UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2022
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For transition period from to
Commission File Number 001-40399

Enact[SM]

Enact Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**46-1579166**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

8325 Six Forks Road
Raleigh, North Carolina 27615
(919) 846-4100
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	ACT	The Nasdaq Stock Market

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 ☐ No ☒

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of August 1, 2022, there were 162,842,614 shares of Common Stock, par value $0.01 per share, outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act. These forward-looking statements may address, among other things, our expected financial and operational results, the related assumptions underlying our expected results and the quotations of management. These forward-looking statements are distinguished by use of words such as "will," "would," "anticipate," "expect," "believe," "designed," "plan," or "intend," the negative of these terms and similar references to future periods. These views involve risks and uncertainties that are difficult to predict and, accordingly, our actual results may differ materially from the results discussed in our forward-looking statements. Our forward-looking statements contained herein speak only as of the date of this quarterly report.

Although Enact Holdings, Inc. (the "Company") believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, the Company can give no assurance that its expectations will be achieved and it undertakes no obligation to update publicly any forward-looking statements as a result of new information, future events, or otherwise, except as required by applicable law. Factors or events that we cannot predict, including the following, may cause our actual results to differ from those expressed in forward-looking statements:

- uncertainty around COVID-19 and its variants or the effects of government and other measures seeking to contain its spread, including risks related to an economic downturn or recession in the United States and in other countries around the world;
- inability to continue to maintain the private mortgage insurer eligibility requirements ("PMIERs") or any other restrictions imposed on us by the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), government-sponsored enterprises collectively referred to as the "GSEs";
- deterioration in economic conditions or a decline in home prices;
- uncertainty of our loss reserve estimates or inaccuracies in our models;
- competition for our customers or the loss of a significant customer;
- changes to the charters or practices of the GSEs, including actions or decisions to decrease or discontinue the use of mortgage insurance;
- lenders or investors seeking alternatives to private mortgage insurance;
- failure of our risk management or loss mitigation strategies;
- fluctuations and continued increases in interest rates;
- limited availability of capital or reinsurance;
- adverse actions by rating agencies;
- competition with government-owned enterprises and GSEs;
- failure to manage the risk in our investment portfolio;
- disruption in the servicing of mortgages covered by our insurance policies or poor servicer performance;
- unanticipated claims arising under and risks associated with our delegated underwriting program or contract underwriting program;

- inadequacy of the premiums we charge to compensate for the losses we incur;
- decrease in the volume of Low-Down Payment Loan originations;
- failure to protect our confidential customer information;
- adverse changes in regulatory requirements;
- inability to maintain sufficient regulatory capital;
- risks relating to our continuing relationship with our parent;
- changes in tax laws;
- litigation, regulatory investigations or other actions;
- changes in accounting principles or policies or in our application of such accounting principles or policies;
- inability to attract and retain key employees;
- failure or any compromise of the security of our computer systems, disaster recovery systems, business continuity plans and failures to safeguard or breaches of confidential information; and
- occurrence of natural or man-made disasters or public health emergencies, including pandemics and disasters caused or exacerbated by climate change

We provide additional information regarding these and other risks and uncertainties in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, as filed with the U.S. Securities and Exchange Commission ("SEC") on February 28, 2022, and in Part II. Item 1A Risk Factors of this report. In addition, unlisted factors may present significant additional obstacles to the realization of forward-looking statements. We therefore caution you against relying on any forward-looking statements.

Part I. Financial Information

Item 1. Financial Statements

ENACT HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except par value amount)	June 30, 2022 (Unaudited)	December 31, 2021
Assets		
Fixed maturity securities available-for-sale, at fair value (amortized cost of $5,281,654 and $5,160,174 as of June 30, 2022 and December 31, 2021, respectively)	$ 4,909,362	$ 5,266,339
Cash and cash equivalents	583,947	425,828
Accrued investment income	33,103	31,061
Deferred acquisition costs	26,689	27,220
Premiums receivable (net of allowance for credit losses of $856 and $948 as of June 30, 2022 and December 31, 2021, respectively)	41,036	42,266
Deferred tax asset	98,695	—
Other assets	67,601	73,059
Total assets	**$ 5,760,433**	**$ 5,865,773**
Liabilities and equity		
Liabilities:		
Loss reserves	$ 558,894	$ 641,325
Unearned premiums	224,781	246,319
Other liabilities	154,656	130,604
Long-term borrowings	741,602	740,416
Deferred tax liability	—	1,586
Total liabilities	**1,679,933**	**1,760,250**
Equity:		
Common stock ($0.01 par value, 600,000 shares authorized, 162,842 shares issued and outstanding)	1,628	1,628
Additional paid-in capital	2,377,042	2,371,861
Accumulated other comprehensive income	(293,027)	83,581
Retained earnings	1,994,857	1,648,453
Total equity	**4,080,500**	**4,105,523**
Total liabilities and equity	**$ 5,760,433**	**$ 5,865,773**

See Notes to Condensed Consolidated Financial Statements

ENACT HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Amounts in thousands, except per share amounts)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenues:				
Premiums	$ 237,386	$ 242,480	$ 471,665	$ 495,022
Net investment income	35,776	34,689	70,922	69,948
Net investment losses	(381)	(1,753)	(720)	(2,709)
Other income	760	705	1,262	2,443
Total revenues	**273,541**	**276,121**	**543,129**	**564,704**
Losses and expenses:				
Losses incurred	(61,563)	30,003	(72,009)	85,377
Acquisition and operating expenses, net of deferrals	58,201	63,050	112,463	120,672
Amortization of deferred acquisition costs and intangibles	3,230	3,597	6,320	7,435
Interest expense	12,786	12,745	25,562	25,482
Total losses and expenses	**12,654**	**109,395**	**72,336**	**238,966**
Income before income taxes	**260,887**	**166,726**	**470,793**	**325,738**
Provision for income taxes	56,152	35,914	101,428	69,795
Net income	**$ 204,735**	**$ 130,812**	**$ 369,365**	**$ 255,943**
Net income per common share:				
Basic	$ 1.26	$ 0.80	$ 2.27	$ 1.57
Diluted	$ 1.25	$ 0.80	$ 2.26	$ 1.57
Weighted average common shares outstanding:				
Basic	162,842	162,840	162,842	162,840
Diluted	163,225	162,840	163,140	162,840

See Notes to Condensed Consolidated Financial Statements

ENACT HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Amounts in thousands)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net income	$ 204,735	$ 130,812	$ 369,365	$ 255,943
Other comprehensive income (loss), net of taxes:				
Net unrealized gains (losses) on securities without an allowance for credit losses	(152,401)	21,387	(376,701)	(48,805)
Net unrealized gains (losses) on securities with an allowance for credit losses	—	1,507	—	—
Foreign currency translation	64	—	93	—
Other comprehensive income (loss)	(152,337)	22,894	(376,608)	(48,805)
Total comprehensive income (loss)	**$ 52,398**	**$ 153,706**	**$ (7,243)**	**$ 207,138**

See Notes to Condensed Consolidated Financial Statements

ENACT HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

(Amounts in thousands)	Three months ended June 30, 2022 Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
Balances as of March 31, 2022	**$ 1,628**	**$ 2,374,568**	**$ (140,690)**	**$ 1,813,083**	**$ 4,048,589**
Comprehensive income (loss):					
Net income	—	—	—	204,735	204,735
Other comprehensive loss, net of taxes	—	—	(152,337)	—	(152,337)
Stock-based compensation expense and exercises and other	—	2,474	—	(163)	2,311
Dividends	—	—	—	(22,798)	(22,798)
Balance as of June 30, 2022	**$ 1,628**	**$ 2,377,042**	**$ (293,027)**	**$ 1,994,857**	**$ 4,080,500**

(Amounts in thousands)	Three months ended June 30, 2021 Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
Balances as of March 31, 2021	**$ 1,628**	**$ 2,368,782**	**$ 136,960**	**$ 1,427,956**	**$ 3,935,326**
Comprehensive income (loss):					
Net income	—	—	—	130,812	130,812
Other comprehensive income, net of taxes	—	—	22,894	—	22,894
Capital contributions from Genworth Financial, Inc.	—	819	—	—	819
Balance as of June 30, 2021	**$ 1,628**	**$ 2,369,601**	**$ 159,854**	**$ 1,558,768**	**$ 4,089,851**

See Notes to Condensed Consolidated Financial Statements

	Six months ended June 30, 2022				
(Amounts in thousands)	**Common stock**	**Additional paid-in capital**	**Accumulated other comprehensive income (loss)**	**Retained earnings**	**Total equity**
Balances as of December 31, 2021	**$ 1,628**	**$ 2,371,861**	**$ 83,581**	**$ 1,648,453**	**$ 4,105,523**
Comprehensive income (loss):					
Net income	—	—	—	369,365	369,365
Other comprehensive loss, net of taxes	—	—	(376,608)	—	(376,608)
Stock-based compensation expense and exercises and other	—	5,181	—	(163)	5,018
Dividends	—	—	—	(22,798)	(22,798)
Balance as of June 30, 2022	**$ 1,628**	**$ 2,377,042**	**$ (293,027)**	**$ 1,994,857**	**$ 4,080,500**

	Six months ended June 30, 2021				
(Amounts in thousands)	**Common stock**	**Additional paid-in capital**	**Accumulated other comprehensive income (loss)**	**Retained earnings**	**Total equity**
Balances as of December 31, 2020	**$ 1,628**	**$ 2,368,699**	**$ 208,378**	**$ 1,303,106**	**$ 3,881,811**
Cumulative effect of change in accounting, net of taxes	—	—	281	(281)	—
Comprehensive income (loss):					
Net income	—	—	—	255,943	255,943
Other comprehensive loss, net of taxes	—	—	(48,805)	—	(48,805)
Capital contributions from Genworth Financial, Inc.	—	902	—	—	902
Balances as of June 30, 2021	**$ 1,628**	**$ 2,369,601**	**$ 159,854**	**$ 1,558,768**	**$ 4,089,851**

See Notes to Condensed Consolidated Financial Statements

ENACT HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Amounts in thousands)	Six months ended June 30, 2022	Six months ended June 30, 2021
Cash flows from operating activities:		
Net income	$ 369,365	$ 255,943
Adjustments to reconcile net income to net cash provided by operating activities:		
Net investment losses	720	2,709
Amortization of fixed maturity securities discounts and premiums	(1,529)	(4,639)
Amortization of deferred acquisition costs and intangibles	6,320	7,435
Acquisition costs deferred	(3,316)	(3,752)
Deferred income taxes	1,475	2,225
Stock-based compensation expense	5,040	—
Amortization of debt issuance costs	1,186	1,107
Other	(20)	664
Change in certain assets and liabilities:		
Accrued investment income	(2,042)	(1,633)
Premiums receivable	1,230	3,177
Other assets	1,931	(9,681)
Loss reserves	(82,431)	68,577
Unearned premiums	(21,538)	(43,372)
Other liabilities	25,354	(15,653)
Net cash provided by operating activities	**301,745**	**263,107**
Cash flows from investing activities:		
Purchases of fixed maturity securities available-for-sale	(624,909)	(892,287)
Proceeds from sales of fixed maturity securities available-for-sale	261,732	258,101
Proceeds from maturities of fixed maturity securities available-for-sale	242,349	353,608
Net cash used in investing activities	**(120,828)**	**(280,578)**
Cash flows from financing activities:		
Dividends paid	(22,798)	—
Net cash provided by (used in) financing activities	**(22,798)**	**—**
Net decrease in cash and cash equivalents	158,119	(17,471)
Cash and cash equivalents at beginning of period	425,828	452,794
Cash and cash equivalents at end of period	**$ 583,947**	**$ 435,323**

See Notes to Condensed Consolidated Financial Statements

(1) Nature of Business, Organization Structure and Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include, on a consolidated basis, the accounts of Enact Holdings, Inc. ("EHI," together with its subsidiaries, the "Company," "we," "us" or "our") (formerly known as Genworth Mortgage Holdings, Inc.). EHI is a subsidiary of Genworth Financial, Inc. ("Genworth" or "Parent") and has been since EHI's incorporation in Delaware in 2012.

We are engaged in the business of writing and assuming residential mortgage guaranty insurance. The insurance protects lenders and investors against certain losses resulting from nonpayment of loans secured by mortgages, deeds of trust, or other instruments constituting a lien on residential real estate.

On May 3, 2021, EHI amended its certificate of incorporation to change its name from Genworth Mortgage Holdings, Inc. This amendment also authorized EHI to issue 600,000,000 shares of common stock, each having a par value of $0.01 per share. Concurrently, we entered into a share exchange agreement with Genworth Holdings, Inc. ("Genworth Holdings"), pursuant to which Genworth Holdings exchanged its 100 shares of common stock, representing all of the previously issued and outstanding capital stock, for 162,840,000 newly-issued shares of common stock, par value $0.01, of EHI. All of the share and per share information presented in the condensed consolidated financial statements and notes to the condensed consolidated financial statements have been adjusted to reflect the share exchange on a retroactive basis for all periods and as of all dates presented.

On September 15, 2021, we priced our initial public offering ("IPO") of common stock, which resulted in the issuance and sale of 13,310,400 shares of common stock at the IPO price of $19.00 per common share. All shares were offered by the selling stockholder, our parent company, Genworth Holdings. In addition to the shares sold in the IPO, 14,655,600 common shares were sold in a concurrent private sale ("Private Sale") at a price per share of $17.86, which is equal to the IPO price less the underwriting discount share. Genworth Holdings also granted the underwriters a 30-day option to purchase up to an additional 1,996,560 common shares ("Over-Allotment Option") at the IPO price less the underwriting discount. On September 16, 2021, the underwriters exercised their option to purchase all 1,996,560 common shares permitted under the terms of the underwriting agreement. The IPO, Private Sale and Over-Allotment Option (collectively the "Offering") closed on September 20, 2021, and Genworth Holdings retained all net proceeds from the Offering. The gross proceeds of the Offering, before payment of underwriter fees and other expenses, were approximately $553 million. Costs directly related to the Offering, including underwriting fees and other expenses, were approximately $24 million.

We offer private mortgage insurance products predominantly insuring prime-based, individually underwritten residential mortgage loans ("primary mortgage insurance"). Our primary mortgage insurance enables borrowers to buy homes with a down payment of less than 20% of the home's value. Primary mortgage insurance also facilitates the sale of these low down payment mortgage loans in the secondary mortgage market, most of which are sold to government sponsored enterprises. We also selectively enter into insurance transactions with lenders and investors, under which we insure a portfolio of loans at or after origination.

