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Radian Group Inc. (RDN)

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MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Radian's First Quarter 2021 Earnings Call. My name is Jenny. I'll be your operator for today's call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. [Operator Instructions] Please note that this conference is being recorded.

I would now turn the call over to John Damian, Senior Vice President of Investor Relations (sic) [Head-Corporate Development & Investor Relations] (00:00:27). Mr. Damian, you may begin.

John W. Damian
Head-Corporate Development & Investor Relations, Radian Group Inc.

Thank you and welcome to Radian's first quarter 2021 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 www.radian.com. This press release includes certain non-GAAP measures, which will be discussed during today's call including: Adjusted pre-tax operating income; adjusted diluted net operating income per share; adjusted net operating return on equity; and real estate adjusted EBITDA.

A complete description of these measures and the reconciliation to GAAP may be found in press release Exhibits F and G and on the Investors section of our website. In addition, our related non-GAAP measure, real estate adjusted EBITDA margin, is calculated by dividing real estate adjusted EBITDA by GAAP total revenue for the Real Estate segment.

This morning, you will hear from Rick Thornberry, Radian's Chief Executive Officer; and Frank Hall, Chief Financial Officer. Also on hand for the Q&A portion of the call is Derek Brummer, President of Radian Mortgage. Due to the current environment, all of our speakers are remote. I would ask that you please excuse any sound quality or technical issues that may arise during the call.

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 2020 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.

Thank you, John; and good morning. Thank you, all, for joining us today and for your interest in Radian. While the unprecedented pandemic environment continues in 2021, we are encouraged by the continued signs of improvement of the overall economy, as well as the positive momentum in the housing market and the favorable credit trends within our portfolio. Frank will discuss the details of our financial position shortly.

But let me first share a few highlights and insights from the first quarter. We reported net income of $125.6 million or $0.64 per share. Adjusted diluted net operating income per share was $0.68. We grew our book value per share by 9% year-over-year. We achieved this growth even after accounting for the $100 million of dividends that we returned to stockholders over the past year.

For our Mortgage segment, we remain focused on maximizing the economic value and the future earnings of our mortgage insurance portfolio. During the first quarter, we wrote $20.2 billion of high-quality, high-value, new mortgage insurance business at attracted premium levels. And our primary insurance in force was $238.9 billion at March 31.

I want to discuss a few important factors related to our mortgage insurance business in the first quarter, specifically the credit performance of our portfolio, the mortgage insurance pricing landscape, the changes in our insurance in force portfolio and the overall housing market.

In terms of the credit performance of our portfolio, as we noted last quarter coming into the new year, we remained cautious about the continued economic uncertainty. During the first quarter 2021, and most recently in April, we've seen continuing improvement in the credit performance of our portfolio as evidenced by declining number of new defaults, which in April were below pre-COVID levels. In fact, the number of new defaults reported to us in April was one of the lowest that we've seen on a monthly basis in more than a decade.

And cure activity from the pandemic period defaults also continued. April's cure to new default ratio was 259%, which was the highest we've seen in more than 10 years. The continued improvement in the credit performance of our portfolio is being driven by the improving economic environment, continued strong economic support from the government, support of homeowners through continuing forbearance programs and foreclosure moratoriums, and a strong and healthy housing market which gives us greater confidence in the recovery path forward.

In terms of mortgage insurance pricing across the market, it's important to note that over the past three to six months, we've seen increased pricing volatility. We believe this volatility is likely driven by each of the mortgage insurance companies' evolving perspectives related to the economic recovery and competitive environment. This is to be expected as we emerge from a period of significant economic uncertainty and transition to a more normalized competitive environment.

At Radian, we continue to make adjustments to our pricing to reflect the competitive landscape and our improved outlook regarding the economic environment. Overall, we believe the industry is returning to a more consistent and stable pricing environment. And while we expect to see quarter-to-quarter market share volatility, we also expect our future new business volumes to approximate a pro rata share of the overall market over time.

With regards to our insurance in force, although the high volume of refinances over the past 12 months has resulted in a modest decline of our total portfolio year-over-year, it's important to note that the composition of our portfolio has gone through a favorable transition with our monthly premium insurance in force, which is the primary driver of our earned premiums, growing by 9% year-over-year.

The economic value of the projected future earnings of our portfolio include the addition of the high-quality 2020 and 2021 vintages, which represent 47% of our insurance in force as of March 31. Written at historically low interest rates, which should benefit future persistency, we expect these vintages to contribute significant earnings in future periods as our portfolio continues to generate attractive returns. Overall, we believe the improving macroeconomic conditions and strong home purchase market, fueled by first-time homebuyers, provide strong tailwinds for growth in the value of our in force portfolio over the long term.

In terms of the overall housing market, we saw positive momentum continuing in the first quarter. Based on the latest data from our own Radian Home Price Index over the first three months of 2021, continued strong housing demand and relatively limited supply in the market led to an annualized 9% increase in home prices across the country. We expect the rate of home price appreciation to moderate this year. And we believe the combination of an improving economy; strong housing dynamics in terms of demand, supply, home values and mortgage underwriting; relatively low mortgage interest rates; and income growth are well aligned for a healthy and sustainable housing market. Looking ahead, we expect vaccine progress and government support to sustain continued improvement in the economy and US housing market and anticipate continued growth in home purchase activity and gradual reductions in refinances.

Recent market projections for 2021 now estimate total mortgage originations to be approximately $3.5 trillion. While the overall origination market is expected to be smaller as compared to 2020 as a result of the declining refinance volume, there is consensus around a growing purchase market this year, which is positive for our industry, given the higher likelihood that purchase loans will utilize private mortgage insurance as compared to refinance loans.

Based on these most recent origination projections, we've revised our estimates upward and now expect the private mortgage insurance market to be approximately $550 billion to $600 billion, which will be slightly lower than the record volume in 2020, but would still represent the second-highest MI volume year in history.

For our Real Estate segment, despite a challenging pandemic environment, total revenues for the first quarter were $25.8 million, including a 56% year-over-year increase in revenue for our title business. Consistent with recent periods, the operating loss in the Real Estate segment for the first quarter was primarily driven by slowdowns in our valuation and REO businesses resulting from the pandemic environment, as well as our continued strategic investment across our title and digital real estate businesses.

