

FORM 10-Q
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2025
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission file number 1-10816

MGIC

MGIC Investment Corporation

(Exact name of registrant as specified in its charter)

Wisconsin
(State or other jurisdiction of incorporation or organization)
250 E. Kilbourn Avenue
Milwaukee, Wisconsin
(Address of principal executive offices)

39-1486475
(I.R.S. Employer Identification No.)
53202
(Zip Code)

(414) 347-6480

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common stock	MTG	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company (Do not check if a smaller reporting company)

Emerging growth company If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of July 25, 2025, there were 230,523,015 shares of common stock of the registrant, par value \$1.00 per share, outstanding.

Forward Looking and Other Statements

All statements in this report that address events, developments or results that we expect or anticipate may occur in the future are “forward looking statements.” Forward looking statements consist of statements that relate to matters other than historical fact. In most cases, forward looking statements may be identified by words such as “believe,” “anticipate” or “expect,” or words of similar import. The Risk Factors referred to in “Forward Looking Statements and Risk Factors – Location of Risk Factors” in Management’s Discussion and Analysis of Financial Condition and Results of Operations below, may cause our actual results to differ materially from the results contemplated by forward looking statements that we may make. We are not undertaking any obligation to update any forward looking statements or other statements we may make in this document even though these statements may be affected by events or circumstances occurring after the forward looking statements or other statements were made. Therefore, no reader of this document should rely on these statements being current as of any time other than the time at which this document was filed with the Securities and Exchange Commission.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES

FORM 10-Q

FOR THE QUARTER ENDED June 30, 2025

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Glossary of terms and acronyms

/ A

ARMs

Adjustable rate mortgages

ABS

Asset-backed securities

Annual Persistence

The percentage of our insurance remaining in force from one year prior.

ASC

Accounting Standards Codification

Available Assets

Assets, as designated under the PMIERS, that are readily available to pay claims, and include the most liquid investments

/ B

Book or book year

A group of loans insured in a particular calendar year

BPMI

Borrower-paid mortgage insurance

/ C

CECL

Current expected credit losses covered under ASC 326

CFPB

Consumer Financial Protection Bureau

CLO

Collateralized loan obligations

CMBS

Commercial mortgage-backed securities

COVID-19 Pandemic

An outbreak of the novel coronavirus disease, later named COVID-19. The outbreak of COVID-19 was declared a pandemic by the World Health Organization and a national emergency in the United States in March 2020

CRT

Credit risk transfer. The transfer of a portion of mortgage credit risk to the private sector through different forms of transactions and structures

/ D

DAC

Deferred insurance policy acquisition costs

Debt-to-income (“DTI”) ratio

The ratio, expressed as a percentage, of a borrower’s total debt payments to gross income

Delinquent Loan

A loan that is past due on a mortgage payment. A delinquent loan is typically reported to us by servicers when the loan has missed two or more payments. A loan will continue to be reported as delinquent until it becomes current, or a claim payment has been made. A delinquent loan is also referred to as a default

Delinquency Rate

The percentage of insured loans that are delinquent

Direct

Before giving effect to reinsurance

/ E

EPS

Earnings per share

/ F

Fannie Mae

Federal National Mortgage Association

FCRA

Fair Credit Reporting Act

FHA

Federal Housing Administration

FHFA

Federal Housing Finance Agency

FHLB

Federal Home Loan Bank of Chicago, of which MGIC is a member

FICO score

A measure of consumer credit risk provided by credit bureaus, typically produced from statistical models by Fair Isaac Corporation utilizing data collected by the credit bureaus

Freddie Mac

Federal Home Loan Mortgage Corporation

/ G

GAAP

Generally Accepted Accounting Principles in the United States

GSEs

Government Sponsored Enterprise. Collectively, Fannie Mae and Freddie Mac

/ H

HAMP

Home Affordable Modification Program

HARP

Home Affordable Refinance Program

Home Re Entities

Unaffiliated special purpose insurers domiciled in Bermuda that participate in our aggregate XOL Transactions through the ILN market

Home Re Transactions

Excess-of-loss reinsurance transactions with the Home Re Entities

HOPA

Homeowners Protection Act

/ I

IBNR Reserves

Loss reserves established on loans we estimate are delinquent, but for which the delinquency has not been reported to us

IIF

Insurance in force is the unpaid principal balance, either estimated by us or reported to us by mortgage servicers, for the loans we insure. In the third quarter of 2024, we updated our method for calculating the unpaid principal balance on our in force loans.

ILN

Insurance-linked notes

/ L

LAE

Loss adjustment expenses, which includes the costs of settling claims, including legal and other expenses and general expenses of administering the claims settlement process

Loan-to-value ("LTV") ratio

The ratio, expressed as a percentage, of the dollar amount of the first mortgage loan to the value of the property at the time the loan became insured and does not reflect subsequent housing price appreciation or depreciation. Subordinate mortgages may also be present

Long-term debt:

5.25% Notes

5.25% Senior Notes due on August 15, 2028, with interest payable semi-annually on February 15 and August 15 of each year

Loss ratio

The ratio, expressed as a percentage, of losses incurred, net to net premiums earned

Low down payment loans or mortgages

Loans with less than 20% down payments

LPMI

Lender-paid mortgage insurance

/ M

MBS

Mortgage-backed securities

MD&A

Management's discussion and analysis of financial condition and results of operations

MGIC

Mortgage Guaranty Insurance Corporation, a subsidiary of MGIC Investment Corporation

MAC

MGIC Assurance Corporation, a subsidiary of MGIC

Minimum Required Assets

The minimum amount of Available Assets that must be held under the PMIERS which is based on an insurer's book of RIF and is calculated from tables of factors with several risk dimensions, reduced for credit given for risk ceded under reinsurance transactions, and subject to a floor of \$400 million

MPP

Minimum Policyholder Position, as required under certain state requirements. The "policyholder position" of a mortgage insurer is its net worth or surplus, contingency reserve and a portion of the reserves for unearned premiums

/ N

N/A

Not applicable for the period presented

NAIC

The National Association of Insurance Commissioners

NIW

New Insurance Written, is the aggregate original principal amount of the mortgages that are insured during a period

N/M

Data, or calculation, deemed not meaningful for the period presented

NPL Settlement

The commutation of coverage on non-performing loans, which are a delinquent loans, at any stage in their delinquency

/ O

OCI

Office of the Commissioner of Insurance of the State of Wisconsin

/ P

PMI

Private Mortgage Insurance (as an industry or product type)

PMIERS

Private Mortgage Insurer Eligibility Requirements issued by each of Fannie Mae and Freddie Mac to set forth requirements that an

approved insurer must meet and maintain to provide mortgage guaranty insurance on loans delivered to or acquired by Fannie Mae or Freddie Mac, as applicable

Premium Yield

The ratio of premium earned divided by the average IIF outstanding for the period measured

Premium Rate

The contractual rate charged for coverage under our insurance policies

Primary Insurance

Insurance that provides mortgage default protection on individual loans.

Profit Commission

Payments we receive from reinsurers under each of our quota share reinsurance transactions if the annual loss ratio is below levels specified in the quota share reinsurance transaction

/ Q

QSR Transaction

Quota share reinsurance transaction with a group of unaffiliated reinsurers

2021 QSR

Our QSR Transaction that provides coverage on eligible NIW from 2021

2022 QSR

Our QSR Transaction that provides coverage on eligible NIW from 2022

2023 QSR

Our QSR Transaction that provides coverage on eligible NIW from 2023

2024 QSR

Our QSR Transaction that provides coverage on eligible NIW from 2024

2025 QSR

Our QSR Transaction that provides coverage on eligible NIW from 2025

2026 QSR

Our QSR Transaction that will provide coverage on eligible NIW in 2026

Credit Union QSR

Our QSR Transaction that provides coverage on eligible NIW from credit union institutions originated from April 1, 2020 through December 31, 2025

/ R

RESPA

Real Estate Settlement Procedures Act

RIF

Risk in force, which for an individual loan insured by us, is equal to the unpaid loan principal balance, as reported to us, multiplied by the insurance coverage percentage. RIF is sometimes referred to as exposure

Risk-to-capital

Under certain state regulations, the ratio of RIF, net of reinsurance and exposure on policies currently in default and for which loss reserves have been established, to the level of statutory capital

RMBS

Residential mortgage-backed securities

/ S

State Capital Requirements

Under certain state regulations, the minimum amount of statutory capital relative to risk in force (or similar measure)

/ T

TILA

Truth in Lending Act

Traditional XOL Transaction

Excess-of-loss reinsurance transaction with a group of unaffiliated reinsurers

2020 Traditional XOL

Our XOL Transaction that provides coverage on eligible NIW from 2020

2022 Traditional XOL

Our XOL Transaction that provides coverage on eligible NIW from 2022

2023 Traditional XOL

Our XOL Transaction that provides coverage on eligible NIW from 2023

2024 Traditional XOL

Our XOL Transaction that provides coverage on eligible NIW from 2024

2025 Traditional XOL

Our XOL Transaction that provides coverage on eligible NIW from 2025

2026 Traditional XOL

Our XOL Transaction that will provide coverage on eligible NIW in 2026

/ U

Underwriting expense ratio

The ratio, expressed as a percentage, of other underwriting and operating expenses, net, and amortization of DAC to net premiums written

Underwriting profit

Net premiums earned minus losses incurred, net and other underwriting and operating expenses, net

USDA

U.S. Department of Agriculture

/ V**VA**

U.S. Department of Veterans Affairs

VIE

Variable interest entity

/ X**XOL Transactions**

Excess-of-loss reinsurance transactions executed through the Home Re Transactions and the Traditional XOL Transactions

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

<i>(In thousands)</i>	Note	June 30, 2025 (Unaudited)	December 31, 2024
ASSETS			
Investment portfolio:	7 / 8		
Fixed income, available-for-sale, at fair value (amortized cost 2025 - \$5,684,464; 2024 - \$5,838,145)		\$ 5,459,483	\$ 5,511,564
Short-term, fixed income, available-for-sale, at fair value (amortized cost 2025 - \$342,785; 2024 - \$339,978)		342,848	340,125
Equity securities, at fair value (cost 2025 - \$16,214; 2024 - \$16,146)		15,038	14,762
Other invested assets, at cost		1,109	1,109
Total investment portfolio		5,818,478	5,867,560
Cash and cash equivalents		294,871	229,485
Restricted cash and cash equivalents		4,024	5,142
Accrued investment income		59,106	61,064
Reinsurance recoverable on loss reserves	4	53,781	47,281
Reinsurance recoverable on paid losses	4	2,041	4,197
Premiums receivable		57,236	57,536
Home office and equipment, net		33,210	35,679
Deferred insurance policy acquisition costs		10,274	11,694
Deferred income taxes, net		41,818	69,875
Other assets		167,488	157,722
Total assets		\$ 6,542,327	\$ 6,547,235
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Loss reserves	11	\$ 452,154	\$ 462,662
Unearned premiums		105,049	120,360
Senior notes	3	645,402	644,667
Other liabilities		184,778	147,171
Total liabilities		1,387,383	1,374,860
Contingencies	5		
Shareholders' equity:			
Common stock (\$1 par value, shares authorized 1,000,000; shares issued and outstanding 2025 - 233,138; 2024 - 248,449)		233,138	248,449
Paid-in capital		1,801,159	1,808,236
Accumulated other comprehensive income (loss), net of tax	9	(204,969)	(288,162)
Retained earnings		3,325,616	3,403,852
Total shareholders' equity		5,154,944	5,172,375
Total liabilities and shareholders' equity		\$ 6,542,327	\$ 6,547,235

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In thousands, except per share data)	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2025	2024	2025	2024
Revenues:					
Premiums written:					
Direct		\$ 277,206	\$ 273,337	\$ 553,677	\$ 548,540
Assumed		3,717	3,353	7,255	6,769
Ceded	4	(43,539)	(43,212)	(88,202)	(88,031)
Net premiums written		237,384	233,478	472,730	467,278
Decrease in unearned premiums, net		6,938	10,050	15,311	18,894
Net premiums earned		244,322	243,528	488,041	486,172
Investment income, net of expenses		60,995	61,479	122,438	121,223
Net gains (losses) on investments and other financial instruments	7/8	(1,426)	(276)	(685)	(8,785)
Other revenue		354	546	685	1,028
Total revenues		304,245	305,277	610,479	599,638
Losses and expenses:					
Losses incurred, net	11	(2,835)	(18,272)	6,756	(13,717)
Amortization of deferred insurance policy acquisition costs		1,738	2,150	3,395	4,159
Other underwriting and operating expenses, net	15	50,354	52,675	101,760	111,693
Interest expense		8,899	8,899	17,798	17,798
Total losses and expenses		58,156	45,452	129,709	119,933
Income before tax		246,089	259,825	480,770	479,705
Provision for income tax		53,607	55,597	102,828	101,380
Net income		\$ 192,482	\$ 204,228	\$ 377,942	\$ 378,325
Earnings per share:					
Basic	6	\$ 0.81	\$ 0.77	\$ 1.57	\$ 1.41
Diluted	6	\$ 0.81	\$ 0.77	\$ 1.56	\$ 1.40
Weighted average common shares outstanding - basic	6	236,333	265,315	240,218	267,814
Weighted average common shares outstanding - diluted	6	237,971	266,872	242,209	269,990

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

<i>(In thousands)</i>	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2025	2024	2025	2024
Net income		\$ 192,482	\$ 204,228	\$ 377,942	\$ 378,325
Other comprehensive income (loss), net of tax:	9				
Change in unrealized investment gains and losses	7	28,523	(7,459)	80,194	(17,851)
Benefit plan adjustments		2,953	538	2,999	1,077
Other comprehensive income (loss), net of tax		31,476	(6,921)	83,193	(16,774)
Comprehensive income (loss)		\$ 223,958	\$ 197,307	\$ 461,135	\$ 361,551

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)

<i>(In thousands)</i>	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2025	2024	2025	2024
Common stock					
Balance, beginning of period		\$ 240,194	\$ 371,353	\$ 248,449	\$ 371,353
Issuance of common stock, net under share-based compensation plans	12	65	—	1,045	—
Purchases of common stock	12	(7,121)	—	(16,356)	—
Balance, end of period		233,138	371,353	233,138	371,353
Paid-in capital					
Balance, beginning of period		1,796,475	1,788,050	1,808,236	1,808,113
Issuance of common stock, net under share-based compensation plans	12	(98)	—	(19,946)	—
Reissuance of treasury stock, net under share-based compensation plans	12	—	—	—	(31,168)
Equity compensation	13	4,782	7,181	12,869	18,286
Balance, end of period		1,801,159	1,795,231	1,801,159	1,795,231
Treasury stock					
Balance, beginning of period	12	—	(1,466,224)	—	(1,384,293)
Purchases of common stock		—	(158,567)	—	(252,620)
Reissuance of treasury stock, net under share-based compensation plans		—	—	—	12,122
Balance, end of period		—	(1,624,791)	—	(1,624,791)
Accumulated other comprehensive income (loss)					
Balance, beginning of period		(236,445)	(326,134)	(288,162)	(316,281)
Other comprehensive income (loss), net of tax	9	31,476	(6,921)	83,193	(16,774)
Balance, end of period		(204,969)	(333,055)	(204,969)	(333,055)
Retained earnings					
Balance, beginning of period		3,339,660	4,735,298	3,403,852	4,593,125
Purchases of common stock	12	(175,327)	—	(392,431)	—
Net income		192,482	204,228	377,942	378,325
Cash dividends	12	(31,199)	(31,343)	(63,747)	(63,267)
Balance, end of period		3,325,616	4,908,183	3,325,616	4,908,183
Total shareholders' equity		\$ 5,154,944	\$ 5,116,921	\$ 5,154,944	\$ 5,116,921

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

<i>(In thousands)</i>	Six Months Ended June 30,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 377,942	\$ 378,325
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,228	10,969
Deferred tax expense (benefit)	5,943	4,508
Equity compensation	12,869	18,286
Net (gains) losses on investments and other financial instruments	685	8,785
Change in certain assets and liabilities:		
Accrued investment income	1,958	(1,628)
Reinsurance recoverable on loss reserves	(6,500)	(9,044)
Reinsurance recoverable on paid losses	2,156	9,012
Premiums receivable	300	1,902
Deferred insurance policy acquisition costs	1,420	1,465
Loss reserves	(10,508)	(27,765)
Unearned premiums	(15,311)	(18,894)
Return premium accrual	(2,171)	(5,700)
Current income taxes	61,484	26,993
Other, net	(28,848)	(37,439)
Net cash provided by (used in) operating activities	406,647	359,775
Cash flows from investing activities:		
Purchases of investments	(771,072)	(737,607)
Proceeds from sales of investments	41,017	12,841
Proceeds from maturity of fixed income securities	882,984	616,633
Additions to property and equipment	(145)	(279)
Net cash provided by (used in) investing activities	152,784	(108,412)
Cash flows from financing activities:		
Repurchase of common stock	(411,585)	(251,217)
Dividends paid	(64,677)	(63,936)
Payment of withholding taxes related to share-based compensation net share settlement	(18,901)	(19,046)
Net cash provided by (used in) financing activities	(495,163)	(334,199)
Net increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	64,268	(82,836)
Cash and cash equivalents and restricted cash and cash equivalents at beginning of period	234,627	370,644
Cash and cash equivalents and restricted cash and cash equivalents at end of period	\$ 298,895	\$ 287,808

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

(Unaudited)

Note 1. Nature of Business and Basis of Presentation

MGIC Investment Corporation is a holding company which, through Mortgage Guaranty Insurance Corporation ("MGIC"), is principally engaged in the mortgage insurance business. We provide mortgage insurance to lenders throughout the United States and to government sponsored entities to protect against loss from defaults on low down payment residential mortgage loans. MGIC Assurance Corporation ("MAC") and MGIC Indemnity Corporation ("MIC"), insurance subsidiaries of MGIC, provide insurance for certain mortgages under Fannie Mae and Freddie Mac (the "GSEs") credit risk transfer programs. We operate as a single segment for purposes of evaluating financial performance and allocating resources.

The accompanying unaudited consolidated financial statements of MGIC Investment Corporation and its wholly-owned subsidiaries have been prepared in accordance with the instructions to Form 10-Q as prescribed by the Securities and Exchange Commission ("SEC") for interim reporting and do not include all of the other information and disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). These statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2024 included in our 2024 Annual Report on Form 10-K. As used below, "we," "our" and "us" refer to MGIC Investment Corporation's consolidated operations or to MGIC Investment Corporation, as the context requires.

In the opinion of management, the accompanying financial statements include all adjustments, consisting primarily of normal recurring accruals, necessary to fairly state our consolidated financial position and consolidated results of operations for the periods indicated. The consolidated results of operations for an interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2025.

The substantial majority of our new insurance written ("NIW") has been for loans purchased by the GSEs. The current private mortgage insurer eligibility requirements ("PMIERS") of the GSEs include financial requirements, as well as business, quality control and certain transactional 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 based on an insurer's book of risk in force, and calculated from tables of factors with several risk dimensions). Based on our application of the PMIERS, as of June 30, 2025, MGIC's Available Assets are in excess of its Minimum Required Assets; therefore MGIC is in compliance with the PMIERS and eligible to insure loans purchased by the GSEs.

Subsequent events

We have considered subsequent events through the date of this filing.

Note 2. Significant Accounting Policies

Recent accounting and reporting developments

Accounting standards and laws and regulations effective in 2025 or early adopted, and relevant to our financial statements.

One Big Beautiful Bill Act

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBA Act") was signed into law. Among other items, and most relevant to MGIC, the OBBA Act reinstates and makes permanent 100% bonus depreciation, restores the immediate expensing for domestic research and experimentation costs, and repeals many clean energy tax credits. We do not expect the OBBA Act will have a material impact to our consolidated financial statements.

Prospective accounting and reporting developments

Relevant new amendments to accounting standards, which are not yet effective or adopted.

Improvements to Income Tax Disclosures: ASU 2023-09

In December 2023, the FASB issued ASU 2023-09 to enhance the transparency and decision usefulness of income tax disclosures. This guidance for income tax disclosures requires consistent categories and greater disaggregations of information in the rate reconciliation and disclosure of income taxes paid by jurisdiction. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 on a prospective basis with the option to apply the standard retrospectively. We have evaluated the impacts the adoption of this guidance will have on our consolidated financial statements and determined that it will not have a material impact.

Disaggregation of Income Statement Expenses: ASU 2024-03

In November 2024, the FASB issued ASU 2024-03 requiring additional disclosure of the nature of expenses included in the income statement. The new standard requires disclosures about specific expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods within annual reporting periods beginning after December 15, 2027, as clarified by ASU 2025-01, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40). The requirements will be applied prospectively with the option for retrospective application. Early adoption is permitted. We are currently evaluating the impacts the adoption of this guidance will have on our disclosures, but do not expect it to have a material impact.

Note 3. Debt

Debt obligations

The aggregate carrying value of our 5.25% Senior Notes ("5.25% Notes") and the par value as of June 30, 2025 and December 31, 2024 is presented in table 3.1 below.

Long-term debt obligation, carrying value

Table 3.1 (In thousands)	June 30, 2025	December 31, 2024
5.25% Notes, due August 2028 (par value: \$650 million)	\$ 645,402	\$ 644,667

The 5.25% Notes are an obligation of our holding company, MGIC Investment Corporation.

See Note 7 - "Debt" in our Annual Report on Form 10-K for the year ended December 31, 2024 for additional information pertaining to our debt obligation. As of June 30, 2025, we are in compliance with our debt covenants.

Interest payments

Interest payments were \$17.1 million for the six months ended June 30, 2025 and 2024.

Note 4. Reinsurance

We have in place reinsurance agreements executed under quota share reinsurance (“QSR”) Transactions and excess-of-loss (“XOL”) Transactions as discussed below. The effect of all of our reinsurance transactions on our consolidated statement of operations is shown in table 4.1 below.

Reinsurance

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Premiums earned:				
Direct	\$ 284,123	\$ 283,363	\$ 568,944	\$ 567,384
Assumed	3,738	3,377	7,299	6,819
Ceded:				
Ceded - quota share reinsurance ⁽¹⁾	(28,101)	(26,643)	(58,044)	(55,358)
Ceded - excess-of-loss reinsurance	(15,438)	(16,569)	(30,158)	(32,673)
Total ceded	(43,539)	(43,212)	(88,202)	(88,031)
Net premiums earned	\$ 244,322	\$ 243,528	\$ 488,041	\$ 486,172
Losses incurred:				
Direct	\$ 1,146	\$ (14,196)	\$ 17,163	\$ (3,217)
Assumed	(23)	(46)	(18)	(17)
Ceded - quota share reinsurance	(3,958)	(4,030)	(10,389)	(10,483)
Losses incurred, net	\$ (2,835)	\$ (18,272)	\$ 6,756	\$ (13,717)
Other Reinsurance Impacts:				
Profit commission on quota share reinsurance ⁽¹⁾	\$ 32,299	\$ 27,301	\$ 60,994	\$ 51,885
Ceding commission on quota share reinsurance	12,081	10,789	23,808	21,449

(1) Ceded premiums earned are shown net of profit commission.

Quota share reinsurance

We have entered into QSR Transactions with panels of third-party reinsurers to cede a fixed percentage of premiums earned and received and losses incurred on insurance covered by the transactions. We receive the benefit of a ceding commission equal to 20% of premiums ceded before profit commission. We also receive the benefit of a profit commission through a reduction of premiums we cede. The profit commission varies inversely with the level of losses on a “dollar for dollar” basis and can be eliminated at certain annual loss ratios as defined below. Ceded losses incurred are impacted by the delinquencies covered by our QSR Transactions, our estimates of payments that will be ultimately made on those delinquencies, and claim payments covered by our QSR Transactions.

Each of our QSR Transactions typically have annual loss ratio caps of 300% and lifetime loss ratio caps of 200%.

Table 4.2 below provides additional detail regarding our QSR Transactions.

Quota Share Reinsurance

Quota Share Contract	Covered Policy Years	Quota Share %	Annual Loss Ratio to Exhaust Profit Commission ⁽¹⁾	Contractual Termination Date
2020 QSR and 2021 QSR	2021	14.8 %	69.0 %	December 31, 2036
2021 QSR and 2022 QSR	2021	11.1 %	69.0 %	December 31, 2036
2021 QSR and 2022 QSR	2022	15.0 %	57.5 %	December 31, 2033
2022 QSR and 2023 QSR	2022	15.0 %	62.0 %	December 31, 2033
2022 QSR and 2023 QSR	2023	15.0 %	62.0 %	December 31, 2034
2023 QSR	2023	10.0 %	58.5 %	December 31, 2034
2024 QSR	2024	30.0 %	56.0 %	December 31, 2035
2025 QSR	2025	40.0 %	63.0 %	December 31, 2036
Credit Union QSR	2020-2025	65.0 %	50.0 %	December 31, 2039

(1) We will receive a profit commission provided the annual loss ratio on policies covered under the transaction remains below this ratio.

We can elect to terminate the QSR Transactions under specified scenarios without penalty upon prior written notice, including if we will receive less than 90% (80% for the Credit Union QSR Transaction) of the full credit amount under the PMIERS, full financial statement credit or full credit under applicable regulatory capital requirements for the risk ceded in any required calculation period.

Table 4.3 provides additional details regarding optional termination dates and optional reductions to our quota share percentage which can, in each case, be elected by us for a fee. Under the optional reduction to the quota share percentage, we may reduce our quota share percentage from the original percentage shown in table 4.2 to the percentage shown in table 4.3.

Quota Share Reinsurance

Table 4.3

Quota Share Contract	Covered Policy Years	Optional Termination Date ⁽¹⁾	Optional Quota Share % Reduction Date ⁽²⁾	Optional Reduced Quota Share %
2020 QSR and 2021 QSR	2021	December 31, 2027	January 1, 2028	12.3% or 10%
2021 QSR and 2022 QSR	2021	December 31, 2027	January 1, 2028	9.4% or 7%
2021 QSR and 2022 QSR	2022	July 1, 2025	July 1, 2025	12.5% or 10%
2022 QSR and 2023 QSR	2022	July 1, 2025	July 1, 2025	12.5% or 10%
2022 QSR and 2023 QSR	2023	December 31, 2025	July 1, 2025	12.5% or 10%
2023 QSR	2023	December 31, 2025	July 1, 2025	8% or 7%
2024 QSR	2024	December 31, 2027	December 31, 2027	23% or 15%
2025 QSR	2025	December 31, 2027	December 31, 2027	30% or 20%

(1) We can elect early termination of the QSR Transaction beginning on this date, and semi-annually thereafter.

(2) We can elect to reduce the quota share percentage beginning on this date, and semi-annually thereafter.

We have executed a 40% QSR Transaction with a group of unaffiliated reinsurers covering most of our new insurance written in 2026.

Under the terms of our QSR Transactions, ceded premiums earned, ceding commissions, profit commission, and ceded paid loss and LAE are settled net on a quarterly basis. The ceded premiums earned due, after deducting the related ceding commission and profit commission, is reported within Other liabilities on the consolidated balance sheets.