We operate our business through our primary insurance subsidiary, Enact Mortgage Insurance Corporation, ("EMICO"), formerly known as Genworth Mortgage Insurance Corporation, with operations in all 50 states and the District of Columbia. We completed name changes to some of our subsidiary legal entities during the first quarter of 2022. EMICO is an approved insurer by the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"). Fannie Mae and Freddie Mac are government-sponsored enterprises and we refer to them collectively as the "GSEs."

We also perform fee-based contract underwriting services for mortgage lenders. The provision of underwriting services by mortgage insurers eliminates the duplicative lender and mortgage insurer underwriting activities and expedites the approval process.

We operate our business in a single segment, which is how our chief operating decision maker (who is our Chief Executive Officer) reviews our financial performance and allocates resources. Our segment includes a run-off insurance block with reference properties in Mexico ("run-off business"), which is immaterial to our condensed consolidated financial statements.

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Preparing financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. These unaudited condensed consolidated financial statements include all adjustments (including normal recurring adjustments) considered necessary by management to present a fair statement of the financial position, results of operations and cash flows for the periods presented. The results reported in these unaudited condensed consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. The unaudited condensed consolidated financial statements included herein should be read in conjunction with the audited consolidated financial statements and related notes for the years ended December 31, 2021 and 2020.

(2) Accounting Changes

Accounting Pronouncements Recently Adopted

We have not adopted new accounting pronouncements in 2022.

Accounting Pronouncements Not Yet Adopted

There are no significant new accounting pronouncements impacting our financial statements.

(3) Investments

Net Investment Income

Sources of net investment income were as follows for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
(Amounts in thousands)	**2022**	**2021**	**2022**	**2021**
Fixed maturity securities available-for-sale	$ 36,810	$ 36,301	$ 73,344	$ 72,952
Cash, cash equivalents and short-term investments	422	16	432	52
Gross investment income before expenses and fees	37,232	36,317	73,776	73,004
Investment expenses and fees	(1,456)	(1,628)	(2,854)	(3,056)
Net investment income	**$ 35,776**	**$ 34,689**	**$ 70,922**	**$ 69,948**

Net Investment Losses

The following table sets forth net investment gains (losses) for the periods indicated:

(Amounts in thousands)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Fixed maturity securities available-for-sale:				
Gross realized gains	$ 291	$ 90	$ 641	$ 584
Gross realized (losses)	(672)	(541)	(1,534)	(1,133)
Net realized gains (losses)	(381)	(451)	(893)	(549)
Net change in allowance for credit losses on fixed maturity securities available-for-sale	—	(1,302)	173	(2,160)
Net investment losses	**$ (381)**	**$ (1,753)**	**$ (720)**	**$ (2,709)**

There was no recorded allowance for credit losses for fixed maturity securities available-for-sale as of and for the three and six months ended June 30, 2022.

The following table represents the allowance for credit losses aggregated by security type for fixed maturity available-for-sale securities as of and for the three months ended June 30, 2021:

(Amounts in thousands)	Beginning balance	Cumulative effect of change in accounting	Increase from securities without allowance in previous periods	Securities sold	Ending balance
Fixed maturity securities:					
Non-U.S. corporate	$ 1,210	$ —	$ 1,304	$ (2,514)	$ —
Total fixed maturity securities available-for-sale	**$ 1,210**	**$ —**	**$ 1,304**	**$ (2,514)**	**$ —**

The following table represents the allowance for credit losses aggregated by security type for fixed maturity available-for-sale securities as of and for the six months ended June 30, 2021:

(Amounts in thousands)	Beginning balance	Cumulative effect of change in accounting	Increase from securities without allowance in previous periods	Securities sold	Ending balance
Fixed maturity securities:					
Non-U.S. corporate	$ —	$ 357	$ 2,157	$ (2,514)	$ —
Total fixed maturity securities available-for-sale	**$ —**	**$ 357**	**$ 2,157**	**$ (2,514)**	**$ —**

Unrealized Investment Gains (Losses)

Net unrealized gains and losses on available-for-sale securities reflected as a separate component of accumulated other comprehensive income ("AOCI") were as follows as of the dates indicated:

(Amounts in thousands)	June 30, 2022	December 31, 2021
Net unrealized gains (losses) on investment securities:		
Fixed maturity securities	$ (372,292)	$ 106,165
Income taxes	79,179	(22,577)
Net unrealized investment gains (losses)	**$ (293,113)**	**$ 83,588**

The change in net unrealized gains (losses) on available-for-sale securities reported in accumulated other comprehensive income was as follows as of and for the periods indicated:

	Three months ended June 30,	
(Amounts in thousands)	2022	2021
Beginning balance	$ (140,712)	$ 136,960
Unrealized gains (losses) arising during the period:		
Unrealized gains (losses) on investment securities	(193,949)	28,631
Provision for income taxes	41,247	(6,094)
Change in unrealized gains (losses) on investment securities	(152,702)	22,537
Reclassification adjustments to net investment (gains) losses, net of taxes of $(80) and $(94), respectively	301	357
Change in net unrealized investment gains (losses)	(152,401)	22,894
Ending balance	**$ (293,113)**	**$ 159,854**

	Six months ended June 30,	
(Amounts in thousands)	2022	2021
Beginning balance	$ 83,588	$ 208,378
Cumulative effect of change in accounting, net of taxes	—	281
Unrealized gains (losses) arising during the period:		
Unrealized gains (losses) on investment securities	(479,350)	(62,539)
Provision for income taxes	101,944	13,300
Change in unrealized gains (losses) on investment securities	(377,406)	(49,239)
Reclassification adjustments to net investment (gains) losses, net of taxes of $(188) and $(115), respectively	705	434
Change in net unrealized investment gains (losses)	(376,701)	(48,805)
Ending balance	**$ (293,113)**	**$ 159,854**

Amounts reclassified out of accumulated other comprehensive income to net investment gains (losses) include realized gains (losses) on sales of securities, which are determined on a specific identification basis.

Fixed Maturity Securities Available-For-Sale

As of June 30, 2022, the amortized cost, gross unrealized gains (losses) and fair value of our fixed maturity securities classified as available-for-sale were as follows:

(Amounts in thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. government, agencies and GSEs	$ 50,295	$ 143	$ (770)	$ 49,668
State and political subdivisions	537,225	3,678	(71,394)	469,509
Non-U.S. government	22,228	—	(1,108)	21,120
U.S. corporate	2,928,441	2,905	(188,823)	2,742,523
Non-U.S. corporate	670,535	499	(52,324)	618,710
Other asset-backed	1,072,930	146	(65,244)	1,007,832
Total fixed maturity securities available-for-sale	**$ 5,281,654**	**$ 7,371**	**$ (379,663)**	**$ 4,909,362**

As of December 31, 2021, the amortized cost, gross unrealized gains (losses) and fair value of our fixed maturity securities classified as available-for-sale were as follows:

(Amounts in thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. government, agencies and GSEs	$ 56,547	$ 1,863	$ (2)	$ 58,408
State and political subdivisions	531,927	10,982	(4,456)	538,453
Non-U.S. government	22,358	248	(190)	22,416
U.S. corporate	2,863,100	98,293	(16,090)	2,945,303
Non-U.S. corporate	652,503	17,556	(3,465)	666,594
Other asset-backed	1,033,739	6,989	(5,563)	1,035,165
Total fixed maturity securities available-for-sale	**$ 5,160,174**	**$ 135,931**	**$ (29,766)**	**$ 5,266,339**

There was no allowance for credit losses recorded fixed maturity securities classified as available-for-sale as of June 30, 2022 or December 31, 2021.

Gross Unrealized Losses and Fair Values of Fixed Maturity Securities Available-For-Sale

The following table presents the gross unrealized losses and fair values of our fixed maturity securities for which an allowance for credit losses has not been recorded, aggregated by investment type and length of time that individual fixed maturity securities have been in a continuous unrealized loss position, as of June 30, 2022:

	Less than 12 months			12 months or more			Total		
(Amounts in thousands)	Fair value	Gross unrealized losses	Number of securities	Fair value	Gross unrealized losses	Number of securities	Fair value	Gross unrealized losses	Number of securities
Fixed maturity securities:									
U.S. government, agencies and GSEs	$ 43,708	$ (762)	17	$ 97	$ (8)	1	$ 43,805	$ (770)	18
State and political subdivisions	417,186	(69,038)	85	14,102	(2,356)	4	431,288	(71,394)	89
Non-U.S. government	21,120	(1,108)	2	—	—	—	21,120	(1,108)	2
U.S. corporate	2,010,547	(157,115)	387	178,817	(31,708)	21	2,189,364	(188,823)	408
Non-U.S. corporate	490,438	(44,945)	99	52,773	(7,379)	7	543,211	(52,324)	106
Other asset-backed	883,706	(62,224)	186	34,558	(3,020)	8	918,264	(65,244)	194
Total for fixed maturity securities in an unrealized loss position	**$ 3,866,705**	**$ (335,192)**	**776**	**$ 280,347**	**$ (44,471)**	**41**	**$ 4,147,052**	**$ (379,663)**	**817**

We did not recognize an allowance for credit losses on securities in an unrealized loss position included in the table above. Based on a qualitative and quantitative review of the issuers of the securities, we believe the decline in fair value is largely due to rising interest rates and recent market volatility, and is not indicative of credit losses. The issuers continue to make timely principal and interest payments.

For all securities in an unrealized loss position without an allowance for credit losses, we expect to recover the amortized cost based on our estimate of the amount and timing of cash flows to be collected. We do not intend to sell nor do we expect that we will be required to sell these securities prior to recovering our amortized cost.

The following table presents the gross unrealized losses and fair values of our fixed maturity securities, aggregated by investment type and length of time that individual fixed maturity securities have been in a continuous unrealized loss position, as of December 31, 2021:

	Less than 12 months			12 months or more			Total		
(Amounts in thousands)	Fair value	Gross unrealized losses	Number of securities	Fair value	Gross unrealized losses	Number of securities	Fair value	Gross unrealized losses	Number of securities
Fixed maturity securities:									
U.S. government, agencies and GSEs	$ 103	$ (2)	1	$ —	$ —	—	$ 103	$ (2)	1
State and political subdivisions	255,202	(4,456)	47	—	—	—	255,202	(4,456)	47
Non-U.S. government	10,560	(190)	1	—	—	—	10,560	(190)	1
U.S. corporate	649,927	(14,300)	94	26,181	(1,790)	4	676,108	(16,090)	98
Non-U.S. corporate	183,485	(3,465)	28	—	—	—	183,485	(3,465)	28
Other asset-backed	456,565	(5,549)	76	3,736	(14)	1	460,301	(5,563)	77
Total for fixed maturity securities in an unrealized loss position	**$ 1,555,842**	**$ (27,962)**	**247**	**$ 29,917**	**$ (1,804)**	**5**	**$ 1,585,759**	**$ (29,766)**	**252**

Contractual Maturities of Fixed Maturity Securities Available-For-Sale

The scheduled maturity distribution of fixed maturity securities as of June 30, 2022, is set forth below. Actual maturities may differ from contractual maturities because issuers of securities may have the right to call or prepay obligations with or without call or prepayment penalties.

(Amounts in thousands)	Amortized cost	Fair value
Due one year or less	$ 292,225	$ 292,044
Due after one year through five years	2,138,334	2,060,317
Due after five years through ten years	1,504,429	1,322,151
Due after ten years	273,736	227,018
Subtotal	4,208,724	3,901,530
Other asset-backed	1,072,930	1,007,832
Total fixed maturity securities available-for-sale	**$ 5,281,654**	**$ 4,909,362**

As of June 30, 2022, securities issued by finance and insurance, consumer—non-cyclical, and the technology and communications, and utilities industry groups represented approximately 30%, 14%, and 13%, respectively, of our domestic and foreign corporate fixed maturity securities portfolio. No other industry group comprised more than 9% of our investment portfolio.

As of June 30, 2022, we did not hold any fixed maturity securities in any single issuer, other than securities issued or guaranteed by the U.S. government, which exceeded 10% of equity.

As of June 30, 2022 and December 31, 2021, $25.5 million and $22.9 million, respectively, of securities in our portfolio were on deposit with various state insurance commissioners in order to comply with relevant insurance regulations.

(4) Fair Value

Recurring Fair Value Measurements

We hold fixed maturity securities, which are carried at fair value. The fair value of fixed maturity securities is estimated primarily based on information derived from third-party pricing services (“pricing services”), internal models and/or broker quotes, which use a market approach, income approach or a combination of the market and income approach depending on the type of instrument and availability of information. In general, a market approach is utilized if there is readily available and relevant market activity for an individual security. In certain cases where market information is not available for a specific security but is available for similar securities, that security is valued using market information for similar securities, which is also a market approach. When market information is not available for a specific security (or similar securities) or is available but such information is less relevant or reliable, an income approach or a combination of a market and income approach is utilized. For securities with optionality, such as call or prepayment features (including asset-backed securities), an income or combination approach may be used. These valuation techniques may change from period to period, based on the relevance and availability of market data.

Further, while we consider the valuations provided by pricing services and broker quotes to be of high quality, management determines the fair value of our investment securities after considering all relevant and available information.

In general, we first obtain valuations from pricing services. If prices are unavailable for public securities, we obtain broker quotes. For all securities, excluding certain private fixed maturity securities, if neither a pricing service nor broker quotes valuation is available, we determine fair value using internal models. For certain private fixed maturity securities where we do not obtain valuations from pricing services, we utilize an internal model to determine fair value since transactions for similar securities are not readily observable and these securities are not typically valued by pricing services.

Given our understanding of the pricing methodologies and procedures of pricing services, the securities valued by pricing services are typically classified as Level 2 unless we determine the valuation process for a security or group of securities utilizes significant unobservable inputs, which would result in the valuation being classified as Level 3.

Broker quotes are typically based on an income approach given the lack of available market data. As the valuation typically includes significant unobservable inputs, we classify the securities where fair value is based on our consideration of broker quotes as Level 3 measurements.

