FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended MARCH 31, 1997

[   ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________

Commission file number 1-10816

MGIC INVESTMENT CORPORATION
(Exact name of registrant as specified in its charter)

WISCONSIN	39-1486475
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
250 E. KILBOURN AVENUE MILWAUKEE, WISCONSIN	53202
(Address of principal executive offices)	(Zip Code)

(414) 347-6480
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X   NO ________

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS OF STOCK	PAR VALUE	DATE	NUMBER OF SHARES
Common stock	$1.00	3/31/97	59,149,086

MGIC INVESTMENT CORPORATION
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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
March 31, 1997 (Unaudited) and December 31, 1996

	March 31, 1997	December 31, 1996
ASSETS	(In thousands of dollars)	
Investment portfolio:		
Securities, available-for-sale, at market value:		
Fixed maturities	$1,912,393	$1,892,081
Equity securities	4,039	4,039
Short-term investments	157,917	140,114
Total investment portfolio	2,074,349	2,036,234
Cash	6,590	3,861
Accrued investment income	28,573	33,363
Reinsurance recoverable on loss reserves	28,799	29,827
Reinsurance recoverable on unearned premiums	10,140	11,745
Home office and equipment, net	34,302	35,050
Deferred insurance policy acquisition costs	30,756	31,956
Other assets	43,264	40,279
Total assets	$2,256,773	$2,222,315
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Loss reserves	$ 536,974	$ 514,042
Unearned premiums	203,016	219,307
Mortgages payable (note 2)	-	35,424
Income taxes payable	20,949	23,111
Other liabilities	73,408	64,316
Total liabilities	834,347	856,200
Contingencies (note 3)		
Shareholders' equity:		
Common stock, $1 par value, shares authorized 150,000,000; shares issued 60,555,400; shares outstanding, 3/31/97 - 59,149,086; 1996 - 58,950,434	60,555	60,555
Paid-in surplus	276,793	268,540
Treasury stock (shares at cost, 3/31/97 - 1,406,314; 1996 - 1,604,966)	(6,236)	(7,073)
Unrealized appreciation in investments, net of tax	17,834	40,685
Retained earnings	1,073,480	1,003,408
Total shareholders' equity	1,422,426	1,366,115
Total liabilities and shareholders' equity	$2,256,773	$2,222,315

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
Three Months Ended March 31, 1997 and 1996
(Unaudited)

	Three Months Ended March 31, 1997	Three Months Ended March 31, 1996
	(In thousands of dollars, except per share data)	
Revenues:		
Premiums written:		
Direct	$155,289	$125,011
Assumed	2,794	1,661
Ceded	(2,477)	(3,144)
Net premiums written	155,606	123,528
Decrease in unearned premiums	14,686	21,112
Net premiums earned	170,292	144,640
Investment income, net of expenses	29,508	24,261
Realized investment gains, net	89	339
Other revenue	5,202	5,397
Total revenues	205,091	174,637
Losses and expenses:		
Losses incurred, net	63,194	56,837
Underwriting and other expenses	38,213	35,704
Interest expense (note 2)	319	947
Ceding commission	(542)	(841)
Total losses and expenses	101,184	92,647
Income before tax	103,907	81,990
Provision for income tax	31,471	23,530
Net income	$ 72,436	$ 58,460
Net income per share	$ 1.21	$ 0.98
Weighted average common shares outstanding (shares in thousands)	59,661	59,408
Dividends per share	$ 0.04	$ 0.04
Pro forma earnings per share (unaudited; see note 4)	$ 0.61	$ 0.49

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
Three Months Ended March 31, 1997 and 1996
(Unaudited)

