) to equal or exceed its "Minimum Required Assets" (which are generally based on an insurer's book of insurance in force and calculated from tables of factors with several risk dimensions, reduced for credit given for risk ceded under reinsurance agreements).

Based on our interpretation of the PMIERs, as of March 31, 2020, MGIC's Available Assets totaled $4.3 billion, or $1.0 billion in excess of its Minimum Required Assets. MGIC is in compliance with the PMIERs and eligible to insure loans purchased by the GSEs. In calculating these "Minimum Required Assets," the total credit for risk ceded under our reinsurance transactions is subject to a modest reduction. Our reinsurance transactions are discussed in our risk factor titled *"The mix of business we write affects our Minimum Required Assets under the PMIERs, our premium yields and the likelihood of losses occurring."* Our existing reinsurance transactions are subject to periodic review by the GSEs and there is a risk we will not receive our current level of credit in future periods for the risk ceded under them. In addition, we may not receive the same level of credit under future reinsurance transactions that we receive under existing transactions. If MGIC is not allowed certain levels of credit under the PMIERs, under certain circumstances, MGIC may terminate the reinsurance transactions, without penalty.

While loans that were current at the time a COVID-19 pandemic-related forbearance was initiated are not to be reported as delinquent for consumer credit reporting purposes, they may be reported to mortgage insurers and the GSEs as delinquent, and are treated as delinquent for purposes of the PMIERs. Loans that were delinquent at the time such a forbearance was initiated are expected to be reported as delinquent to mortgage insurers and the GSEs. The PMIERs generally require us to maintain significantly more Minimum Required Assets for delinquent loans than for performing loans; however, delinquent loans whose borrowers have been affected by the COVID-19 pandemic may be given the same treatment under the PMIERs as delinquent loans in areas that the Federal Emergency Management Agency ("FEMA") has declared major disaster areas in connection with hurricanes. Specifically, the Minimum Required Assets would be reduced by 70% for at least 120 days from the date the loan becomes delinquent, and longer if the loan is subject to a forbearance plan that meets certain requirements.

Under the current PMIERs, to be eligible for the 70% reduction, the loan must be backed by a property located in a FEMA Declared Major Disaster Area and either 1) or 2) below must apply. FEMA has declared all states and territories in which we conduct business to be Major Disaster Areas as a result of the impact of the COVID-19 pandemic. Absent a forbearance plan described in 1) below, the 70% reduction may be applied no longer than 120 days from the initial default date.

1) The loan is subject to a forbearance plan executed in response to a FEMA Declared Major Disaster Area eligible for Individual Assistance, the terms of which are materially consistent with terms of forbearance plans offered by Freddie Mac or Fannie Mae. As of the date of this report, not all states have delegated eligible individual assistance.
2) The loan has an initial default date occurring up to either (i) 30 days prior to or (ii) 90 days following the Major Disaster event. It is uncertain how the date of the "Major Disaster event" will be determined for the COVID-19 pandemic.
3) The mortgage insurance industry has asked the Federal Housing Finance Agency (the "FHFA") and the GSEs to consider revisions to the PMIERs in light of the differences between FEMA declarations associated with hurricanes and those associated with the COVID-19 pandemic. Among other things, the industry asked the FHFA and GSEs to specify how "Major Disaster event" will be determined and to not limit the forbearance plans described in 1) above to those executed in response to a FEMA Declared Major Disaster Area eligible for Individual Assistance. We applied the 70% reduction discussed above when calculating our PMIERs Minimum Required Assets for March 31, 2020. We expect to receive guidance from the GSEs before we calculate our PMIERs Minimum Required Assets for June 30, 2020.

Risk Factors

We may not continue to meet the GSEs' private mortgage insurer eligibility requirements and our returns may decrease if we are required to maintain more capital in order to maintain our eligibility (continued)

4) Although we have requested servicers to provide us with information about the forbearance status of loans, we may not receive such reporting and, therefore, may not be able to take advantage of the 70% reduction after a loan has been delinquent 120 days.

