

MGIC INVESTMENT CORP

Form DEF 14A

June 19, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant [ ]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[X] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material under §240.14a-12

MGIC Investment Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for

[ ] which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

June 19, 2017

MGIC  
Investment  
Corporation

Dear Shareholder:

It is my pleasure to invite you to attend our Annual Meeting of Shareholders to be held at 2:00 p.m. on Wednesday, July 26, 2017, at the Corporation's headquarters in Milwaukee, Wisconsin.

At our meeting, we will ask shareholders to:

- elect ten directors,
  - conduct an advisory vote to approve MGIC's executive compensation,
  - conduct an advisory vote on the frequency of future advisory votes on executive compensation,
- and
- ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2017.

Notice of 2017  
Annual  
Meeting  
and  
Proxy  
Statement

We will also report on our business.

Your vote is important. Even if you plan to attend the meeting, we encourage you to vote as soon as possible. You may vote by telephone, online or by mail. Please read our Proxy Statement for more information about our meeting and the voting process.

2016 Annual  
Report  
to Shareholders

The Annual Report to Shareholders, which follows the Proxy Statement in this booklet, is a separate report and is not part of this Proxy Statement.

Patrick Sinks  
President and Chief Executive Officer

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## IMPORTANT VOTING INFORMATION

If you hold your shares in “street name,” meaning your shares are held in a stock brokerage account or by a bank or other nominee, you will have received a voting instruction form from that nominee containing instructions that you must follow in order for your shares to be voted. If you do not transmit your voting instructions before the Annual Meeting, your nominee can vote on your behalf on only the matter considered to be routine, which is the ratification of the appointment of our independent registered public accounting firm.

The following matters are NOT considered routine: election of directors, the advisory vote to approve our executive compensation, and the advisory vote on the frequency of holding future advisory votes on executive compensation. Your nominee is not permitted to vote on your behalf on such matters unless you provide specific instructions by following the instructions from your nominee about voting your shares and by completing and returning the voting instruction form. For your vote to be counted on such matters, you will need to communicate your voting decisions to your bank, broker or other nominee before the date of the Annual Meeting.

### Your Participation in Voting the Shares You Own is Important

Voting your shares is important to ensure that you have a say in the governance of your company and to fulfill the objectives of the majority voting standard that we apply in the election of directors. Please review the proxy materials and follow the relevant instructions to vote your shares. We hope you will exercise your rights and fully participate as a shareholder in the future of MGIC Investment Corporation.

### More Information is Available

If you have any questions about the proxy voting process, please contact the bank, broker or other nominee through which you hold your shares. The Securities and Exchange Commission (“SEC”) also has a website ([www.sec.gov/spotlight/proxymatters.shtml](http://www.sec.gov/spotlight/proxymatters.shtml)) with more information about voting at annual meetings. Additionally, you may contact our Investor Relations personnel at (414) 347-6480.

## IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 26, 2017

Our Proxy Statement and 2016 Annual Report to Shareholders are available at <http://mtg.mgic.com/proxyinfo>. Your vote is very important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may vote your shares via a toll-free telephone number, over the Internet, or by completing, signing, dating and returning your proxy card or voting instruction form in the pre-addressed envelope provided. No postage is required if your proxy card or voting instruction form is mailed in the United States. If you attend the meeting, you may vote in person, even if you have previously voted by telephone, over the Internet or by mailing your proxy card. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from them to vote your shares.

MGIC INVESTMENT CORPORATION

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Our Shareholders:

The Annual Meeting of Shareholders of MGIC Investment Corporation will be held at 270 East Kilbourn Avenue in Milwaukee, Wisconsin, on July 26, 2017, at 2:00 p.m., to vote on the following matters:

- (1) Election of the ten directors named in the Proxy Statement, each for a term ending at the Annual Meeting in 2018;
- (2) An advisory vote to approve our executive compensation;
- (3) An advisory vote on the frequency of holding future advisory votes on executive compensation;
- (4) Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2017; and
- (5) Any other matters that properly come before the meeting.

Only shareholders of record at the close of business on June 2, 2017, will be entitled to vote at the Annual Meeting and any postponement or adjournment of the meeting.

By Order of the Board of Directors

Jeffrey H. Lane, Secretary  
June 19, 2017

YOUR VOTE IS IMPORTANT  
PLEASE PROMPTLY VOTE VIA TOLL-FREE TELEPHONE NUMBER, ONLINE  
OR BY COMPLETING, SIGNING, DATING AND RETURNING  
YOUR PROXY CARD OR VOTING INSTRUCTION FORM

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PROXY SUMMARY

This summary highlights information contained elsewhere in our Proxy Statement and does not contain all of the information you should consider. Please review the Company’s complete Proxy Statement before voting. Please refer to our Glossary of Terms and Acronyms in Appendix B to this Proxy Statement for definitions of certain capitalized terms.

VOTING MATTERS AND BOARD RECOMMENDATIONS

Proposal Voting Matter	More Information	Board Vote Recommendation
1 Election of Ten Director Nominees	Page <u>19</u>	FOR each Director Nominee
2 Advisory Vote on Executive Compensation	Page <u>22</u>	FOR
3 Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation	Page <u>52</u>	FOR Annual Votes
4 Ratification of Independent Registered Public Accounting Firm	Page <u>53</u>	FOR

BUSINESS HIGHLIGHTS

Through our subsidiary Mortgage Guaranty Insurance Corporation, we are a leading provider of mortgage insurance to lenders throughout the United States and to Fannie Mae and Freddie Mac (the “GSEs”). In 2016, our total revenues were \$1.1 billion and as of December 31, 2016, our primary insurance in force, an important driver of our future revenues, was \$182.0 billion. In 2016, the Company continued to deliver outstanding results for its shareholders as shown by the financial metrics below. These metrics, among others, were considered when determining the 2016 bonuses of our NEOs.

Net Operating Income per Diluted Share<sup>(1)</sup>

New Insurance Written<sup>(2)</sup>

Net Operating Income per Diluted Share is a non-GAAP measure of performance. For a description of how we (1) calculate this measure and for a reconciliation of this measure to its nearest comparable GAAP measure, see Appendix A to this Proxy Statement.

(2) New insurance written refers to direct new insurance written (before the effects of reinsurance).

In 2016, the Company also achieved favorable results against various business objectives, including those listed below. These objectives are among the business objectives used to determine the 2016 bonuses of our NEOs.

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<p>Business Objective</p> <p>Capital Position - Manage capital with consideration of compliance requirements; access to, levels and mix » of sources of capital; and financial flexibility.</p> <p>Prudently Grow Insurance in Force - Manage the 2016 book of business by product, geography and customer » to produce a desirable volume and mix.</p>	<p>Results</p> <ul style="list-style-type: none"> <li>• Our principal subsidiary, MGIC, was upgraded to investment grade by Moody's and S&amp;P.</li> <li>• We re-entered the non-convertible senior debt markets for the first time in 10 years, issuing senior notes and using a portion of the proceeds to repurchase convertible notes.</li> <li>• We eliminated 66 million potentially dilutive shares through the transaction listed above and other transactions during the year.</li> <li>• Grew flow insurance in force by more than 5%.</li> <li>• Wrote more than 80% of new insurance written with FICO scores 700 and greater.</li> <li>• Had an 18% market share while maintaining pricing discipline in an intensely competitive lender-paid mortgage insurance market.</li> </ul>
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OUR BOARD NOMINEES

Name	Age	Director Since	Primary Occupation	Independent	Committee Memberships
Daniel A. Arrigoni	66	2013	Former President and CEO of U.S. Bank Home Mortgage Corp.	ü	• Audit • Risk Management
Cassandra Carr	72	2013	Consultant; Former Global Vice Chair of Talent at Hill+Knowlton Strategies	ü	• MDNG * • Risk Management
C. Edward Chaplin	60	2014	Former President and CFO of MBIA Inc.	ü	• Risk Management • Securities Investment
Curt S. Culver	65	1999	Chairman of the Board Former CEO of MGIC Investment Corp.		• Executive
Timothy A. Holt	64	2012	Former SVP and Chief Investment Officer of Aetna, Inc.	ü	• Audit • Securities Investment (C)
Kenneth M. Jastrow, II	70	1994	Lead Independent Director Corporate Director and Private Investor; Former Chairman & CEO of Temple-Inland Inc.	ü	• Executive • MDNG * (C)
Michael E. Lehman	66	2001	Interim Chief Information Officer and Special Advisor to the Chancellor of the University of Wisconsin; Former EVP and CFO of Sun Microsystems, Inc.	ü	• Audit (C) • MDNG *
Gary A.	64	2013	Former President of The Northwestern Mutual Life Insurance Company	ü	• Audit



Poliner

- Risk Management (C)
- Securities Investment

Patrick Sinks 2014 CEO of MGIC Investment Corp.

- Executive (C)

Mark M. 58 2010 Chief Economist of Moody's Analytics, Inc.  
Zandi

ü

- Risk Management

<sup>a</sup> = Audit Committee Financial Expert

\* = Management Development, Nominating and Governance Committee

C = Committee Chair

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COMPENSATION HIGHLIGHTS

Pay Mix. A large percentage of our CEO's compensation is at-risk, performance-based compensation.