The reinsurance recoverable on loss reserves related to our QSR Transactions was \$53.8 million as of June 30, 2025 and \$47.3 million as of December 31, 2024. The reinsurance recoverable balance is secured by funds on deposit from reinsurers (which does not include letters of credit), the minimum amount of which is based on the greater of 1) a reinsurer's funding requirements under PMIERS or 2) ceded reserves and unpaid losses. Each of the reinsurers under our QSR Transactions described above has an insurer financial strength rating of A- or better (or a comparable rating) by Standard and Poor's Rating Services, A.M. Best, Moody's, or a combination of the three.

Excess of loss reinsurance

We have XOL Transactions with panels of unaffiliated reinsurers executed through the traditional reinsurance market ("Traditional XOL Transactions") and with unaffiliated special purpose insurers ("Home Re Transactions").

For policies covered under our Traditional XOL Transactions, we retain the first layer of the aggregate losses paid, and the reinsurers will then provide second layer coverage up to the outstanding reinsurance coverage amount. We retain losses paid in excess of the outstanding reinsurance coverage amount. The reinsurance coverage is subject to adjustment based on the risk characteristics of the covered loans until the initial excess of loss reinsurance coverage layer has been finalized.

We can elect to terminate our Traditional XOL Transactions under specified scenarios without penalty upon prior written notice, including if we will receive less than the full credit amount under the PMIERS, full financial statement credit or full credit under applicable regulatory capital requirements for the risk ceded in any required calculation period. The reinsurance premiums ceded under the Traditional XOL Transactions are based off the remaining reinsurance coverage levels. The reinsured coverage levels are secured by funds on deposit from reinsurers (which does not include letters of credit), the minimum amount of which is based on the greater of 1) a reinsurer's funding requirements under PMIERS or 2) ceded reserves and unpaid losses. Each of the reinsurers under our Traditional XOL Transactions has an insurer financial strength rating of A- or better (or a comparable rating) by Standard and Poor's Rating Services, A.M. Best, Moody's, or a combination of the three.

The Home Re Transactions are executed with unaffiliated special purpose insurers ("Home Re Entities"). For the reinsurance coverage periods, we retain the first layer of the respective aggregate losses paid, and a Home Re Entity will then provide second layer coverage up to the outstanding reinsurance coverage amount. We retain losses paid in excess of the outstanding reinsurance coverage amount. Subject to certain conditions, the reinsurance coverage decreases as the underlying covered mortgages amortize or are repaid, or mortgage insurance losses are paid.

The Home Re Entities financed the coverages by issuing mortgage insurance-linked notes ("ILNs") to unaffiliated investors in an aggregate amount equal to the initial reinsurance coverage amounts. Each ILN is non-recourse to any assets of MGIC or affiliates. The proceeds of the ILNs, which were deposited into reinsurance trusts for the benefit of MGIC, will be the source of reinsurance claim

payments to MGIC and principal repayments on the ILNs.

Payment of principal on the related ILNs will be suspended and the reinsurance coverage available to MGIC under the transactions will not be reduced by such principal payments until a target level of credit enhancement is obtained or if certain thresholds or "Trigger Events" are reached, as defined in the related ILNs transaction agreement. As of June 30, 2025, there were no "Trigger Events".

The following tables 4.4a, 4.4b, and 4.4c provide a summary of our XOL Transactions as of June 30, 2025 and December 31, 2024. Tables 4.4b and 4.4c exclude the 2025 Traditional XOL Transaction which is still within its fill-up period.

Excess of Loss Reinsurance

Table 4.4a

	Issue Date	Policy In force Dates	Optional Call Date ⁽¹⁾	Legal Maturity
2025 Traditional XOL ⁽²⁾	June 1, 2025	January 1, 2025 - December 31, 2025	January 1, 2031	10 years
2024 Traditional XOL	April 1, 2024	January 1, 2024 - December 31, 2024	January 1, 2030	10 years
2023 Traditional XOL	April 1, 2023	January 1, 2023 - December 29, 2023	January 1, 2031	10 years
2022 Traditional XOL	April 1, 2022	January 1, 2022 - December 30, 2022	January 1, 2030	10 years
2020 Traditional XOL	March 1, 2025	January 1, 2020 - December 31, 2020	April 1, 2030	10 years
Home Re 2023-1, Ltd.	October 23, 2023	June 1, 2022 - August 31, 2023	October 25, 2028	10 years
Home Re 2022-1, Ltd.	April 26, 2022	May 29, 2021 - December 31, 2021	April 25, 2028	12.5 years
Home Re 2021-2, Ltd.	August 3, 2021	January 1, 2021 - May 28, 2021	July 25, 2028	12.5 years
Home Re 2021-1, Ltd.	February 2, 2021	August 1, 2020 - December 31, 2020	January 25, 2028	12.5 years

(1) We have the right to terminate the Home Re Transactions under certain circumstances, including an optional call feature that provides us the right to terminate if the outstanding principal balance of the related insurance-linked notes falls below 10% of the initial principal balance of the related insurance-linked notes, and on any payment date on or after the respective Optional Call Date. We can elect early termination of the Traditional XOL Transactions beginning on this date, and quarterly thereafter.

(2) The 2025 Traditional XOL Transaction provides up to \$160 million of reinsurance coverage on eligible NIW in 2025.

In June of 2025, we also executed a XOL Transaction which provides up to \$184 million of reinsurance coverage on eligible NIW in 2026.

Table 4.4b

(\$ in thousands)	Initial First Layer Retention	Remaining First Layer Retention	
		June 30, 2025	December 31, 2024
2024 Traditional XOL	\$ 125,016	\$ 124,948	125,016
2023 Traditional XOL	70,578	70,006	70,401
2022 Traditional XOL	82,523	79,712	81,112
2020 Traditional XOL	68,343	68,343	N/A
Home Re 2023-1, Ltd.	272,961	270,109	272,269
Home Re 2022-1, Ltd.	325,589	321,021	322,566
Home Re 2021-2, Ltd.	190,159	187,496	188,211
Home Re 2021-1, Ltd.	211,159	209,654	210,027

Table 4.4c

(\$ in thousands)	Initial Excess of Loss Reinsurance Coverage ⁽¹⁾	Initial Funding Percentage ⁽²⁾	Funding Percentage at 6/30/2025 ⁽²⁾	Remaining Excess of Loss Reinsurance Coverage ⁽¹⁾	
				June 30, 2025	December 31, 2024
2024 Traditional XOL	\$ 187,220	N/A	N/A	\$ 187,220	187,220
2023 Traditional XOL	96,942	N/A	N/A	79,196	91,404
2022 Traditional XOL	142,642	N/A	N/A	109,115	124,344
2020 Traditional XOL	250,592	N/A	N/A	250,592	N/A
Home Re 2023-1, Ltd.	330,277	97 %	96 %	267,327	299,325
Home Re 2022-1, Ltd.	473,575	100 %	100 %	254,880	305,639
Home Re 2021-2, Ltd. ⁽³⁾	398,429	100 %	93 %	108,377	132,424
Home Re 2021-1, Ltd.	398,848	100 %	100 %	59,327	92,019

(1) The initial and remaining excess of loss reinsurance coverage is reduced by the applicable funding percentage.

(2) The funding percentage represents the aggregate outstanding note balances divided by the aggregate ending coverage amounts.

(3) The funding percentage on the 2021-2 was reduced from 100% after the tender offers were conducted in the fourth quarter of 2023.

The reinsurance premiums ceded to each Home Re Entity are composed of coverage, initial expense and supplemental premiums. The coverage premiums are generally calculated as the difference between the amount of interest payable by the Home Re Entity on the remaining reinsurance coverage levels, and the investment income collected on the collateral assets held in a reinsurance trust account and used to collateralize the Home Re Entity's reinsurance obligation to MGIC. The amount of monthly reinsurance coverage premium ceded will fluctuate due to changes in the reference rate and changes in money market rates that affect investment income collected on the assets in the reinsurance trust. As a result, we concluded that each Home Re Transaction contains an embedded derivative that is accounted for separately as a freestanding derivative. The fair values of the derivatives at June 30, 2025 and December 31, 2024, were not material to our consolidated balance sheet and the change in fair value during the three and six months ended June 30, 2025 and June 30, 2024 were not material to our consolidated statements of operations. (See [Note 7 - "Investments"](#) and [Note 8 - "Fair Value Measurements"](#).)

At the time the Home Re Transactions were entered into, we concluded that each Home Re Entity is a variable interest entity ("VIE"). A VIE is a legal entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured such that equity investors lack the ability to make sufficient decisions relating to the entity's operations through voting rights or do not substantively participate in gains and losses of the entity. Given that MGIC (1) does not have the unilateral power to direct the activities that most significantly affect each Home Re Entity's economic performance and (2) does not have the obligation, outside the terms of the reinsurance agreement, to absorb losses or the right to receive benefits of each Home Re Entity that could be significant to the Home Re Entity, consolidation of the Home Re Entities is not required.

We are required to disclose our maximum exposure to loss, which we consider to be an amount that we could be required to record in our statements of operations, as a result of our involvement with the VIEs under our Home Re Transactions. As of June 30, 2025, and December 31, 2024, we did not have material exposure to the VIEs as we have no investment in the VIEs and had no reinsurance claim payments due from the VIEs under our reinsurance transactions. We are unable to determine the timing or extent of claims from losses that are ceded under the reinsurance transactions. The VIE assets are deposited in reinsurance trusts for the benefit of MGIC that will be the source of reinsurance claim payments to MGIC. The purpose of the reinsurance trusts is to provide security to MGIC for the obligations of the VIEs under the reinsurance transactions. The trustee of the reinsurance trusts, a recognized provider of corporate trust services, has established segregated accounts within the reinsurance trusts for the benefit of MGIC, pursuant to the trust agreements. The trust agreements are governed by, and construed in accordance with, the laws of the State of New York. If the trustee of the reinsurance trusts failed to distribute claim payments to us as provided in the reinsurance trusts, we would incur a loss related to our losses ceded under the reinsurance transactions and deemed unrecoverable. We are also unable to determine the impact such possible failure by the trustee to perform pursuant to the reinsurance trust agreements may have on our consolidated financial statements. As a result, we are unable to quantify our maximum exposure to loss related to our involvement with the VIEs. MGIC has certain termination rights under the reinsurance transactions should its claims not be paid.

Table 4.5 presents the total assets of the Home Re Entities as of June 30, 2025 and December 31, 2024.

Home Re total assets

Home Re Entity	Total VIE Assets	
	June 30, 2025	December 31, 2024
Home Re 2023-1 Ltd.	\$ 273,417	\$ 303,733
Home Re 2022-1 Ltd.	263,984	313,229
Home Re 2021-2 Ltd.	111,937	136,486
Home Re 2021-1 Ltd.	64,783	97,373

The reinsurance trust agreements provide that the trust assets may generally only be invested in certain money market funds that (i) invest at least 99.5% of their total assets in cash or direct U.S. federal government obligations, such as U.S. Treasury bills, as well as other short-term securities backed by the full faith and credit of the U.S. federal government or issued by an agency of the U.S. federal government, (ii) have a principal stability fund rating of "AAAm" by S&P or a money market fund rating of "Aaamf" by Moody's as of the Closing Date and thereafter maintain any rating with either S&P or Moody's, and (iii) are permitted investments under the applicable credit for reinsurance laws and applicable PMIERS credit for reinsurance requirements.

Note 5. Litigation and Contingencies

We operate in a highly regulated industry that is subject to the risk of litigation and regulatory proceedings, including related to our claims paying practices. From time to time, we are involved in disputes and legal proceedings in the ordinary course of business. In our opinion, based on the facts known at this time, the ultimate resolution of these ordinary course disputes and legal proceedings will not have a material adverse effect on our financial condition or results of operations.

Under ASC 450-20, until a loss associated with settlement discussions or legal proceedings becomes probable and can be reasonably estimated, we do not accrue an estimated loss. When we determine that a loss is probable and can be reasonably estimated, we record our best estimate.

Note 6. Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing net income by the weighted average number of shares of common stock outstanding, including participating securities. Our participating securities are comprised of vested restricted stock and restricted stock units ("RSUs") with non-forfeitable rights to dividends. Diluted EPS includes the components of basic EPS and also gives effect to dilutive common stock equivalents. The determination of whether components are dilutive is calculated independently for each period. We calculate diluted EPS using the treasury stock method which reflects the potential dilution that could occur if unvested RSUs result in the issuance of common stock.

Table 6.1 reconciles the numerators and denominators used to calculate basic and diluted EPS.

Earnings per share

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(In thousands, except per share data)</i>				
Net income - basic and diluted	\$ 192,482	\$ 204,228	\$ 377,942	\$ 378,325
Basic weighted average common shares outstanding	236,333	265,315	240,218	267,814
Dilutive effect of unvested RSUs	1,638	1,557	1,991	2,176
Diluted weighted average common shares outstanding	237,971	266,872	242,209	269,990
Earnings per share:				
Basic earnings per share	\$ 0.81	\$ 0.77	\$ 1.57	\$ 1.41
Diluted earnings per share	\$ 0.81	\$ 0.77	\$ 1.56	\$ 1.40

Note 7. Investments

Fixed income securities

Our fixed income securities classified as available-for-sale at June 30, 2025 and December 31, 2024 are shown in tables 7.1a and 7.1b below.

Details of fixed income securities by category as of June 30, 2025

<i>(In thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 341,550	\$ 596	\$ (3,452)	\$ 338,694
Obligations of U.S. states and political subdivisions	1,994,628	4,391	(161,614)	1,837,405
Corporate debt securities	2,726,805	27,734	(76,098)	2,678,441
ABS	183,698	3,153	(696)	186,155
RMBS	379,179	4,742	(20,642)	363,279
CMBS	248,872	963	(3,735)	246,100
CLOs	124,435	243	—	124,678
Foreign government debt	4,487	—	(503)	3,984
Commercial paper	23,595	—	—	23,595
Total fixed income securities	\$ 6,027,249	\$ 41,822	\$ (266,740)	\$ 5,802,331

Details of fixed income securities by category as of December 31, 2024

<i>(In thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 265,349	\$ 231	\$ (5,087)	\$ 260,493
Obligations of U.S. states and political subdivisions	2,065,953	2,331	(192,789)	1,875,495
Corporate debt securities	2,857,627	12,593	(112,839)	2,757,381
ABS	155,594	2,157	(1,234)	156,517
RMBS	373,485	2,103	(25,528)	350,060
CMBS	243,840	21	(7,990)	235,871
CLOs	199,773	286	—	200,059
Foreign government debt	4,487	—	(689)	3,798
Commercial paper	12,015	—	—	12,015
Total fixed income securities	\$ 6,178,123	\$ 19,722	\$ (346,156)	\$ 5,851,689

We had \$12.9 million and \$12.2 million of investments at fair value on deposit with various states as of June 30, 2025 and December 31, 2024, respectively, due to regulatory requirements of those state insurance departments.

In connection with our insurance and reinsurance activities within MAC and MIC, we are required to maintain assets in trusts for the benefit of contractual counterparties, which had investments at fair value of \$203.6 million and \$199.9 million at June 30, 2025 and December 31, 2024, respectively.

The amortized cost and fair values of fixed income securities at June 30, 2025, by contractual maturity, are shown in table 7.2 below. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Because most mortgage and asset-backed securities are not due at a single maturity date, they are listed in separate categories.

Fixed income securities maturity schedule

(In thousands)	June 30, 2025	
	Amortized cost	Fair Value
Due in one year or less	\$ 743,265	\$ 741,517
Due after one year through five years	1,706,123	1,681,471
Due after five years through ten years	1,674,894	1,607,833
Due after ten years	966,783	851,298
	5,091,065	4,882,119
ABS	183,698	186,155
RMBS	379,179	363,279
CMBS	248,872	246,100
CLOs	124,435	124,678
Total	\$ 6,027,249	\$ 5,802,331

Equity securities

The cost and fair value of investments in equity securities at June 30, 2025 and December 31, 2024 are shown in tables 7.3a and 7.3b below.

Details of equity security investments as of June 30, 2025

(In thousands)	Cost	Fair Value Gains	Fair Value Losses	Fair Value
Equity securities	\$ 16,214	\$ 34	\$ (1,210)	\$ 15,038

Details of equity security investments as of December 31, 2024

(In thousands)	Cost	Fair Value Gains	Fair Value Losses	Fair Value
Equity securities	\$ 16,146	\$ 8	\$ (1,392)	\$ 14,762

Net gains (losses) on investments and other financial instruments

The net gains (losses) on investments and other financial instruments and the proceeds from the sale of fixed income securities classified as available-for-sale securities are shown in table 7.4 below.

Details of net gains (losses) on investments and other financial instruments

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Fixed income securities:				
Gains on sales	\$ 575	\$ 425	\$ 924	\$ 480
Losses on sales	(2,520)	(1,262)	(2,549)	(6,747)
Equity securities gains (losses):				
Changes in fair value	89	(92)	209	(195)
Change in embedded derivative on Home Re Transactions ⁽¹⁾	430	646	731	(2,330)
Other:				
Gains (losses) on sales	—	16	—	17
Market adjustment	—	(9)	—	(10)
Net gains (losses) on investments and other financial instruments	\$ (1,426)	\$ (276)	\$ (685)	\$ (8,785)
Proceeds from sales of fixed income securities	\$ 20,280	\$ —	\$ 41,017	\$ 14,886

(1) See Note 8 "Fair Value Measurements" for discussion of the embedded derivative on the Home Re Transactions.

Other invested assets

Our other invested assets balance includes an investment in FHLB stock that is carried at cost, which due to its nature approximates fair value. Ownership of FHLB stock provides access to a secured lending facility, subject to certain conditions, which includes requirements to post collateral and to maintain a minimum investment in FHLB stock.

Unrealized investment losses

Tables 7.5a and 7.5b below summarize, for all available-for-sale investments in an unrealized loss position at June 30, 2025 and December 31, 2024, the aggregate fair value and gross unrealized loss by the length of time those securities have been continuously in an unrealized loss position. The fair value amounts reported in tables 7.5a and 7.5b are estimated using the process described in Note 8 - "Fair Value Measurements" to these consolidated financial statements and in Note 3 - "Significant Accounting Policies" to the consolidated financial statements in our 2024 Annual Report on Form 10-K.

Unrealized loss aging for securities by type and length of time as of June 30, 2025

(In thousands)	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 109,799	\$ (109)	\$ 65,219	\$ (3,343)	\$ 175,018	\$ (3,452)
Obligations of U.S. states and political subdivisions	258,879	(8,787)	1,194,583	(152,827)	1,453,462	(161,614)
Corporate debt securities	439,548	(3,104)	948,756	(72,994)	1,388,304	(76,098)
ABS	6,207	(39)	38,007	(657)	44,214	(696)
RMBS	29,666	(320)	189,541	(20,322)	219,207	(20,642)
CMBS	68,619	(522)	100,770	(3,213)	169,389	(3,735)
Foreign government debt	—	—	3,984	(503)	3,984	(503)
Total	\$ 912,718	\$ (12,881)	\$ 2,540,860	\$ (253,859)	\$ 3,453,578	\$ (266,740)

Unrealized loss aging for securities by type and length of time as of December 31, 2024

(In thousands)	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 37,017	\$ (437)	\$ 69,959	\$ (4,650)	\$ 106,976	\$ (5,087)
Obligations of U.S. states and political subdivisions	409,406	(5,621)	1,195,869	(187,168)	1,605,275	(192,789)
Corporate debt securities	852,752	(10,334)	1,051,862	(102,505)	1,904,614	(112,839)
ABS	20,090	(184)	49,640	(1,050)	69,730	(1,234)
RMBS	171,654	(5,498)	151,893	(20,030)	323,547	(25,528)
CMBS	77,567	(1,774)	151,188	(6,216)	228,755	(7,990)
Foreign government debt	—	—	3,798	(689)	3,798	(689)
Total	\$ 1,568,486	\$ (23,848)	\$ 2,674,209	\$ (322,308)	\$ 4,242,695	\$ (346,156)

There were 899 and 1,020 securities in an unrealized loss position at June 30, 2025 and December 31, 2024, respectively. Based on current facts and circumstances, we believe the unrealized losses as of June 30, 2025 presented in table 7.5a above are not indicative of the ultimate collectability of the par value of the securities. The unrealized losses in all categories of our investments at June 30, 2025 were primarily caused by increases in prevailing interest rates. We also rely upon estimates of several credit and non-credit factors in our review and evaluation of individual investments to determine whether a credit impairment exists. All of the securities in an unrealized loss position are current with respect to their interest obligations.

Note 8. Fair Value Measurements

Recurring fair value measurements

The following describes the valuation methodologies generally used by the independent pricing sources, or by us, to measure financial instruments at fair value, including the general classification of such financial instruments pursuant to the valuation hierarchy.

Fixed income securities:

- *U.S. Treasury Securities and Obligations of U.S. Government Corporations and Agencies:* Securities with valuations derived from quoted prices for identical instruments in active markets that we can access are categorized in Level 1 of the fair value hierarchy. Securities valued by surveying the dealer community, obtaining relevant trade data, benchmark quotes and spreads and incorporating this information in the valuation process are categorized as Level 2 of the fair value hierarchy.
- *Corporate Debt Securities* are valued by obtaining relevant trade data, benchmark quotes and spreads and broker/dealer quotes and incorporating this information into the valuation process. These securities are generally categorized in Level 2 of the fair value hierarchy.
- *Obligations of U.S. States & Political Subdivisions* are valued by tracking, capturing, and analyzing quotes for active issues and trades reported via the Municipal Securities Rulemaking Board records. Daily briefings and reviews of current economic conditions, trading levels, spread relationships, and the slope of the yield curve provide further data for evaluation. These securities are generally categorized in Level 2 of the fair value hierarchy.
- *Residential Mortgage-Backed Securities ("RMBS")* are valued by monitoring interest rate movements, and other pertinent data daily. Incoming market data is enriched to derive spread, yield and/or price data as appropriate, enabling known data points to be extrapolated for valuation application across a range of related securities. These securities are generally categorized in Level 2 of the fair value hierarchy.
- *Commercial Mortgage-Backed Securities ("CMBS")* are valued using techniques that reflect market participants' assumptions and maximize the use of relevant observable inputs including quoted prices for similar assets, benchmark yield curves and market corroborated inputs. Evaluation uses regular reviews of the inputs for securities covered, including executed trades, broker quotes, credit information, collateral attributes and/or cash flow waterfall as applicable. These securities are generally categorized in Level 2 of the fair value hierarchy.
- *Asset-Backed Securities ("ABS")* are valued using spreads and other information solicited from market buy-and-sell-side sources, including primary and secondary dealers, portfolio managers, and research analysts. Cash flows are generated for each tranche, benchmark yields are determined, and deal collateral performance and tranche level attributes including trade activity, bids, and offers are applied, resulting in tranche specific prices. These securities are generally categorized in Level 2 of the fair value hierarchy.
- *Collateralized loan obligations ("CLOs")* are valued by evaluating manager rating, seniority in the capital structure, assumptions about prepayment, default and recovery and their impact on cash flow generation. Loan level net asset values are determined and aggregated for tranches and as a final step prices are checked against available recent trade activity. These securities are generally categorized in Level 2 of the fair value hierarchy.
- *Foreign government debt* is valued by surveying the dealer community, obtaining relevant trade data, benchmark quotes and spreads and incorporating this information into the valuation process. These securities are generally categorized in Level 2 of the fair value hierarchy.
- *Commercial Paper*, with an original maturity greater than 90 days, is valued using market data for comparable instruments of similar maturity and average yields. These securities are generally categorized in Level 2 of the fair value hierarchy.

Equity securities: Consist of actively traded, exchange-listed equity securities, including exchange traded funds ("ETFs") and Bond Mutual Funds, with valuations derived from quoted prices for identical assets in active markets that we can access. These securities are valued in Level 1 of the fair value hierarchy.

Cash Equivalents: Consist of money market funds and treasury bills with valuations derived from quoted prices for identical assets in active markets that we can access. These securities are valued in level 1 of the fair value hierarchy. Instruments in this category valued using market data for comparable instruments are classified as level 2 in the fair value hierarchy.

Assets measured at fair value, by hierarchy level, as of June 30, 2025 and December 31, 2024 are shown in tables 8.1a and 8.1b below. The fair value of the assets is estimated using the process described above, and more fully in Note 3 - "Significant Accounting Policies" to the consolidated financial statements in our 2024 Annual Report on Form 10-K.

Assets carried at fair value by hierarchy level as of June 30, 2025

<i>(In thousands)</i>	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 338,694	\$ 301,764	\$ 36,930
Obligations of U.S. states and political subdivisions	1,837,405	—	1,837,405
Corporate debt securities	2,678,441	—	2,678,441
ABS	186,155	—	186,155
RMBS	363,279	—	363,279
CMBS	246,100	—	246,100
CLOs	124,678	—	124,678
Foreign government debt	3,984	—	3,984
Commercial paper	23,595	—	23,595
Total fixed income securities	5,802,331	301,764	5,500,567
Equity securities	15,038	15,038	—
Cash equivalents ⁽¹⁾	281,866	276,998	4,868
Total	\$ 6,099,235	\$ 593,800	\$ 5,505,435

Assets carried at fair value by hierarchy level as of December 31, 2024

<i>(In thousands)</i>	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 260,493	\$ 220,369	\$ 40,124
Obligations of U.S. states and political subdivisions	1,875,495	—	1,875,495
Corporate debt securities	2,757,381	—	2,757,381
ABS	156,517	—	156,517
RMBS	350,060	—	350,060
CMBS	235,871	—	235,871
CLOs	200,059	—	200,059
Foreign government debt	3,798	—	3,798
Commercial paper	12,015	—	12,015
Total fixed income securities	5,851,689	220,369	5,631,320
Equity securities	14,762	14,762	—
Cash equivalents ⁽¹⁾	230,156	219,943	10,213
Total	\$ 6,096,607	\$ 455,074	\$ 5,641,533

(1) Includes restricted cash equivalents

Additional fair value disclosures related to our investment portfolio are included in [Note 7 – "Investments."](#)

In addition to the assets carried at fair value discussed above, we have embedded derivatives carried at fair value related to our Home Re Transactions that are classified as "Other liabilities" or "Other assets" in our consolidated balance sheets. The estimated fair value related to our embedded derivatives reflects the present value impact of the variation in investment income on the assets held by the reinsurance trusts and the contractual reference rate on the Home Re Transactions used to calculate the reinsurance premiums we estimate we will pay over the estimated remaining life. These liabilities or assets are categorized in Level 3 of the fair value hierarchy. At June 30, 2025 and December 31, 2024, the fair value of the embedded derivatives was an asset of \$0.3 million and a liability of \$0.4 million, respectively. (See [Note 4 - "Reinsurance"](#) for more information about our Home Re Transactions.)

Real estate acquired through claim settlement is carried at fair values and is reported in "Other assets" on the consolidated balance sheet. These assets are categorized as Level 3 of the fair value hierarchy. For the six months ended June 30, 2025 and 2024, purchases of real estate acquired were \$2.0 million and \$2.3 million, respectively. For the six months ended June 30, 2025 and 2024, sales of real estate acquired were \$2.2 million and \$0.5 million, respectively.