	Three Months Ended March 31, 1997	1996
	(In thousands of dollars)	
Cash flows from operating activities:		
Net income	$ 72,436	$ 58,460
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred insurance policy acquisition costs	7,317	7,893
Increase in deferred insurance policy acquisition costs	(6,117)	(6,393)
Depreciation and amortization	2,017	2,142
Decrease in accrued investment income	4,790	2,893
Decrease in reinsurance recoverable on loss reserves	1,028	807
Decrease in reinsurance recoverable on unearned premiums	1,605	2,074
Increase in loss reserves	22,932	30,109
Decrease in unearned premiums	(16,291)	(23,185)
Other	15,726	5,118
Net cash provided by operating activities	105,443	79,918
Cash flows from investing activities:		
Purchase of fixed maturities:		
Available-for-sale securities	(165,998)	(104,609)
Proceeds from sale or maturity of fixed maturities:		
Available-for-sale securities	109,782	30,964
Net cash used in investing activities	(56,216)	(73,645)
Cash flows from financing activities:		
Dividends paid to shareholders	(2,361)	(2,354)
Principal repayments on mortgages payable	(35,424)	(95)
Reissuance of treasury stock	9,090	8,720
Net cash (used in) provided by financing activities	(28,695)	6,271
Net increase in cash and short-term investments	20,532	12,544
Cash and short-term investments at beginning of year	143,975	90,264
Cash and short-term investments at end of period	$164,507	$102,808

See accompanying notes to consolidated financial statements.

Note 1 - Basis of presentation

The accompanying unaudited consolidated financial statements of MGIC Investment Corporation (the "Company") and its wholly-owned subsidiaries have been prepared in accordance with the instructions to Form 10-Q and do not include all of the other information and disclosures required by generally accepted accounting principles. These statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 1996 included in the Company's Annual Report on Form 10-K for that year.

The accompanying consolidated financial statements have not been audited by independent accountants in accordance with generally accepted auditing standards, but in the opinion of management such financial statements include all adjustments, consisting only of normal recurring accruals, necessary to summarize fairly the Company's financial position and results of operations. The results of operations for the three months ended March 31, 1997 may not be indicative of the results that may be expected for the year ending December 31, 1997.

Note 2 - Mortgages payable

In January 1997, the Company repaid mortgages payable of $35.4 million, which were secured by the home office and substantially all of the furniture and fixtures of the Company. As a result, interest expense on the mortgages decreased to $.3 million during the three months ended March 31, 1997 from $.9 million for the same period in 1996.

Note 3 - Contingencies

The Company is involved in litigation in the normal course of business. In the opinion of management, the ultimate disposition of the pending litigation will not have a material adverse effect on the financial position of the Company.

In addition to the litigation referred to above, Mortgage Guaranty Insurance Corporation ("MGIC") is a defendant in a lawsuit commenced by a borrower challenging the necessity of maintaining mortgage insurance in certain circumstances, primarily when the loan-to-value ratio is below 80%. The lawsuit purports to be brought on behalf of a class of borrowers. This case appears to be based to some degree upon guidelines issued by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association to their respective mortgage servicers under which the mortgage servicers may be required in certain circumstances to cancel borrower-purchased insurance upon the borrower's request. The plaintiff alleges that MGIC has a common law duty to inform a borrower that the insurance may be cancelled in these circumstances. The relief sought is equitable relief as well as the return of premiums paid after the insurance was cancellable under the applicable guidelines. The Company believes that MGIC has a meritorious defense to this action in that, in the absence of a specific statute (no statutory duty other than under a general consumer fraud statute is alleged), there appears to be no legal authority requiring a mortgage insurer to inform a borrower that insurance may be cancelled. Summary judgment was granted to MGIC in another case involving similar issues. Similar cases are pending against other mortgage insurers, mortgage lenders and mortgage loan servicers.

Note 4 - Subsequent events

On May 1, 1997 the Company's Board of Directors declared a two-for-one stock split of the Company's common stock in the form of a 100% stock dividend. The additional shares of common stock will be issued on June 2, 1997 to shareholders of record on May 19, 1997. In addition, the Company's Board of Directors also declared a cash dividend on the outstanding shares of common stock of $0.05 per share, before giving effect to the two-for-one stock split, which represents a 25% increase from the previous rate of $0.04. The cash dividend is payable June 2, 1997, to shareholders of record at the close of business on May 19, 1997.

