Report of the Examination of

Mortgage Guaranty Insurance Corporation

Milwaukee, Wisconsin

As of December 31, 2021

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Tony Evers, Governor of Wisconsin
Nathan Houdek, Commissioner of Insurance

November 18, 2022

Honorable Nathan D. Houdek
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs and financial condition of:

MORTGAGE GUARANTY INSURANCE CORPORATION
MILWAUKEE, WISCONSIN

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of Mortgage Guaranty Insurance Corporation (MGIC) (the company) was conducted in 2017 and 2018 as of December 31, 2016. The current examination covered the intervening period ending December 31, 2021, and included a review of such subsequent transactions as deemed necessary to complete the examination.

The examination was conducted using a risk-focused approach in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*. This approach sets forth guidance for planning and performing the examination of an insurance company to evaluate the financial condition, assess corporate governance, identify current and prospective risks (including those that might materially affect the financial condition, either currently or prospectively), and evaluate system controls and procedures used to mitigate those risks.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles, annual statement instructions, and Wisconsin laws and regulations. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately at the end of the “Financial Data” section in the area captioned "Reconciliation of Surplus per Examination."

Emphasis was placed on those areas of the company's operations accorded a high priority by the examiner-in-charge when planning the examination.

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation concerning the alternative or additional examination steps performed during the examination.

Independent Actuary's Review

An independent actuarial firm was engaged under a contract with the Office of the Commissioner of Insurance. The actuary reviewed the adequacy of the company’s loss and loss adjustment expense reserves. The actuary’s results were reported to the examiner-in-charge. As deemed appropriate, reference is made in this report to the actuary’s conclusion.

II. HISTORY AND PLAN OF OPERATION

Mortgage Guaranty Insurance Corporation was organized on February 20, 1979, under the name Liberty Mortgage Insurance Corporation (LMIC). LMIC was established as a subsidiary of the Verex Corporation and was purchased by MGIC Investment Corporation (MGIC Investment) in November of 1984. The name of the company was changed to Mortgage Guaranty Insurance Corporation on March 1, 1985, when the company began writing new business.

Mortgage Guaranty Insurance Corporation has its origins in a corporation that once had the same name, which is now known as MGIC Indemnity Corporation (Old MGIC or MIC, the pre-February 28, 1985, MGIC legal entity). MGIC Indemnity Corporation was incorporated November 14, 1956, under the name Mortgage Guaranty Insurance Corporation and commenced operations in March 1957, to insure financial institutions from losses on conventional residential mortgage loans. Old MGIC was privately held until 1960, at which time its common capital stock became publicly traded. In 1968, the former holding company, MGIC Investment Corporation (Old MGIC Investment, the pre-February 28, 1985, MGIC Investment Corporation) was established. Old MGIC became a subsidiary of Old MGIC Investment, and Old MGIC Investment became a publicly traded company.

Ownership and control of Old MGIC Investment and its subsidiaries, including Old MGIC, was acquired by Baldwin-United Corporation (Baldwin) effective March 9, 1982. The Baldwin enterprise became financially impaired in 1983 due to the holding company's excessive debt obligations, and Baldwin filed a petition for voluntary reorganization under Chapter 11 of the Federal Bankruptcy Code on September 26, 1983.

A 1984 financial examination of Old MGIC and its affiliated insurers determined that the companies were financially sound but that their ability to compete in their markets had been severely damaged by their affiliation with the financially impaired Baldwin. An Agreement and Plan of Acquisition and Assumption (the Plan) was approved by the commissioner in November 1984, whereby the company, then known as Liberty Mortgage Insurance Corporation, held by a holding company owned by The Northwestern Mutual Life Insurance Company and senior executives of Old MGIC Investment, acquired from Old MGIC Investment the right to carry on Old MGIC's insurance business, the rights to the name "Mortgage Guaranty Insurance Corporation," and the employees and operating assets of Old

MGIC. As a part of the approved agreement, Old MGIC's remaining in-force renewal policies (the Old Book business) entered into runoff and Old MGIC's net retained liabilities for existing insurance risks were 100% reinsured under quota share reinsurance treaties with a group of international reinsurers.

The 1984 Plan was closed effective February 28, 1985, and Old MGIC's name was changed to Wisconsin Mortgage Assurance Corporation. Effective March 1, 1985, LMIC's name changed to Mortgage Guaranty Insurance Corporation (the present day MGIC), and the new MGIC continued the ongoing operations that were formerly in Old MGIC. Old MGIC was placed into liquidation upon the Plan closing date. The Old MGIC liquidation proceedings included the following provisions:

1. Old MGIC no longer wrote new business, but its Old Book insurance in-force, insurance policies non-cancelable by the company and renewable by its insureds, continued in force, with the company's net retained liabilities 100% ceded through quota share reinsurance treaties;

2. Old MGIC's contingency reserve requirement was waived by the commissioner as a result of the 100% quota share reinsurance becoming effective. Substantially all of Old MGIC's remaining assets, after payments related to the quota share reinsurance treaties, were distributed to its parent, Baldwin, for distribution to Baldwin's creditors;

3. The quota share reinsurance became the primary source of payments for claims incurred on Old MGIC's in-force business; and

4. The new writer of insurance, MGIC, became the manager of Old MGIC's reinsured business, responsible to Old MGIC and its reinsurers for administration of Old MGIC's insurance in-force.

Old MGIC was financially solvent at the commencement of liquidation proceedings and has never been financially impaired. The liquidation proceeding became the method by which the interests of Old MGIC policyholders as of February 28, 1985, could be protected from the bankruptcy of Baldwin through an orderly runoff of Old MGIC's Old Book and was the method whereby the successful ongoing business of Old MGIC could be disassociated from the Baldwin bankruptcy and continue in the successor MGIC legal entity. Since 1985, Old MGIC's Old Book claims have been paid in full by Old MGIC or its reinsurers, and the Old Book insurance in-force has gradually diminished by orderly runoff.

In December 1998, Mortgage Guaranty Insurance Corporation acquired ownership of Old MGIC through the purchase of Old MGIC's common capital stock. A rehabilitation plan providing for the acquisition of Old MGIC by MGIC was approved by the liquidation court and the commissioner and effective December 22, 1998, Old MGIC's liquidation proceedings were terminated, and the company became subject to rehabilitation proceedings supervised by the Commissioner. On December 31, 1998, pursuant to the plan of rehabilitation, MGIC acquired 100% of Old MGIC's common capital stock for the purchase price of $2 million, Old MGIC became a wholly owned subsidiary of MGIC, and the Old MGIC rehabilitation proceedings were terminated. The name of the company was changed to MGIC Indemnity Corporation effective June 1, 2000.