Financial assets and liabilities not measured at fair value

Other invested assets include an investment in FHLB stock that is carried at cost, which due to restrictions that require it to be redeemed or sold only to the security issuer at par value, approximates fair value. The fair value of other invested assets is categorized as Level 2.

Financial liabilities include our outstanding debt obligation. The fair value of our 5.25% Notes was based on observable market prices and is categorized as level 2.

Table 8.2 presents the carrying value and fair value of our financial assets and liabilities disclosed, but not carried, at fair value at June 30, 2025 and December 31, 2024.

Financial assets and liabilities not measured at fair value

<i>(In thousands)</i>	June 30, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Other invested assets	\$ 1,109	\$ 1,109	\$ 1,109	\$ 1,109
Financial liabilities				
5.25% Senior Notes	645,402	650,384	644,667	636,883

Note 9. Other Comprehensive Income

The pretax and related income tax benefit (expense) components of our other comprehensive income (loss) for the three and six months ended June 30, 2025 and 2024 are included in table 9.1 below.

Components of other comprehensive income (loss)

<i>(In thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net unrealized investment gains (losses) arising during the period	\$ 36,105	\$ (9,442)	\$ 101,511	\$ (22,596)
Total income tax benefit (expense)	(7,582)	1,983	(21,317)	4,745
Net of tax	28,523	(7,459)	80,194	(17,851)
Net changes in benefit plan assets and obligations	3,738	681	3,796	1,363
Total income tax benefit (expense)	(785)	(143)	(797)	(286)
Net of tax	2,953	538	2,999	1,077
Total other comprehensive income (loss)	\$ 39,843	(8,761)	105,307	(21,233)
Total income tax benefit (expense)	(8,367)	1,840	(22,114)	4,459
Total other comprehensive income (loss), net of tax	\$ 31,476	\$ (6,921)	\$ 83,193	\$ (16,774)

The pretax and related income tax benefit (expense) components of the amounts reclassified from our accumulated other comprehensive income (loss) ("AOCI") to our consolidated statements of operations for the three and six months ended June 30, 2025 and 2024 are included in table 9.2 below.

Reclassifications from AOCI

<i>(In thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Reclassification adjustment for net realized (losses) gains ⁽¹⁾	\$ (4,432)	\$ (2,061)	\$ (10,413)	\$ (12,034)
Income tax benefit (expense)	931	433	2,187	2,527
Net of tax	(3,501)	(1,628)	(8,226)	(9,507)
Reclassification adjustment related to benefit plan assets and obligations ⁽²⁾	(3,738)	(681)	(3,796)	(1,363)
Income tax benefit (expense)	785	143	797	286
Net of tax	(2,953)	(538)	(2,999)	(1,077)
Total reclassifications	(8,170)	(2,742)	(14,209)	(13,397)
Income tax benefit (expense)	1,716	576	2,984	2,813
Total reclassifications, net of tax	\$ (6,454)	\$ (2,166)	\$ (11,225)	\$ (10,584)

(1) Increases (decreases) Net realized investment gains (losses) on the consolidated statements of operations.

(2) Decreases (increases) Other underwriting and operating expenses, net on the consolidated statements of operations.

A rollforward of AOCI for the six months ended June 30, 2025, including amounts reclassified from AOCI, are included in table 9.3 below.

Rollforward of AOCI

<i>(In thousands)</i>	Six Months Ended June 30, 2025		
	Net unrealized gains and (losses) on available-for-sale securities	Net benefit plan assets and (obligations) recognized in shareholders' equity	Total accumulated other comprehensive income (loss)
Balance at December 31, 2024, net of tax	\$ (257,878)	\$ (30,284)	\$ (288,162)
Other comprehensive income (loss) before reclassifications	71,968	—	71,968
Less: Amounts reclassified from AOCI	(8,226)	(2,999)	(11,225)
Balance, June 30, 2025, net of tax	\$ (177,684)	\$ (27,285)	\$ (204,969)

Note 10. Benefit Plans

We have a non-contributory defined benefit pension plan, as well as a supplemental executive retirement plan that covered eligible employees through December 31, 2022. Effective January 1, 2023, these plans were frozen (no future benefits will be accrued for participants due to employment and no new participants will be added). Participants in these plans were fully vested in their benefits as of December 31, 2022.

Tables 10.1 and 10.2 provide the components of net periodic benefit cost for our pension, supplemental executive retirement and other postretirement benefit plans for the three and six months ended June 30, 2025 and 2024.

Components of net periodic benefit cost

Table 10.1

<i>(In thousands)</i>	Three Months Ended June 30,			
	Pension and Supplemental Executive Retirement Plans		Other Postretirement Benefit Plans	
	2025	2024	2025	2024
Company service cost	\$ —	\$ —	\$ 235	\$ 417
Interest cost	3,297	3,247	311	375
Expected return on plan assets	(3,442)	(3,644)	(2,911)	(2,494)
Amortization of:				
Net actuarial losses (gains)	546	523	(693)	(380)
Prior service cost (credit)	87	86	117	453
Cost of settlements and curtailments	3,680	—	—	—
Net periodic benefit cost (benefit)	\$ 4,168	\$ 212	\$ (2,941)	\$ (1,629)

Components of net periodic benefit cost

Table 10.2

<i>(In thousands)</i>	Six Months Ended June 30,			
	Pension and Supplemental Executive Retirement Plans		Other Postretirement Benefit Plans	
	2025	2024	2025	2024
Company service cost	\$ —	\$ —	\$ 469	\$ 834
Interest cost	6,596	6,494	622	750
Expected return on plan assets	(6,884)	(7,288)	(5,822)	(4,988)
Amortization of:				
Net actuarial losses (gains)	1,092	1,046	(1,385)	(760)
Prior service cost (credit)	173	172	235	906
Cost of settlements and curtailments	3,680	—	—	—
Net periodic benefit cost (benefit)	\$ 4,657	\$ 424	\$ (5,881)	\$ (3,258)

In the first quarter of 2025, we made a contribution to our pension plan of \$7.5 million.

Note 11. Loss Reserves

We establish case reserves and LAE reserves on delinquent loans that were reported to us as two or more payments past due and have not become current or resulted in a claim payment. Such loans are referred to as being in our delinquency inventory. Case reserves are established by estimating the number of loans in our delinquency inventory 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.

IBNR reserves are established for estimated losses from delinquencies we estimate have occurred prior to the close of an accounting period but have not yet been reported to us. IBNR reserves are also established using estimated claim rates and claim severities.

Estimation of losses is inherently judgmental. The conditions that affect the claim rate and claim severity include the current and future state of the domestic economy, including unemployment and the current and future strength of local housing markets; exposure on insured loans; the amount of time between delinquency and claim filing (all else being equal, the longer the period between delinquency and claim filing, the greater the severity); and curtailments and rescissions. The actual amount of the claim payments may be substantially different than our loss reserve estimates. Our estimates could be adversely affected by several factors, including a deterioration of regional or national economic conditions, including unemployment, which may reduce income of borrowers and their ability to make mortgage payments. Additionally, the impact of past and future government initiatives and actions taken by the GSEs may impact our estimates. A decline in housing values may affect borrower willingness to continue to make mortgage payments when the value of the home is below the mortgage balance. Loss reserves in future periods will also be dependent on the number of loans reported to us as delinquent.

Changes to our estimates could result in a material impact to our consolidated results of operations and financial position, even in a stable economic environment. Given the uncertainty of the macroeconomic environment, including the effectiveness of loss mitigation efforts, changes in home prices, and level of employment, our loss reserve estimates may continue to be impacted.

In considering the potential sensitivity of the factors underlying our estimate of loss reserves, it is possible that even a relatively small change in our estimated claim rate or claim severity could have a material impact on loss reserves and, correspondingly, on our consolidated results of operations even in a stable economic environment. For example, as of June 30, 2025, assuming all other factors remain constant, a \$1,000 increase/decrease in the average severity reserve factor would change the loss reserve amount by approximately +/- \$6 million. A one percentage point increase/decrease in the average claim rate reserve factor would change the loss reserve amount by approximately +/- \$17 million.

The "Losses incurred" section of table 11.1 below shows losses incurred on delinquencies that occurred in the current year and in prior years. The amount of losses incurred relating to delinquencies that occurred in the current year represents the estimated amount to be ultimately paid on such delinquencies. The amount of losses incurred relating to delinquencies that occurred in prior years represents the difference between the actual claim rate and claim severity associated with those delinquencies resolved in the current year compared to the estimated claim rate and claim severity at the prior year-end, as well as a re-estimation of amounts to be ultimately paid on delinquencies continuing from the end of the prior year. This re-estimation of the claim rate and claim severity is the result of our review of current trends in the delinquency inventory, such as percentages of delinquencies that have resulted in a claim, the amount of the claims relative to the average loan exposure, changes in the relative level of delinquencies by geography and changes in average loan exposure.

The "Losses paid" section of table 11.1 below shows the amount of losses paid on delinquencies that occurred in the current year and losses paid on delinquencies that occurred in prior years.

Table 11.1 provides a reconciliation of beginning and ending loss reserves as of and for the six months ended June 30, 2025 and 2024.

Development of reserves for losses and loss adjustment expenses

<i>(In thousands)</i>	Six Months Ended June 30,	
	2025	2024
Reserve at beginning of period	\$ 462,662	\$ 505,379
Less reinsurance recoverable	47,281	33,302
Net reserve at beginning of period	415,381	472,077
Losses incurred:		
Losses and LAE incurred in respect of delinquency notices received in:		
Current year	111,093	102,553
Prior years ⁽¹⁾	(104,337)	(116,270)
Total losses incurred	6,756	(13,717)
Losses paid:		
Losses and LAE paid in respect of delinquency notices received in:		
Current year	—	52
Prior years	23,764	23,040
Total losses paid	23,764	23,092
Net reserve at end of period	398,373	435,268
Plus reinsurance recoverable	53,781	42,346
Reserve at end of period	\$ 452,154	\$ 477,614

(1) A positive number for prior year loss reserve development indicates a deficiency of prior year reserves. A negative number for prior year loss reserve development indicates a redundancy of prior year loss reserves. See the following table for more information about prior year loss reserve development.

The increase in the current year losses incurred in the six months ended June 30, 2025 as compared to the six months ended June 30, 2024 is primarily due to an increase in estimated severity on current year delinquencies and an increase in new delinquencies reported.

The favorable loss development on previously received delinquencies for the six months ended June 30, 2025 and June 30, 2024 primarily resulted from a decrease in the expected claim rate on previously received delinquencies. Home price appreciation experienced in recent years has allowed some borrowers to cure their delinquencies through the sale of their property.

The prior year loss reserve development for the six months ended June 30, 2025 and 2024 is shown in table 11.2 below.

Reserve development on previously received delinquencies

<i>(In thousands)</i>	Six Months Ended June 30,	
	2025	2024
Increase (decrease) in estimated claim rate on primary defaults	\$ (98,645)	\$ (101,008)
Change in estimates related to severity on primary defaults, pool reserves, LAE reserves, reinsurance, and other	(5,692)	(15,262)
Total prior year loss development ⁽¹⁾	\$ (104,337)	\$ (116,270)

(1) A positive number for prior year loss reserve development indicates a deficiency of prior year loss reserves. A negative number for prior year loss reserve development indicates a redundancy of prior year loss reserves.

Premium refunds

Our estimate of premiums to be refunded on expected claim payments is accrued for separately in "Other Liabilities" on our consolidated balance sheets and was \$10.3 million and \$12.5 million at June 30, 2025 and December 31, 2024, respectively.

Note 12. Shareholders' Equity

Treasury stock

Prior to November 15, 2024, shares we repurchased were held in treasury stock unless they were reissued under the discretion of our Board of Directors. As of November 15, 2024, we retired all shares of our treasury stock, which resulted in an adjustment to retained earnings equal to the cumulative amount of repurchase price paid in excess of par value for treasury stock held as of that date. Subsequent to the retirement of the treasury stock, all shares of our common stock that we repurchase are immediately retired, and the amount of the repurchase price paid in excess of par value for repurchased shares is recorded as an adjustment to retained earnings.

Share repurchase programs

Repurchases of our common stock may be made from time to time on the open market (including through 10b5-1 plans) or through privately negotiated transactions. In the six months ended June 30, 2025, we repurchased 16.4 million shares for \$405.0 million, inclusive of commissions. In 2024, we repurchased approximately 25.3 million shares of our common stock for \$566.6 million, inclusive of commissions. As of June 30, 2025, we had remaining authorization to repurchase \$802.2 million of our common stock under our existing share repurchase programs through December 31, 2027. Through July 25, 2025, we repurchased an additional 2.6 million shares for \$68.0 million, inclusive of commissions.

Cash dividends

In the first half of 2025, we paid quarterly cash dividends of \$0.13 per share which totaled \$63.7 million. On July 24, 2025, the Board of Directors declared a quarterly cash dividend to the holders of the company's common stock of \$0.15 per share payable on August 21, 2025, to shareholders of record on August 7, 2025.

Note 13. Share-Based Compensation

We have certain share-based compensation plans. Under the fair value method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period which generally corresponds to the vesting period. Awards under our plans generally vest over periods ranging from one to three years, although awards to our non-employee directors vest immediately. The grant date fair value of awards granted to executive officers and non-employee directors in 2025, is calculated based on the stock price as of the grant date, discounted to account for the one year post-vesting holding period to which the awards are subject.

Table 13.1 shows the number of restricted stock units (RSUs) granted to employees and non-employee directors and the weighted average fair value per share during the periods presented.

Restricted stock unit grants

Table 13.1

		Six months ended June 30,			
		2025		2024	
		RSUs Granted (in thousands)	Weighted Average Fair Value per Share	RSUs Granted (in thousands)	Weighted Average Fair Value per Share
RSUs subject to performance conditions	(1)	339 \$	24.30	634 \$	19.81
RSUs subject only to service conditions		320	24.65	248	19.81
Non-employee director RSUs		59	24.12	76	19.81

(1) Shares granted are subject to performance conditions under which the target number of shares granted may vest from 0% to 200%.

Note 14. Statutory Information

Statutory Capital Requirements

The insurance laws of 16 jurisdictions, including Wisconsin, our domiciliary state, require a mortgage insurer to maintain a minimum amount of statutory capital relative to the RIF (or a similar measure) in order for the mortgage insurer to continue to write new business. We refer to these requirements as the "State Capital Requirements" and, together with the GSE Financial Requirements, as the "Financial Requirements." While they vary among jurisdictions, the most common State Capital Requirements allow for a maximum risk-to-capital ratio of 25 to 1. A risk-to-capital ratio will increase if (i) the percentage decrease in capital exceeds the percentage decrease in insured risk, or (ii) the percentage increase in capital is less than the percentage increase in insured risk. Wisconsin does not regulate capital by using a risk-to-capital measure but instead requires a minimum policyholder position ("MPP"). MGIC's "policyholder position" includes its net worth or surplus, and its contingency loss reserve. Our policyholders' position was above the required MPP and our risk-to-capital ratio was below the maximum allowed by jurisdictions with State Capital Requirements at June 30, 2025.

In 2023, the NAIC adopted a revised Mortgage Guaranty Insurance Model Act. The updated Model Act includes requirements relating to, among other things: (i) capital and minimum capital requirements, and contingency reserves; (ii) restrictions on mortgage insurers' investments in notes secured by mortgages; (iii) prudent underwriting standards and formal underwriting guidelines; (iv) the establishment of formal, internal "Mortgage Guaranty Quality Control Programs" with respect to in-force business; and (v) reinsurance and prohibitions on captive reinsurance arrangements. It is uncertain when the revised Model Act will be adopted in any jurisdiction. It is unknown whether any changes will be made by state legislatures prior to adoption, and the effect changes, if any, will have on the mortgage guaranty insurance market generally, or on our business. Wisconsin, where MGIC is domiciled, has begun the process to replace current mortgage insurance regulations with the Model Act, though it is expected that some changes will be made before formal adoption.

Dividend restrictions

MGIC is subject to statutory regulations as to payment of dividends. The maximum amount of dividends that MGIC may pay in any twelve-month period without regulatory approval by the OCI is the lesser of adjusted statutory net income or 10% of statutory policyholders' surplus as of the preceding calendar year end. Adjusted statutory net income is defined for this purpose to be the greater of statutory net income, net of realized investment gains, for the calendar year preceding the date of the dividend or statutory net income, net of realized investment gains, for the three calendar years preceding the date of the dividend less dividends paid within the first two of the preceding three calendar years. The maximum dividend that could be paid, without regulatory approval, is reduced by dividends paid in the twelve months preceding the dividend payment date. Before making any dividend payments, we notify the OCI to ensure it does not object. In April 2025, MGIC paid a dividend of \$400 million to the holding company.

Statutory Financial Information

The OCI recognizes only statutory accounting principles prescribed, or practices permitted by the State of Wisconsin for determining and reporting the financial condition and results of operations of an insurance company. The OCI has adopted certain prescribed accounting practices that differ from those found in other states. Specifically, Wisconsin domiciled companies record changes in the contingency loss reserves through their income statement as a change in underwriting deduction. As a result, in periods in which MGIC is increasing contingency loss reserves, statutory net income is reduced. The statutory net income, policyholders' surplus, and contingency loss reserves of our insurance subsidiaries, including MGIC, are shown in table 14.1.

Financial information of our insurance subsidiaries (including MGIC)

Table 14.1

(In thousands)	Six Months Ended June 30,			
	2025		2024	
Statutory net income	\$	342,930	\$	175,577

(In thousands)	As of,			
	June 30, 2025		December 31, 2024	
Statutory policyholders' surplus	\$	911,638	\$	976,756
Contingency loss reserves		4,938,329		4,897,284

The increase in statutory net income for the six months ended June 30, 2025 compared with June 30, 2024 was primarily driven by the net change in our contingency reserve during the six months ended June 30, 2025 compared with the same period in the prior year.

Note 15. Segment Reporting

We operate as a single reportable segment, which is defined as Mortgage Insurance. This segment generates revenue through mortgage insurance and reinsurance provided under the GSEs credit risk transfer programs. The results of our Mortgage Insurance segment are reported within our financial statements as the consolidated financial results for MGIC Investment Corporation and subsidiaries. The accounting policies of the Mortgage Insurance segment are the same as those described in Note 3 - "Significant Accounting Policies" to the consolidated financial statements in our 2024 Annual Report on Form 10-K.

The Senior Management Oversight Committee ("SMOC"), acts as the Company's chief operating decision maker ("CODM"). The CODM uses consolidated net income (loss) as the primary GAAP measure to evaluate actual financial performance versus planned financial performance and to allocate resources. The measure of segment assets is reported on the balance sheet as total consolidated assets.

The table below presents a disaggregation of significant segment expenses as monitored by our CODM:

Significant segment expenses

<i>(In thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Other underwriting and operating expenses net:				
Employee costs	\$ 36,351	\$ 38,478	\$ 73,311	\$ 82,203
Outside services ⁽¹⁾	8,713	9,374	16,524	17,443
Premium taxes ⁽²⁾	5,237	5,269	10,647	10,598
Depreciation expense	941	1,144	1,884	2,284
All other underwriting and operating ⁽³⁾	(888)	(1,590)	(606)	(835)
Total other underwriting and operating expenses net	\$ 50,354	\$ 52,675	\$ 101,760	\$ 111,693

(1) Outside services expense generally includes expenses related to outsourced IT services and consulting services.

(2) Premium taxes are taxes paid to states and municipalities based upon the amount of premiums written.

(3) All other underwriting and operating expenses include ceding commissions (a reduction to our underwriting expenses, see Note 4 - "Reinsurance"), computer hardware and software expenses, legal, audit, insurance, and general and administrative expenses.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Introduction

The following is management’s discussion and analysis of the financial condition and results of operations of MGIC Investment Corporation for the second quarter of 2025. As used below, “we” and “our” refer to MGIC Investment Corporation’s consolidated operations. This form 10-Q should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2024. See the [“Glossary of terms and acronyms”](#) for definitions and descriptions of terms used throughout this MD&A. Our revenues and losses could be affected by the Risk Factors referred to under “Forward Looking Statements and Risk Factors” below, and they are an integral part of the MD&A.

Forward Looking and Other Statements

As discussed under “Forward Looking Statements and Risk Factors” below, actual results may differ materially from the results contemplated by forward looking statements. These forward looking statements speak only as of the date of this filing and are subject to change without notice. We are not undertaking any obligation to update any forward looking statements or other statements we may make in the following discussion or elsewhere in this document even though these statements may be affected by events or circumstances occurring after the forward looking statements or other statements were made. Therefore, no reader of this document should rely on these statements being current as of any time other than the time at which this document was filed with the Securities and Exchange Commission.

Overview

Summary financial results of MGIC Investment Corporation

<i>(In thousands, except per share data, unaudited)</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Selected statement of operations data						
Net premiums earned	\$ 244,322	\$ 243,528	0	\$ 488,041	\$ 486,172	0
Investment income, net of expenses	60,995	61,479	(1)	122,438	121,223	1
Net gains (losses) on investments and other financial instruments	(1,426)	(276)	N/M	(685)	(8,785)	N/M
Losses incurred, net	(2,835)	(18,272)	84	6,756	(13,717)	149
Other underwriting and operating expenses, net	50,354	52,675	(4)	101,760	111,693	(9)
Income before tax	246,089	259,825	(5)	480,770	479,705	0
Provision for income taxes	53,607	55,597	(4)	102,828	101,380	1
<i>Net income</i>	192,482	204,228	(6)	377,942	378,325	0
Diluted income per share	\$ 0.81	\$ 0.77	5	\$ 1.56	\$ 1.40	11
Non-GAAP Financial Measures ⁽¹⁾						
Adjusted pre-tax operating income	\$ 248,033	\$ 260,647	(5)	\$ 482,395	\$ 485,956	(1)
Adjusted net operating income	194,018	204,877	(5)	379,226	383,263	(1)
Adjusted net operating income per diluted share	\$ 0.82	\$ 0.77	6	\$ 1.57	\$ 1.42	11

⁽¹⁾ See ["Explanation and reconciliation of our use of Non-GAAP financial measures."](#)

Summary of second quarter 2025 results

Comparative quarterly results

We recorded second quarter 2025 net income of \$192.5 million, or \$0.81 per diluted share. Net income decreased by \$11.7 million from net income of \$204.2 million, or \$0.77 per diluted share, in the prior year. The decrease is primarily due to an increase in losses incurred, net in the three months ended June 30, 2025 compared with the same period in the prior year. Diluted income per share increased primarily due to a decrease in the number of diluted weighted shares outstanding offset partially by a decrease in net income.

Adjusted net operating income for the second quarter 2025 was \$194.0 million (Q2 2024: \$204.9 million) and adjusted net operating income per diluted share was \$0.82 (Q2 2024: \$0.77). The decrease in adjusted net operating income primarily reflects a decrease in net income. The increase in adjusted net operating income per diluted share primarily reflects a decrease in the number of diluted weighted shares outstanding partially offset by a decrease in adjusted net operating income.

Losses incurred, net for the second quarter of 2025 were \$(2.8) million, compared with \$(18.3) million for the same period last year. While new delinquency notices added approximately \$51.6 million to our loss reserves for the three months ended June 30, 2025, our re-estimation of loss reserves on previously received delinquency notices resulted in favorable development of approximately \$54.4 million. For the three months ended June 30, 2024, new delinquency notices added approximately \$49.1 million to our loss reserves, offset by our re-estimation of loss reserves on previously received delinquency notices resulting in favorable development of approximately \$67.4 million. The favorable development for both periods primarily resulted from a decrease in the expected claim rate on previously received delinquencies. Home price appreciation experienced in recent years has allowed some borrowers to cure their delinquencies through the sale of their property.

Comparative year to date results

We recorded net income of \$377.9 million, or \$1.56 per diluted share. Net income decreased by \$0.4 million from net income of \$378.3 million, or \$1.40 per diluted share in the prior year. The decrease is primarily due to an increase in losses incurred, net. This was partially offset by a decrease in other underwriting and operating expenses, net as well as the change in net gains and losses on investments and other financial instruments. Diluted income per share increased primarily due to a decrease in the number of diluted weighted shares outstanding partially offset by a decrease in net income.

Adjusted net operating income for the six months ended June 30, 2025, was \$379.2 million (2024: \$383.3 million) and adjusted net operating income per diluted share was \$1.57 (2024: \$1.42). The decrease in adjusted net operating income primarily reflects a decrease in net income. The increase in adjusted net operating income per diluted share primarily reflects a decrease in the number of diluted weighted shares outstanding partially offset by a decrease in adjusted net operating income.

Losses incurred, net for the six months ended June 30, 2025 were \$6.8 million, compared with \$(13.7) million for the same period last year. While new delinquency notices added approximately \$111.1 million to our loss reserves for the six months ended June 30, 2025, our re-estimation of loss reserves on previously received delinquency notices resulted in favorable development of approximately \$104.3 million. For the six months ended June 30, 2024, new delinquency notices added approximately \$102.6 million to our loss reserves, offset by our re-estimation of loss reserves on previously received delinquency notices resulting in favorable development of

approximately \$116.3 million. The favorable development for both periods primarily resulted from a decrease in the expected claim rate on previously received delinquencies. Home price appreciation experienced in recent years has allowed some borrowers to cure their delinquencies through the sale of their property.

Net gains (losses) on investments and other financial instruments were \$(0.7) million, compared with \$(8.8) million for the same period last year. Changes in the recognition of net realized investment gains (losses) are primarily driven by the timing of individual securities sales and such timing is influenced by such factors as market opportunities, our tax and capital profile, and overall market cycles. See [Note 7 - "Investments,"](#) to our consolidated financial statements for additional discussion of net gains (losses) on investments and other financial instruments.

Underwriting and other expenses, net in the six months ended June 30, 2025 were \$101.8 million, compared with \$111.7 million for the same period last year. The decrease in underwriting and other expenses, net was primarily due to a decrease in employee costs. See [Note 15 - "Segment Reporting,"](#) to our consolidated financial statements for additional discussion of significant segment expenses.

Capital

[MGIC dividend payments to our holding company](#)

The ability of MGIC to pay dividends is restricted by insurance regulation. Amounts in excess of prescribed limits are deemed "extraordinary" and may not be paid if disapproved by the OCI. A dividend is extraordinary when the proposed dividend amount, plus dividends paid in the twelve months preceding the dividend payment date exceed the ordinary dividend level. In 2025, MGIC can pay \$97 million of ordinary dividends without OCI approval, before taking into consideration dividends paid in the preceding twelve months. In the six months ended June 30, 2025, and 2024, we made dividend payments to the holding company of \$400 million and \$350 million respectively. Future dividend payments from MGIC to the holding company will continue to be determined in consultation with the board and after considering any updated estimates about our business, subject to regulatory approval.

