



MGIC Investment Corporation

Premium Rate Changes and Illustrative Examples

April 9, 2018

NYSE: MTG



Examples of Updated Borrower Paid Monthly Premium Rate Card

Fixed Rate, > 20 Year Amortization

(Annualized Monthly Premium Rate in Basis Points)

FICO Bands	620 - 639	640 – 659	660 - 679	680 - 699	700 - 719	720 - 739	740 - 759	760+
97% LTV 25% Coverage (Existing)	181	167	152	115	93	77	63	44
New	145	127	120	95	77	68	56	44

95% LTV 30% coverage (Existing)	161	150	142	108	87	73	59	41
New	137	129	125	94	76	65	52	37

90% LTV 25% coverage (Existing)	110	105	100	73	60	50	41	30
New	92	89	88	64	54	45	37	27

The premium rates displayed are preliminary and subject to change and must be filed with state insurance regulators. A final borrower paid monthly premium rate card will be published on <https://www.maic.com/rates> along with an effective date. In certain states premium rates are subject to approval by state insurance regulators before they can be utilized by lenders. Borrower paid monthly premiums comprised approximately 80% of 2017 new insurance written.

Illustrative Example of Borrower Paid Monthly Rate Card Premium Adjustments

**95% 30 Year FRM, 30% Cover
760 & > Credit Score**

	Existing Premium / Old Tax Rate			Existing Premium / New Tax Rate				New Premium / New Tax Rate		
<i>in basis points</i>	<i>Without Reinsurance</i>	<i>Impact of Reinsurance</i>	<i>With Reinsurance</i>	<i>Without Reinsurance</i>	<i>Impact of Reinsurance</i>	<i>With Reinsurance</i>	<i>in basis points</i>	<i>Without Reinsurance</i>	<i>Impact of Reinsurance</i>	<i>With Reinsurance</i>
Direct Premium	41.0	(12.3)	28.7	41.0	(12.3)	28.7	Direct Premium	37.0	(11.1)	25.9
Profit Commission	-	5.2	5.2	-	5.2	5.2	Profit Commission	-	4.4	4.4
Net Premium Yield	41.0	(7.1)	33.9	41.0	(7.1)	33.9	Net Premium Yield	37.0	(6.7)	30.3
Illustrative Loss Ratio of 20%	8.2	(2.5)	5.7	8.2	(2.5)	5.7	Illustrative Loss Ratio of 22.2%	8.2	(2.5)	5.7
Illustrative Expense Ratio of 20%	8.2	(2.5)	5.7	8.2	(2.5)	5.7	Illustrative Expense Ratio of 22.2%	8.2	(2.2)	6.0
Losses and Expenses	16.4	(4.9)	11.5	16.4	(4.9)	11.5	Losses and Expenses	16.4	(4.7)	11.7
Pretax	24.6	(2.2)	22.4	24.6	(2.2)	22.4	Pretax	20.6	(2.0)	18.6
Tax Rate	35.0%		35.0%	21.0%		21.0%	Tax Rate	21.0%		21.0%
After Tax	16.0		14.6	19.4		17.7	After Tax	16.3		14.7

Notes:

1. Example is for illustrative purpose only, not a forecast or projection. Actual loss ratio and expense ratio will be different. Excludes investment income.
2. Illustrative example assumes a 30 year fixed rate purchase money mortgage with no premium rate adders.
3. Illustrative Loss Ratio and Expense Ratio for New Premium/New Tax Rate example hold dollars of losses and expenses (the numerator that was derived using displayed loss and expense ratios of existing premium illustrative example) constant which results in higher ratios as the premium rate (the denominator) is smaller.

Illustrative Example of Borrower Paid Monthly Rate Card Premium Adjustments

95% 30 Year FRM, 30% Cover
700-719 Credit Score

	Existing Premium / Old Tax Rate			Existing Premium / New Tax Rate				New Premium / New Tax Rate		
<i>in basis points</i>	<i>Without Reinsurance</i>	<i>Impact of Reinsurance</i>	<i>With Reinsurance</i>	<i>Without Reinsurance</i>	<i>Impact of Reinsurance</i>	<i>With Reinsurance</i>	<i>in basis points</i>	<i>Without Reinsurance</i>	<i>Impact of Reinsurance</i>	<i>With Reinsurance</i>
Direct Premium	87.0	(26.1)	60.9	87.0	(26.1)	60.9	Direct Premium	76.0	(22.8)	53.2
Profit Commission	-	11.0	11.0	-	11.0	11.0	Profit Commission	-	8.9	8.9
Net Premium Yield	87.0	(15.1)	71.9	87.0	(15.1)	71.9	Net Premium Yield	76.0	(13.9)	62.1
Illustrative Loss Ratio of 20%	17.4	(5.2)	12.2	17.4	(5.2)	12.2	Illustrative Loss Ratio of 22.9%	17.4	(5.2)	12.2
Illustrative Expense Ratio of 20%	17.4	(5.2)	12.2	17.4	(5.2)	12.2	Illustrative Expense Ratio of 22.9%	17.4	(4.6)	12.8
Losses and Expenses	34.8	(10.4)	24.4	34.8	(10.4)	24.4	Losses and Expenses	34.8	(9.8)	25.0
Pretax	52.2	(4.7)	47.5	52.2	(4.7)	47.5	Pretax	41.2	(4.1)	37.1
Tax Rate	35.0%		35.0%	21.0%		21.0%	Tax Rate	21.0%		21.0%
After Tax	33.9		30.9	41.2		37.5	After Tax	32.5		29.3

Notes:

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