In terms of capital strength, at March 31, Radian Group maintains a strong capital position with $1.3 billion of total holding company liquidity. In April, we continued to execute our aggregate manage and distribute mortgage insurance business model focused on lowering the risk profile and the through-the-cycle volatility of the business.

We executed our fifth mortgage-insurance-linked notes reinsurance transaction for $498 million, resulting in 78% of our risk in force being subject to some form of risk distribution. Radian Guaranty's PMIERS excess available assets grew to $1.5 billion. And if we include the April ILN transaction, the pro forma cushion increases to $1.9 billion or 64%. As we announced, we have increased our quarterly dividend to $0.14, a 12% increase over our prior quarterly dividend.

Turning to the regulatory and legislative landscape. We continue to see an unprecedented level of federal support and coordination to ease the economic burden of the pandemic and to jumpstart a return to normalcy through vaccinations, economic stimulus and various COVID relief programs.

With respect to housing, from the onset of the pandemic, the Administration, Congress and various regulatory agencies, in partnership with the overall mortgage industry, have been unified in helping to ensure delinquent borrowers are able to remain in their homes and given every possible opportunity to become current on their mortgages. This all-in government support for homeownership throughout the pandemic has been a major factor in softening the impact on homeowners and the housing market.

And based on recent actions, such as the $1.9 trillion American rescue plan, the extension of forbearance periods by the GSEs and the CFPB's heightened focus on smoothing borrower transitions out of forbearance, we expect this support to continue for the foreseeable future. This is good for the economy and for homeownership, and given our strong alignment with borrower interest for the mortgage insurance industry as well.

We are also encouraged by the current Administration's clear focus on addressing the issue of housing supply that has emerged as a primary obstacle to affordability and accessibility, especially for first-time homeowners. This is clearly evident in the President's infrastructure proposal. And we believe the housing supply and demand dynamics also likely played into HUD's recent decision not to reduce FHA's premiums at this time.

Finally, it's worth noting that the federal response to housing throughout the pandemic is just another important example of how the housing finance system and our business model have fundamentally evolved and improved. The lessons learned from past downturns that are now translating into unprecedented levels of federal support for homeownership are another important factor that we believe will be a fundamental component for ensuring a sustainable housing finance system, where private mortgage insurance plays an important role.

Now, I would like to turn the call over to Frank for details of our financial position.

J. Franklin Hall

Chief Financial Officer & Senior Executive Vice President, Radian Group Inc.

Thank you, Rick; and good morning, everyone. To recap our financial results issued last evening, we reported GAAP net income of $125.6 million or $0.64 per diluted share for the first quarter of 2021 as compared to net income of $0.76 per diluted share in the fourth quarter of 2020 and net income of $0.70 per diluted share in the first quarter of 2020. Adjusted diluted net operating income was $0.68 per share in the first quarter of 2021 as compared to adjusted diluted net operating income per share of $0.69 in the fourth quarter of 2020 and adjusted diluted net operating income per share of $0.80 in the first quarter of 2020.

I'll now turn to the key drivers of our revenue. As Rick mentioned earlier, our new insurance written was $20.2 billion during the quarter compared to $29.8 billion in the fourth quarter of 2020 and $16.7 billion in the first quarter of 2020. New insurance written for refinances was 41% of total new insurance written for the first quarter of 2021, which was an increase relative to 35% in the fourth quarter of 2020 and 34% for the same quarter in the prior year.

Direct monthly and other recurring premium policies were 90% of our new insurance written this quarter, relatively flat from 91% for the fourth quarter of 2020 and an increase from the 81% for the first quarter a year ago, which also means that single premium policies were only 10% of our quarterly new business, down significantly from a year ago when single premium policies represented approximately 19% of first quarter 2020 new insurance written. In total, borrower paid policies were 99% of our new business for the first quarter as our intentional shift away from lender-paid policies has continued.

Primary insurance in force decreased to $238.9 billion at the end of the quarter as compared to $246.1 billion in the fourth quarter of 2020, with a total year-over-year insurance in force decline of approximately 1%. Our year-over-year decrease in primary insurance in force was primarily driven by sustained low persistency as well as service reconciliation activity in the second half of 2020, which resulted in the cancellation of single premium policies representing approximately 2% of our total insurance in force.

It is important to note that monthly premium insurance in force, which drives a majority of our earned premiums, has grown almost 9% year-over-year compared to an approximate 26% decline in single premium insurance in force. The decline in single premium insurance in force is positive as prepayments on our single premium business enhance realized returns as the life over which the single premium is recognized is shortened.

Our 12-month persistency rate of 57.2% decreased from 61.2% in the prior quarter and 75.4% in the first quarter of 2020. Our quarterly annualized persistency rate was 62.5% this quarter, a slight increase from 60.4% in the fourth quarter of 2020 and a decrease from 76.5% in the first quarter of 2020. The year-over-year decline in quarterly annualized persistency is primarily driven by the continued high level of refinance activity during the current low mortgage rate environment. Should this low rate environment continue, it is expected that near-term persistency will remain below our expected long-term trends.

Moving now to our earned premiums. Net premiums earned were $271.9 million in the first quarter of 2021 compared to $302.1 million in the fourth quarter of 2020 and $277.4 million in the first quarter of 2020. The decrease of 10% on a linked-quarter basis was primarily driven by fourth quarter 2020 changes in accounting estimates, including $11.3 million related to changes in present value estimates for initial premiums on monthly mortgage insurance policies that are deferred but not collected until cancellation and the impact of a line item reclassification related to our title insurance business recorded in the fourth quarter to adjust earlier periods in 2020 which increased net premiums earned and decreased services revenue by $7.8 million. Further details are presented on Exhibit E.

Slide 10 shows the mortgage insurance premium yield trend over the past five quarters excluding the impact of the previously noted $11.3 million in the fourth quarter. Slide 10 has been expanded to show the impact of both our quota share reinsurance and our insurance-linked notes on our net portfolio yield. Our direct in force premium yield was 42.7 basis points this quarter compared to 42.8 basis points last quarter and 46.1 basis points in the first quarter of 2020.

