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Radian Group Inc. (RDN)

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and thank you for standing by. Welcome to the First Quarter 2025 Radian Group Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Dan Kobell, Head of Investor Relations and Capital Management. Please go ahead.

Daniel Kobell
Executive Vice President, Capital Management & Investor Relations, Radian Group Inc.

Thank you and welcome to Radian's first quarter 2025 conference call. Our press release, which contains Radian's financial results for the quarter was issued yesterday evening and is posted to the Investors section of our website at radian.com. This press release includes certain non-GAAP measures that may be discussed during today's call, including adjusted pre-tax operating income, adjusted diluted net operating income per share, and adjusted net operating return on equity. A complete description of all of our non-GAAP measures may be found in press release Exhibit F, and reconciliations of these measures to the most comparable GAAP measures may be found in press release Exhibit G. These exhibits are on the Investors section of our website.

Today, you will hear from Rick Thornberry, Radian's Chief Executive Officer; and Sumita Pandit, President and Chief Financial Officer. Before we begin, I would like to remind you that comments made during this call will include forward-looking statements. These statements are based on current expectations, estimates, projections, and assumptions that are subject to risks and uncertainties, which may cause actual results to differ materially. For a discussion of these risks, please review the cautionary statements regarding forward-looking statements included in our earnings release and the risk factors included in our 2024 Form 10-K and subsequent reports filed with the SEC. These are also available on our website.

Now, I would like to turn the call over to Rick.

Richard G. Thornberry

Chief Executive Officer & Director, Radian Group Inc.

Good morning and thank you all for joining us today. I am pleased to report a strong start to the year for Radian. Our results demonstrate the continued strength of our high-quality mortgage insurance in force portfolio, as well as our ongoing strategic focus on capital and expense management. I will start by sharing a few financial and business highlights. We increased book value per share by 11% year-over-year, generating net income of $145 million in the first quarter and delivering a return on equity of 12.6%.

Our primary mortgage insurance in force, which is the main driver of future earnings for our company, ended the quarter at $274 billion. Our insurance in force benefited from the 86% persistency rate in the first quarter, driven by continued elevated interest rates, which remain significantly higher than the majority of the prevailing mortgage rates in our insured portfolio. Our portfolio continue to show positive trends in terms of new defaults and cures, consistent with our expectations for seasonality and resulting in a decline in our default rate.

We continue to strategically manage capital by maintaining strong holding company liquidity of $834 million and a PMIERs cushion for Radian Guaranty of $2.1 billion as of the end of the quarter, while expecting to continue to pay distributions from Radian Guaranty to Radian Group and paying the highest yielding dividend in the industry to stockholders.

During the quarter, we took advantage of market volatility, repurchasing $207 million of shares, representing more than 4% of shares outstanding, with a total return of capital to stockholders, including dividends of $244 million. Consistent with our strong track record of capital return of Radian, we continue to view share repurchases as an attractive use of capital, further enhanced by our continued positive outlook for our business. Sumita will provide additional detail on our repurchase activity and plans. Consistent with our use of risk distribution strategies to effectively manage capital and proactively mitigate risk, in April, Radian Guaranty agreed to very attractive terms on an innovative multi-year quota share reinsurance structure with a large and diversified panel of third-party reinsurance providers.

We appreciate the support and commitment that our growing group of reinsurance partners demonstrated to achieve this market-leading structure. We believe the results reflect the quality of our mortgage insurance business, leveraging our proprietary data and analytics combined with our talented and experienced team and high-quality customer relationships. Sumita will provide more details in a few minutes. We continued our focus on managing operational efficiency, reducing our other operating expenses by 7% year-over-year, and 12% from the fourth quarter of 2024.

We remain positioned to achieve our targeted reduction in run rate operating expenses this year. We are pleased that our strong financial position and capital flexibility allow us to deliver excellent financial results and help our customers transform risk into opportunity, while also returning value to our stockholders. In terms of the housing and mortgage market, we expect that the ongoing supply shortage, combined with pent-up demand for first-time homebuyers, will continue to provide support for home values. The private mortgage insurance market has been relatively flat over the past two years at approximately $300 billion.

Looking ahead, based on recent industry forecasts, we expect a market in 2025 that is in line with recent years. I believe it's also worth noting the continuing positive impact that we're experiencing from the current interest rate environment in terms of supporting our investment portfolio income and a higher persistency rate for our insurance in-force. As I mentioned, the credit performance of our portfolios continue to be strong. And in April, our default inventory continued to decline with cures exceeding new defaults.