While, officially, the Great Recession began in December 2007, and ended in June 2009, the United States suffered from historically high levels of mortgage foreclosures and declining home prices from 2007 to 2013, which affected both the number and severity of mortgage guaranty claims. Significant declines in housing values, sub-prime and low documentation lending practices and high unemployment led to record levels of delinquencies and foreclosures during this period, which severely challenged the industry. One of the major challenges that faced U.S. mortgage insurers was to ensure enough capital resources to not only meet current and future claim obligations, but also meet capital requirements of the states and other U.S. jurisdictions and the government-sponsored enterprises (GSEs), the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), to write new business.

As a result of the downturn in the U.S. economy and housing market, MGIC saw its delinquency inventory increase to record levels, which in turn placed strains on its capital position. Because of substantial uncertainty regarding the level of future losses, there were concerns that MGIC's capital position would decline to a level where the company would not comply with minimum capital requirements to write new business in certain jurisdictions. In light of these circumstances, MGIC management proposed to the OCI a reactivation plan of MGIC Indemnity Corporation, which included the following actions:

- MGIC would contribute capital of $1 billion to MIC in the form of a $500 million contribution in July 2009 and, subject to OCI's further approval, a contribution of up to an additional $500 million in January of 2011.
- MIC would take the actions necessary to meet the regulatory and business conditions for new business, including reinsurance with its subsidiary and a subsidiary of MGIC, but only as required by the laws of states where MIC will be licensed.
- MIC would begin to write business in place of MGIC based on the capital contribution made by MGIC.
- MIC would use the employees, information services, finance, claims, risk management and other systems, offices, and business infrastructure of MGIC to conduct and support MIC's operations.
- MGIC would cease writing new business.

The reactivation plan was non-disapproved by this office in conjunction with the issuance of the Stipulation and Order in the Matter of Case No. 09-C32277 dated July 15, 2009, placed on the company and MIC. This Stipulation and Order established additional requirements on MIC to enhance this office's ability to monitor the implementation of the reactivation plan, and to take action to ensure that MIC's surplus remains reasonable in relation to its outstanding liabilities and adequate to its financial needs in the implementation and continuation of its reactivation plan.

On July 17, 2009, Freddie Mac issued a decision to give MIC the status of an "Approved Insurer," subject to certain conditions. The conditions caused some minor conflicts with the original reactivation plan and resulted in MGIC filing an amendment to the plan. The amendment to the plan was non-disapproved by this office on July 31, 2009.

On October 14, 2009, Fannie Mae gave MIC conditional approval as a direct issuer of mortgage guaranty insurance policies under its Qualified Mortgage Insurer Approval Requirements, which conditions were markedly incompatible with the reactivation plan developed through the efforts of MGIC, the OCI, and the law firm and investment banking firm under contract with the OCI. In response, MGIC filed a second amendment to the reactivation plan for its subsidiary MIC. Under the amended business plan:

- MGIC was to contribute capital of $200 million to MIC on October 21, 2009.
- Subject to the OCI permitting MGIC to continue to write in jurisdictions in which MGIC does not comply with applicable capital requirements, and if MGIC determined that it would not comply with a jurisdiction's applicable capital requirements, MGIC would seek from that state a waiver of its applicable capital requirements to the extent that such waiver was allowed. In the event that such waiver was not allowed or was not obtained by MGIC, or if such waiver included conditions that differ substantially from the terms and conditions of the stipulation and order issued by the OCI and MGIC considered them to be burdensome, MGIC would seek the licensing or reactivation of MIC in such jurisdiction to replace MGIC as the writer of mortgage guaranty insurance in that jurisdiction. The conditional approval of Fannie Mae authorized MIC to write in the place of MGIC only in the following 16 jurisdictions: Arizona, California, Florida, Idaho, Illinois, Iowa, Kansas, Kentucky, Missouri, New York, New Jersey, North Carolina, Ohio, Oregon, Puerto Rico, and Texas. These jurisdictions, together with Wisconsin, are distinguished by having specific minimum policyholders' position requirements or risk-to-capital requirements.
- MIC would take the actions necessary to meet the regulatory and business conditions for writing in every jurisdiction in which Fannie Mae's conditional approval would permit them to write business.
- MIC would begin to write insurance in place of MGIC in those jurisdictions that cannot or will not issue a waiver of applicable capital requirements.

- MGIC would cease writing insurance in any jurisdiction once MIC began to write insurance in that jurisdiction.

- MIC would use the employees, information services, finance, claims, risk management and other systems, offices and business infrastructure of MGIC to conduct and support MIC's operations.

The OCI did not disapprove the second amendment to the reactivation plan, since Fannie Mae’s approval for MIC to act as an eligible insurer of mortgages purchased by Fannie Mae was a practical necessity for the success of the reactivation plan given Fannie Mae’s dominant position in the secondary market for mortgages in the U.S. One of the requirements in Fannie Mae’s conditional approval was that MGIC would request from the OCI that MIC’s risk to capital ratio not be restricted beyond the minimum policyholder position requirements under Wisconsin Statutes or the Wisconsin Administrative Code. As a result, the OCI modified the Stipulation and Order No. 09-C32277 to rescind provisions relating to MIC’s minimum policyholders position requirements being stricter than the standard requirement under s. Ins 3.09 (5), Wis. Adm. Code. Additionally, as a result in the second amendment to the reactivation plan, the OCI entered into an additional Stipulation and Order with MGIC, together with certain other affiliates, allowing MGIC to be exempted from compliance with compulsory surplus requirements represented by s. Ins 3.09 (5) (b), Wis. Adm. Code, until December 31, 2011. While this Stipulation and Order was in effect MGIC and its named affiliates could continue to write and reinsure new mortgage guaranty insurance policies for as long as each company maintained a policyholders’ position for which the OCI determined was reasonably in excess of a level that would constitute a financially hazardous condition. A subsequent Stipulation and Order dated January 23, 2012, continued this exemption under substantially the same provisions until December 31, 2013. This exemption was no longer deemed necessary for MGIC after that date.

The effects of the downturn in the U.S. economy and housing market caused significant strains on the MGIC Group’s capital position. As previously noted, the insurers of the MGIC Group have to meet certain capital requirements established by U.S. jurisdictions and the GSEs in order to continue writing new business. Some of the measures taken by the MGIC Group to raise capital since 2007 include:

- In September, 2007, Mortgage Guaranty Insurance Corporation completed a sale of a portion of its interests in Sherman Financial Group LLC for $240.8 million.

- In March 2008, MGIC Investment completed a public offering of common stock and 9% convertible junior subordinated debentures due in 2063, which resulted in net proceeds of approximately $460 million and $377 million, respectively.