For private fixed maturity securities, we utilize an income approach where we obtain public bond spreads and utilize those in an internal model to determine fair value. Other inputs to the model include rating and weighted-average life, as well as sector which is used to assign the spread. We then add an additional premium, which represents an unobservable input, to the public bond spread to adjust for the liquidity and other features of our private placements. We utilize the estimated market yield to discount the expected cash flows of the security to determine fair value. We utilize price caps for securities where the estimated market yield results in a valuation that may exceed the amount that would be received in a market transaction. When a security does not have an external rating, we assign the security an internal rating to determine the appropriate public bond spread that should be utilized in the valuation. While we generally consider the public bond spreads by sector and maturity to be observable inputs, we evaluate the similarities of our private placement with the public bonds, any price caps utilized, liquidity premiums applied, and whether external ratings are available for our private placements to determine whether the spreads utilized would be considered observable inputs. We classify private securities without an external rating or public bond spread as Level 3. In general, a significant increase (decrease) in credit spreads would have resulted in a significant decrease (increase) in the fair value for our fixed maturity securities as of June 30, 2022.

For remaining securities priced using internal models, we determine fair value using an income approach. We maximize the use of observable inputs but typically utilize significant unobservable inputs to determine fair value. Accordingly, the valuations are typically classified as Level 3.

Our assessment of whether or not there were significant unobservable inputs related to fixed maturity securities was based on our observations obtained through the course of managing our investment portfolio, including interaction with other market participants, observations related to the availability and consistency of pricing and/or rating, and understanding of general market activity such as new issuance and the level of secondary market trading for a class of securities. Additionally, we considered data obtained from pricing services to determine whether our estimated values incorporate significant unobservable inputs that would result in the valuation being classified as Level 3.

A summary of the inputs used for our fixed maturity securities based on the level in which instruments are classified is included below. We have combined certain classes of instruments together as the nature of the inputs is similar.

Level 1 measurements

There were no fixed maturity securities classified as Level 1 as of June 30, 2022, and December 31, 2021.

Level 2 measurements

Fixed maturity securities:

Third-party pricing services

In estimating the fair value of fixed maturity securities, approximately 88% of our portfolio was priced using third-party pricing services as of June 30, 2022. These pricing services utilize industry-standard valuation techniques that include market-based approaches, income-based approaches, a combination of market-based and income-based approaches or other proprietary, internally generated models as part of the valuation processes. These third-party pricing vendors maximize the use of publicly available data inputs to generate valuations for each asset class. Priority and type of inputs used may change frequently as certain inputs may be more direct drivers of valuation at the time of pricing. Examples of significant inputs incorporated by pricing services may include sector and issuer spreads, seasoning, capital structure, security optionality, collateral data, prepayment assumptions, default assumptions, delinquencies, debt covenants, benchmark yields, trade data, dealer quotes, credit ratings, maturity and weighted-average life. We conduct regular meetings with our pricing services for the purpose of understanding the methodologies, techniques and inputs used by the third-party pricing providers.

The following table presents a summary of the significant inputs used by our pricing services for certain fair value measurements of fixed maturity securities that are classified as Level 2 as of June 30, 2022:

(Amounts in thousands)	Fair value		Primary methodologies	Significant inputs
U.S. government, agencies and GSEs	$	49,668	Price quotes from trading desk, broker feeds	Bid side prices, trade prices, Option Adjusted Spread ("OAS") to swap curve, Bond Market Association OAS, Treasury Curve, Agency Bullet Curve, maturity to issuer spread
State and political subdivisions	$	469,509	Multi-dimensional attribute-based modeling systems, third-party pricing vendors	Trade prices, material event notices, Municipal Market Data benchmark yields, broker quotes
Non-U.S. government	$	21,120	Matrix pricing, spread priced to benchmark curves, price quotes from market makers	Benchmark yields, trade prices, broker quotes, comparative transactions, issuer spreads, bid-offer spread, market research publications, third-party pricing sources
U.S. corporate	$	2,349,634	Multi-dimensional attribute-based modeling systems, broker quotes, price quotes from market makers, internal models, OAS-based models	Bid side prices to Treasury Curve, Issuer Curve, which includes sector, quality, duration, OAS percentage and change for spread matrix, trade prices, comparative transactions, Trade Reporting and Compliance Engine ("TRACE") reports
Non-U.S. corporate	$	434,812	Multi-dimensional attribute-based modeling systems, OAS-based models, price quotes from market makers	Benchmark yields, trade prices, broker quotes, comparative transactions, issuer spreads, bid-offer spread, market research publications, third-party pricing sources
Other asset-backed	$	992,778	Multi-dimensional attribute-based modeling systems, spread matrix priced to swap curves, price quotes from market makers	Spreads to daily updated swap curves, spreads derived from trade prices and broker quotes, bid side prices, new issue data, collateral performance, analysis of prepayment speeds, cash flows, collateral loss analytics, historical issue analysis, trade data from market makers, TRACE reports

Internal models

A portion of our U.S. corporate and non-U.S. corporate securities are valued using internal models. The fair value of these fixed maturity securities was $176.2 million and $100.6 million, respectively, as of June 30, 2022. Internally modeled securities are primarily private fixed maturity securities where we use market observable inputs such as an interest rate yield curve, published credit spreads for similar securities based on the external ratings of the instrument and related industry sector of the issuer. Additionally, we may apply certain price caps and liquidity premiums in the valuation of private fixed maturity securities. Price caps and liquidity premiums are established using inputs from market participants.

Level 3 measurements

Broker quotes

A portion of our U.S. corporate and other asset-backed securities are valued using broker quotes. Broker quotes are obtained from third-party providers that have current market knowledge to provide a reasonable price for securities not routinely priced by pricing services. Brokers utilized for valuation of assets are reviewed annually. The fair value of our Level 3 fixed maturity securities priced by broker quotes was $18.5 million as of June 30, 2022.

Internal models

A portion of our U.S. corporate and non-U.S. corporate securities are valued using internal models. The primary inputs to the valuation of the bond population include quoted prices for identical assets, or similar assets in markets that are not active, contractual cash flows, duration, call provisions, issuer rating, benchmark yields and credit spreads. Certain private fixed maturity securities are valued using an internal model using market observable inputs such as the interest rate yield curve, as well as published credit spreads for similar securities, which includes significant unobservable inputs. Additionally, we may apply certain price caps and liquidity premiums in the valuation of private fixed maturity securities. Price caps are established using inputs from market participants. For structured securities, the primary inputs to the valuation include quoted prices for identical assets, or similar assets in markets that are not active, contractual cash flows, weighted-average coupon, weighted-average maturity, issuer rating, structure of the security, expected prepayment speeds and volumes, collateral type, current and forecasted loss severity, average delinquency rates, vintage of the loans, geographic region, debt service coverage ratios, payment priority with the tranche, benchmark yields and credit spreads. The fair value of our Level 3 fixed maturity securities priced using internal models was $296.5 million as of June 30, 2022.

The following tables set forth our assets by class of instrument that are measured at fair value on a recurring basis as of the dates indicated:

	June 30, 2022			
(Amounts in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Fixed maturity securities:				
U.S. government, agencies and GSEs	$ 49,668	$ —	$ 49,668	$ —
State and political subdivisions	469,509	—	469,509	—
Non-U.S. government	21,120	—	21,120	—
U.S. corporate	2,742,523	—	2,525,869	216,654
Non-U.S. corporate	618,710	—	535,405	83,305
Other asset-backed	1,007,832	—	992,778	15,054
Total	**$ 4,909,362**	**$ —**	**$ 4,594,349**	**$ 315,013**

	December 31, 2021			
(Amounts in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Fixed maturity securities:				
U.S. government, agencies and GSEs	$ 58,408	$ —	$ 58,408	$ —
State and political subdivisions	538,453	—	538,453	—
Non-U.S. government	22,416	—	22,416	—
U.S. corporate	2,945,303	—	2,724,570	220,733
Non-U.S. corporate	666,594	—	582,930	83,664
Other asset-backed	1,035,165	—	1,010,942	24,223
Total	**$ 5,266,339**	**$ —**	**$ 4,937,719**	**$ 328,620**

We had no liabilities recorded at fair value as of June 30, 2022, and December 31, 2021.

The following tables present additional information about assets measured at fair value on a recurring basis and for which we have utilized significant unobservable (Level 3) inputs to determine fair value as of or for the dates indicated:

		Total realized and unrealized gains (losses)							Total gains (losses) attributable to assets still held	
(Amounts in thousands)	Beginning balance as of April 1, 2022	Included in net income	Included in OCI	Purchases	Settlements	Transfer into Level 3 [(1)]	Transfer out of Level 3 [(1)]	Ending balance as of June 30, 2022	Included in net income	Included in OCI
Fixed maturity securities:										
U.S. corporate	$ 243,463	$ (13)	$ (13,386)	$ —	$ —	$ —	$ (13,410)	$ 216,654	$ (13)	$ (12,893)
Non-U.S. corporate	84,418	(84)	(3,933)	3,009	(105)	—	—	83,305	(84)	(3,931)
Other asset-backed	—	—	57	14,997	—	—	—	15,054	—	57
Total	**$ 327,881**	**$ (97)**	**$ (17,262)**	**$ 18,006**	**$ (105)**	**$ —**	**$ (13,410)**	**$ 315,013**	**$ (97)**	**$ (16,767)**

		Total realized and unrealized gains (losses)							Total gains (losses) attributable to assets still held	
(Amounts in thousands)	Beginning balance as of April 1, 2021	Included in net income	Included in OCI	Purchases	Settlements	Transfer into Level 3 [(1)]	Transfer out of Level 3 [(1)]	Ending balance as of June 30, 2021	Included in net income	Included in OCI
Fixed maturity securities:										
U.S. corporate	$ 110,711	$ (32)	$ 2,174	$ 18,000	$ —	$ 3,077	$ (4,317)	$ 129,613	$ (32)	$ 1,885
Non-U.S. corporate	118,921	(74)	5,534	7,360	(10,791)	—	(29,793)	91,157	(74)	910
Other asset-backed	10,358	—	10	—	(353)	—	—	10,015	—	10
Total	**$ 239,990**	**$ (106)**	**$ 7,718**	**$ 25,360**	**$ (11,144)**	**$ 3,077**	**$ (34,110)**	**$ 230,785**	**$ (106)**	**$ 2,805**

(1) The transfers into and out of Level 3 for fixed maturity securities were related to changes in the primary pricing source and changes in the observability of external information used in determining the fair value, such as external ratings or credit spreads.

(Amounts in thousands)	Beginning balance as of January 1, 2022	Total realized and unrealized gains (losses)		Purchases	Settlements	Transfer into Level 3 [(1)]	Transfer out of Level 3 [(1)]	Ending balance as of June 30, 2022	Total gains (losses) attributable to assets still held	
		Included in net income	Included in OCI						Included in net income	Included in OCI
Fixed maturity securities:										
U.S. corporate	$ 220,733	$ (28)	$ (30,170)	$ 39,969	$ (440)	$ —	$ (13,410)	$ 216,654	$ (28)	$ (29,677)
Non-U.S. corporate	83,664	(168)	(9,270)	13,009	(211)	—	(3,719)	83,305	(168)	(8,975)
Other asset-backed	24,223	—	(1,567)	14,997	—	—	(22,599)	15,054	—	57
Total	**$ 328,620**	**$ (196)**	**$ (41,007)**	**$ 67,975**	**$ (651)**	**$ —**	**$ (39,728)**	**$ 315,013**	**$ (196)**	**$ (38,595)**

(Amounts in thousands)	Beginning balance as of January 1, 2021	Total realized and unrealized gains (losses)		Purchases	Settlements	Transfer into Level 3 [(1)]	Transfer out of Level 3 [(1)]	Ending balance as of June 30, 2021	Total gains (losses) attributable to assets still held	
		Included in net income	Included in OCI						Included in net income	Included in OCI
Fixed maturity securities:										
U.S. corporate	$ 119,373	$ (62)	$ (971)	$ 18,000	$ (5,487)	$ 3,077	$ (4,317)	$ 129,613	$ (62)	$ (1,260)
Non-U.S. corporate	95,751	(90)	3,791	36,786	(10,896)	—	(34,185)	91,157	(85)	(916)
Other asset-backed	13,781	—	66	—	(1,264)	—	(2,568)	10,015	—	16
Total	**$ 228,905**	**$ (152)**	**$ 2,886**	**$ 54,786**	**$ (17,647)**	**$ 3,077**	**$ (41,070)**	**$ 230,785**	**$ (147)**	**$ (2,160)**

(1) The transfers into and out of Level 3 for fixed maturity securities were related to changes in the primary pricing source and changes in the observability of external information used in determining the fair value, such as external ratings or credit spreads.

Purchases, sales, issuances and settlements represent the activity that occurred during the period that results in a change of the asset but does not represent changes in fair value for the instruments held at the beginning of the period. Such activity consists of purchases, sales and settlements of fixed maturity securities.

The amount presented for realized and unrealized gains (losses) included in net income for fixed maturity securities primarily represents amortization and accretion of premiums and discounts on certain fixed maturity securities recorded within net investment income.

The following table presents a summary of the significant unobservable inputs used for certain asset fair value measurements that are based on internal models and classified as Level 3 as of June 30, 2022:

(Amounts in thousands)	Valuation technique	Fair value [(1)]	Unobservable input	Range (bps)	Weighted-average [(2)] (bps)
Fixed maturity securities:					
U.S. corporate	Internal models	$ 213,189	Credit spreads	51 - 225	151
Non-U.S. corporate	Internal models	$ 83,305	Credit spreads	102 - 248	167

(1) Certain classes of instruments classified as Level 3 are excluded as a result of not being material or due to limitations in being able to obtain the underlying inputs used by certain third-party sources, such as broker quotes, used as an input in determining fair value.

(2) Unobservable inputs weighted by the relative fair value of the associated instrument.

Liabilities Not Required to Be Carried at Fair Value

We have certain financial instruments that are not recorded at fair value, including cash and cash equivalents and accrued investment income, the carrying value of which approximate fair value due to the short-term nature of these instruments and are not included in this disclosure.

The following represents our estimated fair value of financial liabilities that are not required to be carried at fair value, classified as Level 2, as of the dates indicated:

	June 30, 2022		December 31, 2021	
(Amounts in thousands)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Long-term borrowings	$ 741,602	$ 709,560	$ 740,416	$ 821,033

(5) Loss Reserves

Activity for the liability for loss reserves for the six months ended June 30, is summarized as follows:

(Amounts in thousands)	**2022**	**2021**
Loss reserves, beginning balance	$ 641,325	$ 555,679
Run-off reserves	(681)	(654)
Net loss reserves, beginning balance	640,644	555,025
Losses and LAE incurred related to current accident year	75,562	71,596
Losses and LAE incurred related to prior accident years	(147,558)	13,677
Total incurred [(1)]	(71,996)	85,273
Losses and LAE paid related to current accident year	(461)	(855)
Losses and LAE paid related to prior accident years	(9,966)	(15,922)
Total paid [(1)]	(10,427)	(16,777)
Net loss reserves, ending balance	558,221	623,521
Run-off reserves	673	735
Loss reserves, ending balance	**$ 558,894**	**$ 624,256**

(1) Losses and loss adjustment expenses ("LAE") incurred and paid exclude losses related to our run-off business.