However, given the recent volatility in the financial markets resulting specifically from the uncertainties from tariff and global trade policies, we continue to closely monitor the impact on our business, including any changes to unemployment or other trends that may impact the credit environment. Overall, our outlook for the housing market and our mortgage insurance business remain positive.

Finally, as we work with the new administration, we continue to be encouraged by the bipartisan support on Capitol Hill for our industry as the only source of permanent private capital in front of US taxpayers consistently underwriting mortgage credit risk through the market cycles. Our private mortgage insurance products helps to alleviate one of the largest hurdles to homeownership, overcoming the financial burden of a down payment. In fact, our industry has helped millions of homeowners to purchase their home or refinance a mortgage and is well positioned to continue promoting affordable, sustainable homeownership through various economic cycles.

We believe this is well understood by and in alignment with the FHFA, GSEs, and legislators. As you've heard me say before, our mortgage insurance business model has been significantly strengthened by the PMIERs capital framework, dynamic risk-based pricing, and the distribution of risk, allowing our industry to continuously serve our important role in the housing finance system.

Sumita will now cover the details of our financial and capital positions.

Sumita Pandit

Chief Financial Officer & President, Radian Group Inc.

Thank you, Rick, and good morning to you all. We started the year with another strong quarter of operating results producing net income of $145 million or $0.98 per diluted share, consistent with the $0.98 per diluted share reported in the fourth quarter 2024. Adjusted diluted net operating income per share was slightly higher at $0.99 for the first quarter, compared to $1.08 in the previous quarter. We generated a return on equity of 12.6%, reflecting the strong fundamentals of our business. And grew book value per share is 11% year-over-year to $32.48. This book value per share growth is in addition to our regular stockholder dividends, which were $37 million during the quarter. We also repurchased $207 million of shares during the first quarter, demonstrating our commitment to returning excess capital.

Turning now to the detailed drivers of our results. Our revenues continued to be strong in the first quarter. We generated $318 million of total revenues during the quarter, a slight increase from the fourth quarter of last year. Slides 10 through 12 in our presentation, include details on our mortgage insurance in force portfolio as well as other key factors impacting our net premiums earned. We generated $234 million in net premiums earned in the quarter consistent with the prior quarter.

Our large high-quality primary mortgage insurance in force portfolio grew year-over-year to $274 billion as of the end of the first quarter. We wrote $9.5 billion of new insurance written in the first quarter of 2025, which was lower compared to the fourth quarter of 2024, primarily due to a smaller origination market. As interest rates remain elevated, they also continue to benefit the persistency rate of our existing insurance in force, which highlights the balance and resiliency of our business model.

As shown on slide 10, our persistency rate increased to 86% this quarter, which was the second highest rate we observed in over 10 years. We remain focused on writing NIW that we believe will generate future earnings and economic value, while effectively maintaining the portfolio's health, balance and profitability. As of the end of the first quarter, approximately two-thirds of our insurance in force had a mortgage rate of 6% or less. Given current mortgage interest rates, these policies are less likely to cancel due to refinancing in the near term, and we therefore continue to expect our persistency rates to remain strong.

As shown on slide 12, the in force premium yield for our mortgage insurance portfolio remained stable, as expected, at 38 basis points. And we expect the in force premium yield to remain generally stable for the remainder of the year as well.

As shown on slide 13, our investment portfolio of $6.3 billion consists of well-diversified, highly-rated securities and other high-quality assets. We generated net investment income of $69 million in the first quarter. Included in this net investment income was $6 million of income related to residential mortgage loans held for sale within Radian Mortgage Capital. Compared to prior quarter, the decline in net investment income is primarily driven by lower mortgage loans held for sale.

Our unrealized net loss on investments reflected in stockholders' equity was $295 million at quarter-end. We continue to expect that our strong liquidity and cash flow position will provide us with the ability to hold these securities through recovery of the remaining unrealized losses, which would equate to $2.09 that is expected to accrete back into a book value per share over time.

I will now move on to our provision for losses and related credit trends, which continue to be positive with strong cure activity and very low claim levels. On slide 16, we provide trends for our primary default inventory. Total deposits decreased to approximately 23,000 loans at quarter-end, resulting in a portfolio default rate of 2.33%, compared to 2.44% in the previous quarter. The number of new defaults reported to us by servicers declined to approximately 12,500 in the first quarter, compared to approximately 14,000 reported in the fourth quarter, a decline of 10%.