As noted in previous quarters, we expect our in force portfolio yield to continue to decline due to the difference in credit mix and associated premium rates of today's new insurance written relative to prior vintages. Over the past two quarters, this decline in the in force yield was largely offset by the shift in our portfolio mix towards a higher percentage of monthly premium policies. The timing and magnitude of future portfolio yield changes will continue to depend on several factors, including the volume, mix and pricing of new business relative to volume and mix of cancellations and prepayments in our portfolio.

Our level of direct premium yield driven by single premium cancellations was 6.4 basis points compared to 8.7 basis points in the fourth quarter of 2020 and 4 basis points of yield in the same quarter a year ago. On a linked-quarter basis, the decline in cancellations associated with our ongoing servicer reconciliation process is the primary driver of the decrease as this activity was not material in the first quarter of 2021.

With regard to pricing on new business, we remain focused on maximizing economic value and generating attractive risk-adjusted returns, which we target at between 13% to 17% excluding the impact of insurance-linked notes. Real Estate segment revenues were $25.8 million for the first quarter of 2021 representing a 9% increase compared to $23.6 million for the fourth quarter of 2020 and a 3% decrease compared to $26.5 million from the first quarter of 2020.

Our reported Real Estate adjusted EBITDA for the first quarter of 2021 was a loss of $5.9 million compared to a loss of $7 million for the fourth quarter of 2020 and positive Real Estate adjusted EBITDA of $0.9 million for the first quarter of 2020. The decrease in Real Estate adjusted EBITDA in the first quarter of 2021 compared to the first quarter of 2020 was primarily related to the negative impact of the COVID-19 pandemic on the operating environment for certain of our businesses and our continued strategic investment in growing our title and digital real estate businesses.

We have seen a notable increase in our title revenues year-over-year due to new customer acquisition. It is because of our investments in this business that we were prepared to take advantage of increased customer onboarding demands in time to benefit from the recent refinance volume opportunity.

And finally, our investment income this quarter of $38 million was flat from the prior quarter and down 7% from the same-quarter prior year due to lower investment yields, which were partially offset by additional investment balances from underwriting cash flow and proceeds from our May 2020 senior debt offering. At quarter end, the investment portfolio duration was approximately 4.5 years, down from 4.7 years in the prior quarter due to both portfolio reallocation and shorter duration on recently purchased securities.

Moving now to our loss provision and credit quality. As noted on slide 13, the mortgage provision for losses for the first quarter of 2021 was $45.9 million, a decrease compared to $56.3 million in the fourth quarter of 2020 and an increase from $35.2 million in the first quarter of 2020.

As shown on slide 14, we had approximately 12,000 new defaults in the first quarter of 2021 compared to approximately 15,000 in the fourth quarter of 2020 and approximately 10,000 in the first quarter of 2020. In addition to the loss provision related to new defaults in the first quarter, we recorded modest positive reserve development of $4.5 million related to defaults originating prior to 2021.

We decreased the default to claim rate assumption on new defaults to 8.0% for the first quarter of 2021 compared to 8.5% in the fourth quarter of 2020. For the first quarter of 2020, this assumption was 7.5%. This reduction in the default to claim rate assumption for new defaults reported in the first quarter of 2021 was primarily driven by the continued improvement in recent months in certain economic indicators.

As shown on slide 16, approximately 67% of new defaults in the first quarter and approximately 75% of all defaults were reported to be in a COVID-related forbearance program as of March 31, 2021. We have shared additional information on forbearance program mechanics related to these loans on webcast slide 16. These forbearance programs are positive for our industry and for homeowners as they are intended to keep people in their homes through what is expected to be a temporary economic disruption.

I'll also note that of our total defaulted loans, over 95% of these loans are estimated to have at least 10% homeowners' equity. And over 75% of our defaulted loans have at least 20% homeowners' equity using an index-based valuation estimate. This factor along with improving overall economic indicators such as home price appreciation, lower unemployment, governmental support, ongoing forbearance programs and having some end in sight for the COVID environment helped make us cautiously optimistic about the ultimate claim levels and contributed to our decision to reduce the default to claim rate assumptions for new defaults this quarter. It is important to remember that our reserve estimate is based upon the best available information we have at the time, which includes both external economic metrics and the outcomes of our own proprietary models.

As we noted at the beginning of the pandemic, our loss reserve is an estimate of future claim payments, which under normal circumstances, will not be realized for several years. The broad availability of mortgage forbearance options in 2020 and continuing into 2021 may serve to extend the timeline for claim development. As such, the absolute dollar level of reserves on our balance sheet may continue to grow despite any current or potentially ongoing improvements in our quarterly new default to claim rate.

Claim payments, which would reduce the reserve balance when paid, have been substantially reduced during the current foreclosure moratorium. Any potential future assumption changes to prior-period default claim rates, however, may cause the reserve balance to increase or decrease depending on the change in the assumption of the ultimate future claims for these older vintages. As noted previously, all reserve assumptions are evaluated each quarter in a robust and thoughtful process incorporating current information.

On slide 14, as noted, approximately 70% of new defaults from the second quarter 2020 and 63% of new defaults from the third quarter 2020 had cured as of the end of the first quarter. As of April month end, the second quarter and third quarter 2020 cumulative cure rates for new defaults had further increased to 74% and 68%, respectively.

Last night's earnings release included an update for April operating statistics that showed a further decline in our primary default inventory as the number of new defaults in April was down 17% relative to March new defaults, while cure activity continued to exceed new defaults. Our April cure to new default ratio was 259%.

Now turning to expenses. Other operating expenses were $70.3 million in the first quarter of 2021 compared to $81.6 million in the fourth quarter of 2020 and $69.1 million in the first quarter of 2020. The decrease in the other operating expenses in the first quarter of 2021 compared to the fourth quarter of 2020 was primarily related to a $6.9 million decrease in nonoperating items as well as a decrease in current quarter share-based compensation expense, partially offset by a decrease in ceding commissions. The increase in other operating expenses of 2% compared to prior year is consistent with the typical annual growth including adjustments made during our annual employee compensation review process and was partially offset by a decrease in travel and entertainment expenses.

