

MGIC INVESTMENT CORP  
Form 10-Q  
May 10, 2012

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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 March 31, 2012

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 INVESTMENT CORPORATION  
(Exact name of registrant as specified in its charter)

WISCONSIN 39-1486475  
(State or other jurisdiction of incorporation or (I.R.S. Employer Identification No.)  
organization)

250 E. KILBOURN AVENUE 53202  
MILWAUKEE, WISCONSIN (Zip Code)  
(Address of principal executive offices)

(414) 347-6480  
(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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" and "smaller reporting 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)

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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.

CLASS OF STOCK	PAR VALUE	DATE	NUMBER OF SHARES
Common stock	\$1.00	04/30/12	202,030,282

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## MGIC INVESTMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

March 31, 2012 and December 31, 2011

(Unaudited)

	March 31, 2012	December 31, 2011
	(In thousands)	
<b>ASSETS</b>		
Investment portfolio (notes 7 and 8):		
Securities, available-for-sale, at fair value:		
Fixed maturities (amortized cost, 2012 - \$5,460,402; 2011 - \$5,700,894)	\$5,533,466	\$ 5,820,900
Equity securities	2,783	2,747
Total investment portfolio	5,536,249	5,823,647
Cash and cash equivalents	902,606	995,799
Accrued investment income	52,014	55,666
Reinsurance recoverable on loss reserves (note 4)	142,289	154,607
Reinsurance recoverable on paid losses	17,490	19,891
Premium receivable	67,734	71,073
Home office and equipment, net	27,590	28,145
Deferred insurance policy acquisition costs (note 2)	8,701	7,505
Other assets	57,441	59,897
Total assets	\$6,812,114	\$ 7,216,230
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
Loss reserves (note 12)	\$4,209,170	\$ 4,557,512
Premium deficiency reserve (note 13)	120,634	134,817
Unearned premiums	147,375	154,866
Senior notes (note 3)	170,548	170,515
Convertible senior notes (note 3)	345,000	345,000
Convertible junior debentures (note 3)	352,591	344,422
Other liabilities	335,244	312,283
Total liabilities	5,680,562	6,019,415
<b>Contingencies (note 5)</b>		
<b>Shareholders' equity (note 14):</b>		
Common stock (one dollar par value, shares authorized 460,000; shares issued 2012 and 2011 - 205,047; shares outstanding 2012 - 202,030; 2011 - 201,172)	205,047	205,047
Paid-in capital	1,129,024	1,135,821
Treasury stock (shares at cost 2012 - 3,016; 2011 - 3,875)	(105,049 )	(162,542 )
Accumulated other comprehensive (loss) income, net of tax (note 9)	(14,711 )	30,124
Retained deficit	(82,759 )	(11,635 )
Total shareholders' equity	1,131,552	1,196,815

Total liabilities and shareholders' equity	\$6,812,114	\$ 7,216,230
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See accompanying notes to consolidated financial statements.

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MGIC INVESTMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
Three Months Ended March 31, 2012 and 2011  
(Unaudited)

	Three Months Ended March 31,	
	2012	2011
	(In thousands of dollars, except per share data)	
Revenues:		
Premiums written:		
Direct	\$ 263,795	\$ 287,717
Assumed	641	730
Ceded	(9,450 )	(13,984 )
Net premiums written	254,986	274,463
Decrease in unearned premiums, net	7,419	14,083
Net premiums earned	262,405	288,546
Investment income, net of expenses	37,408	56,543
Realized investment gains, net	77,561	5,761
Total other-than-temporary impairment losses	-	-
Portion of losses recognized in other comprehensive income, before taxes	-	-
Net impairment losses recognized in earnings	-	-
Other revenue	2,309	2,263
Total revenues	379,683	353,113
Losses and expenses:		
Losses incurred, net (note 12)	337,088	310,431
Change in premium deficiency reserve (note 13)	(14,183 )	(9,018 )
Amortization of deferred policy acquisition costs (note 2)	1,670	1,725
Other underwriting and operating expenses, net	48,673	55,825
Interest expense	24,627	26,042
Total losses and expenses	397,875	385,005
Loss before tax	(18,192 )	(31,892 )
Provision for income taxes (note 11)	1,363	1,769
Net loss	\$ (19,555	