

MGIC INVESTMENT CORP
Form 10-Q
May 10, 2011

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, 2011

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
(State or other jurisdiction of incorporation or organization)

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

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

53202
(Zip Code)

(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	04/30/11	201,142,536

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

March 31, 2011 (Unaudited) and December 31, 2010

	March 31, 2011	December 31, 2010
	(In thousands)	
ASSETS		
Investment portfolio (notes 7 and 8):		
Securities, available-for-sale, at fair value:		
Fixed maturities (amortized cost, 2011 - \$7,137,265; 2010 - \$7,366,808)	\$7,200,355	\$7,455,238
Equity securities	3,063	3,044
Total investment portfolio	7,203,418	7,458,282
Cash and cash equivalents	1,112,334	1,304,154
Accrued investment income	73,687	70,305
Reinsurance recoverable on loss reserves (note 4)	238,039	275,290
Reinsurance recoverable on paid losses	38,448	34,160
Prepaid reinsurance premiums	2,138	2,637
Premium receivable	75,835	79,567
Home office and equipment, net	28,883	28,638
Deferred insurance policy acquisition costs	8,096	8,282
Other assets	67,094	72,327
Total assets	\$8,847,972	\$9,333,642
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Loss reserves (note 12)	\$5,471,494	\$5,884,171
Premium deficiency reserve (note 13)	169,948	178,967
Unearned premiums	200,661	215,157
Senior notes (note 3)	376,386	376,329
Convertible senior notes (note 3)	345,000	345,000
Convertible junior debentures (note 3)	322,313	315,626
Other liabilities	353,863	349,337
Total liabilities	7,239,665	7,664,587
Contingencies (note 5)		
Shareholders' equity:		
Common stock (\$1 par value, shares authorized 460,000,000; shares issued, 2011 - 205,046,780; 2010 - 205,046,780; shares outstanding, 2011 - 201,142,536; 2010 - 200,449,588)	205,047	205,047
Paid-in capital	1,129,024	1,138,942
Treasury stock (shares at cost, 2011 - 3,904,244; 2010 - 4,597,192)	(163,809)	(222,632)

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Accumulated other comprehensive (loss) income, net of tax (note 9)	(2,551)	22,136
Retained earnings	440,596	525,562
Total shareholders' equity	1,608,307	1,669,055
Total liabilities and shareholders' equity	\$8,847,972	\$9,333,642

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Three Months Ended March 31, 2011 and 2010
(Unaudited)

	Three Months Ended March 31,	
	2011	2010
	(In thousands, except per share data)	
Revenues:		
Premiums written:		
Direct	\$287,717	\$275,134
Assumed	730	797
Ceded	(13,984)	(19,873)
Net premiums written	274,463	256,058
Decrease in unearned premiums, net	14,083	15,894
Net premiums earned	288,546	271,952
Investment income, net of expenses	56,543	68,859
Realized investment gains, net	5,761	32,954
Total other-than-temporary impairment losses	-	(6,052)
Portion of losses recognized in other comprehensive income, before taxes	-	-
Net impairment losses recognized in earnings	-	(6,052)
Other revenue	2,263	3,057
Total revenues	353,113	370,770
Losses and expenses:		
Losses incurred, net (note 12)	310,431	454,511
Change in premium deficiency reserve (note 13)	(9,018)	(13,566)
Amortization of deferred policy acquisition costs	1,725	1,723
Other underwriting and operating expenses, net	55,825	58,222
Interest expense	26,042	21,018
Total losses and expenses		