This quarterly decline in new defaults reflects typical seasonal trends as well as lower defaults in areas associated with Hurricanes Helene and Milton. Excluding those hurricane-impacted areas, new defaults still declined by 7% in the first quarter compared to prior quarter. It is important to note that our new defaults continue to contain significant embedded equity, which has been a key driver of recent favorable trends, including higher cure rates, and reduced severity for policies that result in claim submission.

In addition, the total number of cures in the first quarter grew 13% compared to the fourth quarter. Cure rates continue to be really strong with cure rates for February and March 2025, among the five highest months we have observed in at least 10 years. Our loss ratio remained low with the net expense of $15 million in our mortgage insurance provision for losses in the first quarter compared to a de minimis amount in the fourth quarter.

Let's turn to slide 18. As mentioned last quarter, we reduced our initial default to claim rate to 7.5% and maintained that rate in the first quarter, which resulted in $54 million of loss provision for new defaults. Positive reserve development on prior period defaults of $39 million partially offset this provision for new defaults.

As shown on slide 17, our cure trends have been very consistent and positive in recent periods, with approximately 90% of defaults curing within four quarters and 98% curing within 12 quarters meaningfully exceeding our initial default to claim expectation, which anticipated approximately a 92% cure rate. Cure rates in the first quarter exhibited typical seasonal trends and compare favorably to similar periods for prior years.

Moving to our other business lines, total revenue in our all other category were $36 million in the first quarter, an increase compared to $34 million in the fourth quarter. The adjusted pre-tax operating loss for all other was approximately $3.5 million in the first quarter. Now, turning to our other expenses, for the first quarter, our other operating expenses totaled $77 million, a 12% decrease from prior quarter.

Operating expenses were in line with our expectations as communicated last quarter. As a reminder, for 2025, we expect operating expenses of $320 million or to average $80 million per quarter. While we continue to actively manage our operating expenses and seek opportunities for additional efficiencies, it is important to note that expenses can fluctuate from quarter-to-quarter due to changes in items such as variable incentive compensation and investments in strategic growth initiatives.

Moving to our capital, available liquidity, and related strategic actions. Radian Guaranty's financial position remains strong. We paid a $200 million distribution to Radian Group in the first quarter, while maintaining a stable PMIERs cushion of $2.1 billion. As highlighted on slide 21, Radian sought and received approval from the Pennsylvania Insurance Department to treat the $200 million distribution paid in the first quarter as a return of capital rather than an ordinary dividend.

As a result, Radian Guaranty's common stock and paid in surplus balance reduced from $500 million to $300 million during the quarter, while its positive, unassigned surplus grew to $408 million, strengthening Radian Guaranty's ability to pay additional ordinary dividends in the future. We expect that Radian Guaranty will pay up to $795 million of total distributions to Radian Group in 2025, in line with its 2024 statutory net income. This $795 million of total capital return includes both this first quarter distribution and expected future ordinary dividends over the remainder of the year.

Moving to our holding company, Radian Group. Within the quarter, we repurchased 6.5 million shares of our common stock at a total cost of $207 million for an average price paid of $32.07. In addition, we returned $37 million in shareholder dividends for a total of $244 million of capital returned in the quarter. As of the end of the first quarter, we had $336 million remaining on our current share repurchase authorization. As demonstrated by repurchase activity in the quarter, our expectation for a similar level of repurchase volume in the second quarter and our track record in recent years, we continue to believe that share repurchase provides an attractive option to deploy our excess capital.

Our available holding company liquidity was $834 million at the end of the first quarter. The decline in liquidity this quarter of approximately $50 million was due to higher share repurchases, which we believe was an attractive use of a portion of our excess liquidity. We also have a credit facility with borrowing capacity of $275 million, providing us with additional financial flexibility for short-term cash management, including activity in support of our capital return opportunities.

In April 2025, consistent with our use of risk distribution strategies to effectively manage capital and proactively mitigate risk, Radian Guaranty agreed to a multiyear quota share reinsurance arrangement with a panel of third-party reinsurance providers. We are very pleased with these transactions, which further mitigate the tail risk of our portfolio and provide efficient PMIERs capital relief at a low cost of capital.