- In August 2008, MGIC Investment sold its remaining interest in Sherman Financial Group, LLC, for $209.5 million.

- In April 2010, MGIC Investment completed another public offering of its common stock, which produced net proceeds of $772.4 million.

- In April 2010, concurrent to the sale of common shares, MGIC Investment completed the sale of $345 million principal amount of 5% convertible senior notes due in 2017, which produced net proceeds of about $334.4 million.

- In March 2013, MGIC Investment Corporation received aggregate net proceeds, after underwriting discounts, commissions, and estimated offering expenses, of approximately $1.15 billion from the sale of 135 million shares of common stock and $500 million of 2% convertible senior notes due 2020. MGIC Investment Corporation transferred $800 million to Mortgage Guaranty Insurance Corporation to increase its surplus.

The MGIC Group took measures to preserve capital by discontinuing writing certain types of business previously offered (Pool, Bulk, etc.), raising rates on its primary mortgage insurance business at various times, restricting writing in certain states or markets, implementing stronger underwriting standards, repaying and retiring the revolving credit facility in 2009, deferring interest payments on MGIC Investment's outstanding convertible junior subordinated debentures, and repurchasing a portion of MGIC Investment's issued debt. Given the extended economic and housing recovery officially since June 2009, but more practically since 2013, prudent growth has supplanted capital preservation in the MGIC Group's corporate strategy.

The company is a provider of private mortgage guaranty insurance in the U.S., with approximately 20.6% market share of the national private mortgage insurance market at year-end 2021. Private mortgage insurance coverages are issued to mortgage lenders, including mortgage bankers, savings institutions, commercial banks, mortgage brokers, credit unions, and other lenders. Mortgage guaranty insurance is generally required by a lender to insure the lender's risk in originating a low-down-payment mortgage loan to a homebuyer, and a lender typically requires mortgage insurance when the mortgage loan exceeds 80% of the value of the mortgaged real estate. In the event of borrower default, private mortgage insurance covers the agreed-upon risk exposure of the insured lender. Private mortgage insurance also facilitates the sale of low-equity mortgage loans in the secondary mortgage securities market, primarily to Fannie Mae and Freddie Mac. The insurance covers unpaid loan principal, delinquent interest, and certain expenses associated with loan default and subsequent foreclosure in the event that the mortgage borrower defaults on a loan. The company generally pays the coverage percentage specified in the lender's primary policy, but the company has the option to pay 100% of the loss of the insured (the entire outstanding balance of the loan principal, unpaid interest, and other costs) and to acquire title of the defaulted mortgage real estate. The company rescinds coverage involving inaccurate information or fraud committed.

Mortgage insurance premiums are usually paid by the mortgage borrower to the mortgage lender or servicer, which in turn remits the premium to the mortgage insurer. This form of payment is referred to as "borrower paid." In a "lender paid" payment structure the premium is paid by the mortgage lender to the mortgage insurer. The mortgage lender then typically recovers the premium through either an increase in the mortgage interest rate or through higher origination fees. Most of the company's primary mortgage insurance is structured on a borrower paid basis. The company offers two basic types of premium payment plans: a monthly premium plan and a single premium plan. Under the monthly premium plan, the borrower or lender pays a premium payment on a monthly basis for each month of insurance coverage. Under the single premium plan, the premium would be paid in advance by adding the premium to the principal amount of the mortgage loan, or by paying in cash at the mortgage closing. The premium can either cover an initial fixed term with annual renewals or the entire term of the mortgage.

Primary residential insurance generally applies to owner-occupied first mortgages on one-to-four family homes, including condominiums. Primary coverages are underwritten by the company on a loan-by-loan basis and can be issued on any type of residential mortgage loan instrument issued by the lender and approved for coverage by the company. A mortgage insurer may terminate mortgage insurance coverages only in the event of nonpayment of premium, and policies remain renewable for successive policy periods at the option of the insured lender.

MGIC offers primary insurance coverages that typically range from 17% to 35% of the original loan. The insured coverage percentage is determined by the lender and often is established to comply with requirements established by Fannie Mae or Freddie Mac, regarding the portion of mortgage loan exposure that must be insured on securitized mortgages.

The company issues a mortgage guaranty master policy to each lender who meets company criteria as an acceptable mortgage loan producer. In general, the company underwrites each individual primary loan submitted by an insured lender and issues a separate certificate of insurance for each loan that meets company underwriting standards. The certificate of insurance for a primary loan attaches to the lender's master policy as an individual risk insured by the company.

On January 1, 2021, the group went through a minor company reorganization which included multiple transactions, all of which were approved by OCI on September 3, 2020. MGIC Reinsurance Corporation of Wisconsin (MGIC Reinsurance), which was formerly a subsidiary of MGIC was merged with and into MGIC. Prior to the merger, MGIC Reinsurance assigned all right, title and interest, as the sole owner and member of MGIC Mortgage and Consumer Asset II, LLC, a Delaware limited liability company, to MGIC Credit Assurance Corporation (MCAC). Finally, MGIC issued 100% of MCAC's common stock to MGIC Investment in the form of a dividend, which resulted in MCAC changing direct parent companies from Mortgage Guaranty Insurance Corporation to MGIC Investment. MCAC is in a state of runoff and the assets are not material to MGIC.

Mortgage Guaranty Insurance Corporation is licensed and actively writing residential mortgage guaranty insurance in all 50 states, the District of Columbia, Guam, and Puerto Rico. In 2021, the company wrote direct premium in the following states:

California	$ 88,531,838	7.9%
Florida	87,147,389	7.8
Texas	82,574,008	7.4
Pennsylvania	55,646,794	4.9
All others	804,479,492	72.0
Total	$1,118,379,521	100.0%

The company only writes mortgage guaranty business. Business is generated through relationships with banks and other mortgage lenders. MGIC receives information on a loan they want to insure and MGIC provides the price. It should be noted that a lot of the loans get purchased by either Fannie Mae or Freddie Mac after the policy is issued.

The following table is a summary of the net insurance premiums written by the company in 2021. The growth of the company is discussed in the "Financial Data" section of this report.

Line of Business	Direct Premium	Reinsurance Assumed	Reinsurance Ceded	Net Premium
Mortgage guaranty	$1,118,379,521	$696,365	$163,032,276	$956,043,610
Total All Lines	$1,118,379,521	$696,365	$163,032,276	$956,043,610

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of 13 members. Directors are elected annually to serve a one-year term. Officers are elected at the board's annual meeting.

