

Mortgage Insurers Run Into Trouble

Oct. 3, 2007 -- Forced to pay more to bail out lenders from bad loans, the top two U.S. mortgage insurers reported their first-ever quarterly losses as publicly traded companies.

PMI Group, the second-largest, posted a net loss of \$86.8 million, its first quarterly loss since its 1995 public offering, saying the default rate "significantly worsened" in September. MGIC Investment Corp., the largest insurer, also reported its first quarterly loss, and said it expected not to be profitable in 2008.

Defaults on privately insured mortgages jumped 22% in September from a year earlier. Some 54,699 privately insured homeowners were more than 60 days late on their mortgage payments, up from 44,791 in September 2006, and an increase of 4.9% from August, according to Mortgage Insurance Companies of America.