\* Stock Price on 2016 grant date = \$5.66

At-Risk Performance-Based Pay: 82.5%

\*\* Stock Price on 2015 grant date = \$8.43

At-Risk Performance-Based Pay: 87.4%

Recent Changes. At our 2015 and 2016 Annual Meetings, 99% of the Say on Pay votes cast were in support of the compensation of our NEOs. Despite this high level of support, in 2016 and 2017, we further aligned our executive compensation program with the interests of shareholders as follows:

- We eliminated any retesting feature for all equity awards (2016, retroactive to 2014-2016 awards). See "Components of our Executive Compensation Program — 2016 and 2015 Other Long-Term Equity Awards — CR (Combined Ratio Awards)" in our CD&A, page [38](#).
  - We changed our 2017 equity awards to:
    - Establish three-year cliff vesting for all equity grants,
    - Reduce the number of annual equity award shares due to a sustained increase in our stock price, and
    - Tie vesting of 100% of the CEO's annual equity awards (and the awards of all Executive Vice Presidents) to achievement of a performance goal relating to increased book value per share.
- For more information about these changes, see "Components of our Executive Compensation Program — 2017 Long-Term Equity Awards" in our CD&A, page [39](#).
- We increased stock ownership guidelines (2017). See "Other Aspects of our Executive Compensation Program — Stock Ownership Guidelines" in our CD&A, page [39](#).

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MGIC Investment Corporation  
P.O. Box 488  
MGIC Plaza, 250 East Kilbourn Avenue  
Milwaukee, WI 53201

PROXY STATEMENT

Our Board of Directors is soliciting proxies for the Annual Meeting of Shareholders to be held at 2:00 p.m., Wednesday, July 26, 2017, at 270 East Kilbourn Avenue, Milwaukee, Wisconsin, and at any postponement or adjournment of the meeting. In this Proxy Statement we sometimes refer to MGIC Investment Corporation as “the Company,” “we” or “us.” This Proxy Statement and the enclosed form of proxy are being mailed to shareholders beginning on June 19, 2017. Our Annual Report to Shareholders for the year ended December 31, 2016, which follows the Proxy Statement in this booklet, is a separate report and is not part of this Proxy Statement. If you have any questions about attending our Annual Meeting, you can call our Investor Relations personnel at (414) 347-6480.

ABOUT THE MEETING AND PROXY MATERIALS

What is the purpose of the Annual Meeting?

At our Annual Meeting, shareholders will act on the matters outlined in our notice of meeting preceding the Table of Contents, including the election of the ten directors named in the Proxy Statement, an advisory vote to approve our executive compensation, an advisory vote on the frequency of future advisory votes on executive compensation and ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2017. In addition, management will report on our performance during the last year and, after the meeting, respond to questions from shareholders.

Who is entitled to vote at the meeting?

Only shareholders of record at the close of business on June 2, 2017, the record date for the meeting, are entitled to receive notice of and to participate in the Annual Meeting. For each share of Common Stock that you held on that date, you are entitled to one vote on each matter considered at the meeting. On the record date, 370,556,561 shares of Common Stock were outstanding and entitled to vote.

What is a proxy?

A proxy is another person you legally designate to vote your shares. If you designate someone as your proxy in a written document, that document is also called a proxy or a proxy card.

How do I vote my shares?

Please contact our Investor Relations personnel at (414) 347-6480 if you would like directions on attending the Annual Meeting and voting in person. At our meeting, you will be asked to show some form of identification (such as your driving license).

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**Shareholders of Record:** If you are a shareholder of record, meaning your shares are registered directly in your name with Wells Fargo Bank Minnesota, N.A., our stock transfer agent, you may vote your shares in one of three ways:  
**By Telephone** — Shareholders of record who live in the United States or Canada may submit proxies by telephone by calling 1-866-883-3382 and following the instructions. Shareholders of record must have the control number that appears on their proxy card available when voting.

**Online** — You may submit proxies online by following the instructions on the proxy card.

**By Mail** — Shareholders may submit proxies by completing, signing and dating their proxy card and mailing it in the accompanying pre-addressed envelope.

If you attend the meeting, you may withdraw your proxy and vote your shares in person.

**“Street Name” Holders:** If you hold your shares in “street name,” meaning your shares are held in a stock brokerage account or by a bank or other nominee, your broker, bank or nominee has enclosed or provided a voting instruction form for you to use to direct the broker, bank or nominee how to vote your shares. Certain of these institutions offer telephone and online voting.

**Participants in our Profit Sharing and Savings Plan:** If you hold shares as a participant in our Profit Sharing and Savings Plan, you may instruct the plan trustee how to vote those shares in any one of three ways:

**By Telephone** — If you live in the United States or Canada, you may submit a proxy by telephone by calling 1-866-883-3382 and following the instructions. You must have the control number that appears on your proxy card available when voting.

**Online** — You may submit a proxy online by following the instructions on the proxy card.

**By Mail** — You may submit a proxy by completing, signing and dating your proxy card and mailing it in the accompanying pre-addressed envelope.

The plan trustee will vote shares held in your account in accordance with your instructions and the plan terms. The plan trustee may or may not vote the shares for you if your instructions are not received at least three business days before the Annual Meeting date.

Can I change my vote after I return my proxy card?

Yes. If you are a shareholder of record, you can revoke your proxy at any time before your shares are voted by advising our corporate Secretary in writing, by granting a new proxy with a later date, or by voting in person at the meeting. If your shares are held in street name by a broker, bank or nominee, or in our Profit Sharing and Savings Plan, you must follow the instructions of the broker, bank, nominee or plan trustee on how to change your vote.

How are the votes counted?

A quorum is necessary to hold the meeting and will exist if a majority of the 370,556,561 shares of Common Stock outstanding on the record date are represented, in person or by proxy, at the meeting. Votes cast by proxy or in person at the meeting will be counted by Wells Fargo Bank Minnesota, N.A., which has been appointed by our Board to act as inspector of election for the meeting. All shares voted by proxy are counted as present for purposes of establishing a quorum, including those that abstain or as to which the proxies contain “broker non-votes” as to one or more items.

“Broker non-votes” occur when a broker or other nominee does not vote on a particular matter because the broker or other nominee does not have authority to vote without instructions from the beneficial owner of the shares and has not



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received such instructions. Broker non-votes will not be counted as votes for or against any matter. Brokers and other nominees have discretionary authority to vote shares without instructions from the beneficial owner of the shares only for matters considered routine. For the 2017 Annual Meeting, nominees will only have discretionary authority to vote shares on the ratification of the appointment of the independent registered public accounting firm without instructions from the beneficial owner.

What are the Board's recommendations?

Our Board of Directors recommends a vote FOR all of the nominees for director (Item 1), FOR approval of our executive compensation (Item 2), FOR holding the advisory vote on executive compensation annually (Item 3), and FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2017 (Item 4).

If you sign and return a proxy card or voting instruction form without specifying how you want your shares voted, the named proxies will vote your shares in accordance with the recommendations of the Board for all Items and in their best judgment on any other matters that properly come before the meeting.

Will any other items be acted upon at the Annual Meeting?

The Board does not know of any other business to be presented at the Annual Meeting. No shareholder proposals will be presented at this year's Annual Meeting.

What are the deadlines for submission of shareholder proposals for the next Annual Meeting?

Shareholders may submit proposals on matters appropriate for shareholder action at future Annual Meetings by following the SEC's rules. Proposals intended for inclusion in next year's proxy materials must be received by our Secretary no later than February 20, 2018.

Under our Amended and Restated Bylaws ("Bylaws"), a shareholder who wants to bring business before the Annual Meeting that has not been included in the proxy materials for the meeting, or who wants to nominate directors at the meeting, must be eligible to vote at the meeting and give written notice of the proposal to our corporate Secretary in accordance with the procedures contained in our Bylaws. For the 2018 Annual Meeting, the notice must be received by the Secretary no later than May 4, 2018, and no earlier than April 10, 2018. For director nominations, the notice must comply with our Bylaws and provide the information required to be included in the Proxy Statement for individuals nominated by our Board. For any other proposals, the notice must describe the proposal and why it should be approved, identify any material interest of the shareholder in the matter, and include other information required by our Bylaws.

The dates given above under the SEC's rules and our Bylaws assume our 2018 Annual Meeting is held in July. If the date of the Annual Meeting is advanced, we will publicly announce the new Annual Meeting date (which may be done by a Current Report on Form 8-K filed with the SEC) and the new dates under the SEC's rules and our Bylaws.

Who pays to prepare, mail and solicit the proxies?

We will pay the cost of soliciting proxies. In addition to soliciting proxies by mail, our employees may solicit proxies by telephone, email, facsimile or personal interview. We have also engaged D.F. King & Co., Inc. to provide proxy

solicitation services for a fee of \$14,000, plus expenses such as charges by brokers, banks and other nominees to forward proxy materials to the beneficial owners of our Common Stock.



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## STOCK OWNERSHIP

The following table shows the amount of our Common Stock held by persons who were beneficial owners of more than 5% of our shares as of December 31, 2016, based on information filed with the SEC. The "Percent of Class" reflects the percentage of our Common Stock outstanding as of June 2, 2017, represented by such shares.

Name	Shares Beneficially Owned	Percent of Class
The Vanguard Group, Inc. <sup>(1)</sup> 100 Vanguard Boulevard, Malvern, PA 19355	29,213,614	7.9%
Wellington Management Group LLP <sup>(2)</sup> 280 Congress Street, Boston, MA 02210	25,455,429	6.9%
BlackRock, Inc. <sup>(3)</sup> 55 East 52nd Street, New York, NY 10055	21,949,111	5.9%

The Vanguard Group, Inc. reported ownership as of December 31, 2016, on behalf of itself and certain subsidiaries. It reported that it had sole dispositive power for 28,786,505 shares and shared dispositive power for 427,109 shares. It further reported that it had sole voting power for 408,728 shares and shared voting power for 36,172 shares.