Unaudited pro forma shareholders' equity information at March 31, 1997, giving effect to the stock split, is as follows:

Shares of common stock issued	121,110,800
Shares of common stock outstanding	118,298,172
Common stock, $1 par value	$121.1 million
Paid-in surplus	$216.2 million

Unaudited pro forma earnings per share, giving effect to the stock split, is presented on the Consolidated Statement of Operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Consolidated Operations

Three Months Ended March 31, 1997 Compared With Three Months Ended March 31, 1996

Net income for the three months ended March 31, 1997 was $72.4 million, compared to $58.5 million for the same period of 1996, an increase of 24%. Net income per share for the three months ended March 31, 1997 was $1.21 compared to $0.98 in the same period last year, an increase of 24%.

The amount of new primary insurance written by Mortgage Guaranty Insurance Corporation ("MGIC") during the three months ended March 31, 1997 was $6.5 billion, compared to $7.5 billion in the same period of 1996. Refinancing activity accounted for 17% of new primary insurance written in the first quarter of 1997, compared to 29% in the first quarter of 1996.

New insurance written for the first quarter of 1997 reflected an increase in the usage of the monthly premium product to 92% of new insurance written from 88% of new insurance written in the first quarter of 1996. New insurance written for adjustable-rate mortgages ("ARMS") increased to 26% of new insurance written in the first quarter of 1997 from 17% of new insurance written in the same period of 1996.

The $6.5 billion of new primary insurance written during the first quarter of 1997 was partially offset by the cancellation of $5.1 billion of insurance in force, and resulted in a net increase of $1.4 billion in primary insurance in force, compared to new primary insurance written of $7.5 billion, the cancellation of $5.6 billion, and a net increase of $1.9 billion during the first quarter of 1996. Direct primary insurance in force was $132.8 billion at March 31, 1997 compared to $122.2 billion at March 31, 1996. Cancellation activity could increase in 1997 if proposed legislation regarding cancellation of mortgage insurance is enacted. (See Safe Harbor Statement at the end of this document.)

During the first quarter of 1997, the Company began writing new pool insurance generally covering fixed rate, 30 year mortgage loans delivered to the Federal Home Loan Mortgage Corporation and Federal National Mortgage Association ("agency pool insurance"). The aggregate loss limit on agency pool insurance generally does not exceed 1% of the aggregate original principal balance of the mortgage loans in the pool. New pool insurance written during the three months ended March 31, 1997 was $3.0 billion which was virtually all agency pool insurance. A minimal amount of new pool insurance written was associated with loans insured under state housing finance programs. The new risk written related to the agency pool insurance was approximately $30 million. The Company expects the use of the agency pool product to increase in 1997 but does not anticipate that new risk written under this product will be material to its total risk in force.

Net premiums written were $155.6 million during the first quarter of 1997, compared to $123.5 million during the first quarter of 1996, an increase of $32.1 million or 26%. The increase was primarily a result of the growth in insurance in force.

Net premiums earned were $170.3 million for the first quarter of 1997, compared to $144.6 million for the first quarter of 1996, an increase of $25.7 million, or 18%, primarily reflecting the growth of insurance in force.

Investment income for the first quarter of 1997 was $29.5 million, an increase of 22% over the $24.3 million in the first quarter of 1996. This increase was primarily the result of an increase in the amortized cost of average invested assets to $2,010.3 million for the first quarter of 1997 from $1,648.4 million for the first quarter of 1996, an increase of 22%. The portfolio's average pre-tax investment yield was 5.9% for the first quarter of 1997 and 1996. The portfolio's average after-tax investment yield was 5.0% for the first quarter of 1997 compared to 5.1% for the first quarter of 1996.

Other revenue, primarily contracts with government agencies for premium reconciliation and claim administration and fee-based services for underwriting, was $5.2 million in the first quarter of 1997, slightly below the $5.4 million in the same period of 1996.