The liability for loss reserves represents our current best estimate; however, there may be future adjustments to this estimate and related assumptions. Such adjustments, reflecting any variety of new and adverse trends, could possibly be significant, and result in future increases to reserves by amounts that could be material to our results of operations, financial condition and liquidity.

Losses incurred related to insured events of the current accident year relate to defaults that occurred in that year and represent the estimated ultimate amount of losses to be paid on such defaults. Losses incurred related to insured events of prior accident years represent the (favorable) or unfavorable development of reserves as a result of the actual rates at which delinquencies go to claim ("claim rates") and claim amounts being different than those we estimated when originally establishing the reserves. Such estimates are based on our historical experience, which we believe is representative of expected future losses at the time of estimation. As a result of the extended period of time that may exist between the reporting of a delinquency and the claim payment, as well as changes in economic conditions and the real estate market, significant uncertainty and variability exist on amounts ultimately paid.

For the six months ended June 30, 2022, losses and LAE incurred of $75.6 million related to insured events of the current accident year was primarily attributable to new delinquencies, a portion of which was from borrowers participating in deferred or reduced payments (“forbearance”) as a result of COVID-19. When establishing loss reserves for borrowers in forbearance, we assume a lower rate of delinquencies becoming active claims, which has the effect of producing a lower reserve compared to delinquencies that are not in forbearance. Historical experience with localized natural disasters, such as hurricanes, indicates a higher cure rate for borrowers in forbearance. Unlike a hurricane where the natural disaster occurs at a point in time and the rebuild starts soon after, COVID-19 brought ongoing displacement to the mortgage insurance market, making it more difficult to determine the effectiveness of forbearance and the resulting claim rates for new delinquencies in forbearance plans. Given this difference, we initially leveraged our prior hurricane experience and have recently layered in cure activity from COVID-19 related delinquencies as considerations in the establishment of an appropriate claim rate estimate for new delinquencies in forbearance plans that have emerged as a result of COVID-19. Loss reserves recorded on these new delinquencies have a high degree of estimation due to the level of uncertainty regarding whether delinquencies in forbearance will ultimately cure or result in claim payments.

We also recorded favorable adjustments on prior accident year reserves of $146.0 million, which was primarily driven by performance of delinquencies from 2020 related to the emergence of COVID-19. During the peak of COVID-19, we experienced elevated new delinquencies subject to forbearance plans. Those delinquencies have continued to cure at levels above our reserve expectations.

(6) Reinsurance

We reinsure a portion of our policy risks in order to reduce our ultimate losses, diversify our exposures and comply with regulatory requirements. We also assume certain policy risks written by other companies.

Reinsurance does not relieve us from our obligations to policyholders. In the event that the reinsurers are unable to meet their obligations, we remain liable for the reinsured claims. We monitor both the financial condition of individual reinsurers and risk concentrations arising from similar geographic regions, activities and economic characteristics of reinsurers to lessen the risk of default by such reinsurers.

The following table sets forth the effects of reinsurance on premiums written and earned for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
(Amounts in thousands)	**2022**	**2021**	**2022**	**2021**
Net premiums written:				
Direct	$ 245,819	$ 243,533	$ 488,424	$ 486,129
Assumed	66	82	134	171
Ceded	(20,129)	(18,304)	(38,431)	(34,650)
Net premiums written	**$ 225,756**	**$ 225,311**	**$ 450,127**	**$ 451,650**
Net premiums earned:				
Direct	$ 257,449	$ 260,702	$ 509,962	$ 529,501
Assumed	66	82	134	171
Ceded	(20,129)	(18,304)	(38,431)	(34,650)
Net premiums earned	**$ 237,386**	**$ 242,480**	**$ 471,665**	**$ 495,022**

The difference between written premiums of $225.8 million and earned premiums of $237.4 million represents the decrease in unearned premiums for the three months ended June 30, 2022. The difference between written premiums of $450.1 million and earned premiums of $471.7 million represents the decrease in unearned premiums for the six months ended June 30, 2022. The decrease in unearned premiums for each period was primarily the result of policy cancellations in our single premium mortgage insurance product.

Insurance-linked note excess of loss reinsurance treaties

On September 2, 2021, we obtained $371.5 million of excess of loss reinsurance coverage from Triangle Re 2021-3 Ltd. (“Triangle Re 2021-3”) on a portfolio of existing mortgage insurance policies written from January 2021 through June 2021. In connection with entering into the reinsurance agreement with Triangle Re 2021-3, we believe that the risk transfer requirements for reinsurance accounting were met as Triangle Re 2021-3 is assuming significant insurance risk and a reasonable possibility of significant loss. At closing, we retain the first layer of aggregate losses up to $303.5 million. Triangle Re 2021-3 provides 72% reinsurance coverage for losses above our retained layer up to $371.5 million.

On April 16, 2021, we obtained $302.7 million of excess of loss reinsurance coverage from Triangle Re 2021-2 Ltd. (“Triangle Re 2021-2”) on a portfolio of existing mortgage insurance policies written from September 2020 through December 2020. In connection with entering into the reinsurance agreement with Triangle Re 2021-2, we believe that the risk transfer requirements for reinsurance accounting were met as Triangle Re 2021-2 is assuming significant insurance risk and a reasonable possibility of significant loss. For the reinsurance coverage, we retain the first layer of aggregate losses up to $188.6 million. Triangle Re 2021-2 provides 76% reinsurance coverage for losses above our retained first layer up to $302.7 million.

On March 2, 2021, we obtained $495.0 million of excess of loss reinsurance coverage from Triangle Re 2021-1 Ltd. (“Triangle Re 2021-1”) on a portfolio of existing seasoned mortgage insurance policies written from January 2014 through December 2018 and from October 2019 through December 2019. In connection with entering into the reinsurance agreement with Triangle Re 2021-1, we believe that the risk transfer requirements for reinsurance accounting were met as Triangle Re 2021-1 is assuming significant insurance risk and a reasonable possibility of significant loss. Triangle Re 2021-1 reinsurance coverage is derived by applying a reinsurance cession percentage to the mortgage insurance coverage for each loan to get to an Aggregate Exposed Principal Balance ("AEPB"). This AEPB accounts for any existing reinsurance and ensures we retain a minimum 5% vertical risk retention on each loan. For the reinsurance coverage, we retain the first layer of aggregate losses up to $212.1 million. Triangle Re 2021-1 provides 100% reinsurance coverage for losses above our retained first layer up to $495.0 million.

Other excess of loss reinsurance treaties

On March 24, 2022, we executed an excess of loss reinsurance transaction with a panel of reinsurers, which provides up to $325 million of reinsurance coverage on a portfolio of existing mortgage insurance policies written from July 1, 2021 through December 31, 2021, and became effective March 1, 2022.

On January 27, 2022, we executed an excess of loss reinsurance transaction with a panel of reinsurers, which provides up to $294 million of reinsurance coverage on a portion of current and expected new insurance written for the 2022 book year, effective January 1, 2022.

On February 4, 2021, we executed an excess of loss reinsurance transaction with a panel of reinsurers, which provides up to $205.8 million of reinsurance coverage on a portion of current and expected new insurance written ("NIW") for the 2021 book year, effective January 1, 2021.

(7) Borrowings

In 2020, we issued $750 million aggregate principal amount of 6.5% senior notes due in 2025 (the "2025 Senior Notes"). Interest on the 2025 Senior Notes is payable semi-annually in arrears on February 15 and August 15 of each year. The 2025 Senior Notes mature on August 15, 2025.

The following table sets forth long-term borrowings as of the dates indicated:

(Amounts in thousands)	June 30, 2022	December 31, 2021
6.5% Senior Notes, due 2025	$ 750,000	$ 750,000
Deferred borrowing charges	(8,398)	(9,584)
Total	**$ 741,602**	**$ 740,416**

Revolving Credit Agreement

On June 30, 2022, we entered into a credit agreement with a syndicate of lenders that provides for a five-year, unsecured revolving credit facility (the "Facility") in the initial aggregate principal amount of $200 million, including the ability for EHI to increase the commitments under the Facility, on an uncommitted basis, by an additional aggregate principal amount of up to $100 million. Borrowings under the Facility will accrue interest at a floating rate tied to a standard short-term borrowing index, selected at EHI's option, plus an applicable margin. The applicable margins are based on the our ratings established by certain debt rating agencies for EHI's senior unsecured debt.

We may use borrowings under the Facility for working capital needs and general corporate purposes, including the execution of dividends to our shareholders and capital contributions to our insurance subsidiaries. The Facility contains several covenants, including financial covenants relating to minimum net worth, capital and liquidity levels, maximum debt to capitalization level and PMIERS compliance. We are in compliance of all covenants of the Facility and the Facility remained undrawn as of June 30, 2022.

(8) Income Taxes

We compute the provision for income taxes on a separate return with benefits-for-loss method. If during the three and six month periods ended June 30, 2022 and 2021, we had computed taxes using the separate return method, the provision for income taxes would have been unchanged.

(9) Related Party Transactions

We have various agreements with Genworth that provide for reimbursement to and from Genworth of certain administrative and operating expenses that include, but are not limited to, information technology services and administrative services (such as finance, human resources, employee benefit administration and legal). These agreements provide for an allocation of corporate expenses to all Genworth businesses or subsidiaries. We incurred costs for these services of $7.5 million and $14.9 million for the three months ended June 30, 2022 and 2021, respectively. We incurred costs for these services of $15.3 million and $29.1 million for the six months ended June 30, 2022 and 2021, respectively.

The investment portfolios of our subsidiaries are managed by Genworth. Under the terms of the investment management agreement we are charged a fee by Genworth. All fees paid to Genworth are charged to investment expense and are included in net investment income in the condensed consolidated statements of income. The total investment expenses paid to Genworth were $1.4 million and $1.6 million for the three months ended June 30, 2022 and 2021, respectively. The total investment expenses paid to Genworth were $2.8 million and $2.9 million for the six months ended June 30, 2022 and 2021, respectively.

Our employees participate in certain benefit plans sponsored by Genworth and certain share-based compensation plans that utilize shares of Genworth common stock and other incentive plans.

We provide certain information technology and administrative services (such as facilities and maintenance) to Genworth. We charged Genworth $0.2 million and $0.1 million for these services for the three months ended June 30, 2022 and 2021, respectively. We charged Genworth $0.4 million and $0.2 million for these services for the six months ended June 30, 2022 and 2021, respectively.

We have a tax sharing agreement in place with Genworth, such that we participate in a single U.S. consolidated income tax return filing. All intercompany balances related to this agreement are settled at least annually.

The condensed consolidated financial statements include the following amounts due to and from Genworth relating to recurring service and expense agreements as of:

(Amounts in thousands)	June 30, 2022	December 31, 2021
Amounts payable to Genworth	$ 9,832	$ 8,316
Amounts receivable from Genworth	$ 17	$ 133

(10) Net Income Per Common Share

The basic earnings per share computation is based on the weighted average number of shares of common stock outstanding. For the three and six months ended June 30, 2022, the calculation of dilutive weighted average shares considers the impact of restricted stock units issued to employees as well deferred stock units issued to our directors. For the three and six months ended June 30, 2021, we had no instruments outstanding that would be dilutive to earnings per share.

The calculation of basic and diluted net income per share is as follows:

	Three months ended June 30,		Six months ended June 30,	
(Amounts in thousands, except per share amounts)	**2022**	**2021**	**2022**	**2021**
Net income available to EHI common stockholders	$ 204,735	$ 130,812	$ 369,365	$ 255,943
Net income per common share:				
Basic	$ 1.26	$ 0.80	$ 2.27	$ 1.57
Diluted	$ 1.25	$ 0.80	$ 2.26	$ 1.57
Weighted average common shares outstanding:				
Basic	162,842	162,840	162,842	162,840
Diluted	163,225	162,840	163,140	162,840

(11) Changes in Accumulated Other Comprehensive Income

The following tables present a roll forward of accumulated other comprehensive income for the three months indicated:

(Amounts in thousands)	Net unrealized investment gains (losses)	Foreign currency translation	Total
Balance as of April 1, 2022, net of tax	**$ (140,712)**	**$ 22**	**$ (140,690)**
Other comprehensive income (loss) before reclassifications	(152,702)	64	(152,638)
Amounts reclassified from other comprehensive income (loss)	301	—	301
Total other comprehensive income (loss)	(152,401)	64	(152,337)
Balance as of June 30, 2022, net of tax	**$ (293,113)**	**$ 86**	**$ (293,027)**

(Amounts in thousands)	Net unrealized investment gains (losses)	Foreign currency translation	Total
Balance as of April 1, 2021, net of tax	**$ 136,960**	**$ —**	**$ 136,960**
Other comprehensive income (loss) before reclassifications	22,537	—	22,537
Amounts reclassified from other comprehensive income (loss)	357	—	357
Total other comprehensive income (loss)	22,894	—	22,894
Balance as of June 30, 2021, net of tax	**$ 159,854**	**$ —**	**$ 159,854**

The following tables present a roll forward of accumulated other comprehensive income for the six months indicated:

(Amounts in thousands)	Net unrealized investment gains (losses)	Foreign currency translation	Total
Balance as of January 1, 2022, net of tax	**$ 83,588**	**$ (7)**	**$ 83,581**
Other comprehensive income (loss) before reclassifications	(377,406)	93	(377,313)
Amounts reclassified from other comprehensive income (loss)	705	—	705
Total other comprehensive income (loss)	(376,701)	93	(376,608)
Balance as of June 30, 2022, net of tax	**$ (293,113)**	**$ 86**	**$ (293,027)**

(Amounts in thousands)	Net unrealized investment gains (losses)	Foreign currency translation	Total
Balance as of January 1, 2021, net of tax	**$ 208,378**	**$ —**	**$ 208,378**
Cumulative effective of change in accounting, net of taxes	281	—	281
Other comprehensive income (loss) before reclassifications	(49,239)	—	(49,239)
Amounts reclassified from other comprehensive income (loss)	434	—	434
Total other comprehensive income (loss)	(48,805)	—	(48,805)
Balance as of June 30, 2021, net of tax	**$ 159,854**	**$ —**	**$ 159,854**

The following table presents the effect of the reclassifications of significant items out of accumulated other comprehensive income on the respective line items of the consolidated statements of income, for the periods indicated:

	Amount reclassified from accumulated other comprehensive income				
	Three months ended June 30,		Six months ended June 30,		
(Amounts in thousands)	2022	2021	2022	2021	Affected line item in the condensed consolidated statements of income
Net unrealized gains (losses) on investments	$ (381)	$ (451)	$ (893)	$ (549)	Net investment gains (losses)
Benefit (expense) from income taxes	80	94	188	115	Provision for income taxes

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes for the three and six months ended June 30, 2022 and 2021, and our audited consolidated financial statements and related notes for the years ended December 31, 2021 and 2020 within our Annual Report on Form 10-K for the fiscal year ending December 31, 2021 (the “Annual Report”).