The market demand for mortgage insurance risk is strong, as evidenced by the attractive terms we secured and the expansive group of over 20 highly-rated reinsurers that are party to the arrangement, nine of which are new to Radian. Further securing quota share coverage on our new production through June 30, 2028, provides us with both a high certainty of coverage as well as significant flexibility. We believe we are very well positioned to continue effectively managing our PMIERs position at Radian Guaranty from a position of strength.

I will now turn the call back over to Rick.

Richard G. Thornberry

Chief Executive Officer & Director, Radian Group Inc.

Thank you, Sumita. Our results for the quarter continue to reflect the balance and resiliency of our company as well as the strength and flexibility of our capital and liquidity positions. We expect the earnings and cash flows generated from our large in force mortgage insurance and investment portfolios to allow us to continue operating from a position of strength, delivering value to our customers, policyholders, and stockholders.

We believe our active management of capital through our share repurchases and dividends, as well as our overall leverage, reflects the strength and health of our financial position. We continue our focus on managing operational efficiency and remain on track to achieve our targeted reduction in run rate operating expenses this year. And finally, I want to recognize and thank our dedicated and experienced team at Radian for the outstanding work they do every day.

And now, operator, we would be happy to take questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question comes from Terry Ma of Barclays. Your line is open.

Terry Ma

Analyst, Barclays Capital, Inc.

Q

Hi. Thank you. Good morning. Maybe just to start off with credit, last quarter, you indicated you're nearing a peak for some of the larger vintages seasoning and expected default rate to kind of shake out in the sub-3% range unless the macro changes. So just given all the uncertainty we have, I'm just curious, what are your kind of updated thoughts on kind of credit loss expectations and anything you can kind of do on the pricing or underwriting side should the macro weaken?

Sumita Pandit

Chief Financial Officer & President, Radian Group Inc.

A

Yeah. Thanks for the question, Terry. So I think as we've given you prior guidance, I would say where we are today, we continue to see really strong performance in terms of our cure trends. If you look at our default rate this quarter, it was actually a little lower than the fourth quarter of last year. We went down from 2.44% to about 2.33% as our default rate. In fact, for this quarter, our cures actually were higher than our new defaults. And so, we continue to see really strong, I would say, both default and cure trend performance and in line with our expectations.

I think as far as our expectation for – to the cycle default rates is concerned, I think we still remain in that sub-3% range. We don't expect to be really too different from that level. And in terms of modeling our expectations, we always take a through the cycle view, we want to be conservative. We want to make sure we track different macroeconomic outcomes given the uncertainty externally. And so we remain conservative, but our data continues to be extremely strong, and our cure trends continue to be much better than what we initially reserve for.

Terry Ma
Analyst, Barclays Capital, Inc.
Q

Got it. That's helpful. And then the claims rate at 7.5%, you guys took that up from 8%. I think it was like two quarters ago. Just kind of remind me what the drivers there are. And then, like looking forward, how should we kind of think about that claims rate through a variety of kind of economic scenarios? Is there some sort of kind of implied unemployment rate that's contemplated? Thank you.

Sumita Pandit
Chief Financial Officer & President, Radian Group Inc.
A

So I think when we look at our default to claim rate assumption, we really want to do that through the cycle. We obviously look at current unemployment trends. We look at other macroeconomic indicators. But the reserving assumption is really through the cycle. And when we chose to bring that down from 8% to 7.5% in the fourth quarter of last year, we took into account cure trends, and we took into account what we were seeing clear positive trends primarily driven from home price appreciation, and we felt comfortable reserving less for new defaults. We've continued to keep that assumption for this quarter.

Also keep in mind, last quarter, we did not make a different assumption for hurricane-related defaults. We blended it together, and we reduced our overall roll rate from 8% to 7.5%. We feel comfortable with that assumption, and we didn't make a change this quarter. Having said that, we would change that if we see the macroeconomic scenario change drastically from where we are today.

Operator: Thank you. And our next question comes from Bose George of KBW. Your line is open.

Bose George
Analyst, Keefe, Bruyette & Woods, Inc.
Q

Everyone, good morning. Actually – yeah, in terms of buybacks, I think, Sumita, could you repeat what you said about buybacks, I think, in the second quarter? And then just in general, is there a good way to think about payout ratios or just – broadly just philosophy on capital return?