Net losses incurred increased to $63.2 million during the first quarter of 1997 from $56.8 million during the first quarter of 1996, an increase of 11%. Such increase was primarily due to an increase in the notice inventory, which resulted from a higher percentage of the Company's insurance in force reaching its peak claim paying years and higher delinquency levels on insurance written from 1994 through 1996. Net incurred losses also increased due to an increase in severity as a result of the continued high level of loss activity in certain high cost geographic regions and an increase in claim amounts on defaults with higher coverages. The Company expects that, in general, incurred losses will continue to rise as a result of the factors mentioned above. At March 31, 1997, 63% of MGIC's insurance in force was written during the preceding thirteen quarters, compared to 74% at March 31, 1996. The highest claim frequency years have typically been the third through fifth year after the year of loan origination. However, the pattern of claims frequency for refinance loans may be different from the historical pattern of other loans. A substantial portion of the insurance written in 1992 and 1993 represented insurance on the refinance of mortgage loans originated in earlier years. (See Safe Harbor Statement at the end of this document.)

Underwriting and other expenses increased 7% to $38.2 million in the first quarter of 1997 from $35.7 million in the first quarter of 1996. This increase was primarily due to an increase in expenses associated with the fee-based services for underwriting and an increase in premium tax due to higher premiums written.

Interest expense on the mortgages decreased to $.3 million during the quarter ended March 31, 1997 from $.9 million for the same period in 1996. The decrease is a result of the repayment of the mortgages payable in January 1997.

The consolidated insurance operations loss ratio was 37.1% for the first quarter of 1997 compared to 39.3% for the first quarter of 1996. The consolidated insurance operations expense and combined ratios were 21.1% and 58.2%, respectively, for the first quarter of 1997 compared to 25.5% and 64.8% for the first quarter of 1996.

The effective tax rate was 30.3% in the first quarter of 1997, compared to 28.7% in the first quarter of 1996. During both periods, the effective tax rate was below the statutory rate of 35%, reflecting the benefits of tax-preferenced investment income. The higher effective tax rate in 1997 resulted from a lower percentage of total income before tax being generated from tax-preferenced investments.

Liquidity and Capital Resources

The Company's consolidated sources of funds consist primarily of premiums written and investment income. The Company generated positive cash flows from operating activities for the three months ended March 31, 1997, as shown on the Consolidated Statement of Cash Flows. Funds are applied primarily to the payment of claims and expenses. The Company's business does not require significant capital expenditures on an ongoing basis. Positive cash flows are invested pending future payments of claims and other expenses; cash flow shortfalls, if any, could be funded through sales of short-term investments and other investment portfolio securities. In January 1997, the Company repaid mortgages payable of $35.4 million, which were secured by the home office and substantially all of the furniture and fixtures of the Company, with internally generated funds.

Consolidated total investments were $2,074.3 million at March 31, 1997, compared to $2,036.2 million at December 31, 1996, an increase of 2%. This increase is due primarily to positive cash flow from operations offset by the $35.4 million repayment of the mortgages payable and by a $35.2 million decrease in unrealized gains. The investment portfolio includes unrealized gains on securities marked to market at March 31, 1997 and December 31, 1996 of $27.4 million and $62.6 million, respectively. As of March 31, 1997, the Company had $157.9 million of short-term investments with maturities of 90 days or less. In addition, at March 31, 1997, based on amortized cost, the Company's total investments, which were virtually all comprised of fixed maturities, were approximately 99% invested in "A" rated and above, readily marketable securities, concentrated in maturities of less than 15 years.

Consolidated loss reserves increased 4% to $537.0 million at March 31, 1997 from $514.0 million at December 31, 1996, reflecting the higher level of defaults for the reasons described above. Consistent with industry practices, the Company does not establish loss reserves for future claims on insured loans which are not currently in default.

Consolidated unearned premiums decreased $16.3 million from $219.3 million at December 31, 1996 to $203.0 million at March 31, 1997, primarily reflecting the continued high level of monthly premium policies written, for which there is no unearned premium. Reinsurance recoverable on unearned premiums decreased $1.6 million to $10.1 million at March 31, 1997 from $11.7 million at December 31, 1996, primarily reflecting the reduction in unearned premiums.