[Share repurchase programs](#)

Repurchases may be made from time to time on the open market (including through 10b5-1 plans) or through privately negotiated transactions. In the six months ended June 30, 2025, and for the full year of 2024, we repurchased 16.4 million and 25.3 million shares of common stock, for \$405.0 million and \$566.6 million, respectively. As of June 30, 2025, we had remaining authorization of \$802.2 million under our existing share repurchase programs through December 31, 2027. As of June 30, 2025, we had approximately 233 million shares of common stock outstanding.

[Dividends to shareholders](#)

In the first and second quarters of 2025, we paid quarterly cash dividends of \$0.13 per share which totaled \$63.7 million. On July 24, 2025, the Board of Directors declared a quarterly cash dividend to the holders of the company's common stock of \$0.15 per share to shareholders of record on August 7, 2025.

GSEs

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 PMIERS provide that the GSEs may amend any provision of the PMIERS or impose additional requirements with an effective date specified by the GSEs. MGIC is in compliance with the PMIERS and eligible to insure loans purchased by the GSEs.

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 risk in force and calculated from tables of factors with several risk dimensions, reduced for credit given for risk ceded under reinsurance agreements and subject to a floor amount). Based on our application of the PMIERS as of June 30, 2025, MGIC's Available Assets totaled \$5.7 billion, or \$2.4 billion in excess of its Minimum Required Assets. In August 2024, the GSEs issued updates to the calculation of Available Assets. The updates will be implemented through a 24-month phased-in approach, with a fully effective date of September 30, 2026. If these changes were effective as of June 30, 2025, without a graduated implementation period, MGIC's Available Assets of \$5.7 billion would decrease by approximately 1% or \$60 million, and MGIC's PMIERS excess would be \$2.3 billion.

The PMIERS generally require us to hold significantly more Minimum Required Assets for delinquent loans than for performing loans and the Minimum Required Assets required to be held increases as the number of payments missed on a delinquent loan increases.

Our reinsurance transactions enable us to earn higher returns on our Minimum Required Assets than we would without them because they generally reduce the Minimum Required Assets we must hold under PMIERS. However, reinsurance may not always be available to us, or available only on terms, or costs, that we find unacceptable.

The calculated credit for XOL Transactions under PMIERS is generally based on the PMIERS requirement of the covered loans and the attachment and detachment point of the coverage. PMIERS credit is generally not given for the reinsured risk above the PMIERS requirement. 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 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 penalties.

For additional information about our reinsurance transactions, see our Risk Factor titled “Reinsurance may be unavailable at current levels and prices, and/or the GSEs may reduce the amount of capital credit we receive for our reinsurance transactions.”

GSE reform

The FHFA has been the conservator of the GSEs since 2008 and has the authority to control and direct their operations. Given that the Director of the FHFA is removable by the President at will, the agency’s agenda, policies, and actions are influenced by the current administration. The increased role that the federal government has assumed in the residential housing finance system through the GSE conservatorships may increase the likelihood that the business practices of the GSEs change, including through administration changes and actions. Such changes could have a material adverse effect on us.

It is uncertain what role the GSEs, FHA and private capital, including private mortgage insurance, will play in the residential housing finance system in the future. The timing and impact on our business of any resulting changes is uncertain. Many of the proposed changes would require Congressional action to implement and it is difficult to estimate when Congressional action would be final and how long any associated phase-in period may last.

For additional information about the business practices of the GSEs, see our Risk Factor titled “Changes in the business practices of Fannie Mae and Freddie Mac (*“the GSEs”*), federal legislation that changes their charters or a restructuring of the GSEs could reduce our revenues or increase our losses.”

State Regulations

The insurance laws of 16 jurisdictions, including Wisconsin, our domiciliary state, require a mortgage insurer to maintain a minimum amount of statutory capital relative to its RIF (or a similar measure) in order for the mortgage insurer to continue to write new business. We refer to these requirements as the “State Capital Requirements.” While they vary among jurisdictions, the most common State Capital Requirements allow for a maximum risk-to-capital ratio of 25 to 1. A risk-to-capital ratio will increase if (i) the percentage decrease in capital exceeds the percentage decrease in insured risk, or (ii) the percentage increase in capital is less than the percentage increase in insured risk. Wisconsin does not regulate capital by using a risk-to-capital measure but instead requires a MPP. MGIC’s “policyholder position” includes its net worth or surplus and its contingency reserve.

At June 30, 2025, MGIC’s risk-to-capital ratio was 10.0 to 1, below the maximum allowed by the jurisdictions with State Capital Requirements, and its policyholder position was \$3.6 billion above the required MPP of \$2.2 billion. The calculation of our risk-to-capital ratio and MPP reflect full credit for the risk ceded under our reinsurance transactions. It is possible that under the revised State Capital Requirements discussed below, MGIC will not be allowed full credit for the risk ceded under such transactions. If MGIC is not allowed an agreed level of credit under either the State Capital Requirements or the PMIERS, MGIC may terminate the reinsurance transactions, without penalty.

In 2023, the NAIC adopted a revised Mortgage Guaranty Insurance Model Act. The updated Model Act includes requirements relating to, among other things: (i) capital and minimum capital requirements, and contingency reserves; (ii) restrictions on mortgage insurers’ investments in notes secured by mortgages; (iii) prudent underwriting standards and formal underwriting guidelines; (iv) the establishment of formal, internal “Mortgage Guaranty Quality Control Programs” with respect to in-force business; and (v) reinsurance and prohibitions on captive reinsurance arrangements. It is uncertain when the revised Model Act will be adopted in any jurisdiction. The provisions of the Model Act, if adopted in their final form, are not expected to have a material adverse effect on our business. It is unknown whether any changes will be made by state legislatures prior to adoption, and the effect changes, if any, will have on the mortgage guaranty insurance market generally, or on our business. Wisconsin, where MGIC is domiciled, has begun the process to replace current Mortgage Insurance regulations with the Model Act, though it is expected that some changes will be made before formal adoption.

At this time, we expect MGIC to continue to comply with the current State Capital Requirements; however, refer to our risk factor titled “State capital requirements may prevent us from continuing to write new insurance on an uninterrupted basis” for more information about matters that could negatively impact our compliance with State Capital Requirements.

Factors affecting our results

Our current and future business, results of operations and financial condition are impacted by macroeconomic conditions, such as interest rates, home prices, housing demand, level of employment, inflation, pandemics, restrictions and costs on mortgage credit, and other factors. For additional information on how our business may be impacted see our Risk Factor titled “Downturns in the domestic economy or declines in home prices may result in more homeowners defaulting and our losses increasing, with a corresponding decrease in our returns.”

The future effects of climate change on our business are uncertain. For information about possible effects, please refer to our Risk Factor titled “Pandemics, hurricanes and other disasters may adversely impact our results of operations and financial condition.”

Our results of operations are affected by:

Premiums written and earned

Premiums written and earned in a year are influenced by:

- NIW, which increases IIF. Many factors affect NIW, including the volume of low down payment home mortgage originations and competition to provide credit enhancement on those mortgages from the FHA, the VA, and other mortgage insurers. Other alternatives to mortgage insurance also impact NIW, including GSE programs that may reduce or eliminate the demand for mortgage insurance. NIW does not include loans previously insured by us that are modified.
- Cancellations, which reduce IIF. Cancellations from refinancings may occur when borrowers achieve the required amount of home equity through loan amortization, loan payoffs, or home price appreciation. Refinance-related cancellations are influenced by the level of current mortgage interest rates compared to the mortgage coupon rates throughout the in force book, current home values relative to values when the loans in the in force book were insured and the terms on which mortgage credit is available. Policy rescissions, also cause cancellations, requiring us to return any premiums received, from the date of default, on the rescinded policies and claim payments. Cancellations of single premium policies, which are generally non-refundable, result in immediate recognition of any remaining unearned premium.
- Premium rates, which vary by product type, the risk characteristics of the insured loans, competitive pressures, the percentage of coverage on the insured loans, and PMIERS capital requirements. The substantial majority of our monthly and annual mortgage insurance premiums are under premium plans for which, for the first ten years of the policy, the amount of premium is determined by multiplying the initial premium rate by the original loan balance; thereafter, the premium rate resets to a lower rate used for the remaining life of the policy. The remainder of our monthly and annual premiums are under premium plans for which premiums are determined by a fixed percentage of the loan's amortizing balance over the life of the policy.
- Premiums ceded, net of profit commission, under our QSR Transactions and premiums ceded under our XOL Transactions are primarily affected by the percentage of our IIF subject to our reinsurance transactions. The profit commission under our QSR Transactions also varies inversely with the level of ceded losses incurred on a "dollar for dollar" basis and can be eliminated at ceded loss levels higher than what we have experienced on our QSR Transactions. As a result, lower levels of losses incurred result in a higher profit commission and less benefit from ceded losses incurred; higher levels of losses incurred result in more benefit from ceded losses incurred and a lower profit commission (or for certain levels of accident year loss ratios, its elimination). (See [Note 4 - "Reinsurance"](#) to our consolidated financial statements for a discussion of our reinsurance transactions.)

Premiums earned are generated by the insurance that is in force during all or a portion of the period. A change in the average IIF in the current period compared to an earlier period is a factor that will increase (when the average in force is higher) or reduce (when it is lower) premiums written and earned in the current period, although this effect may be enhanced (or mitigated) by the factors discussed above.

Investment income

Our investment portfolio is composed principally of investment grade fixed income securities. The principal factors that influence investment income are the size of the portfolio and its yield. As measured by amortized cost (which excludes changes in fair value, such as from changes in interest rates), the size of the investment portfolio is mainly a function of cash generated from (or used in) operations, such as net premiums written, investment income, net claim payments and expenses, and cash provided by (or used for) non-operating activities, such as debt or stock issuances or repurchases, and dividends.

Losses incurred

Losses incurred are the current expense that reflects claim payments, costs of settling claims, and changes in our estimates of payments that will ultimately be made as a result of delinquencies on insured loans. As explained under "Critical Accounting Estimates" in our 2024 10-K MD&A, except in the case of a premium deficiency reserve, we recognize an estimate of this expense only for delinquent loans. The level of new delinquencies has historically followed a seasonal pattern, with new delinquencies in the first half of the year lower than new delinquencies in the latter half of the year. The state of the economy, local housing markets, pandemics, natural disasters and various other factors, may result in delinquencies not following the typical pattern. Losses incurred are generally affected by:

- The state of the economy, including unemployment and housing values, each of which affects the likelihood that loans will become delinquent and whether loans that are delinquent cure their delinquency.
- The product mix of the in force book, with loans having higher risk characteristics generally resulting in higher delinquencies and claims.
- The size of loans insured, with higher average loan amounts on delinquent loans tending to increase incurred losses.
- The percentage of coverage on insured loans, with deeper average coverage on delinquent loans tending to increase incurred losses.
- The distribution of claims over the life of a book. Historically, the first few years after loans are originated are a period of relatively low claims, with claims increasing substantially for several years subsequent and then declining. Annual persistency, the condition of the economy, including unemployment and housing prices, and other factors can affect this pattern. For example, a weak

economy or housing value declines can lead to claims from older books increasing, continuing at stable levels or experiencing a lower rate of decline. See further information under “Mortgage insurance earnings and cash flow cycle” below.

- Losses ceded under reinsurance transactions which will decrease losses incurred, net when a delinquency or an insured is covered by a reinsurance transaction. See [Note 4 - “Reinsurance”](#) to our consolidated financial statements for a discussion of our reinsurance transactions.
- The rate at which we rescind policies or curtail claims. Our estimated loss reserves incorporate our estimates of future rescissions of policies and curtailments of claims, and reversals of rescissions and curtailments. We collectively refer to such rescissions and denials as “rescissions” and variations of this term. We call reductions to claims “curtailments.”

Underwriting and other expenses

Underwriting and other expenses includes items such as employee compensation, fees for professional and consulting services, depreciation and maintenance expense, and premium taxes, and are reported net of ceding commissions associated with our QSR Transactions. Employee compensation expenses are variable due to share-based compensation, changes in benefits, and changes in headcount (which can fluctuate due to volume of NIW). See [Note 4 - “Reinsurance”](#) and [Note 15 - “Segment Reporting”](#) to our consolidated financial statements for a discussion of ceding commission on our QSR Transactions and discussion on significant segment expenses.

Interest expense

Interest expense reflects the interest associated with our outstanding debt obligation discussed in [Note 3 - “Debt”](#) to our consolidated financial statements and under [“Liquidity and Capital Resources”](#) below.

Other

Certain activities that we do not consider being part of our fundamental operating activities may also impact our results of operations and are described below.

Gains (losses) on investments and other financial instruments:

- Fixed income securities. Investment gains and losses reflect the difference between the amount received on the sale of a fixed income security and the fixed income security’s cost basis, as well as any credit allowances and any impairments on securities we intend to sell prior to recovery of its amortized cost basis. The amount received on the sale of fixed income securities is affected by the coupon rate of the security compared to the yield of comparable securities at the time of sale.
- Equity securities. Investment gains and losses reflect the periodic change in fair value.
- Financial instruments. Investment gains and losses on the embedded derivative on our Home Re Transactions reflect the present value impact of the variation in investment income on assets on the insurance-linked notes held by the reinsurance trusts and the contractual reference rate used to calculate the reinsurance premiums we estimate we will pay over the estimated remaining life.

Gains and losses on debt extinguishment:

- Gains and losses on debt extinguishment result from discretionary activities that are undertaken to enhance our capital position, and/or improve our debt profile. Extinguishing our outstanding debt obligations early through these discretionary activities may result in gains or losses primarily driven by differences in the payment of consideration from the carrying value, and the write off of unamortized debt issuance costs on the extinguished portion of the debt.

Refer to [“Explanation and reconciliation of our use of Non-GAAP financial measures”](#) below to understand how these items impact our evaluation of our core financial performance.

Mortgage insurance earnings and cash flow cycle

In general, the majority of any underwriting profit that a book generates occurs in the early years of the book, with the largest portion of any underwriting profit realized in the first year following the year the book was written. Subsequent years of a book may result in either underwriting profit or underwriting losses. This pattern of results typically occurs because relatively few of the incurred losses on delinquencies that a book will ultimately experience typically occur in the first few years of the book, when premium revenue is highest, while subsequent years are affected by declining premium revenues, as the number of insured loans decreases (primarily due to loan prepayments) and increasing losses. The state of the economy, local housing markets, pandemics, natural disasters, and various other factors may result in delinquencies not following the typical pattern.

Cybersecurity

As part of our business, we maintain large amounts of confidential and proprietary information both on our own servers and those of cloud computing services. This includes personal information of consumers and our employees. Personal information is subject to an increasing number of federal and state laws and regulations regarding privacy and data security, as well as contractual commitments. Any failure or perceived failure by us, or by the vendors with whom we share this information, to comply with such obligations may result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties or customer dissatisfaction.

All information technology systems are potentially vulnerable to damage or interruption from a variety of sources, including by cyber attacks, such as those involving ransomware. The Company discovers vulnerabilities and regularly blocks attempts at unauthorized access to its systems, through threats such as malware and computer virus attacks, unauthorized access, system failures and disruptions. Threats have the potential to jeopardize the information processed and stored in, and transmitted through, our computer systems and networks and otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties or customer dissatisfaction. We could be similarly affected by threats against our vendors and/or third-parties with whom we share information.

Globally, attacks are expected to continue accelerating in both frequency and sophistication with increasing use by actors of tools, techniques, and technological advances that may hinder the Company's ability to identify, investigate and recover from incidents. Such attacks may also increase as a result of retaliation by threat actors against actions taken by the U.S. and other countries in connection with wars and other global events. The Company operates under a hybrid workforce model and such model may be more vulnerable to security breaches.

While we have information security policies and systems in place to secure our information technology systems and to prevent unauthorized access to or disclosure of sensitive information, there can be no assurance with respect to our systems and those of our third-party vendors that unauthorized access to the systems or disclosure of the sensitive information, either through the actions of third parties or employees, will not occur. Due to our reliance on information technology systems, including ours and those of our customers and third-party service providers, and to the sensitivity of the information that we maintain, unauthorized access to the systems or disclosure of the information could adversely affect our reputation, severely disrupt our operations, result in a loss of business and expose us to material claims for damages and may require that we provide free credit monitoring services to individuals affected by a security breach.

Should we experience an unauthorized disclosure of information or a cyber attack, including those involving ransomware, some of the costs we incur may not be recoverable through insurance, or legal or other processes, and this may have a material adverse effect on our results of operations.

For additional information about our IT systems and cybersecurity, see our risk factor titled "Information technology system failures or interruptions may materially impact our operations and adversely affect our financial results" and "We could be materially adversely affected by a cyber security breach or failure of information security controls."

Explanation and reconciliation of our use of non-GAAP financial measures

Non-GAAP financial measures

We believe that use of the Non-GAAP financial measures of adjusted pre-tax operating income (loss), adjusted net operating income (loss) and adjusted net operating income (loss) per diluted share facilitate the evaluation of the company's core financial performance thereby providing relevant information to investors. These measures are not recognized in accordance with GAAP and should not be viewed as alternatives to GAAP measures of performance.

Adjusted pre-tax operating income (loss) is defined as GAAP income (loss) before tax, excluding the effects of net realized investment gains (losses), gain and losses on debt extinguishment, and infrequent or unusual non-operating items where applicable.

Adjusted net operating income (loss) is defined as GAAP net income (loss) excluding the after-tax effects of net realized investment gains (losses), gain and losses on debt extinguishment and infrequent or unusual non-operating items where applicable. The amounts of adjustments to components of pre-tax operating income (loss) are tax effected using a federal statutory tax rate of 21%.

Adjusted net operating income (loss) per diluted share is calculated in a manner consistent with the accounting standard regarding earnings per share by dividing (i) adjusted net operating income (loss) by (ii) diluted weighted average common shares outstanding, which reflects share dilution from unvested restricted stock units.

Although adjusted pre-tax operating income (loss) and adjusted net operating income (loss) exclude certain items that have occurred in the past and are expected to occur in the future, the excluded items represent items that are: (1) not viewed as part of the operating performance of our primary activities; or (2) impacted by both discretionary and other economic or regulatory factors and are not necessarily indicative of operating trends, or both. These adjustments, along with the reasons for their treatment, are described below. Trends in the profitability of our fundamental operating activities can be more clearly identified without the fluctuations of these adjustments. Other companies may calculate these measures differently. Therefore, their measures may not be comparable to those used by us.

- (1) *Net realized investment gains (losses)*. The recognition of net realized investment gains or losses can vary significantly across periods as the timing of individual securities sales is highly discretionary and is influenced by such factors as market opportunities, our tax and capital profile, and overall market cycles.
- (2) *Gains and losses on debt extinguishment*. Gains and losses on debt extinguishment result from discretionary activities that are undertaken to enhance our capital position and/or improve our debt profile.
- (3) *Infrequent or unusual non-operating items*. Items that are non-recurring in nature and are not part of our primary operating activities.

Non-GAAP reconciliations

Reconciliation of Income before tax / Net income to Adjusted pre-tax operating income / Adjusted net operating income

<i>(In thousands, except per share amounts)</i>	Three Months Ended June 30,					
	2025			2024		
	Pre-tax	Tax effect	Net (after-tax)	Pre-tax	Tax effect	Net (after-tax)
Income before tax / Net income	\$ 246,089	53,607	\$ 192,482	\$ 259,825	55,597	\$ 204,228
Adjustments:						
Net realized investment (gains) losses	1,944	408	1,536	822	173	649
Adjusted pre-tax operating income / Adjusted net operating income	\$ 248,033	\$ 54,015	\$ 194,018	\$ 260,647	\$ 55,770	\$ 204,877

Reconciliation of Net income per diluted share to Adjusted net operating income per diluted share

Weighted average diluted shares outstanding			237,971			266,872
Net income per diluted share			\$ 0.81			\$ 0.77
Net realized investment (gains) losses			0.01			0.00
Adjusted net operating income per diluted share			\$ 0.82			\$ 0.77

Reconciliation of Income before tax / Net income to Adjusted pre-tax operating income / Adjusted net operating income

<i>(In thousands, except per share amounts)</i>	Six Months Ended June 30,					
	2025			2024		
	Pre-tax	Tax effect	Net (after-tax)	Pre-tax	Tax effect	Net (after-tax)
Income before tax / Net income	\$ 480,770	\$ 102,828	\$ 377,942	\$ 479,705	\$ 101,380	\$ 378,325
Adjustments:						
Net realized investment (gains) losses	1,625	341	1,284	6,251	1,313	4,938
Adjusted pre-tax operating income / Adjusted net operating income	\$ 482,395	\$ 103,169	\$ 379,226	\$ 485,956	\$ 102,693	\$ 383,263

Reconciliation of Net income per diluted share to Adjusted net operating income per diluted share

Weighted average diluted shares outstanding			242,209			269,990
Net income per diluted share			\$ 1.56			\$ 1.40
Net realized investment (gains) losses			0.01			0.02
Adjusted net operating income per diluted share			\$ 1.57			\$ 1.42

Mortgage Insurance Portfolio

Mortgage originations

Our NIW is affected by the total mortgage originations, the percentage of total mortgage originations using PMI, and our market share within the PMI industry.

The total amount of mortgage originations is generally influenced by the level of home sales, interest rates, the percentage of homes purchased for cash, and the level of refinance activity. PMI market share of total mortgage originations is influenced by the mix of purchase and refinance originations. PMI market share is also impacted by the market share of total originations of the FHA, VA, USDA, and other alternatives to mortgage insurance, including GSE programs that may reduce or eliminate the demand for mortgage insurance.

NIW for the second quarter of 2025 was \$16.4 billion (Q2 2024: \$13.5 billion) and \$26.6 billion for the six months ended June 30, 2025 (YTD June 30, 2024: \$22.6 billion). The increase reflects a higher expected market position in the current year compared with the same period in the prior year. For the full year, we expect our 2025 NIW to be higher than 2024.

The percentage of our NIW with DTI ratios over 45% and LTVs over 95% will fluctuate based on the mortgage conditions that could include the percentage of NIW from purchase transactions, changes in home prices, changes in mortgage rates, and GSE activities.

The following tables present characteristics of our primary NIW for the three and six months ended June 30, 2025 and 2024.

Primary NIW by FICO score

(% of primary NIW)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
760 and greater	51.5 %	50.1 %	51.3 %	51.4 %
740 - 759	17.8 %	17.7 %	17.6 %	17.4 %
720 - 739	13.1 %	13.7 %	13.2 %	13.5 %
700 - 719	9.1 %	9.2 %	9.2 %	8.9 %
680 - 699	4.9 %	5.2 %	5.1 %	5.0 %
660 - 679	2.5 %	2.7 %	2.6 %	2.5 %
640 - 659	0.6 %	0.9 %	0.6 %	0.8 %
639 and less	0.5 %	0.5 %	0.4 %	0.5 %
Total	100 %	100 %	100 %	100 %

Primary NIW by loan-to-value

(% of primary NIW)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
95.01% and above	13.2 %	13.9 %	13.1 %	14.5 %
90.01% to 95.00%	46.4 %	47.9 %	46.1 %	46.7 %
85.01% to 90.00%	30.1 %	26.7 %	30.0 %	27.6 %
80.01% to 85.00%	10.3 %	11.5 %	10.8 %	11.2 %
Total	100 %	100 %	100 %	100 %

Primary NIW by debt-to-income ratio

(% of primary NIW)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
45.01% and above	26.3 %	29.2 %	28.1 %	28.7 %
38.01% to 45.00%	30.8 %	32.1 %	30.7 %	32.0 %
38.00% and below	42.9 %	38.7 %	41.2 %	39.3 %
Total	100 %	100 %	100 %	100 %

Primary NIW by policy payment type

(% of primary NIW)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Monthly premiums	97.7 %	97.5 %	97.5 %	97.1 %
Single premiums	2.3 %	2.5 %	2.5 %	2.9 %
Total	100 %	100 %	100 %	100 %

Primary NIW by type of mortgage

(% of primary NIW)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Purchases	94.2 %	98.4 %	94.3 %	98.1 %
Refinances	5.8 %	1.6 %	5.7 %	1.9 %
Total	100 %	100 %	100 %	100 %

We consider a variety of loan characteristics when assessing the risk of a loan. The table below provides information about loans with one or more of the following characteristics associated with our NIW: LTV ratios greater than 95%, mortgages with borrowers having FICO scores below 680, and mortgages with borrowers having DTI ratios greater than 45%, each attribute as determined at the time of loan origination.

Primary NIW by number of attributes discussed above

(% of primary NIW)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
One	34.6 %	36.2 %	36.0 %	36.5 %
Two or more	4.2 %	5.5 %	4.4 %	5.1 %

Insurance and risk in force

The amount of our IIF and RIF is impacted by the amount of NIW, cancellations, and principal payments received on our primary IIF during the period. Cancellation activity primarily results from loan payoff and refinancing activity, or borrowers achieving the required amount of home equity through loan amortization, principal curtailment and/or home price appreciation. Claim resolutions also impact cancellations but to a much lesser extent. Cancellations generally move inversely to the change in the direction of interest rates, although they generally lag a change in direction.

The following table sets forth certain statistics associated with our primary IIF and RIF as of June 30, 2025:

Primary insurance in force and risk in force by policy year

(in billions) Policy Year	Insurance in Force ⁽¹⁾		Risk In Force ⁽¹⁾		Weighted Avg. Interest Rate	Delinquency Rate	Cede Rate % ⁽²⁾	% of Original Remaining
	Total	% of Total	Total	% of Total				
2004 and prior	\$ 1.1	0.4 %	\$ 0.3	0.4 %	7.3 %	12.1 %	— %	N/M
2005-2008	8.2	2.8 %	2.2	2.8 %	7.0 %	9.0 %	— %	3.4 %
2009-2019	23.8	8.0 %	6.3	7.9 %	4.3 %	3.7 %	— %	6.1 %
2020	33.7	11.3 %	9.3	11.6 %	3.2 %	1.4 %	5.0 %	29.5 %
2021	62.7	21.1 %	17.3	21.8 %	3.1 %	1.8 %	27.3 %	53.2 %
2022	55.5	18.7 %	14.9	18.8 %	4.9 %	2.0 %	30.8 %	74.8 %
2023	36.5	12.3 %	9.5	11.9 %	6.6 %	1.4 %	26.7 %	79.3 %
2024	50.8	17.1 %	13.2	16.7 %	6.6 %	0.7 %	30.5 %	90.4 %
2025	24.6	8.3 %	6.4	8.1 %	6.7 %	0.1 %	39.3 %	98.1 %
Total	\$ 297.0		\$ 79.5					

(1) May not foot due to rounding

(2) Cede Rate % is calculated as the risk in force ceded to our QSR transactions divided by the total risk in force.

Credit profile of our primary RIF

Our 2009 and later books possess significantly improved risk characteristics when compared to our 2005-2008 books. We believe changes such as more rigorous underwriting standards, higher quality credit profiles, strengthened mortgage loan servicing and government support to help borrowers stay in their homes, have led to improved credit performance on our 2009 and later books.