Wellington reported ownership as of December 31, 2016, on behalf of itself and several subsidiaries. It reported that it had sole dispositive power for no shares and shared dispositive power for 25,455,429 shares. It further reported that it had sole voting power for no shares and shared voting power for 17,314,761 shares.

BlackRock, Inc. reported ownership as of December 31, 2016, on behalf of itself and several subsidiaries. It reported that it had sole dispositive power for 21,949,111 shares and shared dispositive power for no shares. It further reported that it had sole voting power for 21,166,697 shares and shared voting power for no shares.

The following table shows the amount of our Common Stock beneficially owned by each of our directors and NEOs, and by all directors and executive officers as a group, as of June 2, 2017. Unless otherwise noted, the persons listed in the table have sole voting and investment power over their shares.

Name of Beneficial Owner	Common Stock Owned Directly <sup>(1)</sup>	Common Stock Owned Indirectly <sup>(2)</sup>	Restricted Stock and Common Stock Underlying RSUs <sup>(3)</sup>	Total Number of Shares Beneficially Owned	Director Deferred / Additional Underlying Units	Total Shares Beneficially Owned Plus Underlying Units
Daniel A. Arrigoni	—	20,000	—	20,000	9,606 <sup>(4)</sup>	29,606
Cassandra C. Carr	5,000	—	—	5,000	32,604 <sup>(4)</sup>	37,604
C. Edward Chaplin	10,000	—	—	10,000	55,432 <sup>(4)</sup>	65,432
Curt S. Culver	1,521,659	40,000	—	1,561,659	9,606 <sup>(4)</sup>	1,571,265
Timothy A. Holt	20,000	—	—	20,000	67,953 <sup>(4)</sup>	87,953
Kenneth M. Jastrow, II	1,146	—	31,552	32,698	39,742 <sup>(4)</sup>	72,440
Michael E. Lehman	19,939	—	3,050	22,989	10,987 <sup>(4)</sup>	33,976
Gary A. Poliner	—	—	—	—	94,451 <sup>(4)</sup>	94,451
Mark M. Zandi	—	—	—	—	51,114 <sup>(4)</sup>	51,114
Patrick Sinks	969,867	10,616	—	980,483	675,921 <sup>(5)</sup>	1,656,404
Timothy M. Mattke	204,497	866	—	205,363	231,744 <sup>(5)</sup>	437,107
Gregory A. Chi	119,950	—	—	119,950	84,413 <sup>(5)</sup>	204,363
Jeffrey H. Lane	595,205	—	—	595,205	231,744 <sup>(5)</sup>	826,949
Stephen C. Mackey	27,087	—	10,000	37,087	201,776 <sup>(5)</sup>	238,863
All Directors and Executive Officers as a Group (16 Persons)	3,583,770	172,145	44,602	3,800,517 <sup>(6)</sup>	2,099,679	5,900,196

(1) Includes shares for which investment power is shared as follows: Mr. Chi — 119,950; all directors and executive officers as a group — 119,950.

(2) Includes shares held in our Profit Sharing and Savings Plan as follows: Mr. Sinks — 10,616; Mr. Mattke — 866; and all executive officers as a group — 14,487. Also includes shares held by a family trust affiliated with: Mr. Arrigoni — 20,000; Mr. Culver — 40,000; and all

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directors and executive officers as a group — 157,658.

(3) Includes:

Shares underlying restricted stock units (“RSUs”) which were issued to our non-management directors pursuant to our former RSU award program (See “Compensation of Directors — Former RSU Award Program” in our 2015 Proxy Statement filed with the SEC on March 24, 2015 (“our 2015 Proxy Statement”)) and could be settled in shares of Common Stock within 60 days of the record date as follows: Mr. Jastrow — 3,050 and Mr. Lehman — 3,050. Directors have neither voting nor investment power over the shares underlying any of these units.

19,769 shares underlying RSUs which are held by Mr. Jastrow under the Deposit Share Program for Non-Employee Directors under our 2002 Stock Incentive Plan (See “Compensation of Directors — Former Deposit Share Program” in our 2015 Proxy Statement) and could be settled in shares of Common Stock within 60 days of the record date. Mr. Jastrow has neither voting nor investment power over the shares underlying any of these units.

6,733 shares of restricted stock that Mr. Jastrow held under the Deposit Share Program for Non-Employee Directors under our 1991 and 2002 Stock Incentive Plans. Mr. Jastrow has sole voting power and no investment power over these shares.

2,000 shares held by Mr. Jastrow under our 1993 Restricted Stock Plan for Non-Employee Directors. (See “Compensation of Directors — Former Restricted Stock Plan” in our 2015 Proxy Statement). Mr. Jastrow has sole voting power and no investment power over these shares.

Represents share equivalents held under our Deferred Compensation Plan for Non-Employee Directors (See (4) “Compensation of Directors — Deferred Compensation Plan and Annual Grant of Share Units” below) over which the directors have neither voting nor investment power.

(5) Represents shares underlying stock-settled RSUs that cannot be settled in Common Stock within 60 days of the record date. For all directors and executive officers as a group — 1,728,184.

As of June 2, 2017, no individual director or executive officer beneficially owned more than 1% of the Common (6) Stock outstanding, and all directors and executive officers as a group beneficially owned 1.03% of the shares of Common Stock outstanding.

## CORPORATE GOVERNANCE AND BOARD MATTERS

The Board of Directors oversees the management of the Company and our business. The Board selects our CEO and in conjunction with our CEO selects the rest of our senior management team, which is responsible for operating our business.

### Corporate Governance Guidelines and Code of Business Conduct

The Board has adopted Corporate Governance Guidelines, which set forth a framework for our governance. The Guidelines cover the Board’s composition, leadership, meeting process, director independence, Board membership criteria, committee structure, succession planning and director compensation. Among other things, the Board meets in executive session outside the presence of any member of our management after at least two Board meetings at which directors are present in person and at any additional times determined by the Board or the Lead Director. Mr. Jastrow presides at these sessions and has served as the Board’s Lead Director since the position was created in October 2009. See “ — Board Leadership” for information about the Lead Director’s responsibilities and authority. The Corporate Governance Guidelines provide that a director shall not be nominated by the Board for re election if at the date of the Annual Meeting of Shareholders, the director is age 74 or more. The Corporate Governance Guidelines also provide that a director who retires from his principal employment or joins a new employer shall offer to resign from the Board. Unless the Board determines that a Chief Executive Officer who is Chairman of the Board should continue as Chairman of the Board after his or her tenure as Chief Executive Officer, a director who is an officer of the Company or a subsidiary and leaves the Company shall resign from the Board. In July 2014, the Board determined that

Mr. Culver should become non-executive Chairman of the Board upon retirement from his position as Chief Executive Officer effective February 28, 2015.

We have a Code of Business Conduct emphasizing our commitment to conducting our business in accordance with legal requirements and high ethical standards. The Code applies to all employees, including our executive officers, and specified portions are applicable to our directors. Certain portions of the Code that apply to transactions with our executive officers, directors, and their immediate family members are described under “Other Matters – Related Person Transactions” below. These descriptions are subject to the actual terms of the Code.

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Our Corporate Governance Guidelines and our Code of Business Conduct are available on our website (<http://mtg.mgic.com>) under the “Leadership & Governance; Corporate Governance” links. Written copies of these documents are available to any shareholder who submits a written request to our Secretary. We intend to disclose on our website any waivers from, or amendments to, our Code of Business Conduct that are subject to disclosure under applicable rules and regulations.

### Director Independence

Our Corporate Governance Guidelines regarding director independence provide that a director is not independent if the director has any specified disqualifying relationship with us. The disqualifying relationships are equivalent to those of the independence rules of the New York Stock Exchange (“NYSE”), except that our disqualification for board interlocks is more stringent than under the NYSE rules. Also, for a director to be independent under the Guidelines, the director may not have any material relationship with us. For purposes of determining whether a disqualifying or material relationship exists, we consider relationships with MGIC Investment Corporation and its consolidated subsidiaries.

The Board has determined that all of our directors except for Mr. Culver, our former CEO, and Mr. Sinks, our current CEO, are independent under the Guidelines and the NYSE rules. The Board made its independence determinations by considering whether any disqualifying relationships existed during the periods specified under the Guidelines and the NYSE rules. To determine that there were no material relationships, the Board applied categorical standards that it had adopted and incorporated into our Corporate Governance Guidelines. All independent directors met these standards. Under these standards, a director is not independent if payments under transactions between us and a company of which the director is an executive officer or 10% or greater owner exceeded the greater of \$1 million or 1% of the other company’s gross revenues. Payments made to and payments made by us are considered separately, and this quantitative threshold is applied to transactions that occurred in the three most recent fiscal years of the other company. Also under these standards, a director is not independent if during our last three fiscal years the director:

- was an executive officer of a charity to which we made contributions, or
- was an executive officer or member of a law firm or investment banking firm providing services to us, or
- received any direct compensation from us other than as a director, or if during such period a member of the director’s immediate family received compensation from us.

In making its independence determinations, the Board considered payments we made to Moody’s Analytics (of which Dr. Zandi is an executive officer) for research and subscription services for Moody’s Economy.com and related publications, and payments to Moody’s Investors Service for credit rating services. These transactions were below the quantitative threshold contained in our Corporate Governance Guidelines and were entered into in the ordinary course of business by us, Moody’s Analytics and Moody’s Investors Service.