Moving now to taxes. Our overall effective tax rate for the first quarter of 2021 was 22.1%. The increase in our effective tax rate over the statutory rate for the first quarter was primarily due to permanent book-to-tax adjustments related to share-based compensation. Our annualized effective tax rate for 2021 before discrete items remains generally consistent with the statutory rate of 21%.

Now moving to capital and available liquidity. As of the end of the first quarter of 2021, Radian Guaranty had PMIERS available assets of approximately $4.9 billion. The excess available assets over minimum required assets was $1.5 billion, which represents a 42% PMIERs cushion. We have also noted on slide 19 our PMIERs excess available resources on a consolidated basis of $2.7 billion, which if fully utilized, represents 79% of our minimum required assets as of March 31, 2021.

As of March 31, 2021, we have reduced Radian Guaranty's PMIERs minimum required asset requirements by $1.1 billion by distributing risk through both insurance-linked-note reinsurance and other third-party reinsurance arrangements as noted on press release Exhibit L. Subsequent to the end of the first quarter, in April 2021, Radian Guaranty entered into its fifth fully collateralized mortgage insurance-linked-note reinsurance transaction in which the company obtained $497.7 million of credit-risk protection from Eagle Re 2021-1 through the issuance of insurance-linked notes by Eagle Re in an unregistered private offering.

The impact to Radian Guaranty of this most recent ILN is not reflected in our March 31, 2021, results. After consideration of the April ILN transaction, Radian Guaranty's PMIERs cushion would have been approximately $1.9 billion or 64% above Radian Guaranty's minimum required assets. Our reported cushion includes the benefit of the reduction in minimum required assets attributable to the 0.3 multiplier, which reduces the minimum required assets on applicable COVID-19-related delinquencies by 70%. On a net basis, this benefit was approximately $580 million at March 31, 2021.

We expect that the application of this multiplier will continue to materially reduce Radian Guaranty's minimum required assets for COVID-19 defaulted loans. However, the future impact to Radian Guaranty is expected to continue to diminish over time as the population of loans eligible for the multiplier diminishes. As a reminder, this benefit has thus far peaked in the second quarter of 2020 when we received an approximate $1 billion reduction in minimum required assets.

For Radian Group, as of March 31, 2021, we maintained $1 billion of available liquidity. Total liquidity which includes the company's $267.5 million credit facility was $1.3 billion as of March 31, 2021. It is important to note that most of the cash flows of the parent company are funded by long-established, regulator-approved expense interest and tax sharing agreements with its subsidiaries and not through dividends from subsidiaries. This provides us with an enhanced level of certainty and predictability in parent company cash flows and reduces the impact of recent dividend restrictions placed on mortgage insurers by the GSEs.

Radian remains committed to managing excess capital in a responsible manner in light of the economic landscape. We have a strong history of taking thoughtful, prudent and shareholder-friendly actions in managing our sources and uses of capital. We resumed our share repurchase program during March of this year, which had been temporarily suspended beginning in March 2020 in response to the COVID-19 pandemic. We purchased approximately $8.6 million or 413,000 shares during the quarter at an average share price of $20.91 under a new 10b5-1 plan. As of the end of the first quarter 2021, we have approximately $190 million of remaining repurchase authorization which expires on August 31 of this year. Our current 10b5-1 program remains in effect today.

We have also continued to pay a dividend to common shareholders throughout the pandemic, including during the first quarter of 2021, as we returned approximately $25 million to shareholders during the quarter. Additionally, as was announced prior to this call, we are increasing our quarterly dividend 12% to $0.14 per share, which is a further sign of our confidence in the financial strength of Radian and our optimism about the path forward. The combination of dividend payments and share repurchase represent a return of capital of approximately 25% of our after-tax operating income for the quarter.

And lastly, both Fitch and Standard & Poor's have affirmed our credit ratings and have revised our outlook to stable. Given our capital strength and financial flexibility, we believe that we are well-positioned to support our business objectives and deliver value to our shareholders.

I will now turn the call back over to Rick.

Richard G. Thornberry

Chief Executive Officer & Director, Radian Group Inc.

Thank you, Frank. Before we open the call to your questions, let me highlight for you that we increased book value per share by 9% year-over-year and maintained a strong capital position with $1.3 billion of total holding company liquidity. And Radian Guaranty's PMIERS access available assets grew to $1.5 billion.

We are seeing signs of continuing improvement in the overall economy and in the credit performance of our portfolio. Based on this improved outlook, in March, we resumed our repurchase program that was suspended temporarily last year in response to the pandemic. And we announced an increase in our quarterly dividend. Importantly, our business model continues to demonstrate the through-the-cycle resiliency we in the overall mortgage market have been building since the last financial crisis.

Additionally, we look forward to hosting a virtual Real Estate segment Investor Day on June 10, where we will share more details about our plans for these businesses, including our upcoming launches of some highly innovative digital products and services across our title and real estate platforms.

And most importantly, I want to thank our amazing team who have shown commitment to our customers, our company and to each other as we have worked together to successfully navigate this challenging environment. I am very proud of the entire team.

Now, operator, we would be happy to take questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from Mark DeVries from Barclays. Please go ahead.

Mark C. DeVries
Analyst, Barclays Capital, Inc.

Q

Yeah. Thank you. It looks like market share shifted around a fair amount this quarter in NIW. Could you just talk about – and it looks like you guys lost some share with NIW down quarter-over-quarter. Can you just talk about what might have caused that; or are there certain pockets of risk you might have stepped away from; or were there some chunkier pieces of business from some of the larger non-bank originators that you might have missed out on?

Derek V. Brummer
President-Mortgage, Radian Group Inc.

A

Thank you, Mark. This is Derek. So, look, in terms of market share movement, it's not really a mystery these days in terms of what drives that. That's really just relative pricing in the industry. So, when you see a mortgage insurance company picking up share, it's generally driven by the fact that they've just lowered pricing relative to peers.

Now, we've talked about in the past, we're constantly adjusting our pricing, kind of figuring out the best spots to optimize economic value. And so, you typically see, I would say, more minor market share movements quarter-to-quarter. Now, when you see large market share movements on a quarter-over-quarter basis, traditionally, that's really been driven by a shifting in forward bulk bid volume. So, you have one MI company wins one quarter, loses another quarter. Now, that's not the driver for us.