Annual Persistency

Our annual persistency was 84.7% at June 30, 2025 compared with 85.4% at June 30, 2024. Since 2018, our annual persistency ranged from a high of 86.3% at September 30, 2023 to a low of 60.7% at March 31, 2021. Our persistency rate is primarily affected by the level of current mortgage interest rates compared to the mortgage coupon rates on our IIF, which affects the vulnerability of the IIF to refinancing; and the current amount of equity that borrowers have in the homes underlying our IIF.

IIF and RIF

<i>(In billions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
NIW	\$ 16.4	\$ 13.5	\$ 26.6	\$ 22.6
Cancellations, principal payments, and other reductions	(13.2)	(12.8)	(25.0)	(24.5)
Increase (decrease) in primary IIF	\$ 3.2	\$ 0.7	\$ 1.6	\$ (1.9)
Direct primary IIF as of June 30,	\$ 297.0	\$ 291.6	\$ 297.0	\$ 291.6
Direct primary RIF as of June 30,	\$ 79.5	\$ 77.3	\$ 79.5	\$ 77.3

CRT Programs

In connection with the GSEs' CRT programs, an insurance subsidiary of MGIC provides insurance and reinsurance covering portions of the credit risk related to certain reference pools of mortgages acquired by the GSEs. Our RIF, as reported to us, related to these programs was approximately \$520 million and \$392 million as of June 30, 2025 and December 31, 2024, respectively.

Consolidated Results of Operations

The following section of the MD&A provides a comparative discussion of MGIC Investment Corporation's Consolidated Results of Operations for the three and six months ended June 30, 2025 and 2024.

Revenues

(in thousands)	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Net premiums written	\$ 237,384	\$ 233,478	2	\$ 472,730	\$ 467,278	1
Net premiums earned	\$ 244,322	\$ 243,528	0	\$ 488,041	\$ 486,172	0
Investment income, net of expenses	60,995	61,479	(1)	122,438	121,223	1
Net gains (losses) on investments and other financial instruments	(1,426)	(276)	N/M	(685)	(8,785)	N/M
Other revenue	354	546	(35)	685	1,028	(33)
Total revenues	\$ 304,245	\$ 305,277	0	\$ 610,479	\$ 599,638	2

Net premiums written and earned

Comparative quarterly and year to date results

Premiums earned for the three and six months ended June 30, 2025 were \$244.3 million and \$488.0 million, respectively, compared with \$243.5 million and \$486.2 million for the same periods last year. Net premiums written for the three and six months ended June 30, 2025 were \$237.4 million and \$472.7 million, respectively, compared with \$233.5 million and \$467.3 million for the same periods last year.

See "Overview - Factors Affecting Our Results" above for factors that influenced the amount of net premiums written and earned during the periods. See "Reinsurance Transactions" below for discussion of our ceded premiums written and earned.

Premium yields

Net premium yield is net premiums earned divided by average IIF during the period. The following table presents the key drivers of our net premium yield for each of the three and six months ended June 30, 2025 and June 30, 2024.

Premium Yield

(in basis points)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
In force portfolio yield ⁽¹⁾	38.3	38.4	38.2	38.3
Premium refunds	(0.1)	0.2	0.0	0.1
Accelerated earnings on single premium policies	0.2	0.3	0.2	0.3
Total direct premium yield	38.4	38.9	38.4	38.7
Ceded premiums earned, net of profit commission and assumed premiums ⁽²⁾	(5.4)	(5.5)	(5.5)	(5.5)
Net premium yield	33.0	33.4	32.9	33.2

(1) Total direct premiums earned, excluding premium refunds and accelerated premiums from single premium policy cancellations divided by average primary insurance in force.

(2) Assumed premiums include those from our participation in GSE CRT programs, of which the impact on the net premium yield was 0.5 bps for both the six months ended June 30, 2025 and June 30, 2024.

The following provides more detail on the key drivers of our net premium yield:

In force Portfolio Yield

➔ The yield on our current IIF is impacted by the premium rates on our IIF. Premium rates are generally affected by risk characteristics on our NIW, the amount of capital we are required to hold, and competition in the industry.

Premium Refunds

➔ Premium refunds are primarily driven by our estimate of refundable premiums on our delinquency inventory and claim activity. Our estimate of refundable premium on our delinquency inventory fluctuates with changes in our delinquency inventory and our estimate of the number of loans in our delinquency inventory that will result in a claim. Lower levels of claims received results in a lower level of premium refunds.

Accelerated earnings on single premium policies

→ A low level of refinance transactions reduces the benefit from accelerated earned premium from cancellation of single premium policies prior to their estimated policy life.

Ceded premiums earned, net of profit commission and assumed premiums

→ Ceded premiums earned, net of profit commission adversely impact our net premium yield. Ceded premiums earned, net of profit commission, are associated with the QSR Transactions and the XOL Transactions. Assumed premiums consists primarily of premiums from GSE CRT programs. See "Reinsurance Transactions" below for further discussion on our reinsurance transactions.

As discussed in our Risk Factor titled "Competition or changes in our relationships with our customers could reduce our revenues, reduce our premium yields and / or increase our losses," the private mortgage insurance industry is highly competitive and premium rates have declined over the past several years. With a higher persistency rate and continued high credit quality for NIW expected in 2025, we expect our in force portfolio premium yield to remain relatively flat during 2025 compared to 2024.

Reinsurance Transactions

Quota share reinsurance

Our quota share reinsurance affects various lines of our statements of operations and therefore we believe it should be analyzed by reviewing its total effect on our pre-tax income, described as follows.

- We cede a fixed percentage of premiums earned and received on insurance covered by the transactions.
- We receive the benefit of a profit commission through a reduction in the premiums we cede. The profit commission varies inversely with the level of losses incurred on a "dollar for dollar" basis and can be eliminated at loss levels higher than what we have experienced on the QSR Transactions. As a result, lower levels of ceded losses incurred result in less benefit from ceded losses incurred and a higher profit commission; higher levels of ceded losses incurred result in more benefit from ceded losses incurred and a lower profit commission (or for certain levels of accident year loss ratios, its elimination).
- We receive the benefit of a ceding commission through a reduction in underwriting expenses equal to 20% of premiums ceded (before the effect of the profit commission).
- We cede a fixed percentage of losses incurred on insurance covered by the transactions.

The following table provides information related to our QSR Transactions for each of the three and six months ended and as of June 30, 2025 and June 30, 2024.

Quota Share Reinsurance

(Dollars in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Ceded premiums written and earned, net of profit commission	\$ 28,101	\$ 26,643	\$ 58,044	\$ 55,358
% of direct premiums written	10 %	10 %	10 %	10 %
% of direct premiums earned	10 %	9 %	10 %	10 %
Profit commission	\$ 32,299	\$ 27,301	\$ 60,994	\$ 51,885
Ceding commissions	\$ 12,081	\$ 10,789	\$ 23,808	\$ 21,449
Ceded losses incurred	\$ 3,958	\$ 4,030	\$ 10,389	\$ 10,483

Mortgage insurance portfolio:	As of June 30,	
	2025	2024
Ceded RIF (Dollars in millions)		
2021 QSR	4,127	5,649
2022 QSR	4,015	4,492
2023 QSR	1,988	2,295
2024 QSR	3,388	1,497
2025 QSR	2,320	N/A
Credit Union QSR	2,990	2,711
Total ceded RIF	\$ 18,828	\$ 16,644

The increase in profit commission for the three and six months ended June 30, 2025, was primarily driven by an increase in the percentage of our IIF covered by the QSR Transactions as discussed below. Ceded losses incurred are impacted by the delinquencies covered by our QSR Transactions, our estimates of payments that will be ultimately made on those delinquencies, and claim payments covered by our QSR Transactions.

We executed a 40% QSR transaction with a group of unaffiliated reinsurers covering most of our new insurance written in 2026.

Covered risk

The percentages of our NIW, new risk written, IIF, and RIF subject to our QSR Transactions as shown in the following table will vary from period to period in part due to the mix of our risk written during the period and the number of active QSR Transactions.

Quota Share Reinsurance

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
NIW subject to QSR Transactions	87.7 %	86.9 %	87.4 %	87.2 %
New Risk Written subject to QSR Transactions	93.4 %	92.8 %	93.3 %	93.0 %
IIF subject to QSR Transactions	71.1 %	64.1 %	71.1 %	64.1 %
RIF subject to QSR Transactions	74.3 %	67.6 %	74.3 %	67.6 %

The increase in IIF and RIF subject to QSR Transactions was primarily due to an increase in active QSR Transactions as of June 30, 2025 when compared with June 30, 2024.

As of June 30, 2025, the weighted average coverage percentage of our QSR transactions was 32% based on RIF.

Excess of loss reinsurance

We have XOL Transactions with panels of unaffiliated reinsurers executed through the traditional reinsurance market ("Traditional XOL Transaction") and with unaffiliated special purpose insurers ("Home Re Transactions").

For policies covered by our Traditional XOL Transactions, we retain the first layer of the aggregate losses paid, and the reinsurers will then provide second layer coverage up to the outstanding reinsurance coverage amount. We retain losses paid in excess of the outstanding reinsurance coverage amount. The reinsurance coverage is subject to adjustment based on the risk characteristics of the covered loans until the initial excess of loss reinsurance coverage layer has been finalized.

The Home Re Transactions are executed through the issuance of insurance linked notes ("ILNs"). As of June 30, 2025 our Home Re Transactions provided \$689.9 million of loss coverage on a portfolio of policies having an in force date from August 1, 2020 through December 31, 2021, and from June 1, 2022 through August 31, 2023; all dates inclusive. For this reinsurance coverage, we retain the first layer of the respective aggregate losses paid, and a Home Re Entity will then provide second layer coverage up to the outstanding reinsurance amount.

The current attachment, current detachment, and PMIERS required asset credit for each of our XOL Transactions, excluding the 2025 Traditional XOL which is still in its fill up period, as of June 30, 2025, are as follows.

(\$ In thousands)	Initial Attachment % ⁽¹⁾	Initial Detachment % ⁽²⁾	Current Attachment % ⁽¹⁾	Current Detachment % ⁽²⁾	PMIERS Required Asset Credit
2024 Traditional XOL	2.67%	6.67%	2.82%	7.04%	\$ 180,079
2023 Traditional XOL	2.91%	6.91%	3.47%	7.39%	76,134
2022 Traditional XOL	2.60%	7.10%	3.15%	7.46%	104,978
2020 Traditional XOL	0.75%	3.50%	0.81%	3.79%	240,988
Home Re 2023-1	3.00%	6.75%	3.57%	7.25%	245,191
Home Re 2022-1	2.75%	6.75%	4.19%	7.51%	199,507
Home Re 2021-2	2.10%	6.50%	4.48%	7.27%	82,048
Home Re 2021-1	2.25%	6.50%	5.89%	7.55%	7,710

(1) The percentage represents the cumulative losses as a percentage of adjusted risk in force that MGIC retains prior to the XOL taking losses.

(2) The percentage represents the cumulative losses as a percentage of adjusted risk in force that must be reached before MGIC begins absorbing losses after the XOL layer.

In June of 2025, we executed two XOL Transactions which provide up to \$160 million and \$184 million of reinsurance coverage on new insurance written in 2025 and 2026, respectively.

Ceded premiums on our XOL Transactions were \$15.4 million and \$30.1 million, respectively, for the three and six months ended June 30, 2025, and \$16.6 million and \$32.7 million, respectively, for the three and six months ended June 30, 2024.

See [Note 4 - "Reinsurance"](#) to our consolidated financial statements for additional discussion of our QSR and XOL Transactions.

Investment income

Comparative quarterly results

Net investment income in the three months ended June 30, 2025 and 2024 was \$61.0 million and \$61.5 million, respectively. Net investment income for the six months ended June 30, 2025 and 2024 was \$122.4 million and \$121.2 million, respectively.

Losses and expenses

(In thousands)	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Losses incurred, net	\$ (2,835)	\$ (18,272)	84	\$ 6,756	\$ (13,717)	149
Amortization of deferred policy acquisition costs	1,738	2,150	(19)	3,395	4,159	(18)
Other underwriting and operating expenses, net	50,354	52,675	(4)	101,760	111,693	(9)
Interest expense	8,899	8,899	—	17,798	17,798	—
Total losses and expenses	\$ 58,156	\$ 45,452	28	\$ 129,709	\$ 119,933	8

Losses incurred, net

As discussed in "Critical Accounting Estimates" in our 2024 10-K MD&A, we establish case loss reserves for future claims on delinquent loans that were reported to us as two payments past due and have not become current or resulted in a claim payment. Such loans are referred to as being in our delinquency inventory. Case loss reserves are established based on estimating the number of loans in our delinquency inventory 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.

IBNR reserves are established for estimated losses from delinquencies we estimate have occurred prior to the close of an accounting period but have not yet been reported to us. IBNR reserves are also established using estimated claim rates and claim severities.

Estimation of losses is inherently judgmental. The conditions that affect the claim rate and claim severity include the current and future state of the domestic economy, including unemployment and the current and future strength of local housing markets; exposure on insured loans; the amount of time between delinquency and claim filing (all else being equal, the longer the period between delinquency and claim filing, the greater the severity); and curtailments and rescissions. The actual amount of the claim payments may be substantially different than our loss reserve estimates. Our estimates could be adversely affected by several factors, including a deterioration of regional or national economic conditions, including unemployment, which may reduce income of borrowers and their ability to make mortgage payments. Additionally, the impact of past and future government initiatives and actions taken by the GSEs may impact our estimates. A decline in housing values may affect borrower willingness to continue to make mortgage payments when the value of the home is below the mortgage balance. Loss reserves in future periods will also be dependent on the number of loans reported to us as delinquent.

Generally, losses follow a seasonal trend in which the second half of the year has weaker credit performance than the first half, with higher new notice activity and a lower cure rate. The state of the economy, local housing markets, pandemics, natural disasters, and various other factors may result in delinquencies not following the typical pattern.

For information on how pandemics and natural disasters could affect losses incurred, net see our Risk Factors titled "Pandemics, hurricanes and other disasters may adversely impact our results of operations and financial condition". As discussed in our Risk Factor titled "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" if we have not received a notice of delinquency with respect to a loan and if we have not estimated the loan to be delinquent as of June 30, 2025 through our IBNR reserve, then we have not yet recorded an incurred loss with respect to that loan.

Comparative quarterly and year to date results

Losses incurred, net increased \$15.4 million and \$20.5 million for the three and six months ended June 30, 2025 compared with the same periods in the prior year. The following table details the financial impact of the significant components of losses incurred for the periods indicated.

Composition of losses incurred

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Current year / New notices	\$ 51,596	\$ 49,117	\$ 111,093	\$ 102,553
Prior year reserve development	(54,431)	(67,389)	(104,337)	(116,270)
Losses incurred, net	\$ (2,835)	\$ (18,272)	\$ 6,756	\$ (13,717)

The favorable development for both periods primarily resulted from a decrease in the expected claim rate on previously received delinquencies. Home price appreciation experienced in recent years has allowed some borrowers to cure their delinquencies through the sale of their property.

Loss ratio

The loss ratio is the ratio, expressed as a percentage, of losses incurred, net to net premiums earned. The loss ratio was (1.2)% and 1.4% for the three and six months ended June 30, 2025, compared with (7.5)% and (2.8)% for the three and six months ended June 30, 2024.

Delinquency inventory

A rollforward of our primary delinquency inventory for the three and six months ended June 30, 2025 and 2024 appears in the table below. The information concerning new notices and cures is compiled from monthly reports received from loan servicers. The level of new notice and cure activity reported in a particular month can be influenced by, among other things, the date on which a servicer generates its report, the number of business days in a month and transfers of servicing between loan servicers.

Delinquency inventory rollforward

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Delinquency inventory at beginning of period	25,438	24,142	26,791	25,650
New notices	11,970	11,444	24,935	23,621
Cures	(12,588)	(11,786)	(26,569)	(25,100)
Paid claims	(341)	(313)	(653)	(665)
Rescissions and denials	(35)	(16)	(60)	(35)
Other items removed from inventory	—	(101)	—	(101)
Delinquency inventory at end of period	24,444	23,370	24,444	23,370

New notice activity

The table below presents our new delinquency notices received, delinquency inventory, and the average number of missed payments for the loans in our delinquency inventory by policy year:

New notices and delinquency inventory during the three and six months ended and as of:

Policy Year	June 30, 2025		Delinquency Inventory	Avg. Number of Missed Payments of Delinquency Inventory
	New Delinquency Notices Received in the Three Months Ended	New Delinquency Notices Received in the Six Months Ended		
2004 and prior	660	1,355	1,607	15
2005-2008	1,954	4,092	5,006	15
2009-2015	316	660	791	10
2016	295	636	608	8
2017	480	1,056	1,022	7
2018	617	1,286	1,350	8
2019	657	1,387	1,285	7
2020	1,143	2,369	2,064	6
2021	2,281	4,755	4,295	6
2022	1,820	3,871	3,668	6
2023	894	1,885	1,643	5
2024	765	1,493	1,036	4
2025	88	90	69	2
Total	11,970	24,935	24,444	9
Claim rate on new notices ⁽¹⁾	7.5 %			

June 30, 2024

Policy Year	New Delinquency Notices Received in the Three Months Ended	New Delinquency Notices Received in the Six Months Ended	Delinquency Inventory	Avg. Number of Missed Payments of Delinquency Inventory
2004 and prior	759	1,509	1,850	18
2005-2008	2,347	4,831	5,950	17
2009-2015	458	987	1,096	11
2016	357	783	759	9
2017	584	1,205	1,166	8
2018	667	1,424	1,472	8
2019	663	1,462	1,356	7
2020	1,177	2,485	2,137	6
2021	2,182	4,587	3,906	6
2022	1,635	3,240	2,911	5
2023	564	1,057	728	4
2024	51	51	39	2
Total	11,444	23,621	23,370	10

Claim rate on new notices ⁽¹⁾ 7.5 %

(1) Claim rate at the time new delinquency notices are received as a year to date weighted average rate.

Claims severity

Factors that impact claim severity include:

- economic conditions at time of claim filing, including home prices compared to home prices at the time of placement of coverage,
- exposure of the loan, which is the unpaid principal balance of the loan times our insurance coverage percentage,
- length of time between delinquency and claim filing (which impacts the amount of interest and expenses, with a longer time between default and claim filing generally increasing severity), and
- curtailments.

As discussed in [Note 11 - "Loss Reserves,"](#) our loss reserves estimates take into consideration trends over time, because the development of the delinquencies may vary from period to period without establishing a meaningful trend. In recent years, an increase in third party property sales prior to claim settlement has resulted in a decrease in the average claim paid and the average claim paid as a percentage of exposure. We expect average claims paid as a percentage of exposure to increase as we receive delinquencies that have not experienced the same level of home price appreciation. The extent and timing of these increases are uncertain.

The majority of loans insured prior to 2014 (which represent 28% of the loans in the delinquency inventory) are covered by master policy terms that, except under certain circumstances, do not limit the number of years that an insured can include interest when filing a claim. Under our current master policy terms, an insured can include accumulated interest when filing a claim only for the first three years the loan is delinquent. In each case, the insured must comply with its obligations under the terms of the applicable master policy.

Claims severity trend for claims paid during the period

Period	Average exposure on claim paid	Average claim paid	% Paid to exposure	Average number of missed payments at claim received date
Q2 2025	50,411	36,536	72.5 %	30
Q1 2025	55,297	38,826	70.2 %	34
Q4 2024	51,368	34,042	66.3 %	35
Q3 2024	47,779	27,249	57.0 %	34
Q2 2024	49,623	30,578	61.6 %	36
Q1 2024	45,284	28,267	62.4 %	40

Note: Table excludes material settlements. Settlements include amounts paid in settlement disputes for claims paying practices and/or commutations of policies.

The table below shows the number of consecutive months a borrower is delinquent. Historically as a delinquency ages it is more likely to result in a claim.

Primary delinquency inventory - consecutive months delinquent

	June 30, 2025	December 31, 2024	June 30, 2024
3 months or less	8,552	10,352	8,245
4-11 months	8,868	9,281	8,091
12 months or more ⁽¹⁾	7,024	7,158	7,034
Total	24,444	26,791	23,370
3 months or less	35 %	38 %	35 %
4-11 months	36 %	35 %	35 %
12 months or more	29 %	27 %	30 %
Total	100 %	100 %	100 %

(1) Approximately 24%, 27%, and 31% of the primary delinquency inventory delinquent for 12 consecutive months or more has been delinquent for at least 36 consecutive months as of June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

The length of time a loan is in the delinquency inventory can differ from the number of payments that the borrower has not made or is considered delinquent. These differences typically result from a borrower making monthly payments that do not result in the loan becoming fully current. Generally, a defaulted loan with more missed payments is more likely to result in a claim. The number of payments that a borrower is delinquent is shown in the following table.

Primary delinquency inventory - number of payments delinquent

	June 30, 2025	December 31, 2024	June 30, 2024
3 payments or less	12,260	14,135	11,716
4-11 payments	7,963	8,392	7,252
12 payments or more ⁽¹⁾	4,221	4,264	4,402
Total	24,444	26,791	23,370
3 payments or less	50 %	53 %	50 %
4-11 payments	33 %	31 %	31 %
12 payments or more	17 %	16 %	19 %
Total	100 %	100 %	100 %

(1) Approximately 20%, 25%, and 30% of the primary delinquency inventory with 12 payments or more delinquent has at least 36 payments delinquent as of June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

Net losses and LAE paid

Net losses and LAE paid in the three and six months ended June 30, 2025 were consistent with the same periods in the prior year. The primary average claim paid can vary materially from period to period based upon a variety of factors, including the local market conditions, average loan amount, average coverage percentage, the amount of time between delinquency and claim filing, and our loss mitigation efforts on loans for which claims are paid.

The following table presents our net losses and LAE paid for the three and six months ended June 30, 2025 and 2024.

Net losses and LAE paid

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Direct primary (excluding settlements)	\$ 13	\$ 10	\$ 25	\$ 20
NPL settlements	—	1	—	1
Reinsurance	(2)	(1)	(4)	(1)
LAE and other	1	2	3	4
Net losses and LAE paid	\$ 12	\$ 12	\$ 24	\$ 24
Average Claim Paid	\$ 36,536	\$ 30,578	\$ 37,630	\$ 29,355

Net losses and LAE paid have been positively impacted by home price appreciation in recent years that has allowed more delinquent loans to cure through the sale of the property. In addition, an increase in third party property sales prior to claim settlement has resulted in a decrease in the average claim paid on the claims we do receive. We expect net losses and LAE paid to increase, however, the magnitude and timing of the increases are uncertain.

Loss reserves

The gross reserves at June 30, 2025, December 31, 2024, and June 30, 2024 appear in the table below.

Gross reserves

	June 30, 2025		December 31, 2024		June 30, 2024
Primary (in millions):					
Direct case loss reserves	\$	392	\$	402	\$ 422
Direct IBNR and LAE reserves		58		58	53
Total primary direct loss reserves	\$	450	\$	460	\$ 475
Ending delinquent inventory (count based)		24,444		26,791	23,370
Percentage of loans delinquent (delinquency rate)		2.21 %		2.40 %	2.09 %
Average total primary loss reserves per delinquency	\$	18,395	\$	17,159	\$ 20,307
Primary claims received inventory included in ending delinquent inventory (count based)		295		319	273

The primary delinquency inventory for the top 15 jurisdictions (based on June 30, 2025 delinquency inventory) at June 30, 2025, December 31, 2024 and June 30, 2024 appears in the following table.

Primary delinquency inventory by jurisdiction

	June 30, 2025		December 31, 2024		June 30, 2024
Florida *		2,081		2,648	1,816
Texas		2,037		2,207	1,901
Illinois *		1,593		1,762	1,561
California		1,468		1,499	1,310
Pennsylvania *		1,381		1,504	1,352
New York*		1,184		1,229	1,216
Ohio*		1,136		1,268	1,113
Michigan		1,088		1,231	1,082
Georgia		936		1,025	872
North Carolina		738		880	655
New Jersey *		714		753	687
Maryland		650		655	614
Indiana *		636		690	615
Minnesota		575		616	523
South Carolina *		488		597	427
All other jurisdictions		7,739		8,227	7,626
Total		24,444		26,791	23,370

Note: Asterisk denotes jurisdictions in the table above that predominately use a judicial foreclosure process, which generally increases the amount of time it takes for a foreclosure to be completed.

The primary average RIF on delinquent loans at June 30, 2025, December 31, 2024 and June 30, 2024 for the top 5 jurisdictions (based on the June 30, 2025 delinquency inventory) appears in the following table.

Primary average RIF - delinquent loans

	June 30, 2025		December 31, 2024		June 30, 2024
Florida	\$	71,298	\$	70,377	\$ 65,579
Texas		66,174		63,943	61,532
Illinois		48,036		46,311	46,639
California		113,989		109,226	107,013
Pennsylvania		46,631		45,227	46,344
All other jurisdictions		58,551		56,525	55,992
All jurisdictions	\$	62,240	\$	60,148	\$ 58,865

The primary average RIF on all loans was \$71,741, \$70,475, and \$69,284 at June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

The primary delinquency inventory by policy year at June 30, 2025, December 31, 2024 and June 30, 2024 appears in the following table.

Primary delinquency inventory by policy year

	June 30, 2025	December 31, 2024	June 30, 2024
Policy year:			
2004 and prior	1,607	1,793	1,850
<i>2004 and prior %</i>	<i>7 %</i>	<i>7 %</i>	<i>8 %</i>
2005 - 2008	5,006	5,857	5,950
<i>2005 - 2008 %</i>	<i>20 %</i>	<i>22 %</i>	<i>25 %</i>
2009 - 2015	791	976	1,096
<i>2009 - 2015 %</i>	<i>3 %</i>	<i>3 %</i>	<i>5 %</i>
2016	608	772	759
2017	1,022	1,205	1,166
2018	1,350	1,628	1,472
2019	1,285	1,505	1,356
2020	2,064	2,421	2,137
2021	4,295	4,796	3,906
2022	3,668	3,803	2,911
2023	1,643	1,464	728
2024	1,036	571	39
2025	69	—	—
<i>2016 and later %</i>	<i>70 %</i>	<i>68 %</i>	<i>62 %</i>
Total	24,444	26,791	23,370

On our primary business, the highest claim frequency years have typically been the third and fourth year after loan origination. However, the pattern of claim frequency can be affected by many factors, including persistency and deteriorating economic conditions. Deteriorating economic conditions can result in increasing claims following a period of declining claims. As of June 30, 2025, 55% of our primary RIF was written subsequent to December 31, 2021, 77% of our primary RIF was written subsequent to December 31, 2020, and 89% of our primary RIF was written subsequent to December 31, 2019.

Underwriting and other expenses, net

Underwriting and other expenses includes items such as employee compensation costs, outside service expenses, depreciation and maintenance expense, and premium taxes, and are reported net of ceding commissions.