It is possible that, despite reducing the Minimum Required Assets for certain delinquent loans by 70%, the increasing number of delinquent loans caused by the COVID-19 pandemic will cause our Available Assets to be less than our Minimum Required Assets. As of March 31, 2020 and April 30, 2020, there were 27,384 and 30,243 loans in our delinquency inventory, respectively. We expect that the majority of COVID-19 pandemic-related delinquencies have not yet been reported; however, we are unable to predict the number of loans that will become delinquent as a result of the COVID-19 pandemic. We estimate that, as of March 31, 2020, our delinquency inventory would have had to have grown by approximately 235,000 loans to cause our Available Assets to be less than our Minimum Required Assets. This estimation was based on several simplifying assumptions, including that all incremental delinquencies were associated with the COVID-19 pandemic (and, therefore, receive the 70% reduction in Minimum Required Assets discussed above), reflect the same mix of book years and risk characteristics as our remaining risk-in force, and are subject to 21% quota share reinsurance (the weighted average quota share reinsurance on our risk in force).

If our Available Assets are less than our Minimum Required Assets, then we would not be in compliance with the PMIERs. The PMIERs provide a list of remediation actions for a mortgage insurer's non-compliance, with additional actions possible in the GSEs' discretion. At the extreme, the GSEs may suspend or terminate eligibility to insure loans purchased by them. Such suspension or termination would significantly reduce the volume of our new business writings; the vast majority of our NIW since 2008 has been for loans delivered to or purchased by the GSEs. In addition to the increase in Minimum Required Assets associated with delinquent loans whose borrowers are affected by the COVID-19 pandemic, factors that may negatively impact MGIC's ability to continue to comply with the financial requirements of the PMIERs include the following:

- The GSEs may make the PMIERs more onerous in the future. The PMIERs provide that the factors that determine Minimum Required Assets will be updated periodically, or as needed if there is a significant change in macroeconomic conditions or loan performance. We do not anticipate that the regular periodic updates will occur more frequently than once every two years. The PMIERs state that the GSEs will provide notice 180 days prior to the effective date of updates to the factors; however, the GSEs may amend any portion of the PMIERs at any time. It is possible that the FHFA and GSEs will not agree to the COVID-19-specific changes requested by the mortgage insurance industry or that they will revise the PMIERs to provide that there is no reduction in the Minimum Required Assets for COVID-19-related delinquencies.
- There may be future implications for PMIERs based upon forthcoming regulatory capital requirements for the GSEs. In 2018, the FHFA issued a proposed capital rule for the GSEs, which included a framework for determining the capital relief allowed to the GSEs for loans with private mortgage insurance. A re-proposed capital rule is expected to be released; however, the timing and content of the re-proposal are uncertain. Further, any changes to the GSEs' capital and liquidity requirements resulting from the Treasury Housing Reform Plan could have future implications for PMIERs.
- Our future operating results may be negatively impacted by the matters discussed in the rest of these risk factors. Such matters could decrease our revenues, increase our losses or require the use of assets, thereby creating a shortfall in Available Assets.
- Should capital be needed by MGIC in the future, capital contributions from our holding company may not be available due to competing demands on holding company resources, including for repayment of debt.

Risk Factors

Because we establish loss reserves only upon a loan delinquency rather than based on estimates of our ultimate losses on risk in force, losses may have a disproportionate adverse effect on our earnings in certain periods.

In accordance with accounting principles generally accepted in the United States, we establish case reserves for insurance losses and loss adjustment expenses only when notices of default on insured mortgage loans are received and for loans we estimate are in default but for which notices of default have not yet been reported to us by the servicers (this is often referred to as "IBNR"). Because our reserving method does not take consider losses that could occur from loans that are not delinquent, such losses are not reflected in our financial statements, except in the case where a premium deficiency exists. A premium deficiency exists when the present value of expected future losses and expenses exceed the present value of expected future premiums and already established loss reserves on the applicable loans. As a result, future losses on loans that are not currently delinquent may have a material impact on future results as such losses emerge. As of March 31, 2020, we had established case reserves and reported losses incurred for 27,384 loans in our delinquency inventory and increased our IBNR reserve from $22 million at December 31, 2019 to $30 million at March 31, 2020. Though not reflected in our March 31, 2020 financial results, as of April 30, 2020, our delinquency inventory had increased to 30,243 loans. We expect that delinquencies will increase from that level as a result of the COVID-19 pandemic, including as a result of the increase in unemployment associated with initiatives intended to reduce the transmission of COVID-19. As a result, we expect our losses incurred to increase in future periods. The impact of the COVID-19 pandemic on the number of delinquencies and our losses incurred will be influenced by various factors, including those discussed in our risk factor titled *"The impact of the COVID-19 pandemic on our business and financial condition may be material."*

Because loss reserve estimates are subject to uncertainties, paid claims may be substantially different than our loss reserves.