Currently, the board of directors consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
Analisa M. Allen Austerlitz, NY	IT Consultant Gerson Lehrman Group	2023
Curt S. Culver Nashotah, WI	Retired Chief Executive Officer MGIC Investment Corporation	2023
Jodeen A. Kozlak Scottsdale, AZ	Chief Executive Officer Kozlak Capital Partners, LLC	2023
Timothy J. Mattke Whitefish Bay, WI	Chief Executive Officer Mortgage Guaranty Insurance Corporation	2023
Mark M. Zandi Malvern, PA	Chief Economist Moody’s Analytics	2023
Daniel A. Arrigoni Wayzata, MN	Retired President and Chief Executive Officer U.S. Bank Home Mortgage Corp.	2023
Jay C. Hartzell Austin, TX	University President University of Texas at Austin	2023
Michael E. Lehman Reno, NV	Retired Interim Vice Chancellor for Finance and Administration University of Wisconsin – Madison	2023
Gary A. Poliner Santa Fe, NM	Retired President Northwestern Mutual Life Insurance Company	2023
C. Edward Chaplin Palm Beach Gardens, FL	Former President and Chief Financial Officer MBIA Inc.	2023
Timothy A. Holt Glastonbury, CT	Retired Senior Vice President and Chief Investment Officer of Aetna Inc.	2023
Teresita M. Lowman San Diego, CA	Strategic Advisor Launch Factory	2023
Sheryl L. Sculley Austin, TX	Retired City Manager City of San Antonio	2023

Officers of the Company

The officers serving at the time of this examination are as follows:

Name	Office
Timothy J. Mattke	Chief Executive Officer
Salvatore A. Miosi	President & Chief Operating Officer
Paula C. Maggio	Executive Vice President & Secretary
Julie K. Sperber	Vice President & Controller
Nathaniel H. Colson	Chief Financial Officer
Steven M. Thompson	Chief Risk Officer
James J. Hughes	Executive Vice President

Committees of the Board

The company's bylaws allow for the formation of certain committees by the board of directors.

The committees at the time of the examination are listed below:

Executive Committee
Timothy J. Mattke, Chair
Curt S. Culver
Michael E. Lehman

Audit Committee
Gary A. Poliner, Chair
Daniel A. Arrigoni
Jay C. Hartzell
Sheryl L. Sculley

Business Transformation and Technology Committee

Jodeen A. Kozlak, Chair
Analisa M. Allen
Michael E. Lehman
Teresita M. Lowman

Management Development, Nominating and Governance Committee
Michael E. Lehman, Chair
Timothy A. Holt
Jodeen A. Kozlak

Risk Management Committee
Mark M. Zandi, Chair
Analisa M. Allen
Daniel A. Arrigoni
C. Edward Chaplin
Jay C. Hartzell
Gary A. Poliner

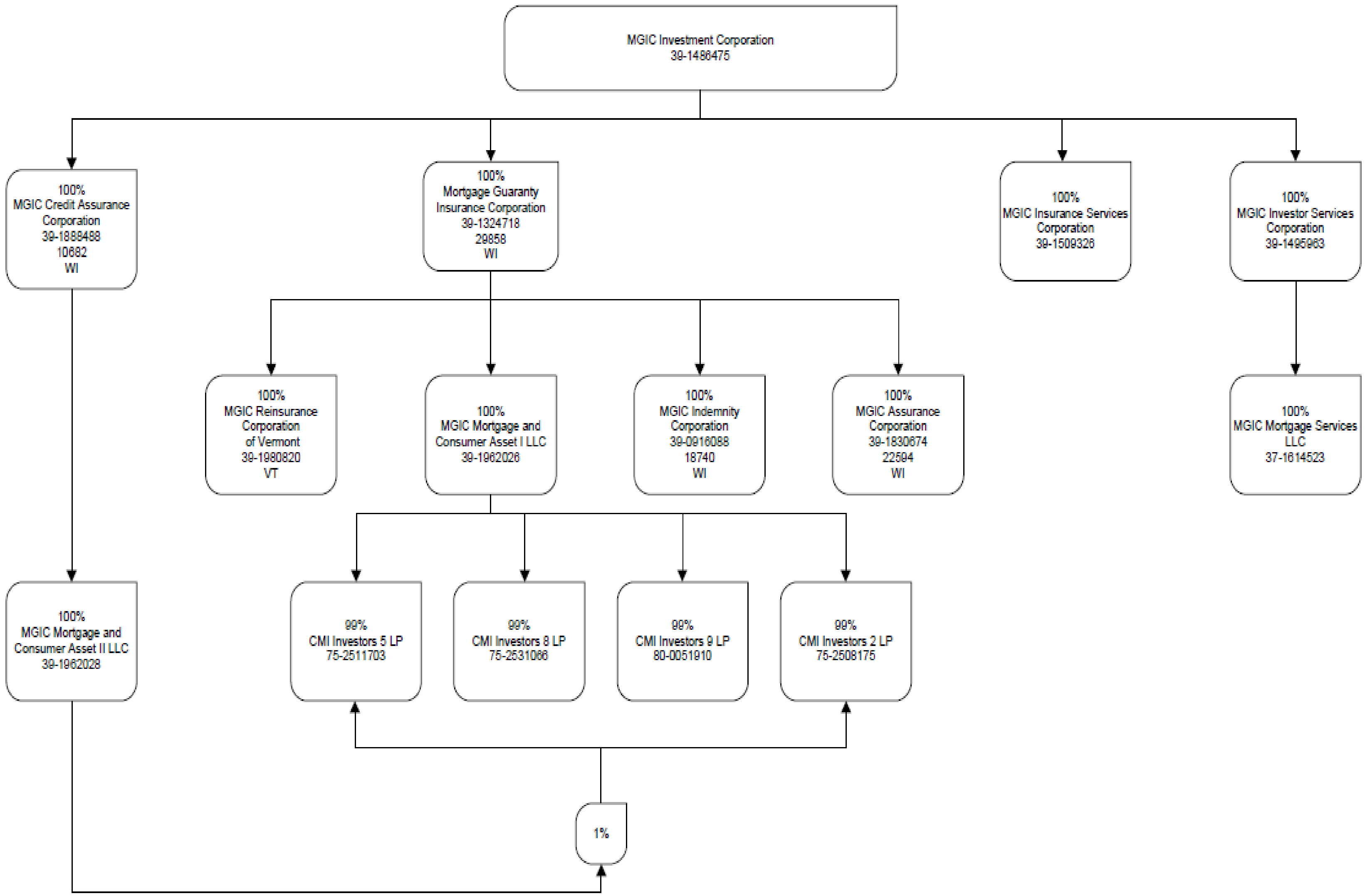
Securities Investment Committee
Timothy A. Holt, Chair
C. Edward Chaplin
Gary A. Poliner
Sheryl L. Sculley

It should be noted that the committees are shared by MGIC and MGIC Investment Corporation.