### Board Leadership

Mr. Culver serves as non-executive Chairman of the Board and Mr. Jastrow serves as Lead Director. Under this structure, the Chairman chairs Board meetings, where the Board discussion includes strategic and business issues. The Board believes that this approach makes sense at this time because Mr. Culver, as our former CEO, is intimately familiar with our business and strategic plans as reviewed by the Board. Mr. Culver has been with us since 1985, and served as Chief Executive Officer from 2000 until his retirement on February 28, 2015, when he became our non-executive Chairman of the Board.

Because the Board also believes that strong, independent Board leadership is a critical aspect of effective corporate governance, the Board maintains the position of Lead Director. The Lead Director is an independent director selected

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by the independent directors. Mr. Jastrow has served as the Lead Director since the position was established in 2009. The Lead Director's responsibilities and authority include:

presiding at all meetings of the Board at which the Chairman is not present;

having the authority to call and lead executive sessions of directors without the presence of any director who is an officer (or if determined by the Board, a former officer) (the Board meets in executive session after at least two Board meetings each year);

serving as a conduit between the CEO and the independent directors to the extent requested by the independent directors;

serving as a conduit for the Board's informational needs, including proposing topics for Board meeting agendas; and

being available, if requested by major shareholders, for consultation and communication.

The Board believes that a leader intimately familiar with our business and strategic plans serving as Chairman, together with an experienced and engaged Lead Director, is the most appropriate leadership structure for the Board at this time. The Board reviews periodically the structure of the Board and the Board's leadership.

### Communicating with the Board

Shareholders and other interested persons can communicate with members of the Board, non-management members of the Board as a group or the Lead Director, by sending a written communication to our Secretary, addressed to: MGIC Investment Corporation, Secretary, P.O. Box 488, Milwaukee, WI 53201. The Secretary will pass along any such communication, other than a solicitation for a product or service, to the Lead Director.

## COMMITTEE MEMBERSHIP AND MEETINGS

The Board of Directors held six meetings during 2016. Each director attended at least 75% of the meetings of the Board and committees of the Board on which he or she served during 2016. The Annual Meeting of Shareholders is scheduled in conjunction with a Board meeting and, as a result, directors are expected to attend the Annual Meeting. All of our directors attended the 2016 Annual Meeting of Shareholders.

The Board has five standing committees: Audit; Management Development, Nominating and Governance; Risk Management; Securities Investment; and Executive. Information regarding these committees is provided below. Each of the Audit, Management Development, Nominating and Governance, Risk Management and Securities Investment Committees consists entirely of independent directors and the charters for those committees are available on our website (<http://mtg.mgic.com>) under the "Leadership & Governance; Corporate Governance" links. Written copies of these charters are available to any shareholder who submits a written request to our Secretary. The functions of the Executive Committee are established under our Bylaws and are described below.

Current committee membership and the number of 2016 committee meetings are identified below.

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	Audit	Executive	Management Development, Nominating and Governance	Risk Management	Securities Investment
Daniel A. Arrigoni					
Cassandra C. Carr					
C. Edward Chaplin					
Curt S. Culver					
Timothy A. Holt					C
Kenneth M. Jastrow, II			C		
Michael E. Lehman			C		
Gary A. Poliner				C	
Patrick Sinks		C			
Mark M. Zandi					
2016 Meetings	15	0	6	6	7
C = Committee Chair					

Audit Committee

The Audit Committee assists the oversight by the Board of Directors of the integrity of MGIC Investment Corporation’s financial statements, the effectiveness of its system of internal controls, the qualifications, independence and performance of its independent accountants, the performance of its internal audit function, and its compliance with legal and regulatory requirements. The Committee supports the Board’s role in overseeing the risks facing the Company, as described in more detail below under “Board Oversight of Risk.”

All members of the Audit Committee meet the heightened independence criteria that apply to Audit Committee members under SEC and NYSE rules. The Board has determined that Messrs. Holt and Lehman are “audit committee financial experts” as defined in SEC rules.

Management Development, Nominating and Governance Committee

The Management Development, Nominating and Governance Committee is responsible for overseeing our executive compensation program, including approving corporate goals relating to compensation for our CEO, determining our CEO’s annual compensation and approving compensation for our other senior executives. The Committee prepares the Compensation Committee Report and reviews the Compensation Discussion and Analysis included in our Proxy Statement. The Committee also makes recommendations to the Board regarding the compensation of directors. The Committee may delegate its responsibilities to subcommittees of the Committee.

The Committee receives information that includes: detailed breakdowns of the compensation of the NEOs, the amount, if any, that our NEOs realized in at least the previous five years pursuant to sales of shares awarded under equity grants; the total amount of stock and RSUs held by each NEO (RSUs are sometimes referred to in this Proxy Statement as “restricted equity”); and the other compensation information disclosed in this Proxy Statement under the SEC’s rules. The Committee supports the Board’s role in overseeing the risks facing the Company, as described in more detail below under “Board Oversight of Risk.”

The Committee has retained Frederic W. Cook & Co. (the “Compensation Consultant”), a nationally recognized executive compensation consulting firm, to advise it. The Committee retains the Compensation Consultant to, among other things, help it evaluate and oversee our executive compensation program and review the compensation of our directors. The scope of the Compensation Consultant’s services during 2016 is described under “Role of the



Compensation Consultant” in our Compensation Discussion and Analysis below. In providing its services to the Committee, the Compensation Consultant regularly interacts with our senior management. The Compensation Consultant does not provide any services

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to us. The Committee has assessed the independence of the Compensation Consultant pursuant to SEC and NYSE rules and concluded that its work for the Committee does not raise any conflict of interest.

The Committee also evaluates the annual performance of the CEO, oversees the CEO succession planning process, and makes recommendations to the Board to fill open director and committee member positions. In addition, the Committee reviews our Corporate Governance Guidelines and oversees the Board's self-evaluation process. Finally, the Committee identifies new director candidates through recommendations from Committee members, other Board members and our executive officers, and will consider candidates who are recommended by shareholders.

Shareholders may recommend a director candidate for consideration by the Committee by submitting background information about the candidate, a description of his or her qualifications and the candidate's consent to being recommended as a candidate. If the candidate is to be considered for nomination at the next annual shareholders meeting, the submission must be received by our corporate Secretary in writing no later than December 1 of the year preceding the meeting. Information on shareholder nominations is provided under "About the Meeting and Proxy Materials" in response to the question "What are the deadlines for submission of shareholder proposals for the next Annual Meeting?"

The Committee evaluates new director candidates under the criteria described under "Director Selection" as well as other factors the Committee deems relevant, through background reviews, input from other members of the Board and our executive officers, and personal interviews with the candidates attended by at least the Committee Chair. The Committee will evaluate any director candidates recommended by shareholders using the same process and criteria that apply to candidates from other sources.

All members of the Management Development, Nominating and Governance Committee meet the heightened independence criteria that apply to compensation committee members under SEC and NYSE rules.

### Risk Management Committee

The Risk Management Committee is responsible for overseeing management's operation of our mortgage insurance business, including reviewing and evaluating with management the Company's insurance programs, rates, underwriting guidelines, and external reinsurance programs, and changes in market conditions affecting our business. The Risk Management Committee supports the Board's role in overseeing the risks facing the Company, as described in more detail below under "Board Oversight of Risk."

### Securities Investment Committee

The Securities Investment Committee oversees management of our investment portfolio and the investment portfolios of our employee benefit plans for which the plan document does not assign responsibility to other persons. The Committee also makes recommendations to the Board with respect to our retirement benefit plans that are available to employees generally, capital management (other than external reinsurance), including repurchase of debt and external funding. Finally, the Committee supports the Board's role in overseeing the risks facing the Company, as described in more detail below under "Board Oversight of Risk."

### Executive Committee

The Executive Committee provides an alternative to convening a meeting of the entire Board should a matter arise between Board meetings that requires Board authorization. The Committee is established under our Bylaws and has all authority that the Board may exercise with the exception of certain matters that under the Wisconsin Business Corporation Law are reserved to the Board itself.



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### Board Oversight of Risk

Our senior management is charged with identifying and managing the risks facing our business and operations. The Board of Directors is responsible for oversight of how our senior management addresses these risks to the extent they are material. In this regard, the Board seeks to understand the material risks we face and to allocate, among the full Board and its committees, responsibilities for overseeing how management addresses the risks, including the risk management systems and processes that management uses for this purpose. Overseeing risk is an ongoing process. Accordingly, the Board periodically considers risk throughout the year and also with respect to specific proposed actions.

The Board implements its risk oversight function both as a whole and through delegation to various committees. These committees meet regularly and report back to the full Board. The following four committees play significant roles in carrying out the risk oversight function.

• The Management Development, Nominating and Governance Committee evaluates the risks and rewards associated with our compensation philosophy and programs.

• The Risk Management Committee oversees risks related to our mortgage insurance business.

• The Securities Investment Committee oversees risks related to our investment portfolio and capital management.

The Audit Committee oversees our processes for assessing risks (other than risks overseen by other committees) and the effectiveness of our system of internal controls. In performing this function, the Audit Committee considers information from our independent registered public accounting firm and internal auditors and discusses relevant issues with management, the Internal Audit Director and the independent registered public accounting firm.