Sumita Pandit
Chief Financial Officer & President, Radian Group Inc.
A

Yes, sure. I'll start and Rick, jump in with other parts as we go through this. So I would say what I mentioned in my prepared remarks, Bose, was that we really accelerated our share buyback this quarter. You saw us almost go out and buy back four times the shares that we were buying in prior quarters. We did that because, one, we saw a great opportunity in terms of where our stock was trading this quarter. Second, we also continue to use our excess liquidity in our holding company. If you remember last year, we used some of our holding company liquidity to actually pay down our debt.

Right now, we have no debt maturities over the next two years, so we used our holding company liquidity to really take advantage of where our stock was trading, and we increased our share buyback amount this quarter. And I think, we will continue to buy back shares at a similar pace, at least for second quarter given where we are trading today. So, yeah, I mean, we plan to keep using our liquidity from our holding company to make sure that we are buying back shares and capturing value. Rick, would you add anything else?

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.
A

Yeah, I would also say you've seen us over the last five years buy back $1.4 billion worth of shares. 30% of our shares outstanding go back seven years. We bought back $1.9 billion or 39% of our shares. So we've been very active in the market. I think, we always have kind of a baseline view of share buybacks kind of on a quarter-to-quarter basis. But we're also always well-armed with an authorization in place to be able to lean in not just any time, but at the right time to really kind of find value for shareholders and return capital.

So I think this last quarter and the second quarter, as Sumita said, in the second quarter, we expect to buy a similar amount back. We're going to buy back in the first half of this year over -- approximately double what we bought back all of last year. And I think, the opportunity presented itself, and we executed on it. So I'm proud of the team. I think, when you look at our – the value of our stock, we think it trades below intrinsic value. You think about the embedded value of our future earnings on the portfolio, which we went through in our Investor Day a couple of years ago, you look at AOCI, which discounts book value, you look at the overall economics of our business and the clarity we have around kind of future cash flow up to the Holdco from RGI, I think we're in a really positive position.

So you saw us kind of act in reaction and response to a market opportunity and have – through the second quarter, if we buy back over $400 million, I think that will be a pretty significant positive impact for Radian overall.

Sumita Pandit
Chief Financial Officer & President, Radian Group Inc.
A

Yeah, I think you also had a question on payout ratio. So we haven't really given guidance on the payout ratio in the past. All I would say is that if you look at what we expect to be the dividends from RGI to group, we mentioned that we are expected to pay up to $795 million. That's our statutory net income constraint because that was our stat net income in 2024. So that's the max ordinary dividend or return of capital that we can do from RGI to group. So you can see how much – what's the pace at which we are returning that capital back to our shareholders.

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.
A

Yeah. Yes.

Bose George
Analyst, Keefe, Bruyette & Woods, Inc.
Q

Okay. Great. Thanks. And good to see the pace of the buybacks. And then just in terms of the delinquencies, can you just talk about the level of embedded equity in the new delinquencies? And is that kind of similar to what you've seen, say, over the last year?

Sumita Pandit
Chief Financial Officer & President, Radian Group Inc.
A

Yeah, I think it continues to be really strong. I think if you look at our new defaults, about 75% of our new defaults continues to have more than 20% equity. So it's still a very, very consistent trend, and we continue to see a very strong cure performance as a result.

Bose George
Analyst, Keefe, Bruyette & Woods, Inc.
Q

Okay. Great. Thanks.

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.

A

Thank you.

Operator: Thank you. Our next question comes from Doug Harter of UBS. Your line is open.

Doug Harter
Analyst, UBS Securities LLC

Q

Thanks. Just how are you thinking about what is the right level of Holdco liquidity kind of over time, especially kind of given the work you've already done on bringing down debt and no near-term debt maturities?

Sumita Pandit
Chief Financial Officer & President, Radian Group Inc.

A

Yeah. I mean, I think – thanks for the question. It's – we are in a great position. So you can see that we are using the flexibility we have in our holding company and continuing to really think about the use of that liquidity. So we started the quarter with about $885 million of liquidity in our holding company. As mentioned, we returned $244 million back to shareholders. We got another $200 million from RGI as a return of capital in this quarter instead of our dividend. And so we are currently sitting at about $834 million of liquidity in our holding company, as well as a credit facility.

We've not given a specific guidance as to what is the threshold number that we need to keep in our holding company. We obviously look at what our fixed charges are, how much do we really need to keep aside from an interest coverage perspective, as well as the dividends that we paid to our shareholders. We do look at all of that and think of our fixed charge from our holding company. But what I will say is that right now, the liquidity we have in our holding company is much, much higher than where we need to be to really run our business. And we will continue to do the right thing and make sure that we're returning that capital back to shareholders as and when we see value in our share price.