So, when you look at our movement Q4 to Q1, we don't have forward bulk bid volume in our Q4 volume to lose in Q1. What we saw that was a bit different this quarter is we saw relatively large market share movements actually within the industry, so-called, black box pricing engines, and for us, from RADAR Rates.

And so, when you see larger movements within the pricing engines, that's generally not a function of, I would say, the typical price adjustments where you have different companies calibrating for certain segments. Generally, the driver there is you'd have a competitor that would have done more, I would say, broad price reductions within their engine.

Now, that being said, what we are seeing now are kind of signs of stabilization from a price perspective. And certainly where we see those rates settling out, we still see very strong returns and great value overall. The other thing to keep in mind, just as you think about our strategic approach, we've certainly been in an era of increased price volatility. So you had COVID occur, you had MI companies raise their price. They've been lowering them throughout the year. In an environment like that, it's typical that we would lose some share because, strategically, we're not going to be a price leader downwards in terms of price, but we are going to be quicker to raise prices when we see a risk off-cycle.

That being said, it's important to kind of step back though because while you're going to have that kind of some distribution market share, that'll move quarter-to-quarter. If you think about the industry, the long term, we expect that would settle out generally to a pro rata distribution. And again, you'll kind of be above it; below it in certain quarters. Our focus continues to be really long-term economic value. So, we're constantly trying to calibrate our pricing to find market-clearing levels that we think optimize the long-term economic value.

And that being said, kind of where the industry is right now, it's important to keep in mind, too, just the extremely strong economic and housing tailwinds and just a very large overall market. So, market share will be up and down in certain quarters, but long term, big market, generally, probably everyone's going to get their pro rata share in the long term.

Mark C. DeVries
Analyst, Barclays Capital, Inc.

Q

Okay. That's very helpful color. And on a related topic, I mean, I think, the insurance in force was down quarter-over-quarter. And obviously part of that was the share loss on the NIW. I think another part of that is just the fact that you guys have pulled back from singles relative to what you've done a couple years ago. At what point would you expect kind of the headwind to insurance in force growth from the run off of your singles book to start to fade?

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

A

Hi, Mark. This is Rick. And I think, first off, I appreciate the question on insurance in force. I think what we've seen occur recently, over the last few quarters, is a really favorable transition. Sometimes, we think changes in insurance in force, a decline, might be considered negative. But as we've gone through this process this past year through a pretty highly accelerated refinance volume, we've really seen the construct of our portfolio change dramatically in terms of what's actually happening behind the scenes. So, I think, as we've highlighted, we've seen the monthly book of business grow by 9% year-over-year. And we've seen the singles book decline by 26%.

Probably more importantly to your point, the lender-paid singles book is down 42% year-over-year and it's a tremendous transition. Now, those are both good trends, right. Because growing our monthly book of business during the 2020 and 2021 vintages at low interest rates, high quality, as I said in my opening remarks, that's a positive trend. The singles acceleration actually acts a little bit as a hedge in our business because as refinance has accelerated, we saw an acceleration of earned revenue, which obviously, on those policies, improves the return. It reduces the extension risk of single premium.

And so, as we've said for the last few years, we've kind of pulled back away where lender-paid singles, which are kind of the greatest extension risk and greatest cost of capital, we've kind of pulled back materially. But that portfolio has kind of accelerated and we've earned the returns at probably higher than anticipated levels. So, net-net a positive transition in our portfolio.

How that plays out going forward, I think, is still somewhat dependent upon the refinance volume in the marketplace. And I think over the midterm – kind of medium term, we expect refinances to slow down and persistency to increase. What happens in the next quarter or two, I think, it's likely to be somewhat volatile, and we'll play it through. But I think, longer term, as you see refinances decline, we would expect that persistency to return to kind of the long-term levels.

As Derek highlighted, there are strong tailwinds in the origination in terms of strong purchase market, high-quality, strong housing market, obviously. And I think that really positions us well to kind of use that as refinances settle down and use that strong home purchase market to build and grow the value of our insurance in force. So, I think we feel very good about the transition that's been made. And we are very bullish on the prospects forward related to growing the value of the portfolio.

Mark C. DeVries
Analyst, Barclays Capital, Inc.

Q

Okay. Great. Thank you.

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

A

Thank you.

Operator: And our next question comes from Doug Harter from Credit Suisse. Please go ahead.

Douglas Harter
Analyst, Credit Suisse Securities (USA) LLC

Q

Thanks. I'm just hoping you could help us on kind of the potential sizing of the share repurchase, Just a little bit more detail around kind of when you turned the share repurchase program back on in March. And kind of given the movement of stock today, I guess, how you might be thinking about opportunistic purchases?

J. Franklin Hall
Chief Financial Officer & Senior Executive Vice President, Radian Group Inc.

A

Sure. This is Frank. Yeah. So, as you noted, we did reinstitute a new 10b5-1 plan in March of this year, so late in the quarter. So, the number of shares that you saw us repurchase represents only one month of repurchase activity. And our buyback programs, similar to the ones previously, are value based in approach. And so, that is something that we remain committed to. And it's been very successful for us in the past.

We have $190 million remaining in our current authorization that expires on August 31 of this year. So, we'll keep you posted each quarter with the repurchase activity that we see in the quarter, and also what remains on the authorization and what future plans may be around capital returns.

Douglas Harter
Analyst, Credit Suisse Securities (USA) LLC

Q

Great. And I know you mentioned that in your prepared remarks, but what was the average purchase price of shares during March?

J. Franklin Hall
Chief Financial Officer & Senior Executive Vice President, Radian Group Inc.

A

$20.91.

Douglas Harter
Analyst, Credit Suisse Securities (USA) LLC

Q

Great. Thank you.

Operator: And our next question comes from Mihir Bhatia from Bank of America. Please go ahead.

Mihir Bhatia
Analyst, BofA Securities, Inc.

Q

Hi. Thank you for taking my question. Maybe just the first question I wanted to ask, I want to go back to Mark's questions on NIW. And I guess, just from your perspective, I wanted to see. The $20 billion in NIW in 1Q was clearly a little bit below what a lot of us – at least I was expecting. Maybe you can just talk about what was it relative to just your own expectations? How do you view that? Are you happy with it, or is that something that you would look at as your peers report and think about changes to either pricing or talking about talking to your sales force or what have you?