We believe that our leadership structure, discussed in “Board Leadership” above, supports the risk oversight function of the Board. Our former CEO serves as Chairman of the Board and has a wealth of experience with the risks of our Company and industry. Our current CEO is a director who keeps the Board informed about the risks we face. In addition, independent directors chair the various committees involved with risk oversight and there is open communication between senior management and directors.

### Director Selection

The Board believes that the Board, as a whole, should possess a combination of skills, professional experience, and diversity of backgrounds necessary to oversee our business. In addition, the Board believes there are certain attributes every director should possess, as reflected in the Board’s membership criteria. Accordingly, the Board and the Management Development, Nominating and Governance Committee consider the qualifications of directors and director candidates individually and in the broader context of the Board’s overall composition and our current and future needs.

The Management Development, Nominating and Governance Committee is responsible for developing Board membership criteria and recommending these criteria to the Board. The criteria, which are set forth in our Corporate Governance Guidelines, include an inquiring and independent mind, sound and considered judgment, high standards of ethical conduct and integrity, well-respected experience at senior levels of business, academia, government or other fields, ability to commit sufficient time and attention to Board activities, anticipated tenure on the Board, and whether an individual will enable the Board to continue to have a substantial majority of independent directors. In addition, the Management Development, Nominating and Governance Committee in conjunction with the Board periodically

evaluates the composition of the Board to assess the skills and experience that are currently represented on the Board, as well as the skills and experience that the Board will find valuable in the future. The Management Development, Nominating and Governance Committee seeks a variety of occupational and personal backgrounds on the Board in order to obtain a range of viewpoints and perspectives and enable the Board to have access to a diverse body of talent and expertise relevant to our activities. The Committee's and the Board's evaluation of the Board's composition enables the Board to

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consider the skills and experience it seeks in the Board as a whole, and in individual directors, as our needs evolve and change over time and to assess the effectiveness of the Board's efforts at pursuing diversity. In identifying director candidates from time to time, the Management Development, Nominating and Governance Committee may establish specific skills and experience that it believes we should seek in order to constitute a balanced and effective board.

We have significantly refreshed our Board over the last five years as five new directors joined our Board and six directors left, principally through retirement.

**NOMINEES FOR DIRECTOR**

For Term Ending at the Annual Meeting in 2018

Each nominee listed below is a director of the Company who was previously elected by the shareholders. In evaluating incumbent directors for renomination to the Board, the Management Development, Nominating and Governance Committee has considered a variety of factors. These include the Board membership criteria described under "Director Selection" above and past performance on the Board based on any feedback from other Board members.

Information about our directors who are standing for election appears below. The biographical information is as of June 2, 2017, and for each director includes a discussion about the skills and qualifications that the Board has determined support the director's continued service on the Board.

**DANIEL A. ARRIGONI**

Director Since: 2013

Committees: Audit Committee; Risk Management Committee

Age: 66

Daniel A. Arrigoni was President and Chief Executive Officer of U.S. Bank Home Mortgage Corp., one of the largest originators and servicers of home loans in the U.S., until his retirement in July 2013. Prior to his retirement, Mr. Arrigoni also served as an Executive Vice President of U.S. Bank, N.A. Mr. Arrigoni led the mortgage company for U.S. Bank and its predecessor companies since January 1996. Mr. Arrigoni has over 40 years of experience in the home mortgage and banking industries.

Mr. Arrigoni brings to the Board a broad understanding of the mortgage business and its regulatory environment, skill in assessing and managing credit risk, and significant finance experience, each gained from his many years of executive management in the home mortgage and banking industries.

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CASSANDRA C. CARR  
Director Since: 2013  
Age: 72  
Committees: Management, Development, Nominating & Governance Committee; Risk Management Committee

Cassandra C. Carr is a consultant. She was Global Vice Chair of Talent at Hill+Knowlton Strategies before leaving in 2012, and spent nine years as a Senior Advisor for Public Strategies, Inc., both of which firms provide public relations services. Prior to joining Public Strategies, Ms. Carr held various senior-level positions with SBC Communications, Inc., which during her tenure became one of the world's largest telecommunications companies, including Senior Executive Vice President – External Affairs, Senior Vice President – Human Resources, and Senior Vice President – Finance and Treasurer.

Ms. Carr brings to the Board significant strategic planning, regulatory and public relations consulting and executive management experience, as well as financial management experience with a public company.

C. EDWARD  
CHAPLIN  
Director Since: 2014  
Age: 60  
Committees: Risk Management Committee; Securities Investment Committee

C. Edward Chaplin was President and Chief Financial Officer at MBIA Inc., a provider of financial guarantee insurance and the largest municipal bond-only insurer, from 2008 until March 2016, and remained with MBIA as Executive Vice President until his January 1, 2017 retirement. He served as a member of MBIA's Board of Directors from 2003 until 2006, when he left to become Chief Financial Officer of that company. Prior to joining MBIA, Mr. Chaplin was Senior Vice President and Treasurer of Prudential Financial Inc., a firm he joined in 1983 and for which he held various senior management positions, including Regional Vice President of Prudential Mortgage Capital Company. Mr. Chaplin also serves on the Board of Brighthouse Financial, Inc., which is a wholly-owned subsidiary of MetLife, Inc. During 2017, Brighthouse is expected to separate from MetLife and upon its separation will be a provider of life insurance and annuity products in the U.S. and a publicly-traded company.

Mr. Chaplin brings to the Board a deep understanding of the insurance and real estate industries, management and leadership skills, and financial expertise.

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**CURT S. CULVER**

Chairman of the Board

Director Since: 1999    Committees: Executive Committee

Age: 65

Curt S. Culver was our Chairman of the Board from 2005 until his retirement as our Chief Executive Officer in 2015. He is currently our non-executive Chairman of the Board. He was our Chief Executive Officer from January 2000 and was the Chief Executive Officer of Mortgage Guaranty Insurance Corporation (“MGIC”) from January 1999, in both cases until his retirement, and he held senior executive positions with us and MGIC for more than five years before he became Chief Executive Officer. He is also a director of Wisconsin Energy Corporation and its subsidiary Wisconsin Electric Power Company.

Mr. Culver brings to the Board extensive knowledge of our business and operations and a long-term perspective on our strategy.

**TIMOTHY A. HOLT**

Director Since: 2012    Committees: Audit Committee; Securities Investment Committee (Chair)

Age: 64

Timothy A. Holt was an executive committee member and Senior Vice President and Chief Investment Officer of Aetna, Inc., a diversified health care benefits company, when he retired in 2008 after 30 years of service. From 2004 through 2007, he also served as Chief Enterprise Risk Officer of Aetna. Prior to being named Chief Investment Officer in 1997, Mr. Holt held various senior management positions with Aetna, including Chief Financial Officer of Aetna Retirement Services and Vice President, Finance and Treasurer of Aetna. Mr. Holt also serves as a director of Virtus Investment Partners, Inc. and StanCorp Financial Group, Inc.; which was a publicly-traded insurance products company until it was acquired in March 2016.

Mr. Holt brings to the Board investment expertise, skill in assessing and managing investment and credit risk, broad-based experience in a number of areas relevant to our business, including insurance, and senior executive experience gained at a major public insurance company.



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KENNETH M. JASTROW,

II

Lead Director Director Since: 1994 Committees: Management Development, Nominating & Governance Committee (Chair); Executive Committee

Age: 70

Kenneth M. Jastrow, II serves as our Lead Director. He is a corporate director and private investor. During 2007-2015, he served as a non-executive Chairman of the Board of Forestar Group Inc., which is engaged in various real estate and natural resource businesses. During 2000-2007, Mr. Jastrow served as Chairman and Chief Executive Officer of Temple-Inland Inc., a paper and forest products company, which during Mr. Jastrow's tenure also had interests in real estate and financial services. Mr. Jastrow is also a director of KB Home and Genesis Energy, LLC, the general partner of Genesis Energy, LP, a publicly-traded master limited partnership.

Mr. Jastrow brings to the Board senior executive and leadership experience gained through his service as chairman and chief executive officer at a public company with diversified business operations in sectors relevant to our operations, experience in the real estate, mortgage banking and financial services industries, and knowledge of corporate governance matters gained through his service as a non-executive chairman and on public company boards.

MICHAEL E. LEHMAN

Director Since: 2001

Age: 66

Committees: Audit Committee (Chair); Management, Development, Nominating and Governance Committee

Michael E. Lehman has served the University of Wisconsin in various capacities since March 2016, most recently as interim Chief Information Officer and Special Advisor to the Chancellor, and previously interim Vice Chancellor for Finance and Administration. He was the interim Chief Financial Officer at Ciber Inc., a global information technology company, from September 2013 until February 2014; Chief Financial Officer of Arista Networks, a cloud networking firm, from September 2012 through July 2013; and Chief Financial Officer of Palo Alto Networks, a network security firm, from April 2010 until February 2012. Prior to that, he was the Executive Vice President and Chief Financial Officer of Sun Microsystems, Inc., a provider of computer systems and professional support services, from February 2006 to January 2010, when Sun Microsystems, Inc. was acquired by Oracle Corporation. From July 2000 until his initial retirement in September 2002, he was Executive Vice President of Sun Microsystems; he was its Chief Financial Officer from February 1994 to July 2002, and held senior executive positions with Sun Microsystems for more than five years before then. During the past five years, Mr. Lehman also served as a director of Solera Holdings, Inc., until it was acquired by a private company.

Mr. Lehman brings to the Board financial and accounting knowledge gained through his service as chief financial officer of a large, multinational public company, skills in addressing the range of financial issues facing a large company with complex operations, senior executive and operational experience, and leadership skills.