IV. AFFILIATED COMPANIES

Mortgage Guaranty Insurance Corporation is a member of a holding company system. The organizational chart on the next page depicts the relationships among the affiliates in the group. A brief description of the significant affiliates follows the organizational chart.

Organizational Chart
As of December 31, 2021



MGIC Investment Corporation

MGIC Investment Corporation is a holding company that is publicly traded. This company is the ultimate parent company of the group. The holding company issues the publicly traded stock of the group and issues the public debt of the group. As of December 31, 2021, the audited GAAP consolidated financial statements of MGIC Investment Corporation reported assets of $7,325,008 thousand, liabilities of $2,463,626 thousand, and total shareholder's equity of $4,861,382 thousand. Operations for 2021 produced net income of $634,983 thousand.

MGIC Credit Assurance Corporation

MGIC Credit Assurance Corporation (MCAC) is a direct subsidiary of MGIC Investment Corporation. Beginning in 1998, MCAC wrote mortgage guaranty insurance on junior liens. On January 1, 2002, MCAC stopped writing new business and is currently in runoff. The 2021 audited statutory financial statements reported assets of $9,331 thousand, liabilities of $200 thousand, surplus of $9,131 thousand, and net income of $79 thousand.

MGIC Assurance Corporation

MGIC Assurance Corporation (MAC) is a wholly owned subsidiary of MGIC. MAC is writing credit risk transfer (CRT) business for the GSE's. Through the CRT market, investors transfer mortgage credit risk on loans with loan-to-value ("LTV") ratios above 80%, attaching after the first-dollar loss borne by traditional private mortgage insurance, as well as mortgage credit risk on loans with LTVs of 60% to 80%. The 2021 audited statutory financial statements reported assets of $276,707 thousand, liabilities of $15,583 thousand, surplus of $261,124 thousand, and net income of $3,524 thousand.

MGIC Indemnity Corporation

MGIC Indemnity Corporation (MIC), is an insurer that is essentially in runoff. MIC is a wholly owned subsidiary of Mortgage Guaranty Insurance Corporation. MIC is a sister company of MGIC Assurance Corporation. From August 2012 to August 2013, MIC wrote in jurisdictions where MGIC could not write due not meeting certain state capital requirements. In 2019, MIC began writing new business through Freddie Mac's IMAGIN direct mortgage insurance program. Under this program, MIC insures losses arising from single-family residential mortgage defaults, and the insurance policy was issued directly to Freddie Mac, as compared to the loan originator. The IMAGIN program was discontinued in

2021. In 2020, MIC issued a direct insurance policy to Fannie Mae under its Enterprise Paid Mortgage Insurance program. Both the Fannie Mae and Freddie Mac direct policies are in runoff. As of now, MIC is not writing new policies. The 2021 audited statutory financial statements reported assets of $168,537 thousand, liabilities of $62,170 thousand, surplus of $106,367 thousand, and net income of $2,396 thousand.

Agreements with Affiliates

Servicing Agreement

MGIC entered into a Servicing Agreement effective January 1, 1996, with MGIC Investment Corporation and certain named affiliates of the MGIC Group. The agreement has been amended a number of times and ratified once to add or delete the participation of applicable affiliated entities, and currently each of the Wisconsin-domiciled MGIC insurers, with the exception of MIC, is a participant in the agreement. Under this agreement MGIC performs management and administrative services essential to the day-to-day operation of various affiliates within the MGIC Group. Services provided by MGIC to its affiliates include provision of office space and employees; administration of underwriting, risk management and claims; performance as agent for funds collection and disbursement; maintenance of investment portfolios and execution of investment transactions; maintenance of depository accounts; maintenance of books and records including financial records; and the preparation and delivery of reports, tax returns, and documents and filings, as required. MGIC's direct costs and indirect expenses incurred in providing services to the individual affiliates are allocated to the respective affiliates each quarter, which is to be determined in accordance with generally accepted accounting principles and in a manner consistent with regulatory authorities having jurisdiction over members to the agreement.

Tax Sharing Agreement

Effective January 22, 1986, MGIC Investment Corporation entered into a tax sharing agreement with its affiliates including MIC, MAC, MGIC, and MCAC, to file a consolidated federal income tax return for the benefit of the group. This agreement provides tax computing, filing the return, audits and other adjustments, dispute resolution, and other administrative duties associated with taxes. The agreement calls for prompt settlement of estimated federal taxes and year-end calculated adjusted payments on the designated due dates.

Shared Resources Agreement

On March 11, 2010, in preparation for the reactivation business plan for MIC, MGIC, and MIC entered into a Shared Resources Agreement. The effective date of the agreement was stipulated to be the day MIC issues its first policy, which occurred in August 2012. Under the terms of the agreement, MGIC provides shared resources to MIC as that company starts writing business. MIC will have MGIC continue to provide administrative and management services to MIC according to this agreement rather than the servicing agreement. MIC will pay MGIC a fee equal to a percentage of the premiums. MGIC will also provide staff and management. This agreement is very similar to the servicing agreement and is more of a company-specific amendment to the servicing agreement.

V. REINSURANCE

The company's reinsurance portfolio and strategy at the time of the examination are described below. A list of the companies that have a significant amount of reinsurance in force at the time of the examination follows. The contracts contained proper insolvency provisions.

The company has two types of reinsurance agreements: quota share and excess of loss. Beginning in 2020, the quota share agreements are placed on a two-year rolling period, resulting in 30% coverage. The quota share agreements are placed with a panel of unaffiliated reinsurers who subscribe to various percentages of the ceded risk. The master contract is through a reinsurance intermediary.

The company obtains excess of loss reinsurance by utilizing both insurance-linked notes and through the traditional reinsurance market. The insurance-linked note transactions are with special purpose companies named Home Re. Details are noted in the section below.

Nonaffiliated Ceding Contracts

1. Type: Quota Share

   Reinsurer: Various reinsurers

   Scope: Policies classified as mortgage guaranty issued with coverage effective dates noted in the table below

   Retention: Between 70%- 87.5%, depending on the year the policy was issued.

   In addition, for each accident year, the company shall retain 100% of losses in excess of a 300% accident year loss ratio for that accident year.

   Coverage: Between 12.5%-30%, depending on when the policy was issued.