When we establish case reserves, we estimate the ultimate loss on delinquent loans by estimating the number of loans in our inventory of delinquent loans that will result in a claim payment, which is referred to as the claim rate, and further estimating the amount of the claim payment, which is referred to as claim severity. The estimated claim rate and claim severity represent our best estimates of what we will actually pay on the loans in default as of the reserve date and incorporate anticipated mitigation from rescissions and curtailments. The establishment of loss reserves is subject to inherent uncertainty and requires judgment by management. The actual amount of the claim payments may be substantially different than our loss reserve estimates. Our estimates could be affected by several factors, including a change in regional or national economic conditions, the impact of various government actions (including the enactment of the CARES Act) and actions taken by the GSEs (including implementation of mortgage forbearance and modification programs) to mitigate the economic harm caused by the COVID-19 pandemic and efforts to reduce the transmission of COVID-19, and a change in the length of time loans are delinquent before claims are received. The change in conditions may include changes in unemployment, including prolonged unemployment as a result of the COVID-19 pandemic, affecting borrowers' income and thus their ability to make mortgage payments, and changes in home prices, which may affect borrower willingness to continue to make mortgage payments when the value of the home is below the mortgage balance. The economic effects of the COVID-19 pandemic may be disproportionately concentrated in certain geographic regions. Information about the geographic dispersion of our insurance in force can be found in our Annual Reports on Form 10-K and our Quarterly Reports on Form 10-Q filed with the SEC. Changes to our claim rate and claim severity estimates could have a material impact on our future results, even in a stable economic environment. In addition, historically, losses incurred have followed a seasonal trend in which the second half of the year has weaker credit performance than the first half, with higher new default notice activity and a lower cure rate.

Risk Factors

The below is a brief summary of the remaining risk factors:.

- *The premiums we charge may not be adequate to compensate us for our liabilities for losses and as a result any inadequacy could materially affect our financial condition and results of operations.*
- *Competition or changes in our relationships with our customers could reduce our revenues, reduce our premium yields and / or increase our losses.*
- *The amount of insurance we write could be adversely affected if lenders and investors select alternatives to private mortgage insurance.*
- *Changes in the business practices of the GSEs, federal legislation that changes their charters or a restructuring of the GSEs could reduce our revenues or increase our losses.*
- *Reinsurance may not always be available or affordable.*
- *We are involved in legal proceedings and are subject to the risk of additional legal proceedings in the future.*
- *We are subject to comprehensive regulation and other requirements, which we may fail to satisfy.*
- *If our risk management programs are not effective in identifying, or adequate in controlling or mitigating, the risks we face, or if the models used in our businesses are inaccurate, it could have a material adverse impact on our business, results of operations and financial condition.*
- *We rely on our management team and our business could be harmed if we are unable to retain qualified personnel or successfully develop and/or recruit their replacements.*
- *If the volume of low down payment home mortgage originations declines, the amount of insurance that we write could decline.*
- *State capital requirements may prevent us from continuing to write new insurance on an uninterrupted basis.*
- *The mix of business we write affects our Minimum Required Assets under the PMIERs, our premium yields and the likelihood of losses occurring.*
- *We are susceptible to disruptions in the servicing of mortgage loans that we insure and we rely on third-party reporting for information regarding the mortgage loans we insure.*
- *Changes in interest rates, house prices or mortgage insurance cancellation requirements may change the length of time that our policies remain in force.*
- *Our holding company debt obligations materially exceed our holding company cash and investments.*
- *Your ownership in our company may be diluted by additional capital that we raise or if the holders of our outstanding convertible debt convert that debt into shares of our common stock.*
- *The price of our common stock may fluctuate significantly, which may make it difficult for holders to resell common stock when they want or at a price they find attractive.*
- *We could be adversely affected if personal information on consumers that we maintain is improperly disclosed, and damage to, or interruption in, our information technology systems may disrupt our operations.*
- *Our success depends, in part, on our ability to manage risks in our investment portfolio.*
- *Pandemics, hurricanes and other natural disasters may impact our incurred losses, the amount and timing of paid claims, our inventory of notices of default and our Minimum Required Assets under PMIERs.*
- *The Company may be adversely impacted by the transition from LIBOR as a reference rate.*