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**GARY A. POLINER**  
Director Since: 2013      Committees: Risk Management Committee (Chair); Audit Committee; Securities Investment Committee  
Age: 64

Gary A. Poliner was President of The Northwestern Mutual Life Insurance Company (“Northwestern Mutual”), the nation’s largest direct provider of individual life insurance, and a member of its Board of Trustees, until his retirement from that company in June 2013, after more than 35 years of service. He was named President of Northwestern Mutual in 2010. Mr. Poliner also held various other senior-level positions at Northwestern Mutual, including Chief Financial Officer (2001-2008) and Chief Risk Officer (2009-2012). During a portion of 2016, Mr. Poliner served as a consultant for the Janus Funds and since June 2016, he has served as an Independent Trustee of the Janus Funds (58 funds).

Mr. Poliner brings to the Board a breadth of executive management experience in the insurance business, including risk management, and financial and insurance regulatory expertise.

**PATRICK SINKS**  
Director Since: 2014      Committees: Executive Committee (Chair)  
Age: 60

Patrick Sinks has been our Chief Executive Officer since 2015. He has served as our President and Chief Operating Officer since 2006, and held senior executive positions with MGIC for more than five years before then.

Mr. Sinks brings to the Board extensive knowledge of our industry, business and operations, a long-term perspective on our strategy and the ability to lead our Company as the mortgage finance system and the mortgage insurance industry evolve.

**MARK M. ZANDI**  
Director Since: 2010      Committees: Risk Management Committee  
Age: 58

Mark M. Zandi, since 2007, has been Chief Economist of Moody’s Analytics, Inc., where he directs economic research. Moody’s Analytics is a leading provider of economic research, data and analytical tools. It is a subsidiary of Moody’s Corporation that is separately managed from Moody’s Investors Service, the rating agency subsidiary of Moody’s Corporation. Dr. Zandi is a trusted adviser to policymakers and an influential source of economic analysis for businesses, journalists and the public and he frequently testifies before Congress on economic matters.

Dr. Zandi, with his economics and residential real estate industry expertise, brings to the Board a deep understanding of the economic factors that shape our industry. In addition, Dr. Zandi has expertise in the legislative and regulatory processes relevant to our business.



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ITEM 1 – ELECTION OF DIRECTORS

Item 1 consists of the election of directors. The Board, upon the recommendation of the Management Development, Nominating and Governance Committee, has nominated Daniel A. Arrigoni, Cassandra C. Carr, C. Edward Chaplin, Curt S. Culver, Timothy A. Holt, Kenneth M. Jastrow, II, Michael E. Lehman, Gary A. Poliner, Patrick Sinks and Mark M. Zandi for re-election to the Board to serve until our 2018 Annual Meeting of Shareholders. If any nominee is not available for election, proxies will be voted for another person nominated by the Board or the size of the Board will be reduced.

Shareholder Vote Required

Our Articles of Incorporation contain a majority vote standard for the election of directors in uncontested elections. Under this standard, each of the ten nominees must receive a “majority vote” at the meeting to be elected a director. A “majority vote” means that when there is a quorum present, more than 50% of the votes cast in the election of the director are cast “for” the director, with votes cast being equal to the total of the votes “for” the election of the director plus the votes “withheld” from the election of the director. Therefore, under our Articles of Incorporation, a “withheld” vote is effectively a vote “against” a nominee. Broker non-votes will be disregarded in the calculation of a “majority vote.” Any incumbent director who does not receive a majority vote (but whose term as a director nevertheless would continue under Wisconsin law until his successor is elected) is required to send our Board a resignation. The effectiveness of any such resignation is contingent upon Board acceptance. The Board will accept or reject a resignation in its discretion after receiving a recommendation made by our Management Development, Nominating and Governance Committee and will promptly publicly disclose its decision regarding the director’s resignation (including the reason(s) for rejecting the resignation, if applicable).

**YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR EACH OF THE TEN NOMINEES. SIGNED PROXY CARDS AND VOTING INSTRUCTION FORMS WILL BE VOTED FOR THE NOMINEES UNLESS A SHAREHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD OR VOTING INSTRUCTION FORM.**

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## COMPENSATION OF DIRECTORS

## Non-Employee Director Compensation Program

Under our Corporate Governance Guidelines, compensation of non-employee directors is reviewed periodically by the Management Development, Nominating and Governance Committee. Mr. Sinks is our CEO and receives no additional compensation for service as a director and he is not eligible to participate in any of the following programs or plans.

The following table describes the components of the non-employee director compensation for 2016:

Compensation Component	Compensation
Annual Retainer – Chairman of the Board	\$250,000, which may be elected to be deferred and either converted into cash-settled share units or credited to a bookkeeping account to which interest is credited.
Annual Retainer – Non-Chairman Directors	\$125,000, which may be elected to be deferred and either converted into cash-settled share units or credited to a bookkeeping account to which interest is credited.
Annual Retainer – Equity	\$100,000 in cash-settled RSUs that vest immediately but are not settled for approximately one year. Such settlement may be deferred at the option of the director.
Annual Retainer – Lead Director	\$25,000
Annual Retainer – Committee Chair	\$25,000 for the Audit Committee \$25,000 for the Management Development, Nominating and Governance Committee \$15,000 for all other committees <sup>(1)</sup>
Annual Retainer – Committee Member	\$15,000 for Audit Committee \$5,000 for other committees <sup>(1)</sup>
Meeting Fees (after 5 <sup>th</sup> meeting) <sup>(2)</sup>	\$3,000 for Board meetings \$2,000 for Committee meetings
Stock Ownership Guidelines	Ownership of 25,000 shares of Common Stock, including deferred share units that have vested or are scheduled to vest within one year. Directors are expected to meet the guideline within five years of joining the Board. <sup>(3)</sup>
Expense Reimbursement	Subject to certain limits, we reimburse directors, and for meetings not held on our premises, their spouses, for travel, lodging and related expenses incurred in connection with attending Board and Committee meetings.
Directors & Officers Insurance	We pay premiums for D&O liability insurance under which the directors are insureds.

(1) Excludes the Executive Committee. Other than the Executive Committee, directors who are members of management do not serve on any committees but may attend committee meetings.

After the fifth Board meeting attended, or the fifth committee meeting attended for a particular committee, our non-management directors receive \$3,000 for each Board meeting attended, and the committee members receive

(2) \$2,000 for all committee meetings attended, in each case, on any one day. Meetings of the Board of MGIC (or Committees of its Board) that are not held in conjunction with meetings of the Board of the Company (or Committees of its Board) are counted to determine meeting fees.

(3) Each of our non-employee Directors satisfies this guideline.

Deferred Compensation Plan and Annual Grant of Share Units: Under the Deferred Compensation Plan for Non-Employee Directors (the “Deferred Compensation Plan”), our non-employee directors can elect to defer payment of all or part of their retainers and meeting fees until the director’s death, disability, termination of service as a director or to another date specified by the director. A director who elects to defer payments may have his or her deferred compensation account credited quarterly with interest accrued at an annual rate equal to the six-month U.S. Treasury Bill rate determined at



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the closest preceding January 1 and July 1 of each year, or may elect to have the payments deferred during a quarter translated into share units. Each share unit is equal in value to one share of our Common Stock and is ultimately paid only in cash. Such payment will be based on the stock's closing price over a relatively brief period in advance of the payment date(s). If a director defers payments into share units, dividend equivalents in the form of additional share units are credited to the director's account as of the date of payment of cash dividends on our Common Stock. We have not paid dividends since 2008.

Under the Deferred Compensation Plan, we also provide to each director an annual equity retainer, which is a grant of cash-settled share units. In January 2016, each of our non-management directors was granted share units valued at \$100,000, which vested immediately and were settled on February 15, 2017, unless the director elected a later settlement date. The directors could elect to receive payment for vested units in up to 10 annual installments beginning shortly after departure from the Board, or on another date specified by the director that was after February 15, 2017. In all cases, the payment was or will be based on the stock's closing price over a relatively brief period in advance of the payment date(s). Dividend equivalents in the form of additional share units are credited to the director's account as of the date of payment of cash dividends on our Common Stock.

## 2016 Director Compensation

The following table shows the compensation paid to each of our non-management directors in 2016. Mr. Sinks, our CEO, was also a director in 2016 but received no compensation for service as a director.

Name	Fees Earned or Paid in Cash (\$) <sup>(1)</sup>	Total Stock Awards (\$) <sup>(2)</sup>	Total (\$)
Daniel A. Arrigoni	178,000	100,000	278,000
Cassandra C. Carr	146,000	100,000	246,000
C. Edward Chaplin	152,000	100,000	252,000
Curt S. Culver	259,000	100,000	359,000
Timothy A. Holt	187,000	100,000	287,000
Kenneth M. Jastrow, II	183,000	100,000	283,000
Michael E. Lehman	180,250	100,000	280,250
Donald T. Nicolaisen <sup>(3)</sup>	156,000	100,000	256,000
Gary A. Poliner	185,750	100,000	285,750
Mark M. Zandi	141,000	100,000	241,000

The following directors elected to defer certain fees shown in this column into share units as described under "Compensation of Directors — Non-Employee Director Compensation Plan — Deferred Compensation Plan and (1) Annual Grant of Share Units" above: Mr. Chaplin deferred \$149,500 of the fees and received 19,214 share units; Mr. Poliner deferred all of the fees and received 23,949 share units; and Dr. Zandi deferred \$130,000 of the fees and received 16,953 share units.