   Lifetime loss ratio cap is 200% for each contract

Quota Share Reinsurance Contract (QRS)	Covered Policy Years	Quota Share %	Contractual Termination Date	Optional Termination Date
2015 QSR	Prior to 2017	15%	12/31/2031	12/31/2022*
2019 QSR	2019	30%	12/31/2030	12/31/2022*
2020 QSR	2020	12.5%	12/31/2031	12/31/2022
2020 and 2021 QSR	2020	17.5%	12/31/2032	12/31/2022
2020 and 2021 QSR	2021	17.5%	12/31/2032	12/31/2023
2021 and 2022 QSR	2021	12.5%	12/31/2032	12/31/2023
2021 and 2022 QSR	2022	15%	12/31/2033	12/31/2024
2022 and 2023 QSR	2022	15%	12/31/2033	12/31/2024
2022 and 2023 QSR	2023	15%	12/31/2034	12/31/2025

*MGIC elected to terminate the 2015 and 2019 QRS agreements, effective December 31, 2022

2. Type: Quota Share

Reinsurer: Cumis Mortgage Reinsurance Company

Scope: Policies issued to Credit Union Organizations from April 1, 2020 through December 31, 2025. Policy stays in effect for 14 years after issuance.

Retention: 35%. In addition, for each accident year, the company shall retain 100% of losses in excess of a 300% accident year loss ratio for that accident year.

Coverage: 65%. In addition, there is a lifetime loss ratio limit of 200%

Effective date: April 1, 2020

Termination: December 31, 2039

3. Type: Insurance-linked notes

Reinsurer: Various Special Purpose Insurers, i.e., Home Re Entities

Scope: Each special purpose vehicle covers business produced during a specific time period. In all, the Home Re transactions cover business produced from July 1, 2016, through December 31, 2021

MGIC has entered into various aggregate excess of loss mortgage reinsurance agreements with various special purpose reinsurance companies domiciled in Bermuda (the "Home Re Agreements"). For the respective coverage periods, MGIC retains the first layer of the respective aggregate losses and the special purpose reinsurance companies provide second layer coverage up to the outstanding coverage amount. MGIC then retains losses in excess of the outstanding coverage limit. The aggregate excess of loss reinsurance coverage decreases over a 10 or 12.5-year period as the underlying covered mortgages amortize. The table below shows the various Home Re transactions as of September 30, 2022:

Transaction ($ in thousands)	Coverage Period	Initial Coverage	Current Coverage	Remaining Retention	Termination Date
Home Re 2022-1 Ltd	5/29/2021–12/31/2021	$473,575	$473,575	$325,589	10/25/2034
Home Re 2021-2 Ltd	1/1/2021-5/28/2021	$398,429	$367,702	$190,135	01/25/2034
Home Re 2021-1 Ltd	8/1/2020-12/31/2020	$398,848	$306,243	$211,117	07/25/2033
Home Re 2020-1 Ltd	1/1/2020-7/31/2020	$412,917	$133,120	$275,154	10/25/2030
Home Re 2019-1 Ltd	1/1/2018-3/31/2019	$315,739	$208,146	$183,691	05/25/2029
Home Re 2018-1 Ltd	7/1/2016-12/31/2017	$318,636	$162,305	$165,028	10/25/2028

4. Type: Mortgage Guaranty Excess of Loss Reinsurance Contract

Scope: Mortgage guaranty insurance policies issued between January 1, 2022 and December 30, 2022 and classified by MGIC as an Eligible Policy.

Attachments/limits:

First Layer
Excess of loss coverage attaching at 250 bps of the Net Risk in Force during fill-up period, resetting to 35% of actual PMIERs Risk-Based Required Asset Amount for 2022 Direct Risk in Force at the end of the fill-up period and detaching 50 bps above attachment. For example, at 700 bps PMIERs requirement, attachment is 245 bps and detachment is 295 bps.

Second Layer
Excess of loss coverage attaching at 300 bps of Net Risk in Force during fill-up period, resetting to 35% of actual PMIERs Risk-Based Required Asset Amount for 2022 Direct Risk in Force plus 50 bps (First Layer detachment) at the end of the fill-up period and detaching at 400 bps in excess of attachment. For example, at 700 bps PMIERs requirement, attachment is 295 bps and detachment is 695 bps.

The maximum coverage under the agreement is $174,852,097, based on 27% placement.

Effective Date: April 1, 2022

Termination: December 31, 2032

MGIC has the option to terminate contract early as of January 1, 2030 or the first day of any calendar quarter thereafter by giving 30 days' prior notice.

Reinsurers:

	Participating Percentages*	
Reinsurer Name	First Layer	Second Layer
Transatlantic Reinsurance Company	10.07%	2.77%
Aspen American Insurance Company	8.82	3.99
United States Fire Insurance Company	4.86	0.98
Axis Reinsurance Company	2.54	2.56
Lancashire Insurance Company Limited	0.69	0.95
Renaissancere Europe AG	0.00	4.51
Everest Reinsurance (Bermuda) Limited	0.00	3.73
Everest Reinsurance Company	0.00	3.21
Markel Bermuda Limited	0.00	2.95
Insurance Company of the West	0.00	0.69
Greenlight Reinsurance Ltd.	0.00	0.60
Total	27.00%	27.00%

*Truncated to hundredths

Affiliated Assuming Contracts

1.	Type:	Quota Share
	Reinsured:	MGIC Indemnity Corporation
	Scope:	All policies written or assumed by MIC on or before December 1, 2018
	Coverage:	MGIC assumes 100% of MIC’s net retained liability
	Effective date:	December 1, 2018
	Termination:	Either Party may terminate the agreement by providing 30-days prior written notice in the event that the other Party should at any time become insolvent, or suffer any impairment of capital, or go into or be placed in liquidation or rehabilitation, or have a receiver appointed.

VI. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the commissioner of insurance in the December 31, 2021, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination." Also included in this section are schedules that reflect the growth of the company, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the compulsory and minimum policyholder position calculation.

Mortgage Guaranty Insurance Corporation
Assets
As of December 31, 2021

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$5,877,606,312	$	$5,877,606,312
Stocks:			
Common stocks	374,261,192	3,669,389	370,591,803
Real estate:			
Occupied by the company	12,673,779		12,673,779
Properties held for sale	1,506,656		1,506,656
Cash, cash equivalents, and short-term investments	133,585,821		133,585,821
Other invested assets	75,253	75,253	
Receivables for securities	520,000		520,000
Investment income due and accrued	46,825,408		46,825,408
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	55,719,482		55,719,482
Reinsurance:			
Amounts recoverable from reinsurers	36,269,541		36,269,541
Net deferred tax asset	173,599,485	144,963,911	28,635,574
Electronic data processing equipment and software	2,611,692	850,910	1,760,782
Furniture and equipment, including health care delivery assets	36,817,182	36,817,182	
Receivable from parent, subsidiaries, and affiliates	4,321,235		4,321,235
Write-ins for other than invested assets:			
Prepaid post retirement assets	115,204,042	115,204,042	
Prepaid expenses	7,903,367	7,903,367	
ILN expense premium	6,704,202		6,704,202
Overfunded pension plan asset	1,744,321	1,744,321	
Cash surrender value of split dollar life plan	284,326		284,326
Miscellaneous receivables	123,584		123,584
Total Assets	$6,888,356,880	$311,228,375	$6,577,128,505