In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management’s expectations. Factors that could cause such differences are discussed in the sections entitled “Cautionary Note Regarding Forward-Looking Statements” above and Part I, Item 1A “Risk Factors” in our Annual Report and Part II, Item 1A “Risk Factors” in this Quarterly Report. Future results could differ significantly from the historical results presented in this section. References to EHI, Enact, Enact Holdings, the “Company,” “we” or “our” herein are, unless the context otherwise requires, to EHI on a consolidated basis.

Key Factors Affecting Our Results

There have been no material changes to the factors affecting our results, as compared to those disclosed in the Annual Report, other than the impact of items as discussed below in “—Trends and Conditions”.

Trends and Conditions

During the second quarter of 2022, the United States and global economies experienced continued headwinds due to geopolitical uncertainty that increased global shortfalls in supplies of energy, food and raw materials. Inflationary pressures continued to rise in the second quarter of 2022 with the Bureau of Labor Statistics reporting in June that the Consumer Price Index increased to 9.1% year-over-year. As a result, the Federal Reserve has taken a more aggressive approach towards addressing inflation through interest rate increases and a reduction of its balance sheet and approved interest rate increases of 0.75% in both July and June 2022, following increases of 0.50% in May 2022 and 0.25% in the first quarter of 2022. Financial markets have reacted with increased volatility and rates have increased across the Treasury yield curve.

Mortgage origination activity continued to decline during the second quarter of 2022 in response to rising mortgage rates that specifically impacted the refinance market. The refinance market is likely to remain low as the Federal Reserve has signaled that it may make additional interest rate increases throughout the remainder of 2022. Housing affordability continued to experience a decline nationally as of May 2022 due to increasing interest rates and rising home prices, modestly offset by rising median family income according to the National Association of Realtors Housing Affordability Index.

The unemployment rate was flat at 3.6% in June 2022 compared to March 2022, following a steady decline from its peak of 14.8% in April 2020, bringing unemployment relatively in line with the pre-COVID-19 level of 3.5% in February 2020. In the second quarter of 2022, the number of unemployed Americans stands at approximately 5.9 million, which is 0.2 million higher than in February 2020. Among the unemployed, those on temporary layoff remained at approximately 0.8 million, down significantly from a peak of 18 million in April 2020, and the number of permanent job losses decreased to approximately 1.3 million. In addition, the number of long term unemployed over 26 weeks was approximately 1.3 million in June 2022.

The Federal Housing Finance Agency (“FHFA”) and the GSEs are focused on increasing the accessibility and affordability of homeownership, in particular for low- and moderate-income borrowers and underserved minority communities. In June 2022, the FHFA announced the release of Fannie Mae’s and Freddie Mac’s respective Equitable Housing Finance Plans. The proposals included many initiatives, including language discussing potential changes that could impact the mortgage insurance industry. These initiatives remain preliminary, and we will continue to work with the FHFA, the GSEs, and the broader housing finance industry as these proposals develop and to the extent they are implemented. We cannot predict whether or when any new practices or programs will be implemented under the GSEs' Equitable Housing Plans or other affordability initiatives, and if so in what form, nor can we predict what effect, if any, such practices or programs may have on our business, results of operations or financial condition.

For mortgages insured by the federal government (including those purchased by Fannie Mae and Freddie Mac), forbearance allows borrowers impacted by COVID-19 to temporarily suspend mortgage payments up to 18 months subject to certain limits. An initial forbearance period is typically up to six months and can be extended for another six months if requested by the borrower to its mortgage servicer. For GSE loans in a COVID-19 forbearance plan as of February 28, 2021, the maximum forbearance can be up to 18 months. Currently, the GSEs do not have a deadline for requesting an initial forbearance. Even though most foreclosure moratoriums expired at the end of 2021, federal laws and regulations continue to require servicers to discuss loss mitigation options with borrowers before proceeding with foreclosures. These requirements could further extend the foreclosure timeline, which could negatively impact the severity of loss on loans that go to claim.

Although it is difficult to predict the future level of reported forbearance and how many of the policies in a forbearance plan that remain current on their monthly mortgage payment will go delinquent, servicer-reported forbearances have generally declined. At the end of the second quarter of 2022 approximately 1.7%, or 15,702, of our active primary policies were reported in a forbearance plan, of which approximately 36% were reported as delinquent.

Total delinquencies decreased during the second quarter of 2022 as a result of cures outpacing new delinquencies, which decreased modestly during the quarter. The second quarter 2022 new delinquency rate of 0.8% was in line with pre-COVID-19 levels.

Despite continued economic recovery, the full impact of COVID-19 and its ancillary economic effects on our future business results are difficult to predict. Given the maximum length of forbearance plans, the resolution of a delinquency in a plan may not be known for several quarters. We continue to monitor regulatory and government actions and the resolution of forbearance delinquencies. While the associated risks have moderated and delinquencies have declined, it is possible that COVID-19 could have a significantly adverse impact on our future results of operations and financial condition.

Private mortgage insurance market penetration and eventual market size are affected in part by actions that impact housing or housing finance policy taken by the GSEs and the U.S. government, including but not limited to, the Federal Housing Administration ("FHA") and the FHFA. In the past, these actions have included announced changes, or potential changes, to underwriting standards, including changes to the GSEs' automated underwriting systems, FHA pricing, GSE guaranty fees, loan limits and alternative products. On February 25, 2022, the FHFA finalized the rule for the Enterprise Capital Framework, which included technical corrections to their December 17, 2020 rule. Higher GSE capital requirements could lead to increased costs to borrowers of GSE loans, which in turn could shift the market away from the GSEs to the FHA or lender portfolios. Such a shift could potentially result in a smaller market for private mortgage insurance.

In January 2022, the FHFA introduced new upfront fees for some high-balance and second-home loans sold to Fannie Mae and Freddie Mac. Upfront fees for high balance loans increased between 0.25% and 0.75%, tiered by loan-to-value ratio. For second home loans, the upfront fees increased between 1.125% and 3.875%, also tiered by loan-to-value ratio. The new pricing framework became effective April 1, 2022. To date, we have not experienced a significant impact to the mortgage insurance market or our projections based on this initiative.

On January 14, 2021, the FHFA and the Treasury Department agreed to amend the Preferred Stock Purchase Agreements ("PSPAs") between the Treasury Department and each of the GSEs to increase the amount of capital each GSE may retain. Among other things, the amendments to the PSPAs limit the number of certain mortgages the GSEs may acquire with two or more prescribed risk factors, including certain mortgages with combined loan-to-value ("LTV") ratios above 90%. However, on September 14, 2021, the FHFA and Treasury Department suspended certain provisions of the amendments to the PSPAs, including the limit on the number of mortgages with two or more risk factors that the GSEs may acquire. Such suspensions terminate on the later of one year after September 14, 2021, or six months after the Treasury Department notifies the GSEs of termination. The limit on the number of mortgages with two or more risk factors was based on the market size at the time, and we do not expect any material impact to the private mortgage market in the near term.

New insurance written of $17.4 billion in the second quarter of 2022 decreased 35% compared to the second quarter of 2021 primarily due to a smaller estimated private mortgage insurance market which was primarily driven by a decline in refinance originations due to rising mortgage rates.

Our primary persistency increased to 80% during the second quarter of 2022 compared to 63% during the second quarter of 2021 and is in line with historic levels of approximately 80%. The increase in persistency was primarily driven by a decline in the percentage of our in-force policies with mortgage rates above current mortgage rates. The increase in persistency has offset the decline in new insurance written in the second quarter of 2022, leading to an increase in insurance in-force ("IIF") of $11 billion since December 31, 2021. Low persistency impacted business performance trends in 2021 in several ways including, but not limited to, accelerating the recognition of earned premiums due to single premium policy cancellations, accelerating the amortization of our existing reinsurance transactions, and shifting the concentration of our primary IIF to more recent years of policy origination. As of June 30, 2022, our primary IIF has approximately 4% concentration in 2014 and prior book years. In contrast, our 2021 book year represents 37% of our primary IIF concentration while our 2022 book year concentration is 15% as of June 30, 2022.

The U.S. private mortgage insurance industry is highly competitive. Our market share is influenced by the execution of our go to market strategy, including but not limited to, pricing competitiveness relative to our peers and our selective participation in forward commitment transactions. We continue to manage the quality of new business through pricing and our underwriting guidelines, which are modified from time to time when circumstances warrant. We see the market and underwriting conditions, including the pricing environment, as being within our risk-adjusted return appetite enabling us to write new business at attractive returns. Ultimately, we expect our new insurance written with its strong credit profile and attractive pricing to positively contribute to our future profitability and return on equity.

Net earned premiums declined in the second quarter of 2022 compared to the second quarter of 2021 primarily as a result of the continued lapse of older, higher priced policies and a decrease in single premium cancellations. This was partially offset by insurance in-force growth. The total number of delinquent loans has declined from the COVID-19 peak in the second quarter of 2020 as forbearance exits continue and new forbearances declined. During this time and consistent with prior years, servicers continued the practice of remitting premiums during the early stages of default and we refund the post-delinquent premiums to the insured party if the delinquent loan goes to claim. We record a liability and a reduction to net earned premiums for the post-delinquent premiums we expect to refund. The post-delinquent premium liability recorded since the beginning of COVID-19 in the second quarter of 2020 through the second quarter of 2022 was not significant to the change in earned premiums for those periods as a result of the high concentration of new delinquencies being subject to a servicer reported forbearance plan and the lower estimated rate at which delinquencies go to claim for these loans.

Our loss ratio for the three months ended June 30, 2022, was (26)% as compared to 12% for the three months ended June 30, 2021. The decrease was largely from a $96 million reserve release during the quarter, primarily related to favorable cure performance on COVID-19 delinquencies from 2020. During the peak of COVID-19, we experienced elevated new delinquencies subject to forbearance plans.

Those delinquencies have continued to cure at levels above our reserve expectations, which led to the release of reserves in the second quarter of 2022.

Our loss reserves continue to be impacted by COVID-19 and remain subject to uncertainty. Borrowers who have experienced a financial hardship including, but not limited to, the loss of income due to the closing of a business or the loss of a job, continue to take advantage of available forbearance programs and payment deferral options. Loss reserves recorded on these new delinquencies have a high degree of estimation due to the level of uncertainty regarding whether delinquencies in forbearance will ultimately cure or result in claim payments.

The severity of loss on loans that do go to claim may be negatively impacted by the extended forbearance and foreclosure timelines, the associated elevated expenses and the higher loan amount of the recent new delinquencies. These negative influences on loss severity could be mitigated, in part, by further home price appreciation. For loans insured on or after October 1, 2014, our mortgage insurance policies limit the number of months of unpaid interest and associated expenses that are included in the mortgage insurance claim amount to a maximum of 36 months.

New delinquencies in the second quarter of 2022 increased compared to the second quarter of 2021. Current period primary delinquencies of 7,847 contributed $35 million of loss expense in the second quarter of 2022. We incurred $30 million of losses from 6,862 current period delinquencies in the second quarter of 2021. In determining the loss expense estimate, considerations were given to forbearance and non-forbearance delinquencies, recent cure and claim experience, and the prevailing economic conditions. Approximately 21% of our primary new delinquencies in the second quarter of 2022 were subject to a forbearance plan as compared to 45% in the second quarter of 2021.

As of June 30, 2022, EMICO’s risk-to-capital ratio under the current regulatory framework as established under North Carolina law and enforced by the North Carolina Department of Insurance (“NCDOI”), EMICO’s domestic insurance regulator, was approximately 12.6:1, compared with a risk-to-capital ratio of 12.3:1 and 12.0:1 as of December 31, 2021, and June 30, 2021, respectively. EMICO’s risk-to-capital ratio remains below the NCDOI’s maximum risk-to-capital ratio of 25:1. North Carolina’s calculation of risk-to-capital excludes the risk-in-force for delinquent loans given the established loss reserves against all delinquencies. EMICO’s ongoing risk-to-capital ratio will depend on the magnitude of future losses incurred by EMICO, the effectiveness of ongoing loss mitigation activities, new business volume and profitability, the amount of policy lapses and the amount of additional capital that is generated or distributed by the business or capital support provided.

Under PMIERs, we are subject to operational and financial requirements that private mortgage insurers must meet in order to remain eligible to insure loans that are purchased by the GSEs. Since 2020, the GSEs have issued several amendments to PMIERs, which implemented both permanent and temporary revisions.

For loans that became non-performing due to a COVID-19 hardship, PMIERs was temporarily amended with respect to each non-performing loan that (i) had an initial missed monthly payment occurring on or after March 1, 2020, and prior to April 1, 2021, or (ii) is subject to a forbearance plan granted in response to a financial hardship related to COVID-19, the terms of which are materially consistent with terms of forbearance plans offered by the GSEs. The risk-based required asset amount factor for the non-performing loan is the greater of (a) the applicable risk-based required asset amount factor for a performing loan were it not delinquent, and (b) the product of a 0.30 multiplier and the applicable risk-based required asset amount factor for a non-performing loan. In the case of (i) above, absent the loan being subject to a forbearance plan described in (ii) above, the 0.30 multiplier was applicable for no longer than three calendar months beginning with the month in which the loan became a non-performing loan due to having missed two monthly payments. Loans subject to a forbearance plan described in (ii) above include those that are either in a repayment plan or loan modification trial period following the forbearance plan unless reported to the approved insurer that the loan is no longer in such forbearance plan, repayment plan, or loan modification trial period. The PMIERs amendment dated June

30, 2021 further allows loans that enter a forbearance plan due to a COVID-19 hardship on or after April 1, 2021 to remain eligible for extended application of the reduced PMIERs capital factor for as long as the loan remains in forbearance. In addition, the PMIERs amendment imposed permanent revisions to the risk-based required asset amount factor for non-performing loans for properties located in future Federal Emergency Management Agency Declared Major Disaster Areas eligible for individual assistance.