The amount shown in this column for each director represents the grant date fair value of the annual share unit award granted to non-employee directors in 2016 under our Deferred Compensation Plan, computed in accordance (2) with FASB Accounting Standard Codification ("ASC") Topic 718. The value of each share unit is equal to the value of our Common Stock on the grant date. See "— Non-Employee Director Compensation Plan — Deferred Compensation Plan and Annual Grant of Share Units" above for more information about these grants.

The aggregate number of unvested stock awards outstanding as of December 31, 2016, for each director was as follows: Mr. Jastrow — 2,000, which represents shares held under our 1993 Restricted Stock Plan for Non-Employee Directors; and Mr. Culver — 105,934. Mr. Culver's awards, which were granted January 27, 2014, when he was our CEO, vested in February and March 2017 based on achievement of performance goals. For more information, see "Components of our Executive Compensation Program — 2014 Long-Term Equity Awards" in our CD&A.

The aggregate number of vested and unvested stock awards outstanding as of June 2, 2017, for each director, is described under “Stock Ownership” above.

Mr. Nicolaisen retired as a member of our Board of Directors effective October 20, 2016. In recognition of his service on our Board, we made contributions in a total amount of \$25,000 to charities that he designated. These (3) contributions were not solicited by Mr. Nicolaisen, were not made under any agreement with him and are not included in the table.



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ITEM 2 – ADVISORY VOTE TO APPROVE OUR EXECUTIVE COMPENSATION

At our 2011 Annual Meeting, we held a non-binding, advisory shareholder vote on the frequency of future advisory shareholder votes on the compensation of our NEOs. Our shareholders expressed a preference that advisory shareholder votes on the compensation of our NEOs be held on an annual basis and, as previously disclosed, the Company adopted a policy to hold such votes annually. Accordingly, as required by Section 14A of the Securities Exchange Act of 1934, we are asking shareholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed under the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables and any related material contained in this Proxy Statement.

We strongly believe you should approve our compensation in light of the factors discussed in the Executive Summary of the Compensation Discussion and Analysis.

While this vote is advisory and is not binding, the Board and the Management Development, Nominating and Governance Committee will review and consider the voting results when making future decisions regarding compensation of our NEOs. See “Investor Outreach and Consideration of Last Year’s ‘Say on Pay’ Vote” in the Executive Summary to our CD&A.

Shareholder Vote Required

Approval of the compensation of our named executive officers requires the affirmative vote of a majority of the votes cast on this matter. Abstentions and broker non-votes will not be counted as votes cast.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NEOs. SIGNED PROXY CARDS AND VOTING INSTRUCTION FORMS WILL BE VOTED FOR THE APPROVAL OF THE EXECUTIVE COMPENSATION UNLESS A SHAREHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD OR VOTING INSTRUCTION FORM.**

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COMPENSATION DISCUSSION AND ANALYSIS

In this Compensation Discussion and Analysis, we describe the objectives and components of our executive compensation program for our Named Executive Officers, and how we make compensation decisions. Please refer to our Glossary of Terms and Acronyms in Appendix B to this Proxy Statement for definitions of certain capitalized terms.

EXECUTIVE SUMMARY

Key Takeaways

Our 2016 financial and business performance was outstanding

Net operating income per diluted share for 2016 was \$0.99, up 32% from 2015 (\$0.75), with net operating income of \$395.6 million, up 29% from 2015 (\$306.1 million).<sup>(1)</sup> In 2015, as a result of our return to consistent profitability, our DTA valuation allowance was eliminated in a one-time event; the change in this allowance during 2015 produced \$848 million of tax benefits (\$1.81 per

fully diluted share). As a result, we believe our 2016 versus 2015 financial performance should be reviewed on a net operating income basis, which among other things, excludes the effect of the change in the DTA valuation allowance.

#### Net Operating Income per Diluted Share<sup>(1)</sup>

#### New Insurance Written<sup>(2)</sup>

(1) Net operating income and net operating income per diluted share are non-GAAP measures of performance. For a description of how we calculate these measures and for a reconciliation of these measures to their nearest comparable GAAP measures, see [Appendix A](#).

(2) New insurance written refers to direct new insurance written (before the effects of reinsurance).

Our book of flow insurance in force, the principal source of our future revenue, grew by 5% in 2016, principally as result of an 11% increase in new insurance written.

• We sold non-convertible senior debt for the first time in over ten years; the proceeds of this transaction contributed to the elimination

of 66 million  
potentially  
dilutive shares  
through  
convertible note  
repurchase  
transactions.

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The 2016 incentive compensation we awarded is aligned with the interests of shareholders

- Our NEOs' bonuses depend on performance against ten performance metrics, with over 40% dependent on the extent to which we achieve EPS and ROE goals.

- As noted above, our 2016 net operating income per diluted share was 32% more than 2015 (\$0.99 vs. \$0.75). (While our bonus plan uses an EPS metric, because of the one-time effect of the change in the DTA valuation allowance in 2015, we present these comparisons on a net operating income per share basis to highlight the increase in the underlying results.)

- Our 2016 ROE, as calculated by Bloomberg, was at the 85th percentile of the Simulated Peer Group. (Bloomberg calculates ROE by dividing GAAP net income by average equity outstanding).

- Full vesting for 80% of the 2016 long-term equity awards to our CEO and Executive Vice Presidents requires 14.9% annual growth in adjusted book value per share.

Our CEO's 2016 compensation generates a "low concern" under simulations of the quantitative pay-for-performance model of a leading proxy governance firm

The Compensation

- Consultant made these simulations using three different peer groups:

- Our 2016 Peer Group,

- Our 2017 Peer Group, and

- The Simulated Peer Group.

For more information about these simulations, see "—

Benchmarking —

Compensation Consultant

Simulations," page 30.

In 2016 and 2017, we further aligned compensation with the interests of shareholders

- We eliminated any retesting feature for all equity awards (2016, retroactive to 2014-2016 awards). See "— Components of our Executive Compensation Program — 2016 and 2015 Other Long-Term Equity Awards — CR (Combined Ratio) Awards," page 38.

- We changed our 2017 equity awards to:

- Establish three-year cliff vesting for all equity grants,

- Reduce the number of annual equity award shares due to a sustained increase in our stock price, and

- Tie vesting of 100% of the CEO's annual equity awards (and the awards of all Executive Vice Presidents) to achievement of a performance goal relating to increased book value per share.

For more information about these changes, see "— Components of our Executive Compensation Program — 2017 Long-Term Equity Awards," page 39.

- We increased stock ownership guidelines (2017). See "— Other Aspects of our Executive Compensation Program — Stock Ownership Guidelines," page 39.

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Shareholder Outreach and Consideration of Last Year's "Say on Pay" Vote

During 2016, we continued our shareholder outreach efforts, as shown in the chart to the right. We value the views of our shareholders and intend to continue to engage and solicit their feedback.

At the 2015 and 2016 Annual Meetings, 99% of the Say on Pay votes cast were in support of the compensation of our NEOs. The Committee views this voting result as confirmation of overwhelming shareholder support of our executive compensation program.

Compensation-Related Corporate Governance Policies and Best Practices

We have many compensation-related governance policies and best practices that align our executive compensation with long-term shareholder interests:

**Stock Ownership.** In early 2017, the Committee changed the stock ownership guidelines for NEOs to be stock valued at 6 times base salary for our CEO and 3 times base salary for the other NEOs. At the time the Committee changed our stock ownership guidelines, our Benchmarking Peers had guidelines for their CEOs ranging from 5 to 7 times base salary.

**Equity Holding Post-Vesting.** Our NEOs are required to hold, for one year after vesting, the lower of 25% of shares that vest under equity awards and 50% of the shares that were received by the officer after taking account of shares withheld to cover taxes. Apart from what is required, we have had a culture of stock retention by senior executives. Excluding shares withheld from equity awards for income tax withholding, the last time any of our current or past NEOs sold our stock while an NEO was more than 11 years ago.

**No Hedging and Pledging.** Our policies prohibit directors and NEOs from entering into hedging transactions referencing the Company's equity securities, holding Company securities in a margin account, or pledging Company securities as collateral for a loan.

**High Percentage of Performance-Based Compensation.** 83% of our CEO's 2016 TDC is tied to achievement of pre-set performance goals.

**Limited Perquisites.** Our NEO perks are very modest, ranging between approximately \$800 and \$5,400 in 2016.

**Effective Use of Equity Compensation with Low Burn Rate and Dilution.** The total equity awards granted to all participants under our 2015 Omnibus Incentive Plan in each of January 2016 and January 2017 were about 0.5% of our outstanding shares at the prior December 31. Based on a "burn rate" methodology that uses the average of the total awards granted (adjusted depending on the volatility of the price of the underlying stock) during each of the last three completed years and the weighted average number of shares outstanding during each such year, our 3-year average annual "burn rate" for 2014-2016 would be approximately 1.2%.

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Limited Change in Control Benefits:

• “Double trigger” is required for any benefits to be paid (equity awards granted after January 2015 will not vest upon a change in control if the Committee determines that the awards will be assumed or replaced);

• Cash severance does not exceed 2x base salary plus bonus plus retirement plan accrual; and

• There is no excise tax gross-up provision.

Employment Agreements. None; only the limited provisions referred to above that are effective after a change in control.

“Clawback” Policy. Our “clawback” policy applies to cash incentive compensation as well as equity award compensation.