Mortgage Guaranty Insurance Corporation
Liabilities, Surplus, and Other Funds
As of December 31, 2021

Losses		$ 761,730,043
Reinsurance payable on paid loss and loss adjustment expenses		24,831
Loss adjustment expenses		53,384,121
Other expenses (excluding taxes, licenses, and fees)		57,282,935
Taxes, licenses, and fees (excluding federal and foreign income taxes)		5,765,283
Current federal and foreign income taxes		17,844,892
Borrowed money and interest thereon		155,254,932
Unearned premiums		188,380,276
Ceded reinsurance premiums payable (net of ceding commissions)		17,653,709
Amounts withheld or retained by company for account of others		7,321,416
Remittances and items not allocated		504,612
Payable to parent, subsidiaries, and affiliates		2,158,597
Write-ins for liabilities:		
Contingency Reserve		4,056,128,239
Accrual for premium refunds		37,300,000
Liability for pension benefits		(3,263,505)
Checks pending escheatment		2,563,086
Total Liabilities		5,360,033,467
Common capital stock	$ 5,000,000	
Gross paid in and contributed surplus	1,289,320,525	
Unassigned funds (surplus)	110,356,454	
Less treasury stock, at cost:		
Common	187,581,941	
Surplus as Regards Policyholders		1,217,095,038
Total Liabilities and Surplus		$6,577,128,505

Mortgage Guaranty Insurance Corporation
Summary of Operations
For the Year 2021

Underwriting Income		
Premiums earned		$989,647,498
Deductions:		
Losses incurred	$ 49,677,398	
Loss adjustment expenses incurred	14,154,524	
Other underwriting expenses incurred	197,868,309	
Write-ins for underwriting deductions:		
Contingency reserve contribution	554,093,063	
Total underwriting deductions		815,793,294
Net underwriting gain (loss)		173,854,204
Investment Income		
Net investment income earned	149,710,833	
Net realized capital gains (losses)	(4,561,580)	
Net investment gain (loss)		145,149,253
Other Income		
Net gain (loss) from agents' or premium balances charged off	(67,387)	
Write-ins for miscellaneous income:		
Other income	5,737	
Total other income		(61,650)
Net income (loss) before federal and foreign income taxes		318,941,807
Federal and foreign income taxes incurred		29,368,504
Net Income (Loss)		$289,573,303

Mortgage Guaranty Insurance Corporation
Cash Flow
For the Year 2021

Premiums collected net of reinsurance			$ 954,822,350
Net investment income			190,374,905
Miscellaneous income			(61,650)
Total			1,145,135,605
Benefit- and loss-related payments		$ 54,818,089	
Commissions, expenses paid, and aggregate write-ins for deductions		205,943,494	
Federal and foreign income taxes paid (recovered)		(1,962,731)	
Total deductions			258,798,852
Net cash from operations			886,336,753
Proceeds from investments sold, matured, or repaid:			
Bonds	$ 658,780,716		
Real estate	3,927,551		
Net gains (losses) on cash, cash equivalents, and short-term investments	(9,861)		
Miscellaneous proceeds	(520,000)		
Total investment proceeds		662,178,406	
Cost of investments acquired (long-term only):			
Bonds	1,136,380,745		
Real estate	4,342,207		
Miscellaneous applications	22,770,000		
Total investments acquired		1,163,492,952	
Net cash from investments			(501,314,546)
Cash from financing and miscellaneous sources:			
Dividends to stockholders		400,000,000	
Other cash provided (applied)		(10,025,202)	
Net cash from financing and miscellaneous sources			(410,025,202)
Reconciliation:			
Net Change in Cash, Cash Equivalents, and Short-Term Investments			(25,002,995)
Cash, cash equivalents, and short-term investments:			
Beginning of year			158,588,816
End of Year			$ 133,585,821

Mortgage Guaranty Insurance Corporation
Minimum Policyholders Position Calculation
December 31, 2021

Surplus as regards policyholders		$1,205,109,305	
Contingency Reserve		4,112,062,082	
Loss reserves on specified loans		1,794,373	
Total policyholders position			$5,318,965,760
Net minimum policyholders position:			
Individual loans:			
Loan-to-value more than 75%	$1,923,923,162		
Loan-to-value more than 50-75%	1,475,767		
Loan-to-value less than 50%	1		
Total individual loans		1,925,398,930	
Group loans:			
Equity 20-50%, or equity plus prior insurance or a deductible 25-55%	8,616,602		
Equity more than 50%, or equity plus prior insurance or a deductible less than 25%	131,767		
Total group loans		8,748,369	
Deduction of individual or group loans for which the insurer has established a loss and LAE reserve greater than or equal to the minimum policyholders position for said loan		55,281,218	
Total minimum policyholders position			1,878,866,081
Excess of total policyholders position over minimum policyholders position			$3,440,099,679

*Under the Stipulation and Order in the Matter of Case No. 14-C40387 by Wisconsin's Office of the Commissioner of Insurance dated February 25, 2015, the company is entitled to credit for the share of loss for which Bank of America, N.A. and two other lenders have agreed to compensate the company. The reduction in collective risk exposure for all members of the MGIC Group for the settlement with those parties is limited to a maximum of $870,000,000 and the reduction of the direct total minimum policyholders position for all members of the MGIC Group for the settlements is limited to a maximum of $27,000,000.

Mortgage Guaranty Insurance Corporation
Analysis of Surplus ($ in thousands)
For the Five-Year Period Ending December 31, 2021

The following schedule details items affecting surplus during the period under examination as reported by the company in its filed annual statements:

	2021	2020	2019	2018	2017
Surplus, beginning of year	$1,336,037	$1,618,868	$1,681,335	$1,620,412	$1,504,729
Net income	289,573	(642,513)	273,238	324,976	271,688
Change in net unrealized capital gains/losses	11,937	769,967	2,267	56,948	2,263
Change in net deferred income tax	(38,956)	(45,463)	1,953	(75,668)	(216,116)
Change in nonadmitted assets	(20,668)	149,764	(90,817)	(8,487)	202,351
Cumulative effect of changes in accounting principles	15,175				(32)
Surplus adjustments: Paid in		(463,911)		(73,232)	(140,000)
Dividends to stockholders	(408,912)	(65,589)	(280,000)	(146,768)	
Write-ins for gains and (losses) in surplus: SSAP 92 and 102 net funded status adjustments	32,908	14,915	30,892	(16,846)	(4,472)
Surplus, End of Year	$1,217,095	$1,336,037	$1,618,868	$1,681,335	$1,620,412

Mortgage Guaranty Insurance Corporation
Insurance Regulatory Information System
For the Five-Year Period Ending December 31, 2021

The company's NAIC Insurance Regulatory Information System (IRIS) results for the period under examination are summarized below. Unusual IRIS results are denoted with asterisks and discussed below the table.

