

MGIC INVESTMENT CORP
Form 10-Q
November 07, 2016

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 September 30, 2016

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

(Exact name of registrant as specified in its charter)

WISCONSIN

39-1486475

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

250 E. KILBOURN AVENUE
MILWAUKEE, WISCONSIN

53202

(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)

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	November 3, 2016	340,662,694

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.

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MGIC INVESTMENT CORPORATION AND SUBSIDIARIES

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands)	September 30, 2016	December 31, 2015
ASSETS		
Investment portfolio (notes 7 and 8):		
Securities, available-for-sale, at fair value:		
Fixed maturities (amortized cost, 2016 - \$4,602,457; 2015 - \$4,684,148)	\$ 4,718,625	\$ 4,657,561
Equity securities	7,218	5,645
Total investment portfolio	4,725,843	4,663,206
Cash and cash equivalents	274,743	181,120
Accrued investment income	42,310	40,224
Reinsurance recoverable on loss reserves (note 4)	46,863	44,487
Reinsurance recoverable on paid losses	4,632	3,319
Premiums receivable	47,421	48,469
Home office and equipment, net	32,009	30,095
Deferred insurance policy acquisition costs	17,408	15,241
Deferred income taxes, net (note 11)	602,142	762,080
Other assets	79,678	80,102
Total assets	\$ 5,873,049	\$ 5,868,343
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Loss reserves (note 12)	\$ 1,535,483	\$ 1,893,402
Unearned premiums	321,326	279,973
Federal Home Loan Bank advance (note 3)	155,000	—
Senior notes (note 3)	417,087	—
Convertible senior notes (note 3)	349,073	822,301
Convertible junior subordinated debentures (note 3)	256,872	389,522
Other liabilities	255,129	247,005
Total liabilities	3,289,970	3,632,203
Contingencies (note 5)		
Shareholders' equity (note 13):		
Common stock (one dollar par value, shares authorized 1,000,000; shares issued 2016 - 359,395; 2015 - 340,097; shares outstanding 2016 - 345,474; 2015 - 339,657)	359,395	340,097
Paid-in capital	1,779,911	1,670,238
Treasury stock at cost (shares 2016 - 13,921; 2015 - 440)	(111,459) (3,362)
Accumulated other comprehensive income (loss), net of tax (note 9)	30,155	(60,880)
Retained earnings	525,077	290,047
Total shareholders' equity	2,583,079	2,236,140
Total liabilities and shareholders' equity	\$ 5,873,049	