Underwriting and other expenses, net for the three and six months ended June 30, 2025 were \$50.4 million and \$101.8 million, respectively, compared with \$52.7 million and \$111.7 million for the three and six months ended June 30, 2024. The decrease in underwriting and other expenses, net for the six months ended June 30, 2025 compared with the same period in the prior year was primarily due to a decrease in employee costs. See [Note 15 - "Segment Reporting,"](#) to our consolidated financial statements for additional discussion of significant segment expenses.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Underwriting expense ratio	21.9 %	23.1 %	22.2 %	24.4 %

The underwriting expense ratio is the ratio, expressed as a percentage, of the underwriting and operating expenses, net and amortization of DAC to net premiums written. The underwriting expense ratio for the three and six months ended June 30, 2025, decreased compared with the same period in the prior year primarily due to a decrease in underwriting and other expenses, net, and an increase in net premiums written.

Provision for income taxes and effective tax rate

Income tax provision and effective tax rate

(In thousands, except rate)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Income before tax	\$ 246,089	\$ 259,825	\$ 480,770	\$ 479,705
Provision for income taxes	\$ 53,607	\$ 55,597	\$ 102,828	\$ 101,380
Effective tax rate	21.8 %	21.4 %	21.4 %	21.1 %

Our effective tax rate for the three and six months ended June 30, 2025 and 2024 approximated the statutory tax rate of 21%. We expect a modest decrease in our effective tax rate for the remainder of 2025 compared with 2024 due to purchases of transferable federal tax credits.

Balance Sheet Review

The following sections mainly focus on the major developments on our Consolidated Balance Sheet since December 31, 2024.

Consolidated balance sheets - Assets

<i>(in thousands)</i>	June 30, 2025		December 31, 2024		% Change
Investments	\$	5,818,478	\$	5,867,560	(1)
Cash and cash equivalents		294,871		229,485	28
Reinsurance recoverable on loss reserves ⁽¹⁾		53,781		47,281	14
Deferred incomes taxes, net		41,818		69,875	(40)
Other assets		333,379		333,034	0
Total Assets	\$	6,542,327	\$	6,547,235	0

(1) See "Liabilities and Equity" section below for further discussion.

Investments - Our investment portfolio primarily consists of a diverse mix of highly rated fixed income securities. The average duration and investment yield of our investment portfolio as of June 30, 2025 and December 31, 2024 are shown in the table below.

Portfolio duration and embedded investment yield

	June 30, 2025	December 31, 2024
Effective duration (in years)	4.1	3.9
Pre-tax yield ⁽¹⁾	4.0%	4.0%
After-tax yield ⁽¹⁾	3.2%	3.2%

(1) Embedded investment yield is calculated on a yield-to-worst basis.

The security ratings of our fixed income investments as of June 30, 2025 and December 31, 2024 are shown in the table below.

Fixed income security ratings

Security Ratings ⁽¹⁾	June 30, 2025	December 31, 2024
AAA	10%	10%
AA	36%	34%
A	36%	36%
BBB	18%	20%

(1) Ratings are provided by one or more of: Moody's, Standard & Poor's and Fitch Ratings. If three ratings are available, the middle rating is used, otherwise the lowest rating is used.

Cash and cash equivalents - Our cash and cash equivalents balance increased to \$294.9 million as of June 30, 2025, from \$229.5 million as of December 31, 2024, as net cash generated by operating and investing activities was only partially offset by cash used in financing activities.

Deferred income taxes, net - Our net deferred tax asset was \$41.8 million and \$69.9 million at June 30, 2025 and December 31, 2024, respectively. The change in our deferred income tax asset was primarily due to the change in the fair market value of our investment portfolio during the six months ended June 30, 2025.

Consolidated balance sheets - Liabilities and equity

<i>(in thousands)</i>	June 30, 2025		December 31, 2024		% Change
Loss reserves	\$	452,154	\$	462,662	(2)
Unearned premiums		105,049		120,360	(13)
Long-term debt		645,402		644,667	0
Other liabilities		184,778		147,171	26
Total Liabilities	\$	1,387,383	\$	1,374,860	1
Common stock		233,138		248,449	(6)
Paid-in capital		1,801,159		1,808,236	0
Accumulated other comprehensive income (loss), net of tax		(204,969)		(288,162)	29
Retained earnings		3,325,616		3,403,852	(2)
Shareholders' equity	\$	5,154,944	\$	5,172,375	0

Loss reserves and Reinsurance recoverable on loss reserves - Our loss reserves include estimates of losses and settlement expenses on (1) loans in our delinquency inventory (known as case reserves), (2) IBNR delinquencies, and (3) LAE. Our gross reserves are reduced by reinsurance recoverable on loss reserves to calculate a net reserve balance. Loss reserves decreased to \$452.2 million as of June 30, 2025, from \$462.7 million as of December 31, 2024. Reinsurance recoverables on loss reserves were \$53.8 million and \$47.3 million as of June 30, 2025 and December 31, 2024, respectively. The reinsurance recoverable is impacted by the mix of delinquencies covered by our QSR Transactions. The decrease in loss reserves, net of reinsurance recoverable, is primarily due to favorable development of \$104.3 million offset by loss reserves established on new notices. See [Note 11 - "Loss Reserves,"](#) to our consolidated financial statements for additional information on the composition of our loss reserves.

Unearned premiums - Our unearned premium decreased to \$105.0 million as of June 30, 2025 from \$120.4 million as of December 31, 2024 primarily due to the run-off of our existing portfolio of single premium policies outpacing the level of NIW from single premium policies.

Shareholder's equity - The slight decrease in shareholders' equity primarily relates to repurchases of our common stock and dividends paid to shareholders, partially offset by net income in the six months ended June 30, 2025.

Liquidity and Capital Resources

Consolidated Cash Flow Analysis

We have three primary types of cash flows: (1) operating cash flows, which consist mainly of cash generated by our insurance operations and income earned on our investment portfolio, less amounts paid for claims, interest expense and operating expenses, (2) investing cash flows related primarily to the purchase, sale and maturity of investments and (3) financing cash flows generally from activities that impact our capital structure, such as changes in debt and shares outstanding, and dividend payments. The following table summarizes our consolidated cash flows from operating, investing and financing activities:

Summary of consolidated cash flows

(In thousands)	Six Months Ended June 30,	
	2025	2024
Total cash provided by (used in):		
Operating activities	\$ 406,647	\$ 359,775
Investing activities	152,784	(108,412)
Financing activities	(495,163)	(334,199)
Increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	\$ 64,268	\$ (82,836)

Net cash provided by operating activities for the six months ended June 30, 2025 increased when compared with the same period of 2024 primarily due to a decrease in taxes paid, an increase in premiums written, partially offset by an increase in losses paid, net.

We also have purchase obligations totaling approximately \$12.5 million which consist primarily of contracts related to our continued investment in our information technology infrastructure in the normal course of business. The majority of these obligations are under contracts that give us cancellation rights with notice. In the next twelve months we anticipate we will pay approximately \$5.9 million for our purchase obligations.

Future contributions to our pension plan are impacted by the net funded status (the market value of our plan assets compared to the projected benefit obligation).

Net cash provided by investing activities for the six months ended June 30, 2025 and 2024, primarily reflects sales and maturities of fixed income securities that exceeded purchases of fixed income securities during the period.

Net cash used in financing activities for the six months ended June 30, 2025 and 2024, primarily reflects repurchases of our common stock, dividends to shareholders, and the payment of withholding taxes related to share-based compensation net share settlement.

Capitalization

Debt - holding company

As of June 30, 2025, our holding company's debt obligations were \$650 million in aggregate principal amount consisting of our 5.25% Notes due in 2028. See Note 7 – "Debt" to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2024 for additional information about the terms of our indebtedness.

Liquidity analysis - holding company

As of June 30, 2025 and December 31, 2024, we had approximately \$1.0 billion and \$1.1 billion, respectively, in cash and investments at our holding company. These resources are maintained primarily to service our debt interest expense, pay debt maturities, repurchase shares, pay dividends to shareholders, and to settle intercompany obligations. While these assets are held, we generate investment income that serves to offset a portion of our cash requirements. The payment of dividends from MGIC are the principal source of holding company cash inflow and their payment is restricted by insurance regulation. See Note 14 - "Statutory Information" to our consolidated financial statement for additional information about MGIC's dividend restrictions. The payment of dividends from MGIC is also influenced by our view of the appropriate level of excess PMIERS Available Assets to maintain, which can change over time. Raising capital in the public markets is another potential source of holding company liquidity. The ability to raise capital in the public markets is subject to prevailing market conditions, investor demand for the securities to be issued, and our deemed creditworthiness.

In the six months ended June 30, 2025, we repurchased 16.4 million shares of our common stock for \$405.0 million. As of June 30, 2025 we had remaining authorization to repurchase \$802.2 million of our common stock under our existing share repurchase programs through December 31, 2027. Through July 25, 2025, we repurchased an additional 2.6 million shares for \$68.0 million inclusive of commissions.

In the six months ended June 30, 2025, we paid \$63.7 million in dividends to shareholders. On July 24, 2025, the Board of Directors declared a quarterly cash dividend to the holders of the company's common stock of \$0.15 per share to shareholders of record on August 7, 2025.

Over the next twelve months the principal demand on our holding company resources will be interest payments on our 5.25% Notes approximating \$34.0 million and dividends to shareholders. We believe our holding company has sufficient sources of liquidity to meet its payment obligations for the foreseeable future.

We may also use holding company cash to repurchase additional shares, however, our repurchases are subject to variation based on a variety of factors including our capital and liquidity position and the share price of our common stock. Such repurchases may be material, may be made for cash (funded by debt) and/or exchanges for other securities, and may be made in open market purchases (including through 10b5-1 plans), privately negotiated acquisitions or other transactions. See "[Overview-Capital](#)" of this MD&A for a discussion of our share repurchase programs.

Significant cash and investments *inflows at our holding company* during the six months ended June 30, 2025:

- \$400.0 million dividend received from MGIC,
- \$43.1 million of intercompany tax receipts, and
- \$17.0 million of investment income.

Significant cash *outflows at our holding company* during the six months ended June 30, 2025:

- \$411.6 million of net share repurchase transactions,
- \$64.7 million of cash dividends paid to shareholders, and
- \$17.1 million of interest payments on our outstanding debt obligation.

The net unrealized gains on our holding company investment portfolio were approximately \$2.0 million at June 30, 2025, and the portfolio had an effective duration of approximately 0.7 years.

MGIC paid a dividend of \$400 million to our holding company in the six months ended June 30, 2025. Future dividend payments from MGIC to the holding company will be determined in consultation with the board, and after considering any updated estimates about our business. We ask the Wisconsin OCI not to object before MGIC pays dividends to the holding company.

Debt at subsidiaries

MGIC did not have any outstanding debt obligations at June 30, 2025. MGIC is a member of the FHLB, which provides MGIC access to an additional source of liquidity via a secured lending facility. We may borrow from the FHLB at any time.

Capital Adequacy

PMIERS

As of June 30, 2025, MGIC's Available Assets under the PMIERS totaled approximately \$5.7 billion, an excess of approximately \$2.4 billion over its Minimum Required Assets; and MGIC is in compliance with the requirements of the PMIERS and eligible to insure loans delivered to or purchased by the GSEs. Our reinsurance transactions provided an aggregate of approximately \$2.5 billion of capital credit under the PMIERS as of June 30, 2025. Refer to [Note 4 - "Reinsurance"](#) to our consolidated financial statements for additional information on our reinsurance transactions.

The table below presents the PMIERS capital credit for our reinsurance transactions.

PMIERS - Reinsurance Credit

<i>(In millions)</i>	June 30, 2025		December 31, 2024	
QSR Transactions	\$	1,267	\$	1,177
Home Re Transactions		535		666
Traditional XOL Transactions		669		388
Total capital credit for Reinsurance Transactions	\$	2,471	\$	2,231

The total calculated PMIERS credit for risk ceded under our XOL Transactions are based on the PMIERS requirement of the covered policies and the attachment and detachment points of the coverage, all of which fluctuate over time. (See [Note 1 - "Nature of Business and Basis of Presentation"](#).)

The PMIERS generally require us to hold significantly more Minimum Required Assets for delinquent loans than for performing loans and the Minimum Required Assets increases as the number of payments missed on a delinquent loan increases. Refer to "[Overview - Capital - GSEs](#)" of this MD&A and 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" for further discussion of PMIERS.

Risk-to-capital

The risk-to-capital ratio is our net RIF divided by our policyholders' position. Our net RIF includes both primary and pool risk in force, net of reinsurance and excludes risk on policies that are currently in default and for which case loss reserves have been established and the risk covered by reinsurance. MGIC's policyholders' position consists primarily of statutory policyholders' surplus (which generally changes due to statutory net income/loss and dividends paid, among other things), plus the statutory contingency loss reserve. The statutory contingency loss reserve is reported as a liability on the statutory balance sheet. A mortgage insurance company is required to make annual additions to a contingency loss reserve of approximately 50% of earned premiums. These contributions must generally be maintained for a period of ten years. However, with regulatory approval a mortgage insurance company may make early withdrawals from the contingency loss reserve when incurred losses exceed 35% of earned premiums in a calendar year.

The table below presents our risk-to-capital calculation:

Risk-to-capital - MGIC

(In millions, except ratio)

	June 30, 2025		December 31, 2024	
RIF - net ⁽¹⁾	\$	57,934	\$	58,213
Statutory policyholders' surplus		904		973
Statutory contingency loss reserve		4,875		4,833
Statutory policyholders' position	\$	5,779	\$	5,806
Risk-to-capital		10.0:1		10.0:1

(1) RIF – net, as shown in the table above is net of reinsurance and exposure on policies currently delinquent (\$1.7 billion at June 30, 2025 and \$1.8 billion at December 31, 2024) for which loss reserves have been established.

For additional information regarding regulatory capital see [Note 14 – “Statutory Information”](#) to our consolidated financial statements as well as our Risk Factor titled “State Capital requirements may prevent us from continuing to write new insurance on an uninterrupted basis.”

Financial Strength Ratings

Financial strength ratings are published by third-party rating agencies as an independent opinion of an insurer's financial strength and ability to meet ongoing insurance and contract obligations. The financial strength ratings for MGIC and MAC are listed below:

MGIC financial strength ratings

Rating Agency	Rating	Outlook
Moody's Investor Services	A3	Positive
Standard and Poor's Rating Services	A-	Stable
A.M. Best	A	Stable

MAC financial strength ratings

Rating Agency	Rating	Outlook
Standard and Poor's Rating Services	A-	Stable
A.M. Best	A	Stable

For further information about the importance of MGIC's ratings, see our Risk Factor titled “Competition or changes in our relationships with our customers could reduce our revenues, reduce our premium yields and / or increase our losses.”

Forward Looking Statements and Risk Factors

General: Our business, results of operations, and financial condition could be affected by the Risk Factors referred to under “Location of Risk Factors” below. These Risk Factors are an integral part of Management’s Discussion and Analysis.

These factors may also cause actual results to differ materially from the results contemplated by forward looking statements that we may make. Forward looking statements consist of statements which relate to matters other than historical fact. Among others, statements that include words such as we “believe,” “anticipate” or “expect,” or words of similar import, are forward looking statements. These Risk Factors speak only as of the date of this filing 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 we may make even though these statements may be affected by events or circumstances occurring after the forward looking statements were made. Therefore, no reader of this document should rely on these statements being current as of any time other than the time at which this document was filed with the Securities and Exchange Commission.

While we communicate with security analysts from time to time, it is against our policy to disclose to them any material non-public information or other confidential information. Accordingly, investors should not assume that we agree with any statement or report issued by any analyst irrespective of the content of the statement or report, and such reports are not our responsibility.

Location of Risk Factors: The Risk Factors are in Item 1 A of our Annual Report on Form 10-K for the year ended December 31, 2024, as supplemented by Part II, Item 1 A of this quarterly report on form 10-Q. The Risk Factors in the 10-K, as supplemented by this 10-Q and through updating of various statistical and other information, are reproduced in Exhibit 99 to this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our investment portfolio is essentially a fixed income portfolio and is exposed to market risk. Important drivers of the market risk are credit spread risk and interest rate risk.

Credit spread risk is the risk that we will incur a loss due to adverse changes in credit spreads. Credit spread is the additional yield on fixed income securities above the risk-free rate (typically referenced as the yield on U.S. Treasury securities) that market participants require to compensate them for assuming credit, liquidity and/or prepayment risks.

We manage credit risk via our investment policy guidelines which primarily place our investments in investment grade securities and limit the amount of our credit exposure to any one issue, issuer and type of instrument. Guideline and investment portfolio detail is available in “Business – Section E, Investment Portfolio” in Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2024.

Interest rate risk is the risk that we will incur a loss due to adverse changes in interest rates relative to the characteristics of our interest bearing assets.

One of the measures used to quantify this exposure is effective duration. Effective duration measures the price sensitivity of the assets to the changes in spreads. At June 30, 2025, the effective duration of our fixed income investment portfolio was 4.1 years, which means that an instantaneous parallel shift in the yield curve of 100 basis points would result in a change of 4.1% in the fair value of our fixed income portfolio. For an upward shift in the yield curve, the fair value of our portfolio would decrease and for a downward shift in the yield curve, the fair value would increase. See [Note 7 – “Investments”](#) to our consolidated financial statements for additional disclosure surrounding our investment portfolio.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer concluded that such controls and procedures were effective as of the end of such period.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting that occurred during the second quarter of 2025 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Certain legal proceedings arising in the ordinary course of business may be filed or pending against us from time to time. For information about such legal proceedings, you should review [Note 5 - "Litigation and Contingencies"](#) to our consolidated financial statements and our Risk Factor titled "We are subject to the risk of legal proceedings" in Exhibit 99.

Item 1 A. Risk Factors

As of June 30 2025, there have been no material changes in our Risk Factors from the risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. The risk factors in the 10-K, as supplemented on Form 10-Q for the quarters ended March 31, 2025 and June 30, 2025, and through updating of various statistical and other information, are reproduced in their entirety in Exhibit 99 to this Quarterly Report on Form 10-Q.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table provides information about purchases of MGIC Investment Corporation common stock by us during the three months ended June 30, 2025.

Share repurchases

Period Beginning	Period Ending	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the programs ⁽¹⁾
April 1, 2025	April 30, 2025	3,277,986	\$ 23.98	3,277,986	\$ 904,240,041
May 1, 2025	May 31, 2025	1,943,494	26.28	1,943,494	853,162,436
June 1, 2025	June 30, 2025	1,899,192	26.85	1,899,192	802,168,292
		<u>7,120,672</u>	<u>\$ 25.38</u>	<u>7,120,672</u>	

⁽¹⁾ In April of 2024, our Board of Directors approved a repurchase program under which, as of June 30, 2025 we have \$52.2 million in remaining repurchase authorization prior to December 31, 2026. In April 2025, our Board of Directors approved an additional share repurchase program, authorizing us to purchase up to \$750 million of common stock prior to December 31, 2027. Repurchases may be made from time to time on the open market (including through 10b5-1 plans) or through privately negotiated transactions. The repurchase program may be suspended for periods or discontinued at any time.

Item 5. Other Information

On May 6, 2025, Timothy J. Mattke, Chief Executive Officer, adopted a written plan for the sale of MGIC common stock that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. Mr. Mattke's written plan provides for the sale of 556,811 shares of MGIC common stock in the aggregate. This written plan is scheduled to expire on the earlier of: (1) April 6, 2026; or (2) the date on which an aggregate of 556,811 shares of MGIC common stock have been sold.

Item 6. Exhibits

The accompanying Index to Exhibits is incorporated by reference in answer to this portion of this Item, and except as otherwise indicated in the next sentence, the Exhibits listed in such Index are filed as part of this Form 10-Q. Exhibit 32 is not filed as part of this Form 10-Q but accompanies this Form 10-Q.

(Part II, Item 6)

Index to exhibits

Exhibit Number	Description of Exhibit	Form	Exhibit(s)	Filing Date
31.1	Certification of CEO under Section 302 of Sarbanes-Oxley Act of 2002 †			
31.2	Certification of CFO under Section 302 of Sarbanes-Oxley Act of 2002 †			
32	Certification of CEO and CFO under Section 906 of Sarbanes-Oxley Act of 2002 (as indicated in Item 6 of Part II, this Exhibit is not being "filed") ††			
99	Risk Factors included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024, as supplemented by Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarters ended March 31, 2025 and June 30, 2025, and through updating of various statistical and other information †			
101.INS	Inline XBRL Instance Document			
101.SCH	Inline XBRL Taxonomy Extension Schema Document			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

* Denotes a management contract or compensatory plan.

† Filed herewith.

†† Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, on July 30, 2025.

MGIC INVESTMENT CORPORATION

/s/ Nathaniel H. Colson

Nathaniel H. Colson

Executive Vice President and Chief Financial Officer

/s/ Julie K. Sperber

Julie K. Sperber

Vice President, Controller and Chief Accounting Officer

Exhibit 31.1
CERTIFICATIONS

I, Timothy J. Mattke, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MGIC Investment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2025

/s/ Timothy J. Mattke
Timothy J. Mattke
Chief Executive Officer

CERTIFICATIONS

I, Nathaniel H. Colson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MGIC Investment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2025

/s/ Nathaniel H. Colson
Nathaniel H. Colson
Chief Financial Officer

SECTION 1350 CERTIFICATIONS

The undersigned, Timothy J. Mattke, Chief Executive Officer of MGIC Investment Corporation (the "Company"), and Nathaniel H. Colson, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S. C. Section 1350, that to our knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the three months ended June 30, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2025

/s/ Timothy J. Mattke

Timothy J. Mattke
Chief Executive Officer

/s/ Nathaniel H. Colson

Nathaniel H. Colson
Chief Financial Officer

Exhibit 99

Risk Factors

Risk Factors included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024, as supplemented by Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarters ended March 31, 2025 and June 30, 2025, and through updating of various statistical and other information.

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.

Risk Factors Relating to Global Events

Wars and/or other global events may adversely affect the U.S. economy and our business.

Wars and/or other global events may result in increased inflation rates, strained supply chains, and increased volatility in the domestic and global financial markets. Wars and/or other global events have in the past and may continue to impact our business in various ways, including the following which are described in more detail in the remainder of these risk factors:

- The terms under which we are able to obtain quota share reinsurance (“QSR”) and/or excess-of-loss (“XOL”) reinsurance through the insurance-linked notes (“ILN”) market and the traditional reinsurance market may be negatively impacted and terms under which we are able to access those markets in the future may be limited or less attractive.
- The risk of a cybersecurity incident that affects our company may increase.
- Wars may negatively impact the domestic economy, which may increase unemployment and inflation, or decrease home prices, in each case leading to an increase in loan delinquencies.
- The volatility in the financial markets may impact the performance of our investment portfolio and our investment portfolio may include investments in companies or securities that are negatively impacted by wars and/or other global events.

Risk Factors Relating to the Mortgage Insurance Industry and its Regulation

Downturns in the domestic economy or declines in home prices may result in more homeowners defaulting and our losses increasing, with a corresponding decrease in our returns.

Losses result from general economic or personal events that reduce a borrower’s ability or willingness to make mortgage payments, such as recession, unemployment, decreases in home prices, health issues, and changes in family status. Such events are outside of our control, difficult to predict, and generally increase loan delinquencies and claims. Additionally, economic conditions may differ from region to region. Information about the geographic dispersion of our risk in force and delinquency inventory can be found in our Annual Reports on Form 10-K and our Quarterly Reports on Form 10-Q.

A decline in home prices may make it more difficult for borrowers to sell or refinance their homes, increasing the chances of default. Additionally, a decline in home prices may result in loan balances exceeding home values, discouraging borrowers from continuing to make payments. The seasonally-adjusted Purchase-Only U.S. Home Price Index of the Federal Housing Finance Agency (the “FHFA”), which is based on single-family properties whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac, indicates that home prices decreased .2% nationwide in May, 2025 compared to April, 2025. Although the 12 month change in home prices recently reached historically high rates, the rate of growth is moderating: it decreased by 0.1% in the first 5 months of 2025, after increasing 4.8%, 6.7%, and 6.8% in 2024, 2023, and 2022, respectively. The national average price-to-income ratio exceeds its historical average, in part as a result of recent home price appreciation outpacing increases in income. Affordability issues can put downward pressure on home prices. A decline in home prices may occur 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, changes to the tax deductibility of mortgage interest, decreases in the rate of household formations, or other factors.

Changes in the business practices of Fannie Mae and Freddie Mac (“the GSEs”), federal legislation that changes their charters or a restructuring of the GSEs could reduce our revenues or increase our losses.

The substantial majority of our new insurance written (“NIW”) is for loans purchased by the GSEs; therefore, the business practices of the GSEs greatly impact our business. The GSEs possess substantial market power, which enables them to influence our business and the mortgage insurance industry in general. In 2008 the housing market was in severe decline, which damaged the financial condition of the GSEs. FHFA placed the GSEs into

conservatorship on September 7, 2008 and the FHFA has the authority to control and direct their operations. Given that the Director of the FHFA serves at the pleasure of the President, the agency's agenda, policies and actions may be influenced by the then-current administration.

Changes in the status, powers, or supervision of the GSEs, whether through legislation or administrative action, that impact private mortgage insurers could have an adverse effect on our business, revenue, results of operations and financial condition. Business practices of the GSEs that affect the mortgage insurance industry include:

- The GSEs' private mortgage insurer eligibility requirements ("PMIERS"), the financial requirements of which are discussed in 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."*
- The capital and collateral requirements for participants in the GSEs' alternative forms of credit enhancement discussed in our risk factor titled *"The amount of insurance we write could be adversely affected if lenders and investors select alternatives to private mortgage insurance or are unable to obtain capital relief for mortgage insurance."*
- The level of private mortgage insurance coverage, subject to the limitations of the GSEs' charters, when private mortgage insurance is used as the required credit enhancement on low down payment mortgages (the GSEs generally require a level of mortgage insurance coverage that is higher than the level of coverage required by their charters; any change in the required level of coverage will impact our new risk written).
- The amount of loan level price adjustments and guaranty fees (which result in higher costs to borrowers) that the GSEs assess on loans that require private mortgage insurance. The requirements of the new GSE capital framework may lead the GSEs to increase their guaranty fees. In addition, the FHFA has indicated that it is reviewing the GSEs' pricing in connection with preparing them to exit conservatorship and to ensure that pricing subsidies benefit only affordable housing activities.
- Whether the GSEs select or influence the mortgage lender's selection of the mortgage insurer providing coverage.
- The underwriting standards that determine which loans are eligible for purchase by the GSEs, which can affect the quality of the risk insured by the mortgage insurer and the availability of mortgage loans.
- The terms on which mortgage insurance coverage can be canceled before reaching the cancellation thresholds established by law and the business practices associated with such cancellations. If the GSEs or other mortgage investors change their practices regarding the timing of cancellation of mortgage insurance due to home price appreciation, policy goals, changing risk tolerances or otherwise, we could experience an unexpected reduction in our insurance in force ("IIF"), which would negatively impact our business and financial results. For more information, see the discussion below regarding the GSEs' Equitable Housing Plans and our risk factor titled *"The length of time our insurance policies remain in force has a significant impact on our results."*
- The programs established by the GSEs intended to avoid or mitigate loss on insured mortgages and the circumstances in which mortgage servicers must implement such programs.
- The terms that the GSEs require to be included in mortgage insurance policies for loans that they purchase, including limitations on the rescission rights of mortgage insurers.
- The extent to which the GSEs intervene in mortgage insurers' claims paying practices, rescission practices or rescission settlement practices with lenders.
- The maximum loan limits of the GSEs compared to those of the Federal Housing Administration ("FHA") and other investors.
- The benchmarks established by the FHFA for loans to be purchased by the GSEs, which can affect the loans available to be insured. In December 2021, the FHFA established the benchmark levels for 2022-2024 purchases of low-income home mortgages, very low-income home mortgages and low-income refinance mortgages, each of which exceeded the 2021 benchmarks. The FHFA also established two new sub-goals: one targeting minority communities and the other targeting low-income neighborhoods. In August 2024, FHFA proposed new benchmark levels for 2025-2027 purchases of low-income home mortgages and very low-income home mortgages that were lower than the 2022-2024 levels, but higher than pre-2022 levels. The level for low income refinance mortgages was unchanged from the 2022-2024 level, but was higher than the pre-2022 level.