	Ratio	2021	2020	2019	2018	2017
#1	Gross Premium to Surplus	92%	83%	69%	65%	69%
#2	Net Premium to Surplus	79	68	61	52	53
#3	Change in Net Premiums Written	4	-7	12	1	3
#4	Surplus Aid to Surplus	0	0	0	0	0
#5	Two-Year Overall Operating Ratio	86	87	68	62	74
#6	Investment Yield	2.5	2.6	3.0	2.8	2.7*
#7	Gross Change in Surplus	-9	-17*	-4	4	8
#8	Change in Adjusted Surplus	-9	11	-4	8	17
#9	Liabilities to Liquid Assets	88	86	84	79	78
#10	Agents' Balances to Surplus	5	4	3	3	3

	Ratio	2021	2020	2019	2018	2017
#11	One-Year Reserve Development to Surplus	-5	1	-5	-9	-13
#12	Two-Year Reserve Development to Surplus	-4	-3	-11	-19	-15
#13	Estimated Current Reserve Deficiency to Surplus	-18	-18	5	16	24

Ratio No. 6 measures the company's investment yield. The unusual IRIS value in 2017 was due to the low interest rate environment. Beginning in 2018, the floor for triggering Ratio No. 6 was lowered from 3% to 2%, to reflect the persistently low interest rate environment.

Ratio No. 7 is the gross change in surplus. This ratio was unusual in 2020 because of the establishment of loss reserves and shareholder dividend payments. The increase in loss reserves stemmed from increased mortgage delinquencies associated with the COVID-19 pandemic. A significant portion of the loss reserves established in 2020 were later released without any loss payments being made. There was a $320 million extraordinary dividend paid on March 2, 2020, along with an ordinary dividend of $70 million paid later in the month.

Growth of Mortgage Guaranty Insurance Corporation

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2021	$6,577,128,505	$5,360,033,467	$1,217,095,038	$289,573,303
2020	6,176,479,420	4,840,442,232	1,336,037,188	(642,512,622)
2019	5,701,025,039	4,082,156,585	1,618,868,454	273,238,200
2018	4,974,334,147	3,292,999,126	1,681,335,021	324,975,805
2017	4,756,229,109	3,135,817,335	1,620,411,774	271,687,669
2016	4,475,661,514	2,970,932,327	1,504,729,187	68,340,157

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2021	$1,119,075,886	$956,043,610	$989,647,498	6.4%	78.7%	85.1%
2020	1,103,519,014	915,058,619	989,287,183	36.9%	79.9%	116.7%
2019	1,121,080,594	979,602,677	982,926,416	11.7%	75.8%	87.5%
2018	1,099,216,244	872,652,190	860,758,471	3.9%	73.5%	77.4%
2017	1,111,580,191	866,261,976	821,463,502	5.4%	67.8%	73.2%
2016	1,093,781,389	843,974,501	808,393,766	25.9%	74.1%	100.0%

2020 Loss and LAE ratio was elevated due to higher levels of delinquencies activity due to the COVID-19 pandemic. In March 2020, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, which provided a mortgage payment forbearance option for all borrowers with a federally backed mortgage who, either directly or indirectly, suffered a financial hardship due to the COVID-19 pandemic. The forbearance is a temporary postponement of required mortgage payments for a period of up to 12 months (extended to 15 months in February 2021 for GSE-backed loans). Two or more missed payments due to this postponement result in the loan being reported to the mortgage insurer as a delinquency. In most cases, resolution of the forbearance will be achieved by the borrower making one payment at the end of their forbearance period. A loan in forbearance does not necessarily mean that there were missed loan payments.

2021 profitability is a result of low foreclosures and large increases in housing prices. The company grew in 2020 and 2021 due to a large surge in new loans due to COVID-19 economic conditions and sharply reduced interest rates. It should be noted that interest rates are increasing in 2022 which will likely slow this growth going forward.

Section 3.09 (12) (c), Wis. Adm. Code requires changes in the contingency reserve to be reported as a reduction to underwriting income. This requirement is a deviation from SSAP No. 58, Paragraph 22, which requires changes in the contingency reserve to be recorded directly to unassigned funds. As a result of the reporting requirement, during periods of premium growth the expense ratio is significantly inflated, as the company is required to contribute to the mandatory reserve.

Reconciliation of Surplus per Examination

No adjustments to surplus or account reclassifications were made as a result of the examination. The amount of excess policyholder position reported by the company as of December 31, 2021 is accepted.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There were no specific comments and recommendations in the previous examination report.

Summary of Current Examination Results

The current examination resulted in no recommendations. There were no adjustments or reclassifications to the balance sheet amounts as a result of this recommendation.

VIII. CONCLUSION

Mortgage Guaranty Insurance Corporation is a direct wholly owned subsidiary of MGIC Investment Corporation, its ultimate controlling person. The MGIC Group established the modern private mortgage guaranty industry when the insurer now known as MGIC Indemnity Corporation commenced the sale of such insurance in 1957. Private mortgage insurance is a critical component of the residential mortgage finance system in the United States that helps families and individuals achieve homeownership by making low down payment mortgages possible. Business is actively conducted in all U.S. States, the District of Columbia, Puerto Rico, and Guam.

As of December 31, 2021, the company reported assets of $6,577,128,505, liabilities of $5,360,033,467, and policyholders' surplus of $1,217,095,038. Operations for 2021 produced a net income of $289,573,303.

The company has had favorable underwriting results and improved capital during the examination period. 2020 resulted in increased reserves and losses due to the COVID-19 pandemic and the resulting forbearance under the CARES Act of 2020. Most of those losses ended up curing with minimal losses to the company.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

The current examination resulted in no recommendations. There were no adjustments or reclassifications to the balance sheet amounts as a result of this examination.

X. ACKNOWLEDGMENT

The courtesy and cooperation extended by the officers and employees of the company during the course of the examination are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
Ana Careaga	Insurance Financial Examiner
Marisa Rodgers	Insurance Financial Examiner
Ian Andersen	Insurance Financial Examiner
Junji Nartatez, CISA	IT Specialist
Nicholas Hartwig	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,

Jake Burkett

Jacob Burkett
Examiner-in-Charge