Derek V. Brummer
President-Mortgage, Radian Group Inc.

A

Oh, sure. This is Derek, yeah. So, in terms of that, we're certainly happy with the overall volume that goes back to. It's a large market and very strong tailwind. So, the way we kind of look at it in terms of what others are doing is, again, just looking for relative value. So again, pricing in terms of the market's going to shake out to that pro rata level. And what we're kind of looking for is the market kind of reaching, I would say, a stabilization point from a pricing perspective.

So, what you'd typically expect to see, you see a price increase. And then, again, everyone's kind of coming back down. The question is kind of where you stabilize out. And that's what I indicated. We're starting to see some signs of stabilization with respect to that. It's always kind of hard to time that. And to that point earlier is we're kind of in a downward pricing cycle, which is again, I think, adjusting to just the improved economic condition. We're probably not going to be leading that downward. We'll be kind of following and recalibrating pricing accordingly.

And then, as you kind of reach more of an equilibrium point and get back to that pro rata distribution, that's where our strategy really comes into fold in terms of finding the highest-value spots kind of within that – with the equilibrium pricing. And so, that's kind of, I think, where we've shifted to in terms of the cycle. So, over time again, I would expect that kind of – market share again to probably stabilize out towards more of a pro rata share long term.

Mihir Bhatia
Analyst, BofA Securities, Inc.

Q

Got it. No, that's helpful. Thank you. If I can maybe ask about returns then. Just a couple of quick ones on that. The first one is just, has the return expectation from the business changed compared relative to your mid-teens through-the-cycle longer term pricing algorithm, if you will? Is that still the case here that...

[indiscernible] (00:48:33)

Mihir Bhatia
Analyst, BofA Securities, Inc.

Q

Yeah. Go ahead. Sorry.

Derek V. Brummer
President-Mortgage, Radian Group Inc.

A

Sure. This is Derek. No, we feel good about those kinds of target return levels. So, we really haven't seen any shift with respect to that. And overall, again, as I indicated, we see strong value in the market. It really is a matter of just a relative value play. So, as we're putting our capital to work, we've always said, we're looking kind of for the highest-value segment of the market. So, we're constantly calibrating pricing; some up, some down. And as we're doing that trying to find those spots, then you're going to see some market share moves with respect to that.

I think, again, when you're in a more volatile pricing cycle, which I think we're just coming out of, as you're doing calibrating, if ever competitors are doing kind of broader shifts kind of down into pricing, that can, I would say, lead to more significant shifts in market share. And that might have been what we saw this quarter.

Mihir Bhatia
Analyst, BofA Securities, Inc.

Q

Got it. Thank you. And then, I guess, just one last question for me. In terms of returns, Rick, you mentioned that 47%, I think, of your book was written in the last – in 2020 and 2021 when you generally had higher pricing, better prices, lower interest rates. So, if the economy continues to improve as we all expect, is it reasonable for us to expect above-average returns for like almost half your book, or just given that it was – the way pricing was done on that book, or am I overthinking this?

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

A

Yeah, I think – Mihir, thanks for the question. I think, look, we – I would add to Derek's earlier comments to say look, as we are slower to kind of lead pricing down as we come out of this transition, obviously, the result of that is that our volume is attracting higher premium levels. And as we see economic recovery kind of forward it should speak well to the returns on that book of business.

So, as we as we look at the transition that's gone through in our insurance in force to really be almost half – certainly over half, I think, of our monthly book of business. But almost half of our entire book of business has been originated in the last 12 months at these rates and at these pricing levels. I think it does speak well for the future, especially as we see in the economy. Again, we're not here to provide kind of a forward outlook. But I think the assumption that as we see this economic recovery, those books will perform better than originally anticipated is probably a reasonable assumption.

Mihir Bhatia
Analyst, BofA Securities, Inc.

Q

Yeah. Thank you for taking my questions.

Operator: And our next question comes from Randy Binner from B. Riley. Please go ahead.

Randy Binner
Analyst, B. Riley Securities, Inc.

Q

Hey. Good morning. Thanks. I must shift away from this pricing commentary a little bit. And I wanted to ask one about persistency. And so, on the kind of annualized figure that you all communicated, it looks maybe like persistency is bouncing along the bottom. So, that looks better than I would have expected. So, the question in there is, is it stabilizing or is it still going to be volatile and down?

And is it possible that this kind of persistency shift, if you will, with this housing market could be different than what we've seen in the past? And so, what I mean by that is your refi activity and persistency are kind of offsetting factors in the model, but you just have an incredibly strong housing market right now. And so, I'm just wondering if there might be anything different in the way persistency is acting this time around, and if we should plan on it to continue to be kind of low and volatile?

J. Franklin Hall
Chief Financial Officer & Senior Executive Vice President, Radian Group Inc.

A

Sure, Randy. This is Frank. Yeah. On persistency, I mean, that's largely going to be driven by refinance activity and that, of course, is impacted by the rate environment. So, to the extent we've seen the bottom of rates from a mortgage rate perspective, I think, you should expect to see that persistency number come up to more natural longer-term levels in that high-70s, low-80s type of level. Now, that's, call it, a normalized, stable and slightly increasing rate environment. But yes, I would agree with you that as those rates level out and maybe increase a little bit, that is net positive for our persistency.

Randy Binner
Analyst, B. Riley Securities, Inc.

Q

Yeah. But I guess, the difference between this time around and before other cycles like this would be, I think, refi just as a product is – I mean, I understand it's a function of rates and – but there's a lot more entities out there pushing refi. And I think there's just generally kind of more interest in the housing market from consumers.

So, is there – I guess, if the answer is you think this will go to a historical trend and shorter, that's understood. But is it possible that, because of all the push out there for refi in a generally hot housing market, that you could see persistency to continue to be more volatile perhaps than we've seen in more traditional refi cycles?

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

A

Yeah. I think it's a great question, I think, Randy. I've been in this mortgage industry for over 30 years. And I have to tell you, quite honestly, I've never seen the mortgage industry miss a refinance opportunity, whether it's brokers, whether it's originators, whether it's large banks. So, I don't know that today is any more – any different from the past. We may be able to leverage other technologies, but it still comes down to the consumers' ability and willingness to exercise the option. But I think, historically, there's always been aggressive of a push for refinances when they're in the money. And I think we've seen that through this cycle.