In September 2020, subsequent to the issuance of our senior notes due in 2025, the GSEs imposed certain restrictions (the “GSE Restrictions”) with respect to capital on our business. In May 2021, in connection with their conditional approval of the then potential partial sale of Enact Holdings, the GSEs confirmed the GSE Restrictions will remain in effect until the following collective conditions (“GSE Conditions”) are met: (a) EMICO obtains “BBB+”/“Baa1” (or higher) rating from S&P, Moody’s or Fitch Ratings, Inc. for two consecutive quarters and (b) Genworth achieves certain financial metrics. Prior to the satisfaction of the GSE Conditions, the GSE Restrictions require:

- EMICO to maintain 115% of PMIERs minimum required assets through 2021, 120% during 2022 and 125% thereafter;
- Enact Holdings to retain $300 million of net proceeds from the 2025 Senior Notes offering that can be drawn down exclusively for debt service of those notes or to contribute to EMICO to meet its regulatory capital needs including PMIERs; and
- written approval must be received from the GSEs prior to any additional debt issuance by either EMICO or Enact Holdings.

Until the GSE Conditions imposed in connection with the GSE Restrictions are met, our liquidity must not fall below 13.5% of its outstanding debt. In addition, Fannie Mae agreed to reconsider the GSE Restrictions if Genworth were to own 50% or less of EHI at any point prior to their expiration. We understand that Genworth’s current plans do not include a potential sale in which Genworth owns less than 80% of EHI. The current balance of the 2025 Senior Notes proceeds required to be held by our holding company is approximately $228 million.

As of June 30, 2022, we had estimated available assets of $5,147 million against $3,100 million net required assets under PMIERs compared to available assets of $5,222 million against $2,961 million net required assets as of March 31, 2022. The sufficiency ratio as of June 30, 2022, was 166%, or $2,047 million, above the published PMIERs requirements, compared to 176%, or $2,261 million, above the published PMIERs requirements as of March 31, 2022. PMIERs sufficiency is based on the published requirements applicable to private mortgage insurers and does not give effect to the GSE Restrictions imposed on our business. The decrease in the PMIERs sufficiency for the quarter was driven by EMICO’s distribution paid to EHI during the second quarter of 2022, NIW and amortization of existing reinsurance transactions. This was partially offset by lapse, business cash flows and lower delinquencies. Our PMIERs required assets as of June 30, 2022, and March 31, 2022, benefited from the application of a 0.30 multiplier applied to the risk-based required asset amount factor for certain non-performing loans. The application of the 0.30 multiplier to all eligible delinquencies provided $178 million of benefit to our June 30, 2022 PMIERs required assets compared to $272 million of benefit as of March 31, 2022. These amounts are gross of any incremental reinsurance benefit from the elimination of the 0.30 multiplier.

On July 21, 2022, Moody’s Investors Service upgraded the insurance financial strength rating of EMICO to Baa1 from Baa2. The increase was driven by improvement in our overall credit profile, including market position, profitability, capital adequacy and financial flexibility.

On January 27, 2022, we executed an excess of loss reinsurance transaction with a panel of reinsurers, which provides up to $294 million of reinsurance coverage on a portion of current and expected new insurance written for the 2022 book year, effective January 1, 2022.

On March 24, 2022, we executed an excess of loss reinsurance transaction with a panel of reinsurers, which provides up to approximately $325 million of reinsurance coverage on a portfolio of existing mortgage insurance policies written from July 1, 2021 through December 31, 2021, effective March 1, 2022.

On June 30, 2022, we entered into a five-year, unsecured revolving credit facility (the “Facility”) with a syndicate of lenders in the initial aggregate principal amount of $200 million. The Facility may be used for working capital needs and general corporate purposes, including the execution of dividends to our shareholders and capital contributions to our insurance subsidiaries. The Facility remains undrawn as of June 30, 2022.

On April 26, 2022, our Board of Directors approved the initiation of a dividend program under which the Company intends to pay a quarterly cash dividend. The inaugural quarterly dividend for the second quarter of 2022 was $0.14 per share, and was paid on May 26, 2022. Future dividend payments are subject to quarterly review and approval by our Board of Directors and Genworth, and will be targeted to be paid in the third month of each subsequent quarter. In April 2022, our primary mortgage insurance operating company, EMICO, completed a distribution to EHI that supports our ability to pay a quarterly dividend. We intend to use these proceeds and future EMICO distributions to fund the quarterly dividend as well as to bolster our financial flexibility and return additional capital to shareholders.

Returning capital to shareholders, balanced with our growth and risk management priorities, remains a key commitment for Enact as we look to drive shareholder value through time. We believe the initiation of a quarterly dividend reflects meaningful progress towards that goal. We believe we have several options available to us to return capital to shareholders and will continue to evaluate our capital allocation options. Our ultimate view will be shaped by our capital prioritization framework: supporting our existing policyholders, growing our mortgage insurance business, funding attractive new business opportunities and returning capital to shareholders. Our total return of capital will also be based on our view of the prevailing and prospective macro-economic conditions, regulatory landscape and business performance.

Results of Operations and Key Metrics

Results of Operations

Three months ended June 30, 2022, compared to three months ended June 30, 2021

The following table sets forth our consolidated results for the periods indicated:

(Amounts in thousands)	Three months ended June 30, 2022	Three months ended June 30, 2021	Increase (decrease) and percentage change 2022 vs. 2021	
Revenues:				
Premiums	$ 237,386	$ 242,480	$ (5,094)	(2)%
Net investment income	35,776	34,689	1,087	3 %
Net investment losses	(381)	(1,753)	1,372	(78)%
Other income	760	705	55	8 %
Total revenues	**273,541**	**276,121**	**(2,580)**	(1)%
Losses and expenses:				
Losses incurred	(61,563)	30,003	(91,566)	(305)%
Acquisition and operating expenses, net of deferrals	58,201	63,050	(4,849)	(8)%
Amortization of deferred acquisition costs and intangibles	3,230	3,597	(367)	(10)%
Interest expense	12,786	12,745	41	— %
Total losses and expenses	**12,654**	**109,395**	**(96,741)**	(88)%
Income before income taxes	260,887	166,726	94,161	56 %
Provision for income taxes	56,152	35,914	20,238	56 %
Net income	**$ 204,735**	**$ 130,812**	**$ 73,923**	57 %
Loss ratio [1]	(26)%	12 %		
Expense ratio [2]	26 %	27 %		

[1] Loss ratio is calculated by dividing losses incurred by net earned premiums.

[2] Expense ratio is calculated by dividing acquisition and operating expenses, net of deferrals, plus amortization of deferred acquisition costs and intangibles by net earned premiums.

Revenues

Premiums decreased mainly attributable to the continued lapse of older, higher priced policies and a decrease in single premium cancellations. This was partially offset by insurance in-force growth driven by increased persistency.

Net investment income remained relatively flat with an increase from higher average invested assets in the current quarter offset by lower income from bond calls. Portfolio investment yields remained relatively flat.

Net investment losses in the second quarter of 2022 were primarily driven by realized losses from the sale of fixed maturity securities, while net investment losses from the second quarter of 2021 were driven by credit losses related to non-US corporate fixed maturity securities and realized losses from sales.

Losses and expenses

Losses incurred during the second quarter of 2022 decreased largely due to prior year development, as we continued to experience better than expected cures primarily on delinquencies from 2020 related to the emergence of COVID-19, resulting in a $96 million reserve release. Current period primary delinquencies of 7,847 contributed $35 million of loss expense in the three months ended June 30, 2022. This compares to $30 million of loss expense from 6,862 current period primary delinquencies in the second quarter of 2021.

The following table shows incurred losses related to current and prior accident years for the three months ended June 30,:

(Amounts in thousands)	2022	2021
Losses and LAE incurred related to current accident year	$ 34,288	$ 26,532
Losses and LAE incurred related to prior accident years	(95,851)	3,356
Total incurred [1]	**$ (61,563)**	**$ 29,888**

(1) Excludes run-off business.

Acquisition and operating expenses, net of deferrals, decreased modestly in the three months ended June 30, 2022, as a result of lower costs allocated by our Parent, partially offset by higher general and administrative expenses.

The expense ratio decreased slightly in the current quarter due to a higher percentage decline in expenses than premiums.

Interest expense relates to our 2025 Senior Notes. For additional details see Note 7 to our unaudited condensed consolidated financial statements for the three months ended June 30, 2022 and 2021.

Provision for income taxes

The effective tax rate was 21.5% for the three months ended June 30, 2022 and 2021, consistent with the United States corporate federal income tax rate.

Six months ended June 30, 2022, compared to six months ended June 30, 2021

The following table sets forth our consolidated results for the periods indicated:

(Amounts in thousands)	Six months ended June 30, 2022	Six months ended June 30, 2021	Increase (decrease) and percentage change 2022 vs. 2021	
Revenues:				
Premiums	$ 471,665	$ 495,022	$ (23,357)	(5)%
Net investment income	70,922	69,948	974	1 %
Net investment losses	(720)	(2,709)	1,989	(73)%
Other income	1,262	2,443	(1,181)	(48)%
Total revenues	**543,129**	**564,704**	**(21,575)**	(4)%
Losses and expenses:				
Losses incurred	(72,009)	85,377	(157,386)	(184)%
Acquisition and operating expenses, net of deferrals	112,463	120,672	(8,209)	(7)%
Amortization of deferred acquisition costs and intangibles	6,320	7,435	(1,115)	(15)%
Interest expense	25,562	25,482	80	— %
Total losses and expenses	**72,336**	**238,966**	**(166,630)**	(70)%
Income before income taxes	470,793	325,738	145,055	45 %
Provision for income taxes	101,428	69,795	31,633	45 %
Net income	**$ 369,365**	**$ 255,943**	**$ 113,422**	44 %
Loss ratio [1]	(15)%	17 %		
Expense ratio (net earned premiums) [2]	25 %	26 %		

[1] Loss ratio is calculated by dividing losses incurred by net earned premiums.

[2] Expense ratio (net earned premiums) is calculated by dividing acquisition and operating expenses, net of deferrals, plus amortization of DAC and intangibles by net earned premiums.

Revenues

Premiums decreased mainly attributable to the continued lapse of older, higher priced policies and a decrease in single premium cancellations. This was partially offset by insurance in-force growth driven by increased persistency.

Net investment income increased primarily from higher average invested assets in the current year, partially offset by lower investment yields and income from bond calls in the current year.

Net investment losses in the current year were primarily driven by realized losses from the sale of fixed maturity securities. Net investment losses in the prior year were mainly driven by credit losses related to non-US corporate fixed maturity securities and realized losses from the sale of fixed maturity securities.

Losses and expenses

Losses incurred decreased as a result of favorable reserve adjustments. New primary delinquencies of 16,571 contributed $74 million of loss expense in the first six months of 2022. This compares to $74 million of loss expense from 16,915 new primary delinquencies in the first six months of 2021. During the first six months of 2022, we released reserves of $146 million due to better than expected cure experience primarily on delinquencies from 2020 related to the emergence of COVID-19. In the prior year, existing reserves were strengthened by $10 million primarily driven by slower early cure emergence patterns on pre-COVID-19 delinquencies.

The following table shows incurred losses related to current and prior accident years for the six months ended June 30,:

(Amounts in thousands)	2022	2021
Losses and LAE incurred related to current accident year	$ 75,562	$ 71,596
Losses and LAE incurred related to prior accident years	(147,558)	13,677
Total incurred [1]	**$ (71,996)**	**$ 85,273**

(1) Excludes run-off business.

Acquisition and operating expenses, net of deferrals, increased primarily attributable to lower costs allocated by our Parent, partially offset by higher general and administrative expenses.

The expense ratio (net earned premiums) decreased slightly as expenses saw a larger percentage decline than premiums during the period.

Interest expense relates to our 2025 Senior Notes and increased as the notes were outstanding for only a portion of the six months ended June 30, 2022. For additional details see Note 7 to our unaudited condensed consolidated financial statements for the six months ended June 30, 2022 and 2021.

Provision for income taxes

The effective tax rate was 21.5% and 21.4% for the six months ended June 30, 2022 and 2021, respectively, consistent with the United States corporate federal income tax rate.

Use of Non-GAAP Financial Measures

We use a non-U.S. GAAP ("non-GAAP") financial measure entitled "adjusted operating income." This non-GAAP financial measure aligns with the way our business performance is evaluated by both management and our Board of Directors. This measure has been established in order to increase transparency for the purposes of evaluating our core operating trends and enabling more meaningful comparisons with our peers. Although "adjusted operating income" is a non-GAAP financial measure, for the reasons discussed above we believe this measure aids in understanding the underlying performance of our operations. Our senior management, including our chief operating decision maker (who is our Chief Executive Officer), use "adjusted operating income" as the primary measure to evaluate the fundamental financial performance of our business and to allocate resources.

"Adjusted operating income" is defined as U.S. GAAP net income excluding the effects of (i) net investment gains (losses) and (ii) restructuring costs and infrequent or unusual non-operating items.

(i) Net investment gains (losses)—The recognition of realized investment gains or losses can vary significantly across periods as the activity is highly discretionary based on the timing of individual securities sales due to such factors as market opportunities or exposure management. Trends in the profitability of our fundamental operating activities can be more clearly identified without the fluctuations of these realized gains and losses. We do not view them to be indicative of our fundamental operating activities. Therefore, these items are excluded from our calculation of adjusted operating income.

(ii) Restructuring costs and infrequent or unusual non-operating items are also excluded from adjusted operating income if, in our opinion, they are not indicative of overall operating trends.

In reporting non-GAAP measures in the future, we may make other adjustments for expenses and gains we do not consider reflective of core operating performance in a particular period. We may disclose other non-GAAP operating measures if we believe that such a presentation would be helpful for investors to evaluate our operating condition by including additional information.

Adjusted operating income is not a measure of total profitability, and therefore should not be considered in isolation or viewed as a substitute for U.S. GAAP net income. Our definition of adjusted operating income may not be comparable to similarly named measures reported by other companies, including our peers.

Adjustments to reconcile net income to adjusted operating income assume a 21% tax rate (unless otherwise indicated).