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.

A

Yeah. And I would just add to that kind of echoing your point, the transparency we have of cash flow from RGI up to Radian Group kind of for the foreseeable future as we've talked about, is really puts us in a position of strength to be very kind of agile and flexible when it comes to capital management.

Doug Harter
Analyst, UBS Securities LLC

Q

Great. Appreciate the answer. Thank you.

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.

A

Thank you.

Operator: Thank you. And our next question comes from Mihir Bhatia of Bank of America. Your line is open.

Mihir Bhatia
Analyst, BofA Securities, Inc.

Q

Hi. Good morning and thank you for taking my question. I wanted to go back to the buyback discussion. I believe your buyback used to be a value-based 10b5 plan. Has that changed? And just can you talk a little bit about the mechanics of how the buyback work? Is it just a matter of you putting more money towards it and it's still executing on that value-based plan? Or like, I just want to understand the – like how you're being opportunistic and the flex in it in terms of moving up or down quickly?

Sumita Pandit
Chief Financial Officer & President, Radian Group Inc.

A

Yeah. I mean, it is still a 10b5 plan. I mean, I think we do have to make sure that we keep that grid active. So we have a grid and we execute based on that grid. We have continued to make changes to that grid as we have seen opportunity. And I think that's what you're seeing as a result of how we are now buying back much more shares. So, yes, while it is executed toward 10b5 plan, we've increased the pace and the amount of capital that we are putting aside to execute the share repurchase program. And also say that as we – there was a moment maybe two years back when we were being a little more conservative and it was much more of a value-based plan.

At this point. I would say we just see tremendous opportunity in our share price. I think, Rick talked about where we see value from. It's from AOCI, it's from the embedded value of our MI business that's not reflected in our book value today. And I think we gave some indications of that two years back now in our Investor Day. So I would say, yes, it is value-based, but we are also being a little bit more optimistic about where we are headed as a business, and we will continue to buy back those shares based on a 10b5 grid.

Mihir Bhatia
Analyst, BofA Securities, Inc.

Q

Got it. That makes sense. And then, in terms of the claim rate, cure rate-type balance, if you will, the cure rates have been very strong. I mean, I think you have the slide then everything you can see is like 97%, 98%. You mentioned cure rates, like you had the two highest months over the last 10 years recently. Is that all just HBA-driven? Like, are there other factors driving it? Has something – is there something other than HBA that is driving such strong cure rates? And can you talk about that a little bit?

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.

A

Yeah, Mihir. Thank you for that question. I'll take that and Sumita can add to it as well. But I think, look, embedded equity in the home is certainly a good incentive for a homebuyer to make sure they find a way to protect that equity. But I would say combined with that, there's a tremendous amount of muscle memory that we all came through kind of from the great financial crisis. But then COVID, where we, as an industry and as a government and a regulator, and we learned that keeping a borrower in their home to allow them to get their feedback on the ground and kind of move forward has proven to be a really positive factor. So I would put that. And I would just emphasize that some of the learnings from COVID have translated then into even a better structure that avoids kind of, I guess, abuses of that kind of forbearance.

So it's – the structure for helping people I think has been improved. You also look at kind of the employment cycle that continues today even with all the headline news around tariffs and global trade and so forth. Employment continues to be a factor and enabling people to get reemployed if they become unemployed. And so, those are factors we watch. And Sumita went through a few minutes ago, talking about how we set reserve policy. We really look at kind of a number of different factors kind of going through. I think there's a number of factors today that are enabling people to cure better than we've expected today, right? But we're going to continue to monitor it and continue to watch it and continue to express our opinion through our reserves.

Mihir Bhatia
Analyst, BofA Securities, Inc.

Q

Thank you for taking my questions.

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.

A

Thank you.

Operator: Thank you. I'm showing no further questions at this time. I'd now like to turn it back to Rick Thornberry for closing remarks.

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.

I appreciate that. Thank you all for joining the call today. We always appreciate your time and interest in Radian and our ability to kind of update you on the current state of our business, which we're very proud of. We look forward to the opportunity to meet and talk to many of you over the coming weeks and answer your questions, as always, is one of the highlights of the job I have here is the opportunity to meet with you all. So have a great day and thank you for your time.

Operator: This concludes today's conference call. Thank you for participating, and you may now disconnect.