And, again, I think it's all going to be based upon how interest rates are relative to the current outstanding mortgage book in the US. And obviously, rates have come up. We've seen that will have some impact. But how that plays out over the future, I think will have the greatest determinant of refinances versus whether there's more or less focus from a mortgage industry point of view. There are new and different players, but having been in this business forever and refinance cycles, I think, ultimately, it's a capacity issue. And we've seen many of the refinance pipelines expand out to well in excess of normal periods for closing. So, I think we're still seeing some of that come through.

But I think it's ultimately going to be driven by interest rates and where borrowers are in the money from a option to refinance, and that'll be obviously be driven by the level of mortgage rates. So, hard to predict how it plays out. I think it's going to be volatile in the near term. And over the long term, it will depend upon where rates settle out.

Randy Binner
Analyst, B. Riley Securities, Inc.

Q

All right. I appreciate that. Thanks.

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

A

Yeah. Thank you.

Operator: And our next question comes from Bose George from KBW. Please go ahead.

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

Q

Yes. Good morning. So, just I don't mean to beat a dead horse here on the pricing stuff, but just wanted to go back to that. A couple of questions. One, is the bulk bid market – has that remained fairly stable in terms of the size versus the overall market? Just wanted to see if that's impacting the share shifts at all.

And then, on the pricing, I mean, to summarize, is it fair to say that what's going on is that the industry is giving back a lot of the post-COVID increases, given credit has normalized. You haven't quite gotten there yet. And as you do, the pro rata share should kind of come back to you?

Derek V. Brummer
President-Mortgage, Radian Group Inc.

A

Yeah. So, I think, in the first question, I think, it is pretty stable in terms of the size of the forward bulk bid business. So, I don't think we've seen significant shifts in terms of that. So, as you see movements between MI companies, it's maybe not on a much different volume. Sometimes, the volume can shift just because those lenders that do that might be picking up volume relative to other originators is probably the best way.

And then, in terms of the pricing, I think, it's generally a fair summation, what you said, in terms of just you know giving back kind of previous increases. And again, that's why I kind of referred to that equilibrium point. You kind of reach a certain point where there is a little more stability. I think we were kind of in that phase probably going into COVID.

And I would say, you tend to see pretty stable kind of market share numbers in the black box pricing engine. You still would see at that point the shift in the forward bulk bid volume. But that's what we would expect to kind of see more of a return and hope to see more of a return to that kind of more stabilized pricing environment. And then, you're right, you would see everyone kind of move around more of a pro rata distribution.

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

Q

Okay. Great. Thanks. And then, just switching over to the capital return. As you guys noted you've got a lot of capital at the holding company which puts you in a good position relative to – given the FHFA restrictions still on dividend up to the HoldCo. I'm just curious like is there any sort of balancing act there or could you aggressively buy back shares while there's sort of this ongoing restriction from the insurance company?

J. Franklin Hall
Chief Financial Officer & Senior Executive Vice President, Radian Group Inc.

A

Yeah. Bose, this is Frank. I think the point that we emphasize here is that we have managed our capital and liquidity in such a way that we have all the optionality that we need that is consistent with our strategic plan and our capital management intentions. So, the dividend restriction from the operating company to the parent company really doesn't factor into any aspect of how we're running the business. And so, I think that puts us in a very fortunate position and certainly enables us to continue with our capital plans accordingly.

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

Q

Okay. Great. Thanks.

Operator: And our next question comes from Ryan Gilbert from BTIG. Please go ahead.

Ryan Gilbert
Analyst, BTIG LLC

Q

Hi. Thanks, everyone. I appreciate your time. My first question is around single premium policies. I know you discussed it earlier, but I'm wondering if you have a target for the percentage of your total insurance in force you would like single premium policies to be. And as the percentage of your insurance in force that's single premium shrinks, when you're thinking about future QSR programs, does it make sense to move to a more traditional QSR versus a single premium QSR which you've done in the past?

Derek V. Brummer
President-Mortgage, Radian Group Inc.

A

Yeah. This is Derek. So, we don't have a target. And generally, our approach, since we're looking at relative value, we're looking at relative returns. And those are going to shift depending upon our economic projections. So, singles and monthlies are going to have different sensitivities to things like interest rates, so that's an important component. But arguably, even a more important component is just where the competitor pricing is. So, to the extent that we see relative value moving in singles versus monthlies, you'd expect to see a relative shift there and vice versa. So, we're not pegging to a particular percentage of volume.

In terms of risk distribution structures, yeah, we're open to different structures in terms of optimizing kind of our return, our capital and our risk position. And so, even our most recent ILN transaction were also running singles production through there as well. So, in the future, could be that we would change our reinsurance as well. But again, what we're going to look at in all of those structures are kind of the relative efficiency and pricing for the risk distribution structure. And those also can vary depending upon whether you're distributing singles or monthlies. So, kind of not an easy answer. It all sort of depends.

Ryan Gilbert
Analyst, BTIG LLC

Q

Okay. And just as a follow-up, has there been any meaningful change in the return profile of singles versus monthlies over the last few months?

Derek V. Brummer
President-Mortgage, Radian Group Inc.

A

No. Overall, I don't think there's been change in terms of return profile. I think, generally, with the improving economy, and we kind of talked about this earlier, as we look at the business and the expectation from the economic outlook, the returns, all things being equal, would marginally improve. And I think that's kind of would be across the board.

Ryan Gilbert
Analyst, BTIG LLC

Q

Okay. Got it. Second question for me, in your Real Estate services business, I'm wondering how you're thinking about growing that business organically versus using M&A to accelerate your strategic plan there?

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

Yeah, Ryan. This is Rick. I appreciate the question. And we are obviously focused on building through organic growth. We always – we do keep a watchful eye towards acquisition opportunities. Frank, and John, and I and the team, we look at acquisitions. But it's been quite an active pipeline recently. We don't see a lot of value, truthfully, in many things that we look at. They're either overvalued or maybe over-appreciated. So, I think, from a business strategy point of view, we're focused on the organic growth.