The following table includes a reconciliation of net income to adjusted operating income for the periods indicated:

	Three months ended June 30,	
(Amounts in thousands)	**2022**	**2021**
Net income	$ 204,735	$ 130,812
Adjustments to net income:		
Net investment (gains) losses	381	1,753
Costs associated with reorganization	104	2,316
Taxes on adjustments	(102)	(854)
Adjusted operating income	**$ 205,118**	**$ 134,027**

	Six months ended June 30,	
(Amounts in thousands)	**2022**	**2021**
Net income	$ 369,365	$ 255,943
Adjustments to net income:		
Net investment (gains) losses	720	2,709
Costs associated with reorganization	326	2,316
Taxes on adjustments	(220)	(1,055)
Adjusted operating income	**$ 370,191**	**$ 259,913**

Adjusted operating income increased for the three and six months ended June 30, 2022, as compared to June 30, 2021, primarily due to decreased losses coupled with lower expenses and partially offset by lower premiums.

Key Metrics

Management reviews the key metrics included within this section when analyzing the performance of our business. The metrics provided in this section exclude activity related to our run-off business, which is immaterial to our consolidated results.

The following table sets forth selected operating performance measures on a primary basis as of or for the periods indicated:

	Three months ended June 30,	
(Dollar amounts in millions)	**2022**	**2021**
New insurance written	$17,448	$26,657
Primary insurance in-force[(1)]	$237,563	$217,477
Primary risk in-force	$59,911	$54,643
Persistency rate	80 %	63 %
PIF (count)	946,891	933,616
Delinquent loans (count)	19,513	33,568
Delinquency rate	2.06 %	3.60 %

	Six months ended June 30,	
(Dollar amounts in millions)	**2022**	**2021**
New insurance written	$36,271	$51,591
Persistency rate	78 %	59 %

(1) Represents the aggregate unpaid principal balance for loans we insure.

New insurance written ("NIW")

NIW for the three months ended June 30, 2022 decreased 35% compared to the three months ended June 30, 2021, primarily due to lower mortgage refinancing originations in the current period. We manage the quality of new business through pricing and our underwriting guidelines, which we modify from time to time as circumstances warrant.

The following table presents NIW by product for the periods indicated:

	Three months ended June 30,				Six months ended June 30,			
(Amounts in millions)	**2022**		**2021**		**2022**		**2021**	
Primary	$ 17,448	100 %	$ 26,657	100 %	$ 36,271	100 %	$ 51,591	100 %
Pool	—	—	—	—	—	—	—	—
Total	**$ 17,448**	**100 %**	**$ 26,657**	**100 %**	**$ 36,271**	**100 %**	**$ 51,591**	**100 %**

The following table presents primary NIW by underlying type of mortgage for the periods indicated:

	Three months ended June 30,				Six months ended June 30,			
(Amounts in millions)	**2022**		**2021**		**2022**		**2021**	
Purchases	$ 16,802	96 %	$ 21,143	79 %	$ 34,128	94 %	$ 36,643	71 %
Refinances	646	4	5,514	21	2,143	6	14,948	29
Total	**$ 17,448**	**100 %**	**$ 26,657**	**100 %**	**$ 36,271**	**100 %**	**$ 51,591**	**100 %**

The following table presents primary NIW by policy payment type for the periods indicated:

(Amounts in millions)	Three months ended June 30, 2022		2021		Six months ended June 30, 2022		2021	
Monthly	$ 16,169	93 %	$ 24,887	93 %	$ 33,240	92 %	$ 48,245	94 %
Single	1,218	7	1,686	7	2,908	8	3,132	6
Other	61	—	84	—	123	—	214	—
Total	**$ 17,448**	**100 %**	**$ 26,657**	**100 %**	**$ 36,271**	**100 %**	**$ 51,591**	**100 %**

The following table presents primary NIW by FICO score for the periods indicated:

(Amounts in millions)	Three months ended June 30, 2022		2021	
Over 760	$ 7,981	45 %	$ 11,762	44 %
740-759	2,916	17	3,995	15
720-739	2,530	15	3,467	13
700-719	1,917	11	3,131	12
680-699	1,099	6	2,513	9
660-679 [1]	598	3	1,068	4
640-659	297	2	547	2
620-639	106	1	174	1
<620	4	—	—	—
Total	**$ 17,448**	**100 %**	**$ 26,657**	**100 %**

(Amounts in millions)	Six months ended June 30, 2022		2021	
Over 760	$ 16,340	45 %	$ 22,282	43 %
740-759	6,001	16	7,831	15
720-739	5,045	14	6,890	13
700-719	3,869	11	6,110	12
680-699	2,415	7	4,993	10
660-679 [1]	1,529	4	2,051	4
640-659	783	2	1,058	2
620-639	279	1	376	1
<620	10	—	—	—
Total	**$ 36,271**	**100 %**	**$ 51,591**	**100 %**

(1) Loans with unknown FICO scores are included in the 660-679 category.

LTV ratio is calculated by dividing the original loan amount, excluding financed premium, by the property's acquisition value or fair market value at the time of origination. The following table presents primary NIW by LTV ratio for the periods indicated:

	Three months ended June 30,			
(Amounts in millions)	**2022**		**2021**	
95.01% and above	$ 2,177	12 %	$ 2,767	11 %
90.01% to 95.00%	7,458	43	10,758	40
85.01% to 90.00%	5,207	30	8,618	32
85.00% and below	2,606	15	4,514	17
Total	**$ 17,448**	**100 %**	**$ 26,657**	**100 %**

	Six months ended June 30,			
(Amounts in millions)	**2022**		**2021**	
95.01% and above	$ 5,323	15 %	$ 5,008	10 %
90.01% to 95.00%	14,140	39	20,211	39
85.01% to 90.00%	10,827	30	17,010	33
85.00% and below	5,981	16	9,362	18
Total	**$ 36,271**	**100 %**	**$ 51,591**	**100 %**

DTI ratio is calculated by dividing the borrower's total monthly debt obligations by total monthly gross income. The following table presents primary NIW by DTI ratio for the periods indicated:

	Three months ended June 30,			
(Amounts in millions)	**2022**		**2021**	
45.01% and above	$ 4,067	23 %	$ 3,269	12 %
38.01% to 45.00%	6,436	37	9,204	35
38.00% and below	6,945	40	14,184	53
Total	**$ 17,448**	**100 %**	**$ 26,657**	**100 %**

	Six months ended June 30,			
(Amounts in millions)	**2022**		**2021**	
45.01% and above	$ 8,519	24 %	$ 5,835	11 %
38.01% to 45.00%	12,797	35	17,950	35
38.00% and below	14,955	41	27,806	54
Total	**$ 36,271**	**100 %**	**$ 51,591**	**100 %**

Insurance in-force ("IIF") and Risk in-force ("RIF")

IIF increased as a result of NIW. Higher interest rates and the declining refinance market led to lower lapse and cancellations during the second quarter of 2022 driving increased persistency. Primary persistency was 80% and 63% for the three months ended June 30, 2022 and 2021, respectively. RIF increased primarily as a result of higher IIF.

The following table sets forth IIF and RIF as of the dates indicated:

(Amounts in millions)	June 30, 2022		December 31, 2021		June 30, 2021	
Primary IIF	$ 237,563	100 %	$ 226,514	100 %	$ 217,477	100 %
Pool IIF	564	—	641	—	798	—
Total IIF	**$ 238,127**	**100 %**	**$ 227,155**	**100 %**	**$ 218,275**	**100 %**
Primary RIF	$ 59,911	100 %	$ 56,881	100 %	$ 54,643	100 %
Pool RIF	89	—	105	—	123	—
Total RIF	**$ 60,000**	**100 %**	**$ 56,986**	**100 %**	**$ 54,766**	**100 %**

The following table sets forth primary IIF and primary RIF by origination as of the dates indicated:

(Amounts in millions)	June 30, 2022		December 31, 2021		June 30, 2021	
Purchases IIF	$ 192,499	81 %	$ 176,550	78 %	$ 162,832	75 %
Refinances IIF	45,064	19	49,964	22	54,645	25
Total IIF	**$ 237,563**	**100 %**	**$ 226,514**	**100 %**	**$ 217,477**	**100 %**
Purchases RIF	$ 50,449	84 %	$ 46,470	82 %	$ 43,121	79 %
Refinances RIF	9,462	16	10,411	18	11,522	21
Total RIF	**$ 59,911**	**100 %**	**$ 56,881**	**100 %**	**$ 54,643**	**100 %**

The following table sets forth primary IIF and primary RIF by product as of the dates indicated:

(Amounts in millions)	June 30, 2022		December 31, 2021		June 30, 2021	
Monthly IIF	$ 206,361	87 %	$ 194,826	86 %	$ 185,694	85 %
Single IIF	28,945	12	29,205	13	28,743	13
Other IIF	2,257	1	2,483	1	3,040	2
Total IIF	**$ 237,563**	**100 %**	**$ 226,514**	**100 %**	**$ 217,477**	**100 %**
Monthly RIF	$ 52,896	88 %	$ 49,614	87 %	$ 47,153	86 %
Single RIF	6,449	11	6,658	12	6,766	13
Other RIF	566	1	609	1	724	1
Total RIF	**$ 59,911**	**100 %**	**$ 56,881**	**100 %**	**$ 54,643**	**100 %**

The following table sets forth primary IIF by policy year as of the dates indicated:

(Amounts in millions)	June 30, 2022		December 31, 2021		June 30, 2021	
2008 and prior	$ 7,246	3 %	$ 8,196	3 %	$ 9,682	4 %
2009 to 2014	2,577	1	3,369	2	4,670	3
2015	3,526	1	4,488	2	5,810	3
2016	7,377	3	8,997	4	11,499	5
2017	7,328	3	8,962	4	11,763	5
2018	7,613	3	9,263	4	12,289	6
2019	18,141	8	21,730	10	28,842	13
2020	62,154	26	69,963	31	82,308	38
2021	86,175	37	91,546	40	50,614	23
2022	35,426	15	—	0	—	—
Total	**$ 237,563**	**100 %**	**$ 226,514**	**100 %**	**$ 217,477**	**100 %**

The following table sets forth primary RIF by policy year as of the dates indicated:

(Amounts in millions)	June 30, 2022		December 31, 2021		June 30, 2021	
2008 and prior	$ 1,867	3 %	$ 2,112	3 %	$ 2,494	4 %
2009 to 2014	687	1	904	2	1,260	2
2015	943	2	1,197	2	1,549	3
2016	1,964	3	2,388	4	3,052	6
2017	1,922	3	2,324	4	3,032	6
2018	1,922	3	2,330	4	3,086	6
2019	4,575	8	5,454	10	7,225	13
2020	15,763	26	17,574	31	20,536	37
2021	21,384	36	22,598	40	12,409	23
2022	8,884	15	—	0	—	—
Total	**$ 59,911**	**100 %**	**$ 56,881**	**100 %**	**$ 54,643**	**100 %**

The following table presents the development of primary IIF for the periods indicated:

(Amounts in millions)	Three months ended June 30, 2022	2021
Beginning balance	$ 231,853	$ 210,187
NIW	17,448	26,657
Cancellations, principal repayments and other reductions [1]	(11,738)	(19,367)
Ending balance	**$ 237,563**	**$ 217,477**

(Amounts in millions)	Six months ended June 30, 2022	2021
Beginning balance	$ 226,514	$ 207,947
NIW	36,271	51,591
Cancellations, principal repayments and other reductions [1]	(25,222)	(42,061)
Ending balance	**$ 237,563**	**$ 217,477**

(1) Includes the estimated amortization of unpaid principal balance of covered loans

The following table sets forth primary IIF by LTV ratio at origination as of the dates indicated:

(Amounts in millions)	June 30, 2022		December 31, 2021		June 30, 2021	
95.01% and above	$ 37,636	16 %	$ 35,455	16 %	$ 33,657	15 %
90.01% to 95.00%	99,303	41	95,149	42	94,307	44
85.01% to 90.00%	67,866	29	64,549	28	61,234	28
85.00% and below	32,758	14	31,361	14	28,279	13
Total	**$ 237,563**	**100 %**	**$ 226,514**	**100 %**	**$ 217,477**	**100 %**

The following table sets forth primary RIF by LTV ratio at origination as of the dates indicated:

(Amounts in millions)	June 30, 2022		December 31, 2021		June 30, 2021	
95.01% and above	$ 10,647	18 %	$ 9,907	17 %	$ 9,228	17 %
90.01% to 95.00%	28,838	48	27,608	49	27,308	50
85.01% to 90.00%	16,517	27	15,644	27	14,776	27
85.00% and below	3,909	7	3,722	7	3,331	6
Total	**$ 59,911**	**100 %**	**$ 56,881**	**100 %**	**$ 54,643**	**100 %**

The following table sets forth primary IIF by FICO score at origination as of the dates indicated:

(Amounts in millions)	June 30, 2022		December 31, 2021		June 30, 2021	
Over 760	$ 96,625	40 %	$ 89,982	40 %	$ 83,602	38 %
740-759	37,853	16	35,874	16	34,402	16
720-739	33,263	14	31,730	14	30,964	14
700-719	28,136	12	27,359	12	27,032	12
680-699	21,221	9	21,270	9	21,469	10
660-679 [1]	10,822	5	10,549	5	10,191	6
640-659	6,154	3	6,124	3	6,008	3
620-639	2,725	1	2,783	1	2,838	1
<620	764	—	843	—	971	—
Total	**$ 237,563**	**100 %**	**$ 226,514**	**100 %**	**$ 217,477**	**100 %**

(1) Loans with unknown FICO scores are included in the 660-679 category.

The following table sets forth primary RIF by FICO score at origination as of the dates indicated:

(Amounts in millions)	June 30, 2022		December 31, 2021		June 30, 2021	
Over 760	$ 24,252	40 %	$ 22,489	40 %	$ 20,908	38 %
740-759	9,559	16	9,009	16	8,628	16
720-739	8,484	14	8,055	14	7,879	14
700-719	7,129	12	6,907	12	6,848	13
680-699	5,329	9	5,334	9	5,385	10
660-679 [1]	2,728	5	2,638	5	2,531	5
640-659	1,547	3	1,530	3	1,494	3
620-639	687	1	702	1	720	1
<620	196	—	217	—	250	—
Total	**$ 59,911**	**100 %**	**$ 56,881**	**100 %**	**$ 54,643**	**100 %**

(1) Loans with unknown FICO scores are included in the 660-679 category.