Federal agencies were previously directed to increase their focus and funding of housing initiatives for minority and low-income borrowers. In March 2025, the Director of the FHFA indicated that FHFA is reviewing how to continue to achieve the purposes of the GSEs' statutory missions. Although it is unclear at this time, it is possible that this review may result in changes to the business practices and policies of the GSEs. To the extent the business practices and

policies of the GSEs regarding mortgage insurance coverage, costs and cancellation change, such changes may negatively impact the mortgage insurance industry and our financial results.

It is uncertain what role the GSEs, FHA and private capital, including private mortgage insurance, will play in the residential housing finance system in the future. The timing and impact on our business of any resulting changes are uncertain. For changes that would require Congressional action to implement it is difficult to estimate when Congressional action would be final and how long any associated phase-in period may last.

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 PMIERS provide that the GSEs may amend any provision of the PMIERS or impose additional requirements with an effective date specified by the GSEs.

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 risk 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 June 30, 2025, MGIC's Available Assets totaled \$5.7 billion, or \$2.4 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 August 2024, the GSEs issued updates to the calculation of Available Assets. The updates will be implemented through a 24-month phased-in approach, with a fully effective date of September 30, 2026. If these changes were effective as of June 30, 2025, without a graduated implementation period, MGIC's Available Assets of \$5.7 billion would decrease by approximately 1% or \$60 million, and MGIC's PMIERS excess would be \$2.3 billion.

Our Minimum Required Assets reflect a credit for risk ceded under our QSR and XOL reinsurance transactions, which are discussed in our risk factor titled "Our underwriting practices and the mix of business we write affects our Minimum Required Assets under the PMIERS, our premium yields and the likelihood of losses occurring." The calculated credit for XOL reinsurance transactions under PMIERS is generally based on the PMIERS requirement of the covered loans and the attachment and detachment points of the coverage, all of which fluctuate over time. PMIERS credit is generally not given for the reinsured risk above the PMIERS requirement. The GSEs have discretion to further limit reinsurance credit under the PMIERS. Refer to "Consolidated Results of Operations – Reinsurance Transactions" in Part I, Item 2 of our Quarterly Report on Form 10-Q for information about the calculated PMIERS credit for our XOL transactions. There is a risk we will not receive our current level of credit in future periods for ceded risk. 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.

The PMIERS generally require us to hold significantly more Minimum Required Assets for delinquent loans than for performing loans and the Minimum Required Assets required to be held increases as the number of payments missed on a delinquent loan increases. If the number of loan delinquencies increases for reasons discussed in these risk factors, or otherwise, it may cause our Minimum Required Assets to exceed our Available Assets. We are unable to predict the ultimate number of loans that will become delinquent. If we are required to hold more capital relative to our insured loans it could adversely affect our business and results of operations, or prohibit or delay us from taking actions that would be advantageous to our investors.

If our Available Assets fall below our Minimum Required Assets, 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 our eligibility to insure loans purchased by them. Such suspension or termination would significantly reduce the volume of our NIW, the substantial majority of which is for loans delivered to or purchased by the GSEs.

Additionally, the PMIERS impose transactional approval conditions that may restrict or delay us from taking certain actions. In the event that one or both of the GSEs does not approve an intended course of action, there may be a material adverse effect on our business and results of operations.

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.

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 our ultimate loss on delinquent loans by estimating the number of such loans that will result in a claim payment (the "claim rate"), and further estimating the amount of the claim

payment (the "claim severity"). Changes to our claim rate and claim severity estimates could have a material impact on our future results, even in a stable economic environment. Our estimates incorporate anticipated cures, loss mitigation activity, rescissions and curtailments. The establishment of loss reserves is subject to inherent uncertainty and requires significant judgment by management. Our actual claim payments may differ substantially from our loss reserve estimates. Our estimates could be affected by several factors, including a change in regional or national economic conditions as discussed in these risk factors and a change in the length of time loans are delinquent before claims are received. Generally, the longer a loan is delinquent before a claim is received, the greater the severity. Foreclosure moratoriums and forbearance programs increase the average time it takes to receive claims. Generally, losses follow a seasonal trend in which the first half of the year has stronger credit performance than the second half, with higher cure rates and lower new delinquency notice activity. The state of the economy, local housing markets, pandemics, natural disasters, and various other factors, may result in delinquencies not following the typical pattern.

We are subject to comprehensive regulation and other requirements, which we may fail to satisfy.

We are subject to comprehensive regulation, including by state insurance departments. Many regulations are designed for the protection of our insured policyholders and consumers, rather than for the benefit of investors. Mortgage insurers, including MGIC, have in the past been involved in litigation and regulatory actions related to alleged violations of the anti-referral fee provisions of the Real Estate Settlement Procedures Act ("RESPA"), and the notice provisions of the Fair Credit Reporting Act ("FCRA"). While these proceedings in the aggregate did not result in material liability for MGIC, there can be no assurance that the outcome of future proceedings, if any, under these laws or others would not have a material adverse effect on us.

We provide contract underwriting services, including on loans for which we are not providing mortgage insurance. These services are subject to contractual obligations and federal and state regulation. Our failure to meet the standards set forth in the applicable contracts or regulations would subject us to potential litigation or regulatory action. To the extent that we are construed to make independent credit decisions in connection with our contract underwriting activities, we also could be subject to increased regulatory requirements under the Equal Credit Opportunity Act ("ECOA"), FCRA, and other laws. Under relevant laws, examination may also be made of whether a mortgage insurer's underwriting decisions have a disparate impact on persons belonging to a protected class in violation of the law.

Although their scope varies, state insurance laws generally grant broad supervisory powers to agencies or officials to examine insurance companies and enforce rules or exercise discretion affecting almost every significant aspect of the insurance business, including payment for the referral of insurance business, premium rates and discrimination in pricing, and minimum capital requirements. The increased use by the private mortgage insurance industry of risk-based pricing systems that establish premium rates based on more attributes than previously considered, and of algorithms, artificial intelligence and data and analytics, has led to additional regulatory scrutiny of premium rates and of other matters such as discrimination in pricing and underwriting, data privacy and access to insurance. For more information about state capital requirements, see our risk factor titled "*State capital requirements may prevent us from continuing to write new insurance on an uninterrupted basis.*" For information about regulation of data privacy, see our risk factor titled "*We could be materially adversely affected by a cybersecurity breach or failure of information security controls.*" For more details about the various ways in which our subsidiaries are regulated, see "Business - Regulation" in Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2024.

While we have established policies and procedures to comply with applicable laws and regulations, many such laws and regulations are complex and it is not possible to predict the eventual scope, duration or outcome of any reviews or investigations nor is it possible to predict their effect on us or the mortgage insurance industry.

Pandemics, hurricanes and other disasters may adversely impact our results of operations and financial condition.

Pandemics and other disasters, such as hurricanes, tornadoes, earthquakes, wildfires and floods, or other events related to climate change, could trigger an economic downturn in the affected areas, or in areas with similar risks, which could result in a decrease in home prices, an increased claim rate and increased claim severity in those areas. Due to the increased frequency and severity of natural disasters, some homeowners' insurers are increasing premium rates or withdrawing from certain states or areas that they deem to be high risk. Even though we do not generally insure losses related to property damage, the inability of a borrower to obtain hazard and/or flood insurance, or the increased cost of such insurance, could lead to a decrease in home prices in the affected areas and an increase in delinquencies and our incurred losses.

The PMIERS require us to maintain significantly more "Minimum Required Assets" for delinquent loans than for performing loans. 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.*"

Pandemics and other disasters could also lead to increased reinsurance rates or reduced availability of reinsurance. This may cause us to retain more risk than we otherwise would and could negatively affect our compliance with the financial requirements of State Capital Requirements and the PMIERS. Similarly, pandemics and other disasters may

impact the value of and cause volatility in our investment portfolio, which could also negatively affect our compliance with the financial requirements of PMIERS.

In May 2024, FHFA published an advisory bulletin highlighting the need for the GSEs to establish, as appropriate, risk management practices that identify, assess, control, monitor and report climate-related risks, and the need to have appropriate risk management policies, standards, procedures, controls and reporting systems in place. In March 2025, FHFA rescinded the May 2024 advisory bulletin. Although it is unclear at this time, it is possible that this rescission may result in changes to the business practices and policies of the GSEs. To the extent the business practices and policies of the GSEs regarding climate risk change, such changes may negatively impact the mortgage insurance industry and our financial results. It is possible that management of climate risk by the FHFA, GSEs (including through GSE guideline or mortgage insurance policy changes) or others could materially impact the volume and characteristics of our NIW (including its policy terms), home prices in certain areas and defaults by borrowers in certain areas.

Reinsurance may be unavailable at current levels and prices, and/or the GSEs may reduce the amount of capital credit we receive for our reinsurance transactions.

We have in place QSR and XOL reinsurance transactions providing various amounts of coverage on our risk in force as of June 30, 2025. Refer to Part 1, Note 4 – “Reinsurance” and Part 1, Item 2 “Consolidated Results of Operations – Reinsurance Transactions” of our Quarterly Report on Form 10-Q, for more information about coverage under our reinsurance transactions. The reinsurance transactions reduce the tail-risk associated with stress scenarios. As a result, they reduce the risk-based capital that we are required to hold to support the risk and they allow us to earn higher returns on risk-based capital for our business than we would without them. However, market conditions impact the availability and cost of reinsurance. Reinsurance may not always be available to us, or available only on terms or at costs that we consider unacceptable. If we are not able to obtain reinsurance we will be required to hold additional capital to support our risk in force.

Reinsurance transactions subject us to counterparty risk, including the financial capability of the reinsurers to make payments for losses ceded to them under the reinsurance agreements. As reinsurance does not relieve us of our obligation to pay claims to our policyholders, our inability to recover losses from a reinsurer could have a material impact on our results of operations and financial condition.

The GSEs may change the credit they allow under the PMIERS for risk ceded under our reinsurance transactions. At present, the GSE capital framework provides more capital credit for transactions with higher rated counterparties, as well as those who are diversified. If the GSEs were to reduce the credit that we receive for reinsurance under the PMIERS, it could result in decreased returns absent an increase in our premium rates. An increase in our premium rates to adjust for a decrease in reinsurance credit may lead to a decrease in our NIW and net income.

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 delinquency notices are received for insured loans that are two or more payments past due and for loans we estimate are delinquent but for which delinquency notices have not yet been received (which we include in “IBNR”). Losses that may occur from loans that are not delinquent are not reflected in our financial statements, except when a “premium deficiency” is recorded. A premium deficiency would be recorded if the present value of expected future losses and expenses exceeds the present value of expected future premiums, anticipated investment income, and already established loss reserves on the applicable loans. As a result, future losses incurred on loans that are not currently delinquent may have a material impact on future results as delinquencies emerge. As of June 30, 2025, we had established case reserves and reported losses incurred for 24,444 loans in our delinquency inventory and our IBNR reserve totaled \$29 million. The number of loans in our delinquency inventory may increase from that level as a result of economic conditions relating to current global events or other factors and our losses incurred may increase.

State capital requirements may prevent us from continuing to write new insurance on an uninterrupted basis.

The insurance laws of 16 jurisdictions, including Wisconsin, MGIC’s domiciliary state, require a mortgage insurer to maintain a minimum amount of statutory capital relative to its risk in force (or a similar measure) in order for the mortgage insurer to continue to write new business. We refer to these requirements as the “State Capital Requirements.” While they vary among jurisdictions, the most common State Capital Requirements allow for a maximum risk-to-capital ratio of 25 to 1. A risk-to-capital ratio will increase if (i) the percentage decrease in capital exceeds the percentage decrease in insured risk, or (ii) the percentage increase in capital is less than the percentage increase in insured risk. Wisconsin does not regulate capital by using a risk-to-capital measure but instead requires a minimum policyholder position (“MPP”). MGIC’s “policyholder position” includes its net worth, or surplus, and its contingency reserve.

At June 30, 2025, MGIC's risk-to-capital ratio was 10.0 to 1, below the maximum allowed by the jurisdictions with State Capital Requirements, and its policyholder position was \$3.6 billion above the required MPP of \$2.2 billion. Our risk-to-capital ratio and MPP reflect credit for the risk ceded under our reinsurance agreements with unaffiliated reinsurers. If MGIC is not allowed an agreed level of credit under the State Capital Requirements, MGIC may terminate the reinsurance transactions, without penalty.

In 2023, the NAIC adopted a revised Mortgage Guaranty Insurance Model Act. The updated Model Act includes requirements relating to, among other things: (i) capital and minimum capital requirements, and contingency reserves; (ii) restrictions on mortgage insurers' investments in notes secured by mortgages; (iii) prudent underwriting standards and formal underwriting guidelines; (iv) the establishment of formal, internal "Mortgage Guaranty Quality Control Programs" with respect to in-force business; and (v) reinsurance and prohibitions on captive reinsurance arrangements. It is uncertain when the revised Model Act will be adopted in any jurisdiction. The provisions of the Model Act, if adopted in their final form, are not expected to have a material adverse effect on our business. It is unknown whether any changes will be made by state legislatures prior to adoption, and the effect changes, if any, will have on the mortgage guaranty insurance market generally, or on our business. Wisconsin, where MGIC is domiciled, has begun the process to replace current mortgage insurance regulations with the Model Act, though it is expected that some changes will be made before formal adoption.

While MGIC currently meets the State Capital Requirements of Wisconsin and all other jurisdictions, it could be prevented from writing new business in the future in all jurisdictions if it fails to meet the State Capital Requirements of Wisconsin, or it could be prevented from writing new business in a particular jurisdiction if it fails to meet the State Capital Requirements of that jurisdiction, and in each case if MGIC does not obtain a waiver of such requirements. It is possible that regulatory action by one or more jurisdictions, including those that do not have specific State Capital Requirements, may prevent MGIC from continuing to write new insurance in such jurisdictions. If we are unable to write business in a particular jurisdiction, lenders may be unwilling to procure insurance from us anywhere. In addition, a lender's assessment of the future ability of our insurance operations to meet the State Capital Requirements or the PMIERS may affect its willingness to procure insurance from us. In this regard, see our risk factor titled "*Competition or changes in our relationships with our customers could reduce our revenues, reduce our premium yields and/or increase our losses.*" A possible future failure by MGIC to meet the State Capital Requirements or the PMIERS will not necessarily mean that MGIC lacks sufficient resources to pay claims on its insurance liabilities. You should read the rest of these risk factors for information about matters that could negatively affect MGIC's compliance with State Capital Requirements and its claims paying resources.

If the volume of low down payment home mortgage originations declines, the amount of insurance that we write could decline.

The factors that may affect the volume of low down payment mortgage originations include the health of the U.S. economy; conditions in regional and local economies and the level of consumer confidence; the health and stability of the financial services industry; restrictions on mortgage credit due to more stringent underwriting standards, liquidity issues or risk-retention and/or capital requirements affecting lenders; the level of home mortgage interest rates; housing affordability; new and existing housing availability; the rate of household formation, which is influenced, in part, by population and immigration trends; homeownership rates; the rate of home price appreciation, which in times of heavy refinancing can affect whether refinanced loans have LTV ratios that require private mortgage insurance; tax policy; and government housing policy encouraging equitable housing and loans to first-time homebuyers. A decline in the volume of low down payment home mortgage originations could decrease demand for mortgage insurance and limit our NIW. For other factors that could decrease the demand for mortgage insurance, see our risk factor titled "*The amount of insurance we write could be adversely affected if lenders and investors select alternatives to private mortgage insurance or are unable to obtain capital relief for mortgage insurance.*"

The amount of insurance we write could be adversely affected if lenders and investors select alternatives to private mortgage insurance or are unable to obtain capital relief for mortgage insurance.

Alternatives to private mortgage insurance include:

- investors using risk mitigation and credit risk transfer techniques other than private mortgage insurance, or accepting credit risk without credit enhancement,
- lenders and other investors holding mortgages in portfolio and self-insuring,
- lenders using FHA, U.S. Department of Veterans Affairs ("VA") and other government mortgage insurance programs, and
- lenders originating mortgages using piggyback structures to avoid private mortgage insurance, such as a first mortgage with an 80% loan-to-value ("LTV") ratio and a second mortgage with a 10%, 15% or 20% LTV ratio rather than a first mortgage with a 90%, 95% or 100% LTV ratio that has private mortgage insurance.

The GSEs' charters generally require credit enhancement for a low down payment mortgage loan (a loan in an amount that exceeds 80% of a home's value) in order for such loan to be eligible for purchase by the GSEs. Private mortgage

insurance generally has been purchased by lenders in primary mortgage market transactions to satisfy this credit enhancement requirement. In 2018, the GSEs initiated secondary mortgage market programs with loan level mortgage default coverage provided by various (re)insurers that are not mortgage insurers governed by PMIERS, and that are not selected by the lenders. These programs, which currently account for a small percentage of the low down payment market, compete with traditional private mortgage insurance and, due to differences in policy terms, they may offer premium rates that are below prevalent single premium lender-paid mortgage insurance ("LPMI") rates. We participate in these programs from time to time. See our risk factor titled "*Changes in the business practices of Fannie Mae and Freddie Mac ("the GSEs"), federal legislation that changes their charters or a restructuring of the GSEs could reduce our revenues or increase our losses*" for a discussion of various business practices of the GSEs that may be changed, including through expansion or modification of these programs.

The GSEs (and other investors) have also used other forms of credit enhancement that did not involve traditional private mortgage insurance, such as engaging in credit-linked note transactions executed in the capital markets, or using other forms of debt issuances or securitizations that transfer credit risk directly to other investors, including competitors and an affiliate of MGIC; using other risk mitigation techniques in conjunction with reduced levels of private mortgage insurance coverage; or accepting credit risk without credit enhancement.

Government-supported mortgage insurance programs are not subject to the same capital requirements, risk tolerance or business objectives as private mortgage insurance companies and generally have greater financial flexibility in setting their pricing, guidelines and capacity, which could put us at a competitive disadvantage. If the FHA or other government-supported mortgage insurance programs increase their share of the mortgage insurance market, our business could be affected. Factors that influence market share include relative rates and fees, underwriting guidelines and loan limits of the FHA, VA, private mortgage insurers and the GSEs; changes to the GSEs' business practices; lenders' perceptions of legal risks under FHA versus GSE programs; flexibility for the FHA to establish new products as a result of federal legislation and programs; returns expected to be obtained by lenders for Ginnie Mae securitization of FHA-insured loans compared to those obtained from selling loans to the GSEs for securitization; and differences in policy terms, such as the ability of a borrower to cancel insurance coverage under certain circumstances.

The FHA's share of the low down payment residential mortgages that were subject to FHA, VA, USDA or primary private mortgage insurance was 33.5% in 2024, 33.2% in 2023, and 26.7% in 2022. Since 2012, the FHA's market share has been as low as 23.4% (2020) and as high as 42.1% (in 2012). In February, 2023 the FHA announced a 30-basis point decrease in its mortgage insurance premium rates. This rate reduction has negatively impacted our NIW. The extent of the future impact of this rate reduction, or that of any other future government-supported mortgage insurance program premium changes, on our NIW is uncertain.

The VA's share of the low down payment residential mortgages that were subject to FHA, VA, USDA or primary private mortgage insurance was 24.5% in 2024, 21.5% in 2023, and 24.5% in 2022. Since 2012, the VA's market share has been as high as 30.9% (in 2020). The VA's 2023 market share was the lowest since 2013 (22.8%). The VA program offers 100% LTV ratio loans for qualifying borrowers.

In July 2023, the Federal Reserve Board, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency proposed a revised regulatory capital rule that would impose higher capital standards on large U.S. banks. Under the proposed regulation's new expanded risk-based approach, affected banks would no longer receive risk-based capital relief for mortgage insurance on loans held in their portfolios. If adopted as proposed, the regulation is expected to have a negative effect on our NIW; however, at this time it is difficult to predict the extent of the impact. In September 2024, it was announced that regulators may revise the proposed rule, including by lowering the proposed-risk weighting for loans secured by residential real estate. It is unknown at this time what, if any, effect this would have on our NIW. More recently, in November 2024, it was announced that the proposed rule will be placed on hold. It is possible that in the future the proposed rule will be revised or withdrawn.

The length of time our insurance policies remain in force has a significant impact on our results.

The premium from a single premium policy is collected upfront and generally earned over the estimated life of the policy. In contrast, premiums from monthly and annual premium policies are received each month or year, as applicable, and earned each month over the life of the policy. In each year, most of our premiums earned are from insurance that has been written in prior years. As a result, the length of time insurance remains in force, which is generally measured by annual persistency (the percentage of our insurance remaining in force from one year prior), is a significant determinant of our revenues. A higher than expected persistency rate may decrease the profitability from single premium policies because they will remain in force longer and may increase the incidence of claims that was estimated when the policies were written. A low persistency rate on monthly and annual premium policies will reduce future premiums but may also reduce the incidence of claims, while a high persistency on those policies will increase future premiums but may increase the incidence of claims.

Our annual persistency rate was 84.7% at June 30, 2025, 84.8% at December 31, 2024, and 86.1% at December 31, 2023. Since 2018, our annual persistency rate ranged from a high of 86.3% at September 30, 2023, to a low of 60.7% at March 31, 2021. Our persistency rate is primarily affected by the level of current mortgage interest rates compared to the mortgage coupon rates on our insurance in force, which affects the vulnerability of the IIF to refinancing; and

the current amount of equity that borrowers have in the homes underlying our insurance in force. The amount of equity affects persistency in the following ways:

- Borrowers with significant equity may be able to refinance their loans without requiring mortgage insurance.
- The Homeowners Protection Act (“HOPA”) requires servicers to cancel mortgage insurance when a borrower’s LTV ratio meets or is scheduled to meet certain levels, generally based on the original value of the home and subject to various conditions and exclusions.
- The GSEs’ mortgage insurance cancellation guidelines apply more broadly than HOPA and also consider a home’s current value. For more information about the GSEs’ guidelines and business practices, and how they may change, see our risk factor titled “*Changes in the business practices of Fannie Mae and Freddie Mac (“the GSEs”), federal legislation that changes their charters or a restructuring of the GSEs could reduce our revenues or increase our losses.*”

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.

We depend on reliable, consistent third-party servicing of the loans that we insure. An increase in delinquent loans may result in liquidity issues for servicers. When a mortgage loan that is collateral for a mortgage-backed security (“MBS”) becomes delinquent, the servicer is usually required to continue to pay principal and interest to the MBS investors, generally for four months, even though the servicer is not receiving payments from borrowers. This may cause liquidity issues, especially for non-bank servicers (who service approximately 57% of the loans underlying our IIF as of June 30, 2025) because they do not have the same sources of liquidity that bank servicers have.

While there has been no disruption in our premium receipts through the second quarter of 2025, servicers who experience future liquidity issues may be less likely to advance premiums to us on policies covering delinquent loans or to remit premiums on policies covering loans that are not delinquent. Our policies generally allow us to cancel coverage on loans that are not delinquent if the premiums are not paid within a grace period.

An increase in delinquent loans or a transfer of servicing resulting from liquidity issues, may increase the operational burden on servicers, cause a disruption in the servicing of delinquent loans and reduce servicers’ abilities to undertake mitigation efforts that could help limit our losses.

We have delegated authority to the GSEs to implement certain loss mitigation options (e.g., modifications, short sales, deeds-in-lieu and foreclosure bidding) on certain loans we insure. The GSEs in turn have delegated such authority to most of their approved servicers, pursuant to delegation agreements. Servicers who service GSE-owned loans are required to operate under the GSEs’ required standards in accepting certain loss mitigation alternatives. We rely on these servicers to appropriately make decisions to mitigate our exposure to loss. In some cases, loss mitigation decisions may not be favorable to us and may increase the incidence of paid claims. Ineffective delegation procedures or the failure of servicers to operate pursuant to required standards may increase our losses and have an adverse effect on our business, financial condition and operating results. We may terminate delegation of some of these loss mitigation decisions to the GSEs; however, such termination may adversely affect our relationships with the GSEs and servicers.

The information presented in this report and on our website with respect to the mortgage loans we insure is based on information reported to us by third parties, including the servicers and originators of the mortgage loans, and information presented may be subject to lapses or inaccuracies in reporting from such third parties. In many cases, we may not be aware that information reported to us is incorrect until such time as a claim is made against us under the relevant insurance policy. We do not consistently receive monthly policy status information from servicers for single premium policies and may not be aware that the mortgage loans insured by such policies have been repaid. We periodically attempt to determine if coverage is still in force on such policies by asking the last servicer of record or through the periodic reconciliation of loan information with certain servicers. It may be possible that our reports continue to reflect, as active, policies on mortgage loans that have been repaid.

Risk Factors Relating to Our Business Generally

If our risk management programs are not effective in identifying, or adequate in controlling or mitigating, the risks we face, or if the models we use are inaccurate, it could have a material adverse impact on our business, results of operations and financial condition.

Our enterprise risk management program, described in “Business - Our Products and Services - Risk Management” in Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2024, may not be effective in identifying, or adequate in controlling or mitigating, the risks we face in our business.

We employ proprietary and third-party models for a wide range of purposes, including the following: projecting losses, premiums, expenses, and returns; pricing products (through our risk-based pricing system); determining the techniques used to underwrite insurance; estimating reserves; evaluating risk; determining internal capital requirements; and performing stress testing. These models rely on estimates, projections, and assumptions that are inherently uncertain and may not always operate as intended. This can be especially true when extraordinary events

occur, such as wars, periods of extreme inflation, pandemics, or environmental disasters related to changing climatic conditions. In addition, our models are continuously updated over time. Changes in models or model assumptions could lead to material changes in our future expectations, returns, or financial results. The models we employ are complex, which could increase our risk of error in their design, implementation, or use. Also, the associated input data, assumptions, and calculations may not always be correct or accurate and the controls we have in place to mitigate these risks may not be effective in all cases. The risks related to our models may increase when we change assumptions, methodologies, or modeling platforms. Moreover, we may use information we receive through enhancements to refine or otherwise change existing assumptions and/or methodologies.

Information technology system failures or interruptions may materially impact our operations and/or adversely affect our financial results.

