

Radian Group Inc. (NYSE: RDN) Reports Higher Q3 Profits, Trading +18%

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Tallahassee, FL 11/1/11 ([StreetBeat](#)) -- U.S. mortgage insurer Radian Group Inc ([NYSE: RDN](#)) reported a higher third-quarter profit, as it recorded gains from securities, spent less on claims and set aside less money on loss provisions.

Radian paid \$329.9 million in mortgage insurance claims in the quarter, down from \$494.2 million a year ago. It expects to pay claims of \$400 million in the fourth quarter. The Philadelphia-based company expects to write new mortgage insurance worth more than \$5 billion in the fourth quarter as well.

Radian, which competes with MGIC Investment Corp , PMI Group and Genworth Financial , said its risk-to-capital ratio rose to 21.4 to 1 at Sept. 30 from 19.8 to 1 at June 30. The maximum permissible risk-to-capital ratio for mortgage insurers in most states is 25 to 1.

MGIC, Radian, PMI Group, Genworth and Old Republic International Corp insured millions of mortgages during the housing boom. But when the loans went bust, they were left taking large losses, lowering their capital and raising risk ratios. Rival MGIC posted a wider-than-expected quarterly loss in October, hurt by higher defaults, and reported a risk-to-capital ratio that is inching towards the maximum permissible limit. At the end of September, MGIC Investment's combined insurance operations' risk-to-capital ratio was 24 to 1. PMI Group's main unit was seized by Arizona insurance regulators, two months after two of its units were stopped from writing new insurance due to their failure to meet capital requirements.

Radian's July-September profit rose to \$183.6 million, or \$1.37 per share, from \$112.2 million, or 84 cents per share, last year. Third-quarter earnings included a gain from securities of about \$206.6 million. New mortgage insurance written by the second largest mortgage insurer in the United States rose to \$4.1 billion in the quarter from \$3.2 billion a year ago. Radian's provision for losses fell almost 28 percent to \$249.6 million from last year.

Radian's shares, which have lost almost three-fourths of their value since the beginning of the year, are currently trading at \$2.79, up 18% on the day. They closed at \$2.35 on Monday on the New York Stock Exchange.

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