On June 10, as I announced in my opening comments, we're going to provide a Real Estate segment kind of Investor Day and really kind of walk everybody through how we see that business, the kind of the opportunity we see and then some of the interesting technologies and products and services that we have launched and are launching kind of going forward. So, we'll kind of pull back the curtain on the business a little bit more because we do think of it as a value-driven business.

But I'd say, today, the organic growth of our title business is actually accelerating with the addition of several new customers. And these are large, I'm calling blue-chip-type customers, which is starting to grow the revenues on that. As Frank said, we've been making the investment to enable the onboarding of those clients. So, the organic growth of that business is accelerating. And, our mortgage insurance relationships matter there and have been an important element of us expanding our relationship.

I think we're also very excited about the investments we're making across our digital title business, and our digital real estate businesses and our software-as-a-service businesses again, which we'll talk more about on the 10th [June 10]. But I think as we sit here today, we're going to build a business from an organic – and this is accumulation of acquisitions already, but our focus is really on organic growth. If we saw attractive opportunities from an acquisition point of view that were highly accretive, and we thought strategically valuable to the overall picture, we certainly would consider. But today, it's a focus on growing these businesses organically. And we're actually – we can see the development of these businesses starting to come together and we're very excited about it. And again, look forward to kind of walking more through this on June 10.

Ryan Gilbert
Analyst, BTIG LLC
Q

Okay. Great. Thanks very much.

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

Thank you.

Operator: And our next question comes from Phil Stefano from Deutsche Bank. Please go ahead.

Philip Stefano
Analyst, Deutsche Bank Securities, Inc.
Q

Yeah. Thanks, and good morning. Just a few quick ones to start. So, Frank, you had mentioned that the 10b5 [10b5-1] was put in place in March. Can you put a finer point on that? Is that early, mid, late?

J. Franklin Hall
Chief Financial Officer & Senior Executive Vice President, Radian Group Inc.
A

Sure. It was early.

Philip Stefano
Analyst, Deutsche Bank Securities, Inc.

Q

Okay. Fantastic. I think one of the prepared remarks, comments you had mentioned, that there was favorable development was from defaults prior to 2021. Was any of that from the COVID defaults of 2020?

J. Franklin Hall
Chief Financial Officer & Senior Executive Vice President, Radian Group Inc.

A

No.

Philip Stefano
Analyst, Deutsche Bank Securities, Inc.

Q

Okay. Other operating expenses had a slight benefit from T&E. Is there any way you can frame for us, the extent of that benefit in thinking about how quickly it might come back as the world reopens?

J. Franklin Hall
Chief Financial Officer & Senior Executive Vice President, Radian Group Inc.

A

I won't put a fine point on it for you. But over the course of a normal year, it's a few million dollars. And we'll see how that comes back online. I would also say, Phil, that what we've learned in the COVID environment is quite a bit about what it takes to operate the business. And so, we would expect to see some permanent gains in efficiency perhaps as we evaluate our travel and entertainment expenses on a go-forward basis. So, I wouldn't want to calibrate it back to a pre-COVID level, but I also wouldn't want to put a finer point on it for you.

Philip Stefano
Analyst, Deutsche Bank Securities, Inc.

Q

Well, that makes sense. I think that's enough to think about and so – and the last one that I have for you is on the Real Estate segment. How should we be thinking about the expenses here? It feels like the past couple of quarters expenses have been relatively flat, and it's the revenue that's kind of fluctuated. I mean, is that the right way to think about this as we're building the investments and getting this ready for the next wave of the Real Estate segment life cycle?

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

A

Yeah. Phil, thank you. And I would say, look, the revenue – I give you both the revenue and the expense side. So, the revenue volatility has really been driven by two things. One is our title revenues growing, more or less offset by the decline in kind of the REO business over the past year because of the foreclosure moratoriums. Now, obviously, that REO business will make some come back in the future as these moratoriums are lifted. We've also seen kind of a little bit more of a slowdown in some of the valuation aspects of the business, specifically related to SFR, but a little bit chunky at times. But I would say, overall, that's the trade on the revenue side.

On the expense side, as we – so we do continue to carry some of the expenses related to those businesses that have been impacted from a revenue point of view. We're also growing our title business to be prepared to onboard some very large clients. So, I'll just give you – I think yesterday's volume in our title business was the largest ever. And I think, from a new orders point of view, we've seen continued record-breaking levels as we onboard new clients and expand existing relationships. So, we've been staffing ahead to be in a position to onboard. We go through the training cycle and so forth. So, I think part of the expense buildup is that staffing ahead of these anticipated client onboarding.

The third category is really related to the significant investment we're making in the digital platforms across both our title and our Real Estate business. We're building really a very new and different type title platform that we'll talk more about in June that we'll launch this summer. I think it'll be very innovative to the market. As we said, we're not building the title business from the past; we're building it for the future. And across our Real Estate business, we continue to invest in, yeah, the data and analytics around our real estate information and the Software-as-a-Service platforms we have around valuations and transactions.

So, we are making the investment. You can think of it like, we can say, we'll make a start-up investment in these businesses, but we are making the investments towards what we see as a future. And we do see value occurring ahead of earnings. And as I said last quarter, we don't see these in the near-term moving EPS, but we do see value ahead of earnings.

And I think some of the market comps that we've seen over the last few quarters around kind of fintech proptech, title businesses are quite popular today. I think investments we're making towards the digital future in these businesses is something that is very value-driven. And we look forward to talking more about it on June 10.

Philip Stefano
Analyst, Deutsche Bank Securities, Inc.

Q

Thanks. I'm looking forward to it, too.

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

A

Yeah. Thank you, Phil.

Operator: We have no further questions at this time. I will turn it over to Rick Thornberry for any closing remarks.

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

Thank you. And I want to thank everybody for your interest in Radian, and joining us today and your great questions. I look forward to either meeting with you virtually or seeing you soon, depending upon how all things transition.

And again, thank you for all – I want to thank our team at Radian for all that they're doing to serve our customers and really work well as a team across our organization. And I look forward to the next time that we have an opportunity to talk about our business. And hope everybody stays well. Be safe. Take care.

Operator: Thank you. Ladies and gentlemen, this concludes today's conference. Thank you for participating. You may now disconnect.