We are heavily dependent on our information technology systems to conduct our business. Our ability to efficiently operate our business depends significantly on the reliability and capacity of our systems and technology. The failure of our systems and technology, or our disaster recovery and business continuity plans, to operate effectively could affect our ability to provide our products and services to customers, reduce efficiency, or cause delays in operations. Significant capital investments might be required to remediate any such problems. We are also dependent on our ongoing relationships with key technology providers, including provisioning of their services, products and technologies, and their ability to support those products and technologies. The inability of these providers to successfully provide and support those products could have a material adverse impact on our business and results of operations.

From time to time we upgrade, automate or otherwise transform our information systems, business processes, risk-based pricing system, and our system for evaluating risk. Certain information systems have been in place for a number of years and it has become increasingly difficult to support their operation. The implementation of technological and business process improvements, as well as their integration with customer and third-party systems when applicable, is complex, expensive and time consuming. If we fail to timely and successfully implement and integrate the new technology systems, if the third party providers upon which we are reliant do not perform as expected, if our legacy systems fail to operate as required, or if the upgraded systems and/or transformed and automated business processes do not operate as expected, it could have a material adverse impact on our business and results of operations.

We could be materially adversely affected by a cybersecurity breach or failure of information security controls.

As part of our business, we maintain large amounts of confidential and proprietary information both on our own servers and those of cloud computing services. This includes personal information of consumers and our employees. Personal information is subject to an increasing number of federal and state laws and regulations regarding privacy and data security, as well as contractual commitments. Any failure or perceived failure by us, or by the vendors with whom we share this information, to comply with such obligations may result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties or customer dissatisfaction.

All information technology systems are potentially vulnerable to damage or interruption from a variety of sources, including by cyber attacks, such as those involving ransomware. We regularly defend against threats to our data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. Threats have the potential to jeopardize the information processed and stored in, and transmitted through, our computer systems and networks and otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties or customer dissatisfaction. We could be similarly affected by threats against our vendors and/or third-parties with whom we share information.

Globally, attacks are expected to continue accelerating in both frequency and sophistication with increasing use by actors of tools and techniques that may hinder our ability to identify, investigate and recover from incidents. The development and use of artificial intelligence ("AI") may increase our information security risks. For example, it may be more difficult to defend against cybersecurity breaches if AI is used to create attacks or bypass security measures. The relative newness of AI technology, and the lack of laws, regulations or standards governing its use may also increase the risk of misuse by us or by third parties with whom we do business. Cyber attacks may additionally increase as a result of retaliation by threat actors against actions taken by the U.S. and other countries in connection with wars and other global events. We operate under a hybrid workforce model and such model may be more vulnerable to security breaches.

While we have information security policies and systems in place to secure our information technology systems and to prevent unauthorized access to or disclosure of sensitive information, there can be no assurance with respect to our systems and those of our third-party vendors that unauthorized access to the systems or disclosure of sensitive information, either through the actions of third parties or employees, will not occur. Due to our reliance on information technology systems, including ours and those of our customers and third-party service providers, and to the sensitivity of the information that we maintain, unauthorized access to the systems or disclosure of the information could adversely affect our reputation, severely disrupt our operations, result in a loss of business and expose us to

material claims for damages and may require that we provide free credit monitoring services to individuals affected by a security breach.

Should we experience an unauthorized disclosure of information or a cyber attack, including those involving ransomware, some of the costs we incur may not be recoverable through insurance, or legal or other processes, and this may have a material adverse effect on our results of operations.

Our underwriting practices and the mix of business we write affects our Minimum Required Assets under the PMIERS, our premium yields and the likelihood of losses occurring.

The Minimum Required Assets under the PMIERS are, in part, a function of the direct risk-in-force and the risk profile of the loans we insure, considering LTV ratio, credit score, vintage, Home Affordable Refinance Program ("HARP") status and delinquency status; and whether the loans were insured under lender-paid mortgage insurance policies or other policies that are not subject to automatic termination consistent with the Homeowners Protection Act requirements for borrower-paid mortgage insurance. Therefore, if our direct risk-in-force increases through increases in NIW, or if our mix of business changes to include loans with higher LTV ratios or lower FICO scores, for example, all other things equal, we will be required to hold more Available Assets in order to maintain GSE eligibility.

Depending on the actual life of a single premium policy and its premium rate relative to that of a monthly premium policy, a single premium policy may generate more or less premium than a monthly premium policy over its life. The percentage of our NIW from all single premium policies was 2.4% in the first half of 2025. Beginning in 2012, the annual percentage of our NIW from single premium policies has been as low as 2.4% in 2025 and as high as 20.4% in 2015.

As discussed in our risk factor titled "*Reinsurance may be unavailable at current levels and prices, and/or the GSEs may reduce the amount of capital credit we receive for our reinsurance transactions,*" we have in place various QSR transactions. Although the transactions reduce our premiums, they have a lesser impact on our overall results, as losses ceded under the transactions reduce our losses incurred and the ceding commissions we receive reduce our underwriting expenses. The effect of the QSR transactions on the various components of pre-tax income will vary from period to period, depending on the level of ceded losses incurred. We also have in place various XOL reinsurance transactions under which we cede premiums. Under the XOL reinsurance transactions, for the respective reinsurance coverage periods, we retain the first layer of aggregate losses and the reinsurers provide second layer coverage up to the outstanding reinsurance coverage amount.

In addition to the effect of reinsurance on our premiums, if credit performance remains strong and loss ratios remain low, we expect a decline in our in force portfolio yield over time as competition in the industry results in lower premium rates. Refinance transactions on single premium policies benefit the yield due to the impact of accelerated earned premium from cancellation prior to their estimated life. Recent low levels of refinance transactions have reduced that benefit.

Our ability to rescind insurance coverage became more limited for new insurance written beginning in mid-2012, and it became further limited for new insurance written under our revised master policy that became effective March 1, 2020. These limitations may result in higher losses paid than would be the case under our previous master policies.

From time to time, in response to market conditions, we change the types of loans that we insure. We also may change our underwriting guidelines, including by agreeing with certain approval recommendations from a GSE automated underwriting system. We also make exceptions to our underwriting requirements on a loan-by-loan basis and for certain customer programs. Our underwriting requirements are available on our website at <http://www.mgic.com/underwriting>.

Even when home prices are stable or rising, mortgages with certain characteristics have higher probabilities of claims. As of June 30, 2025, mortgages with these characteristics in our primary risk in force included mortgages with LTV ratios greater than 95% (17%), mortgages with borrowers having FICO scores below 680 (6%), including those with borrowers having FICO scores of 620-679 (5%), mortgages with limited underwriting, including limited borrower documentation (1%), and mortgages with borrowers having DTI ratios greater than 45% (or where no ratio is available) (21%). Each attribute is determined at the time of loan origination. Loans with more than one of these attributes accounted for 5% of our primary risk in force as of June 30, 2025, and 5% of our primary risk in force for both December 31, 2024 and December 31, 2023, respectively. When home prices increase, interest rates increase and/or the percentage of our NIW from purchase transactions increases, our NIW on mortgages with higher LTV ratios and higher DTI ratios may increase. Our NIW on mortgages with LTV ratios greater than 95% was 13% for the first half of 2025, 15% for the first half of 2024, and 14% for the full year 2024. Our NIW on mortgages with DTI ratios greater than 45% was 28% in the first half of 2025, 29% in the first half of 2024, and 29% for the full year 2024. Our NIW on mortgages with borrowers having FICO scores less than 680 was 4% in the first half of 2025, 4% in the first half of 2024, and 4% for the full year 2024.

From time to time, we change the processes we use to underwrite loans. For example: we rely on information provided to us by lenders that was obtained from certain of the GSEs' automated appraisal and income verification

tools, which may produce results that differ from the results that would have been determined using different methods; we accept GSE appraisal waivers for certain loans; and we accept GSE appraisal flexibilities that allow property valuations in certain transactions to be based on appraisals that do not involve an onsite or interior inspection of the property. Our acceptance of automated GSE appraisal and income verification tools, GSE appraisal waivers and GSE appraisal flexibilities may affect our pricing and risk assessment. We also continue to further automate our underwriting processes and it is possible that our automated processes result in our insuring loans that we would have insured at a different premium rate or not otherwise have insured under our prior processes.

Approximately 69% of our NIW in the first half of 2025 and 71% of our 2024 NIW was originated under delegated underwriting programs pursuant to which the loan originators had authority on our behalf to underwrite the loans for our mortgage insurance. For loans originated through a delegated underwriting program, we depend on the originators' compliance with our guidelines and rely on the originators' representations that the loans being insured satisfy the underwriting guidelines, eligibility criteria and other requirements. While we have established systems and processes to monitor whether certain aspects of our underwriting guidelines were being followed by the originators, such systems may not ensure that the guidelines were being strictly followed at the time the loans were originated.

The widespread use of risk-based pricing systems by the private mortgage insurance industry (discussed in our risk factor titled "*Competition or changes in our relationships with our customers could reduce our revenues, reduce our premium yields and / or increase our losses*") makes it more difficult to compare our premium rates to those offered by our competitors. We may not be aware of industry rate changes until we observe that our mix of new insurance written has changed and our mix may fluctuate more as a result.

In March 2024, the National Association of Realtors ("NAR") reached a settlement agreement to resolve a series of lawsuits against it. As part of the settlement, NAR now prohibits the requirement that home sellers, through the seller's agent commission structure, offer to pay the real estate brokerage fees of homebuyers' real estate agents in order to list for-sale properties on NAR-affiliated Multiple Listing Services. If the expense of the buyer's agent commission is shifted to the buyer, it may negatively impact the ability of the buyer to secure financing.

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.

When we set our premiums at policy issuance, we have expectations regarding likely performance of the insured risks over the long term. Generally, we cannot cancel mortgage insurance coverage or adjust renewal premiums during the life of a policy. As a result, changes in economic conditions or the practices of the GSEs, higher than anticipated claims, or other unexpected events generally cannot be addressed by premium increases on policies in force or mitigated by our non-renewal or cancellation of insurance coverage. Our premiums are subject to approval by state regulatory agencies, which can delay or limit our ability to increase premiums on future policies. In addition, our customized rate plans may delay our ability to increase premiums on future policies covered by such plans. The premiums we charge, the investment income we earn and the amount of reinsurance we carry may not be adequate to compensate us for the risks and costs associated with the insurance coverage provided to customers. An increase in the number or size of claims, compared to what we anticipated when we set the premiums, could adversely affect our results of operations or financial condition. Our premium rates are also based in part on the amount of capital we are required to hold against the insured risk. If the amount of capital we are required to hold increases from the amount we were required to hold when we set the premiums, our returns may be lower than we assumed. For a discussion of the amount of capital we are required to hold, 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.*"

If state or federal regulations or statutes are changed in ways that ease mortgage lending standards and/or requirements, or if lenders seek ways to replace business in times of lower mortgage originations, it is possible that more mortgage loans could be originated with higher risk characteristics than are currently being originated, such as loans with lower FICO scores and higher DTI ratios. Governmental efforts to increase homeownership opportunities for borrowers is likely to have this effect. Lenders could pressure mortgage insurers to insure such loans, which are expected to experience higher claim rates. Although we attempt to incorporate these higher expected claim rates into our underwriting and pricing models, there can be no assurance that the premiums earned and the associated investment income will be adequate to compensate for actual losses paid even under our current underwriting requirements.

Actual or perceived instability in the financial services industry or non-performance by financial institutions or transactional counterparties could materially impact our business.

Limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry with which we do business, or concerns or rumors about the possibility of such events, have in the past and may in the future lead to market-wide liquidity problems. Such conditions may negatively impact our results and/or financial condition. While we are unable to predict the full impact of these conditions, they may lead to among other things: disruption to the mortgage market, delayed access to deposits or other financial assets; losses of deposits in excess of federally-insured levels; reduced access to, or increased costs associated with, funding sources and other credit arrangements adequate to

finance our current or future operations; increased regulatory pressure; the inability of our counterparties and/or customers to meet their obligations to us; economic downturn; and rising unemployment levels. Refer to our risk factor titled *“Downturns in the domestic economy or declines in home prices may result in more homeowners defaulting and our losses increasing, with a corresponding decrease in our returns”* for more information about the potential effects of a deterioration of economic conditions on our business.

We routinely execute transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks, reinsurers, and our customers. Many of these transactions expose us to credit risk and losses in the event of a default by a counterparty or customer. Any such losses could have a material adverse effect on our financial condition and results of operations.

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.

Our success depends, in part, on the skills, working relationships and continued services of our management team and other key personnel. The unexpected departure of key personnel could adversely affect the conduct of our business. In such event, we would be required to obtain other personnel to manage and operate our business. In addition, we will be required to replace the knowledge and expertise of our aging workforce as our workers retire. In either case, there can be no assurance that we would be able to develop or recruit suitable replacements for the departing individuals; that replacements could be hired, if necessary, on terms that are favorable to us; or that we can successfully transition such replacements in a timely manner. We currently have not entered into any employment agreements with our officers or key personnel. Volatility or lack of performance in our stock price may affect our ability to retain our key personnel or attract replacements should key personnel depart. Without a properly skilled and experienced workforce, our costs, including productivity costs and costs to replace employees may increase, and this could negatively impact our earnings.

Competition or changes in our relationships with our customers could reduce our revenues, reduce our premium yields and / or increase our losses.

The mortgage insurance industry is highly competitive and is expected to remain so. Our competitors primarily include other private mortgage insurers and governmental agencies, principally the FHA and VA. We believe we currently compete with other private mortgage insurers based on premium rates, underwriting requirements, financial strength (including based on credit or financial strength ratings), customer relationships, name recognition, reputation, strength of management teams and field organizations, the ancillary products and services provided to lenders, and the effective use of technology and innovation in the delivery and servicing of our mortgage insurance products. Recently reported increases in the credit quality of borrowers, and the relative financial results of the existing mortgage insurance companies, may encourage new entrants into the private mortgage insurance industry, which could further increase competition in our business. Changes in the competitive landscape, including as a result of new market entrants, may adversely impact our results.

Our relationships with our customers, which may affect the amount of our NIW, could be adversely affected by a variety of factors, including if our premium rates are higher than those of our competitors, our underwriting requirements are more restrictive than those of our competitors, our customers are dissatisfied with our claims-paying practices (including insurance policy rescissions and claim curtailments), or the availability of alternatives to mortgage insurance.

In recent years, pricing has become a key competitive factor in the private mortgage insurance market, with an increasing number of customers prioritizing the lowest premium rate available for any particular loan. The industry has materially reduced its use of standard rate cards, which were fairly consistent among competitors, and correspondingly increased its use of (i) pricing systems that use a spectrum of filed rates to allow for formulaic, risk-based pricing based on multiple attributes that may be quickly adjusted within certain parameters, and (ii) customized rate plans pursuant to which rates may be available to customers for a defined period of time. The widespread use of risk-based pricing systems by the private mortgage insurance industry makes it more difficult to compare our rates to those offered by our competitors. We may not be aware of industry rate changes until we observe that our volume of NIW has changed. In addition, business under customized rate plans is awarded by certain customers for only limited periods of time. As a result, our NIW may fluctuate more than it had in the past. Failure to maintain our business relationships and business volumes with our largest customers could materially impact our business. Regarding the concentration of our new business, our top ten customers accounted for approximately 35% and 38% in the twelve months ended June 30, 2025 and June 30, 2024, respectively. Our largest customer accounted for approximately 19% of our NIW for the twelve months ended June 30, 2025 and June 30, 2024. That customer accounted for approximately 11% and 9% of our direct earned premiums in each of the twelve month periods ended June 30, 2025 and June 30, 2024, respectively.

We monitor various competitive and economic factors while seeking to balance both profitability and market share considerations in developing our pricing strategies. Our premium yield is expected to decline over time as older insurance policies with premium rates that are generally higher run off and new insurance policies with premium rates that are generally lower remain on our books.

Additionally, technological advancements and innovation are occurring at a rapid pace that may continue to accelerate. Our competitive position could be impacted if we are unable to utilize, in a cost effective and competitive manner, technology such as AI and machine learning that collects and analyzes data to inform underwriting or other decisions, or if our competitors collect and use data which we do not have the ability to access or use. Changes in technology related to collection and application of data could expose us to regulatory or legal actions and may have a material adverse effect on our business, reputation, results of operations and financial condition.

Certain of our competitors have access to capital at a lower cost than we do (including, through off-shore intercompany reinsurance vehicles, which have tax advantages that may increase if U.S. corporate income taxes increase). As a result, they may be able to achieve higher after-tax rates of return on their NIW compared to us, which could allow them to leverage reduced premium rates to gain market share, and they may be better positioned to compete outside of traditional mortgage insurance, including by participating in alternative forms of credit enhancement pursued by the GSEs discussed in our risk factor titled *"The amount of insurance we write could be adversely affected if lenders and investors select alternatives to private mortgage insurance or are unable to obtain capital relief for mortgage insurance."*

Adverse rating agency actions could have a material adverse impact on our business, results of operations and financial condition.

Financial strength ratings, which various rating agencies publish as independent opinions of an insurer's financial strength and ability to meet ongoing insurance and contract obligations, are important to maintaining public confidence in our mortgage insurance coverage and our competitive position. PMIERS requires approved insurers to maintain at least one rating with a rating agency acceptable to the respective GSEs. Downgrades in our financial strength ratings could materially affect our business and results of operations, including in the ways described below:

- Our failure to maintain a rating acceptable to the GSEs could impact our eligibility as an approved insurer under PMIERS.
- A downgrade in our financial strength ratings could result in increased scrutiny of our financial condition by the GSEs and/or our customers, potentially resulting in a decrease in the amount of our NIW.
- If we are unable to compete effectively in the future as a result of the financial strength ratings assigned to our insurance subsidiaries, our future NIW could be negatively affected.
- Our ability to participate in the non-GSE residential mortgage-backed securities market (the size of which has been limited since 2008, but may grow in the future), could depend on our ability to maintain and improve our investment grade ratings for our insurance subsidiaries. We could be competitively disadvantaged with some market participants because the financial strength ratings of our insurance subsidiaries are lower than at least one of our competitors and some of our competitors have financial strength ratings from rating agencies that do not rate our insurance subsidiaries. MGIC's financial strength rating from A.M. Best is A (with a stable outlook), from Moody's is A3 (with a positive outlook) and from Standard & Poor's is A- (with a stable outlook).
- Financial strength ratings may also play a greater role if the GSEs no longer operate in their current capacities, for example, due to legislative or regulatory action. In addition, although the PMIERS do not require minimum financial strength ratings, the GSEs consider financial strength ratings to be important when using forms of credit enhancement other than traditional mortgage insurance, as discussed in our risk factor titled *"The amount of insurance we write could be adversely affected if lenders and investors select alternatives to private mortgage insurance or are unable to obtain capital relief for mortgage insurance."* Although we are currently unaware of a direct impact on MGIC, this could potentially become a competitive disadvantage in the future.
- Downgrades to our ratings or the ratings of our mortgage insurance subsidiary could adversely affect our cost of funds, liquidity, and access to capital markets.

We are subject to the risk of legal proceedings.

We operate in a highly regulated industry that is subject to the risk of litigation and regulatory proceedings, including related to our claims paying practices. From time to time, we are a party to material litigation and are also subject to legal and regulatory claims, assertions, actions, reviews, audits, inquiries and investigations. Additional lawsuits, legal and regulatory proceedings and inquiries or other matters may arise in the future. The outcome of future legal and regulatory proceedings, inquiries or other matters could result in adverse judgments, settlements, fines, injunctions, restitutions or other relief which could require significant expenditures or have a material adverse effect on our business, results of operations and financial condition. See our risk factor titled *"We are subject to comprehensive regulation and other requirements, which we may fail to satisfy"* for additional information about risks related to government enforcement actions.

From time to time, we are involved in disputes and legal proceedings in the ordinary course of business. In our opinion, based on the facts known at this time, the ultimate resolution of these ordinary course disputes and legal proceedings will not have a material adverse effect on our financial condition or results of operations. Under ASC

450-20, until a loss associated with settlement discussions or legal proceedings becomes probable and can be reasonably estimated, we do not accrue an estimated loss. When we determine that a loss is probable and can be reasonably estimated, we record our best estimate of our probable loss. In those cases, until settlement negotiations or legal proceedings are concluded it is possible that we will record an additional loss.

Our success depends, in part, on our ability to manage risks in our investment portfolio.

Our investment portfolio is an important source of revenue and, along with future renewal premium, is a primary source of claims paying resources. Although our investment portfolio consists mostly of high quality, investment-grade fixed income investments, our investment portfolio is affected by general economic conditions and tax policy, which may adversely affect the markets for credit and interest-rate-sensitive securities, including the extent and timing of investor participation in these markets, the level and volatility of interest rates and credit spreads and, consequently, the value of our fixed income securities. Prevailing market rates have increased for various reasons, including inflationary pressures, which has reduced the fair value of our investment portfolio holdings relative to their amortized cost. The value of our investment portfolio may also be adversely affected by ratings downgrades, increased bankruptcies, and credit spreads widening. In addition, the collectability and valuation of our municipal bond portfolio may be adversely affected by budget deficits, and declining tax bases and revenues experienced by state and local municipalities. Our investment portfolio also includes commercial mortgage-backed securities, collateralized loan obligations, and asset-backed securities, which could be adversely affected by declines in real estate valuations, increases in unemployment, geopolitical risks and/or financial market disruption, including more restrictive lending conditions and a heightened collection risk on the underlying loans. As a result of these matters, we may not achieve our investment objectives and a reduction in the market value of our investments could have an adverse effect on our liquidity, financial condition and results of operations.

We carry certain financial instruments at fair value and disclose the fair value of all financial instruments. Valuations use inputs and assumptions that are not always observable or may require estimation; valuation methods may be complex and may also require estimation, thereby resulting in values that are less certain and may vary significantly from the value at which the investments may be ultimately sold. For additional information about the methodologies, estimates and assumptions we use in determining the fair value of our investments refer to Note 3 of Item 8 in Part II of our Annual Report on Form 10-K for the year ended December 31, 2024 - "Fair Value Measurements."

Federal budget deficit concerns and the potential for political conflict over the U.S. government's debt limit may increase the possibility of a default by the U.S. government on its debt obligations, related credit-rating downgrades, or an economic recession in the United States. Many of our investment securities are issued by the U.S. government and government agencies and sponsored entities. As a result of uncertain domestic political conditions, including potential future federal government shutdowns, the possibility of the federal government defaulting on its obligations due to debt ceiling limitations or other unresolved political issues, investments in financial instruments issued or guaranteed by the federal government pose liquidity risks. Any potential downgrades by rating agencies in long-term sovereign credit ratings, as well as sovereign debt issues facing the governments of other countries, could have a material adverse impact on financial markets and economic conditions worldwide.

For the significant portion of our investment portfolio that is held by MGIC, insurance regulations limit the type and extent of the investments we can make and are generally more restrictive for those investments with more credit risk or less liquidity. Similarly, under the PMIERS, our Available Assets are reduced by exclusions, limitations and haircuts related to our investment portfolio composition. These reductions are generally higher for those investments with more credit risk or less liquidity. We generally invest in investment grade fixed income securities whose yields reflect their lower credit risk profile. Our investment income depends upon the size of the portfolio and its reinvestment at prevailing interest rates. A prolonged period of low investment yields would have an adverse impact on our investment income as would a decrease in the size of the portfolio.

We structure our investment portfolio to satisfy our expected liabilities, including claim payments in our mortgage insurance business. If we underestimate our liabilities or improperly structure our investments to meet these liabilities, we could have unexpected losses resulting from the forced liquidation of fixed income investments before their maturity, which could adversely affect our results of operations.

The inability of our insurance subsidiaries to pay dividends in sufficient amounts would harm our ability to meet our obligations, pay future shareholder dividends and/or make future share repurchases.

MGIC Investment Corporation is the holding company for our insurance operating subsidiaries. At the holding company level, our principal assets are the shares of capital stock of our insurance company subsidiaries and cash and investments. Dividends and other permitted distributions from MGIC are the holding company's primary source of funds used to meet ongoing cash requirements, including future debt service payments, repurchases of its shares, payment of dividends to our shareholders, and other expenses. Other sources of holding company cash inflow include investment income and raising capital in the public markets. The payment of dividends from MGIC is subject to regulatory approval as described in our Annual Reports on Form 10-K. In general, dividends in excess of prescribed limits are deemed "extraordinary" and may not be paid if disapproved by the Office of the Commissioner of Insurance of the State of Wisconsin ("OCI"). The prescribed limits are based on a rolling 12-month period, and as such, the

impact of the limitations will vary over time. In the twelve months ended June 30, 2025, MGIC paid \$800 million in dividends to the holding company. Future dividend payments from MGIC to the holding company will be determined in consultation with the Board of Directors, and after considering any updated estimates about our business, subject to regulatory approval.

The long-term debt obligations are owed by the holding company and not its subsidiaries. At June 30, 2025, we had approximately \$1,046 million in cash and investments at our holding company and our holding company's long-term debt obligations were \$650 million in aggregate principal amount. Annual debt service on the long-term debt obligations outstanding as of June 30, 2025, is approximately \$34 million. The inability of MGIC to pay dividends (or other intercompany amounts due) in an amount sufficient to enable us to meet our cash requirements at the holding company level could have an adverse effect on our operations, and our ability to repay debt, repurchase shares and/or pay dividends to shareholders.

If any capital contributions to our subsidiaries are required, such contributions would decrease our holding company cash and investments.

Your ownership in our company may be diluted by additional capital that we raise.

As noted above under 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,"* although we are currently in compliance with the requirements of the PMIERS, there can be no assurance that we would not seek to issue additional debt capital or to raise additional equity or equity-linked capital to manage our capital position under the PMIERS or for other purposes. Any future issuance of equity securities may dilute your ownership interest in our company. In addition, the market price of our common stock could decline as a result of sales of a large number of shares or similar securities in the market or the perception that such sales could occur.

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.

The market price for our common stock may fluctuate significantly. In addition to the risk factors described herein, the following factors may have an adverse impact on the market price for our common stock: changes in general conditions in the economy or the housing market, the mortgage insurance industry or the financial stability of markets and financial services industry; announcements by us or our competitors of acquisitions or strategic initiatives; our actual or anticipated quarterly and annual operating results; changes in expectations of future financial performance (including incurred losses on our insurance in force); changes in estimates of securities analysts or rating agencies; actual or anticipated changes in our share repurchase program or dividends; changes in operating performance or market valuation of companies in the mortgage insurance industry; the addition or departure of key personnel; failure to establish and maintain effective internal controls over financial reporting, changes in tax law; and adverse press or news announcements affecting us or the industry. In addition, ownership by certain types of investors may affect the market price and trading volume of our common stock. For example, ownership in our common stock by investors such as index funds and exchange-traded funds can affect the stock's price when those investors must purchase or sell our common stock because the investors have experienced significant cash inflows or outflows, the index to which our common stock belongs has been rebalanced, or our common stock is added to and/or removed from an index (due to changes in our market capitalization, for example).