Compensation Consultant Performs No Services for Us. The Compensation Consultant is retained by the Committee and performs no services for the Company.

Compensation Risk Evaluation. Annually, the Committee reviews an executive compensation risk evaluation by management designed to ensure that our compensation programs do not motivate excessive risk-taking and are not reasonably likely to have a material adverse effect on the Company.

Omnibus Incentive Plan. Our 2015 Omnibus Incentive Plan, approved by shareholders, contains the following provisions:

• No granting of stock options with an exercise price less than the fair market value of the Company’s common stock on the date of grant

• No re-pricing (reduction in exercise price) of stock options

• No cash buy-outs of underwater stock options

• No inclusion of reload provisions in any stock option grant

• No payment of dividends on performance shares before they are vested

• No single trigger vesting of awards upon a change in control in which the awards are assumed or replaced

• No recycling of shares withheld for tax purposes upon vesting

• No granting of more than 5% of the awards under the plan with a vesting period of less than one year

• No Committee discretion to accelerate vesting of awards, except under certain limited instances like death and disability

**OBJECTIVES OF OUR EXECUTIVE COMPENSATION PROGRAM**

In setting compensation, the Committee focuses on TDC. The objectives of our executive compensation program are to:

• Attract and retain high-quality executives. We want a competitive pay opportunity in the sense that: our base salaries are on average around the median of our Benchmarking Peers over a several year time horizon, and our bonus and long-term equity awards, when performance is strong, move TDC above the market median to reflect that strong performance.

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• Align executive compensation with long-term shareholder interests. We aim to achieve a close alignment between compensation and long-term shareholder interests by:  
linking compensation to Company and executive performance; and  
paying a substantial portion of TDC in:  
§ bonuses based on specific goals that align payouts with Company performance, and  
§ long-term equity awards whose vesting is based on three-year goals that align payouts with Company performance and whose value directly reflects our stock price.

¶ Limit perquisites. We provide only minimal perks for our executive officers.

## HOW WE MAKE COMPENSATION DECISIONS

### Role of the Management Development, Nominating and Governance Committee

The Committee, which consists solely of independent directors, is responsible for overseeing the development and administration of our executive compensation program. The Committee approves the compensation of our CEO and our other senior executives, and performs other tasks including:

- Review and approval of bonus and equity compensation goals and objectives;
- Evaluation of performance in light of these goals and objectives; and
- Evaluation of the competitiveness of the CEO's total compensation package.

The Committee also supports the Board's role in overseeing the risks facing the Company, as described in more detail above under "Committee Membership and Meetings — Board Oversight of Risk."

The Committee is supported in its work by our Chief Executive Officer, our Chief Human Resources Officer, our General Counsel and the Committee's Compensation Consultant, as described below. Our Chairman of the Board, who was previously our CEO but now is not a member of our management, regularly participates in meetings of the Committee.

### Role of the Compensation Consultant

The Committee has retained FW Cook & Co., a nationally recognized executive compensation consulting firm, to advise it. While our Chief Human Resources Officer coordinates its assignments, the Compensation Consultant reports directly to the Committee; the Committee retains authority to approve the compensation of the Compensation Consultant, determine the nature and scope of its services and evaluate its performance. The Compensation Consultant provides no services to the Company. The Committee may replace the Compensation Consultant or hire additional consultants at any time. A representative of the Compensation Consultant attends meetings of the Committee, as requested.

The Committee retains the Compensation Consultant to help it evaluate and oversee our executive compensation program and to periodically review the compensation of our directors. In connection with our executive compensation program, the Compensation Consultant provides various services to the Committee, including advising the Committee on the principal aspects of our executive compensation program and evolving industry practices and providing market information and analysis regarding the competitiveness of our program, including its relationship to performance.

Since the end of 2015, on behalf of the Committee the Compensation Consultant has:

- Provided an evaluation of NEO compensation compared to Benchmarking Peers.





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- Provided advice about the annual bonus plan, including the goals and target performance incorporated into the formula that is used to determine payouts.
- Provided advice about the long-term equity incentive program, including the level of awards granted under the program and the vesting provisions.
- Provided advice regarding “best practice” compensation practices, such as stock retention guidelines.
- Reviewed the 2016 Peer Group and provided advice regarding the addition of four peers to the group in 2017.
- Performed simulations of the concern level output of the quantitative pay-for-performance model of a leading proxy governance firm using our CEO’s compensation and our TSR as inputs.
- Reviewed drafts and commented on the CD&A and related compensation tables for the Proxy Statement.

The Committee has assessed the independence of the Compensation Consultant pursuant to SEC and New York Stock Exchange rules and concluded that its work for the Committee does not raise any conflict of interest.

## Role of Officers

While the Committee is ultimately responsible for making all compensation decisions affecting our NEOs, our CEO participates in the process because of his close day-to-day association with the other NEOs and his knowledge of our operations. Among other things, our CEO makes recommendations on the components of compensation for the NEOs, other than himself. Our CEO does not participate in the portion of the Committee meeting regarding the review of his own performance or the determination of the amounts of his compensation.

Our Chief Human Resources Officer and our General Counsel also participate in the Committee’s compensation process. Our Chief Human Resources Officer is responsible for coordinating the work of the Compensation Consultant for the Committee and the annual preparation of an executive compensation risk evaluation. He maintains knowledge of executive compensation trends, practices, rules and regulations and works with our General Counsel on related legal and tax compliance matters as well as on other matters related to executive compensation. The Committee receives information from management that includes: detailed breakdowns of the compensation of the NEOs; the amount, if any, that our NEOs realized during the period they were NEOs from sales of stock received upon vesting of equity awards; the total amount of stock and RSUs held by each NEO (RSUs are sometimes referred to in this Proxy Statement as “restricted equity”); and the other compensation information disclosed in this Proxy Statement.

## BENCHMARKING

To provide the Committee with a framework for evaluating compensation levels for our NEOs against market practices, the Compensation Consultant periodically prepares reports analyzing compensation data for our Benchmarking Peers. In addition, each year we provide the Committee with information regarding market trends and expected executive base salary changes for the coming year. The compensation surveys that we reviewed and, with the concurrence of the Compensation Consultant, summarized in the aggregate for the Committee in connection with establishing base salaries for 2016 were published by: AON Hewitt, Mercer Consulting, Willis Towers Watson and World at Work.

We added companies to our Peer Group in 2017

The U.S. mortgage insurance industry has only six public companies. Therefore, the Committee has found it necessary to include companies from outside the mortgage insurance industry when constructing our group of Benchmarking Peers. Historically, surety and title insurers have been included because, like mortgage insurers, they have significant exposure to the residential real estate market.



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While shareholders told us during our most recent outreach that they did not have concern with our group of Benchmarking Peers, the Committee periodically reviews the composition of the group and did so in 2016. In March 2017, the Committee added four companies to the group for several reasons, including the following:

**Size of the Group.** Due to the limited number of public companies in the mortgage, surety and title insurance industries, our 2016 Peer Group of ten companies has been smaller than the peer groups of most other companies. In addition, the number is expected to decrease as one of the Benchmarking Peers has agreed to be acquired by a non-public company, and two of the other Benchmarking Peers have significantly decreased in size since 2008 as a result of the financial crisis. Because of the relatively small peer group size and the prospect of it becoming smaller, the Committee chose to increase the size of our peer group.

**Composition of the Group.** As noted above, our 2016 Peer Group has previously been composed of companies in the mortgage, surety and title insurance industries. However, recent talent acquisition has been from outside those industries: two NEOs and several of the officers we have most recently hired joined us from banking and mortgage finance companies. Therefore, the Committee determined that those industries should be represented in our peer group. In determining the companies to be added to our peer group, the Committee also considered which companies chose us as a peer; three of the four companies added chose us as a peer.

Although several of our Benchmarking Peers are in the "Property and Casualty Insurance" Global Industry Classification Standard group ("GICS group"), none are property and casualty insurers; our Benchmarking Peers generally provide financial guaranty insurance or title insurance and other real estate services. We do not believe that adding property and casualty or general insurance companies to our peer group would provide meaningful information to the Committee in evaluating our executive compensation because:

• We have not sought talent from those companies.

• Those companies do not have meaningful exposure to the residential real estate market and their TSRs would not be expected to be correlated with ours.

• None of those companies chose us as a peer.

Why the selected peers are appropriate for benchmarking purposes

Our 2016 Peer Group and our 2017 Peer Group consist of the companies shown below. We believe these companies are appropriate for benchmarking our executive compensation for the reasons shown in the table below.

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	Mortgage Insurer - Direct Competitor <sup>(1)</sup>	Significant Exposure to Residential Real Estate Market	Industry in which we Compete for Talent	Chose us as a Peer <sup>(2)</sup>	Business
MGIC 2017 Peer Group					
MGIC 2016 Peer Group					
Ambac Financial Group, Inc.		X	X	X	Financial Guaranty Insurer
Arch Capital Group Ltd.	X	X	X		Includes Mortgage Insurer
Assured Guaranty Ltd.		X	X	X	Financial Guaranty Insurer
Essent Group Ltd.	X	X	X	X	Mortgage Insurer
Fidelity National Financial Inc.		X	X		Title Ins & Other R.E. Services
First American Fin'l Corp.		X	X		Title Ins & Other R.E. Services
Genworth Financial Inc.	X	X	X	X	Includes Mortgage Insurer
MBIA Inc.		X	X	X	Financial Guaranty Insurer
NMI Holdings Inc.	X	X	X		