Consolidated shareholder's equity increased to $1,422.4 million at March 31, 1997, from $1,366.1 million at December 31, 1996, an increase of 4%. This increase consisted of $72.4 million of net income during the first three months of 1997 and $9.1 million from the reissuance of treasury stock, offset by a decrease in net unrealized gains on investments of $22.8 million, net of tax, and dividends declared of $2.4 million.

MGIC is the principal insurance subsidiary of the Company. MGIC's risk-to-capital ratio was 17.5:1 at March 31, 1997 compared to 18.1:1 at December 31, 1996. The decrease was due to MGIC's increased policyholders' reserves, partially offset by the net additional risk in force of $.5 billion, net of reinsurance, during the first three months of 1997.

The Company's combined insurance risk-to-capital ratio was 18.2:1 at March 31, 1997, compared to 18.8:1 at December 31, 1996. The decrease was due to the same reasons as described above.

SAFE HARBOR STATEMENT

The following is a "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995, which applies to all statements in this Form 10-Q, which are not historical facts and to all oral statements that the Company may make from time to time relating thereto which are not historical facts (such written and oral statements are herein referred to as "forward looking statements"):

Actual results may differ materially from those comtemplated by the forward looking statements. These forward looking statements involve risks and uncertainties, including but not limited to, the following risks:

- that cancellations may be higher than projected and persistency may be lower than projected due to refinancings, changes in the Federal Home Loan Mortgage Corporation or Federal National Mortgage Association cancellation policies or legislation or other factors; and

- that delinquencies, incurred losses or paid losses may increase faster than projected as a result of adverse changes in regional or national economies, a reduction in the growth of borrower income, a reduced level of borrower creditworthiness, and a reduced level of housing appreciation.

PART II. OTHER INFORMATION

ITEM 5. OTHER INFORMATION

For a discussion of certain litigation brought by borrowers challenging the necessity of maintaining mortgage insurance in certain circumstances, see the last paragraph of Note 3 to the Consolidated Financial Statements (Unaudited) of the Company contained in Part I above.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits - The exhibits listed in the accompanying Index to Exhibits are filed as part of this Form 10-Q.

(b) Reports on Form 8-K - No reports were filed on Form 8-K during the quarter ended March 31, 1997.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, on May 8, 1997.

MGIC INVESTMENT CORPORATION

/s/ J. Michael Lauer

J. Michael Lauer
Executive Vice President and
Chief Financial Officer

/s/ Patrick Sinks

Patrick Sinks
Vice President, Controller and
Chief Accounting Officer

INDEX TO EXHIBITS
(Item 6)

Exhibit Number	Description of Exhibit
11.1	Statement Re Computation of Net Income Per Share
27	Financial Data Schedule

EXHIBIT 11.1

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
STATEMENT RE COMPUTATION OF NET INCOME PER SHARE
Three Months Ended March 31, 1997 and 1996

	Three Months Ended March 31,	
	1997	1996
	(In thousands of dollars, except per share data)	
PRIMARY NET INCOME PER SHARE		
Adjusted shares outstanding:		
Average common shares outstanding	59,054	58,788
Net shares to be issued upon exercise of dilutive stock options after applying treasury stock method	607	620
Adjusted shares outstanding	59,661	59,408
Net income	$72,436	$58,460
Primary net income per share	$ 1.21	$ 0.98
FULLY DILUTED NET INCOME PER SHARE		
Adjusted shares outstanding:		
Average common shares outstanding	59,054	58,788
Net shares to be issued upon exercise of dilutive stock options after applying treasury stock method	607	620
Adjusted shares outstanding	59,661	59,408
Net income	$72,436	$58,460
Fully diluted net income per share	$ 1.21	$ 0.98

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This schedule contains summary information extracted from Form 10-Q for the three months ended March 31, 1997 and is qualified in its entirety by reference to such financial statements.

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