The following table sets forth primary IIF by DTI score at origination as of the dates indicated:

(Amounts in millions)	June 30, 2022		December 31, 2021		June 30, 2021	
45.01% and above	$ 38,763	16 %	$ 34,076	15 %	$ 30,794	14 %
38.01% to 45.00%	83,194	35	79,147	35	76,977	35
38.00% and below	115,606	49	113,291	50	109,706	51
Total	**$ 237,563**	**100 %**	**$ 226,514**	**100 %**	**$ 217,477**	**100 %**

The following table sets forth primary RIF by DTI score at origination as of the dates indicated:

(Amounts in millions)	June 30, 2022		December 31, 2021		June 30, 2021	
45.01% and above	$ 9,843	16 %	$ 8,631	15 %	$ 7,798	14 %
38.01% to 45.00%	21,058	35	19,974	35	19,445	36
38.00% and below	29,010	49	28,276	50	27,400	50
Total	**$ 59,911**	**100 %**	**$ 56,881**	**100 %**	**$ 54,643**	**100 %**

Delinquent loans and claims

Our delinquency management process begins with notification by the loan servicer of a delinquency on an insured loan. "Delinquency" is defined in our master policies as the borrower's failure to pay when due an amount equal to the scheduled monthly mortgage payment under the terms of the mortgage. Generally, the master policies require an insured to notify us of a delinquency if the borrower fails to make two consecutive monthly mortgage payments prior to the due date of the next mortgage payment. We generally consider a loan to be delinquent and establish required reserves after the insured notifies us that the borrower has failed to make two scheduled mortgage payments. Borrowers may cure delinquencies by making all of the delinquent loan payments, agreeing to a loan modification, or by selling the property in full satisfaction of all amounts due under the mortgage. In most cases, delinquencies that are not cured result in a claim under our policy.

The following table shows a roll forward of the number of primary loans in default for the periods indicated:

(Loan count)	Six months ended June 30, 2022	Six months ended June 30, 2021
Number of delinquencies, beginning of period	24,820	44,904
New defaults	16,571	16,915
Cures	(21,666)	(27,951)
Claims paid	(197)	(277)
Rescissions and claim denials	(15)	(23)
Number of delinquencies, end of period	**19,513**	**33,568**

The following table sets forth changes in our direct primary case loss reserves for the periods indicated:

(Amounts in thousands) [1]	Six months ended June 30, 2022	Six months ended June 30, 2021
Loss reserves, beginning of period	$ 606,102	$ 516,863
Claims paid	(10,427)	(13,311)
Change in reserve	(69,727)	85,131
Loss reserves, end of period	**$ 525,948**	**$ 588,683**

(1) Direct primary case reserves exclude LAE, IBNR and reinsurance reserves.

The following tables set forth primary delinquencies, direct case reserves and RIF by aged missed payment status as of the dates indicated:

	June 30, 2022			
(Dollar amounts in millions)	Delinquencies	Direct case reserves [1]	Risk in-force	Reserves as % of risk in-force
Payments in default:				
3 payments or less	6,442	$ 35	$ 341	10 %
4 - 11 payments	6,372	122	368	33 %
12 payments or more	6,699	369	382	97 %
Total	**19,513**	**$ 526**	**$ 1,091**	48 %

(Dollar amounts in millions)	December 31, 2021 Delinquencies	Direct case reserves [1]		Risk in-force		Reserves as % of risk in-force
Payments in default:						
3 payments or less	6,586	$	35	$	340	10 %
4 - 11 payments	7,360		111		426	26 %
12 payments or more	10,874		460		643	72 %
Total	**24,820**	**$**	**606**	**$**	**1,409**	43 %

(Dollar amounts in millions)	June 30, 2021 Delinquencies	Direct case reserves [1]		Risk in-force		Reserves as % of risk in-force
Payments in default:						
3 payments or less	6,030	$	32	$	318	10 %
4 - 11 payments	12,378		151		717	21 %
12 payments or more	15,160		406		914	44 %
Total	**33,568**	**$**	**589**	**$**	**1,949**	30 %

(1) Direct primary case reserves exclude loss adjustment expenses, incurred but not reported and reinsurance reserves.

The total increase in reserves as a percentage of RIF as of June 30, 2022 compared to December 31, 2021 was primarily driven by the decrease in delinquent RIF. Delinquent RIF decreased mainly due to lower total delinquencies as cures outpaced new delinquencies in the first six months of 2022, while reserves decreased due to our reserve release. While the number of loans that are delinquent for 12 months or more has decreased since December 31, 2021, it remains elevated compared to pre-COVID-19 levels due, in large part, to borrowers entering a forbearance plan over a year ago driven by COVID-19.

Resolution of a delinquency in a forbearance plan, whether it ultimately results in a cure or a claim, remains difficult to estimate. In addition, due to foreclosure moratoriums and the uncertainty around the lack of progression through the foreclosure process there is still uncertainty around the likelihood and timing of delinquencies going to claim.

Primary insurance delinquency rates differ from region to region in the United States at any one time depending upon economic conditions and cyclical growth patterns. Delinquency rates are shown by region based upon the location of the underlying property, rather than the location of the lender.

The table below sets forth our primary delinquency rates for the ten largest states by our primary RIF as of June 30, 2022:

	Percent of RIF	Percent of direct primary case reserves	Delinquency rate
By State:			
California	11 %	10 %	2.18 %
Texas	8	8	2.12 %
Florida [1]	8	8	2.06 %
New York [1]	5	13	3.17 %
Illinois [1]	5	6	2.53 %
Michigan	4	3	1.66 %
Arizona	4	2	1.71 %
North Carolina	3	2	1.67 %
Pennsylvania [1]	3	3	2.13 %
Georgia	3	3	2.21 %
All other states [2]	46	42	1.94 %
Total	**100 %**	**100 %**	**2.06 %**

(1) Jurisdiction predominantly uses a judicial foreclosure process, which generally increases the amount of time it takes for a foreclosure to be completed.
(2) Includes the District of Columbia.

The table below sets forth our primary delinquency rates for the ten largest states by our primary RIF as of December 31, 2021:

	Percent of RIF	Percent of direct primary case reserves	Delinquency rate
By State:			
California	11 %	12 %	3.17 %
Texas	8	8	2.89 %
Florida [1]	7	9	2.97 %
New York [1]	5	12	3.80 %
Illinois [1]	5	6	3.09 %
Michigan	4	2	1.87 %
Arizona	4	2	2.31 %
North Carolina	3	2	2.18 %
Pennsylvania [1]	3	3	2.38 %
Washington	3	3	2.98 %
All other states [2]	47	41	2.46 %
Total	**100 %**	**100 %**	**2.65 %**

(1) Jurisdiction predominantly uses a judicial foreclosure process, which generally increases the amount of time it takes for a foreclosure to be completed.
(2) Includes the District of Columbia.

The table below sets forth our primary delinquency rates for the ten largest Metropolitan Statistical Areas ("MSA") or Metro Divisions ("MD") by our primary RIF as of June 30, 2022:

	Percent of RIF	Percent of direct primary case reserves	Delinquency rate
By MSA or MD:			
Chicago-Naperville, IL MD	3 %	5 %	2.94 %
Phoenix, AZ MSA	3	2	1.71 %
New York, NY MD	3	8	4.17 %
Atlanta, GA MSA	2	3	2.42 %
Washington-Arlington, DC MD	2	2	1.98 %
Houston, TX MSA	2	3	2.86 %
Riverside-San Bernardino CA MSA	2	2	2.72 %
Los Angeles-Long Beach, CA MD	2	2	2.35 %
Dallas, TX MD	2	1	1.70 %
Nassau County, NY MD	2	5	4.25 %
All Other MSAs/MDs	77	67	1.92 %
Total	**100 %**	**100 %**	**2.06 %**

The table below sets forth our primary delinquency rates for the ten largest MSAs or MDs by our primary RIF as of December 31, 2021:

	Percent of RIF	Percent of direct primary case reserves	Delinquency rate
By MSA or MD:			
Chicago-Naperville, IL MD	3 %	4 %	3.68 %
Phoenix, AZ MSA	3	2	2.36 %
New York, NY MD	3	8	5.32 %
Atlanta, GA MSA	2	3	3.28 %
Washington-Arlington, DC MD	2	2	2.96 %
Houston, TX MSA	2	3	3.61 %
Riverside-San Bernardino CA MSA	2	2	3.42 %
Los Angeles-Long Beach, CA MD	2	3	3.95 %
Dallas, TX MD	2	2	2.31 %
Nassau County, NY MD	2	4	5.55 %
All Other MSAs/MDs	77	67	2.44 %
Total	**100 %**	**100 %**	**2.65 %**

The frequency of delinquencies may not correlate directly with the number of claims received because delinquencies may cure. The rate at which delinquencies cure is influenced by borrowers' financial resources and circumstances and regional economic differences. Whether a delinquency leads to a claim correlates highly with the borrower's equity at the time of delinquency, as it influences the borrower's willingness to continue to make payments, the borrower's or the insured's ability to sell the home for an amount sufficient to satisfy all amounts due under the mortgage loan and the borrower's financial ability to continue making payments. When we receive notice of a delinquency, we use our proprietary model to determine whether a delinquent loan is a candidate for a modification. When our model identifies such a candidate, our loan workout specialists prioritize cases for loss mitigation based upon the likelihood that the loan will result in a claim. Loss mitigation actions include loan modification, extension of credit to bring a loan current, foreclosure forbearance, pre-foreclosure sale and deed-in-lieu. These loss mitigation efforts often are an effective way to reduce our claim exposure and ultimate payouts.

The following table sets forth the dispersion of primary RIF and direct primary case reserves by policy year and delinquency rates as of June 30, 2022:

	Percent of RIF	Percent of direct primary case reserves	Delinquency rate	Cumulative delinquency rate [1]
Policy Year:				
2008 and prior	3 %	26 %	9.81 %	5.58 %
2009 to 2014	1	5	5.06 %	0.73 %
2015	2	4	3.58 %	0.78 %
2016	3	7	3.16 %	0.89 %
2017	3	9	3.84 %	1.10 %
2018	3	11	4.70 %	1.29 %
2019	8	15	2.81 %	1.05 %
2020	26	17	1.33 %	0.92 %
2021	36	6	0.72 %	0.66 %
2022	15	0	0.14 %	0.14 %
Total portfolio	**100 %**	**100 %**	**2.06 %**	**4.29 %**

(1) Calculated as the sum of the number of policies where claims were ever paid to date and number of policies for loans currently in default divided by policies ever in-force.

The following table sets forth the dispersion of primary RIF and loss reserves by policy year and delinquency rates as of December 31, 2021:

	Percent of RIF	Percent of direct primary case reserves	Delinquency rate	Cumulative delinquency rate [1]
Policy Year:				
2008 and prior	3 %	24 %	10.54 %	5.59 %
2009 to 2013	1	2	5.54 %	0.74 %
2014	1	3	5.51 %	0.99 %
2015	2	5	4.24 %	1.04 %
2016	4	8	3.69 %	1.16 %
2017	4	10	4.78 %	1.56 %
2018	4	13	5.93 %	1.88 %
2019	10	19	3.89 %	1.68 %
2020	31	14	1.50 %	1.14 %
2021	40	2	0.37 %	0.36 %
Total portfolio	**100 %**	**100 %**	**2.65 %**	**4.42 %**

(1) Calculated as the sum of the number of policies where claims were ever paid to date and number of policies for loans currently in default divided by policies ever in-force.

Loss reserves in policy years in 2008 and prior are outsized compared to their representation of RIF. The size of these policy years at origination combined with the significant decline in home prices led to significant losses in these policy years. Although uncertainty remains with respect to the ultimate losses we will experience on these policy years, they have become a smaller percentage of our total mortgage insurance portfolio. The largest portion of loss reserves has shifted to newer book years as a result of COVID-19 given their significant representation of RIF. As of June 30, 2022, our 2015 and newer policy years represented approximately 96% of our primary RIF and 69% of our total direct primary case reserves.

Investment Portfolio

Our investment portfolio is affected by factors described below, each of which in turn may be affected by COVID-19 as noted above in "—Trends and Conditions." Management of our investment portfolio has been delegated to our Parent's investment committee and chief investment officer. Our Parent's investment team, with oversight from our Board of Directors and our senior management team, is responsible for the execution of our investment strategy. Our investment portfolio is an important component of our consolidated financial results and represents our primary source of claims paying resources. Our investment portfolio primarily consists of a diverse mix of highly rated fixed income securities and is designed to achieve the following objectives:

- Meet policyholder obligations through maintenance of sufficient liquidity;
- Preserve capital;
- Generate investment income;
- Maximize statutory capital; and
- Increase shareholder value, among other objectives.

To achieve our portfolio objectives, our investment strategy focuses primarily on:

- Our business outlook, including current and expected future investment conditions;
- Investments selection based on fundamental, research-driven strategies;
- Diversification across a mix of fixed income, low-volatility investments while actively pursuing strategies to enhance yield;
- Regular evaluation and optimization of our asset class mix;
- Continuous monitoring of investment quality, duration, and liquidity;
- Regulatory capital requirements; and
- Restriction of investments correlated to the residential mortgage market.

Fixed Maturity Securities Available-for-Sale

The following table presents the fair value of our fixed maturity securities available-for-sale as of the dates indicated:

	June 30, 2022		December 31, 2021	
(Amounts in thousands)	**Fair value**	**% of total**	**Fair value**	**% of total**
U.S. government, agencies and government-sponsored enterprises	$ 49,668	1 %	$ 58,408	1 %
State and political subdivisions	469,509	10	538,453	10
Non-U.S. government	21,120	—	22,416	—
U.S. corporate	2,742,523	56	2,945,303	56
Non-U.S. corporate	618,710	13	666,594	13
Other asset-backed	1,007,832	20	1,035,165	20
Total available-for-sale fixed maturity securities	**$ 4,909,362**	**100 %**	**$ 5,266,339**	**100 %**

Our investment portfolio did not include any direct residential real estate or whole mortgage loans as of June 30, 2022 or December 31, 2021. We have no derivative financial instruments in our investment portfolio.

As of both June 30, 2022 and December 31, 2021, 97% of our investment portfolio was rated investment grade. The following table presents the security ratings of our fixed maturity securities as of the dates indicated:

	June 30, 2022	December 31, 2021
AAA	9 %	9 %
AA	16	17
A	34	34
BBB	38	37
BB & below	3	3
Total	**100 %**	**100 %**

The table below presents the effective duration and investment yield on our investments available-for-sale, excluding cash and cash equivalents as of the dates indicated:

	June 30, 2022	December 31, 2021
Duration (in years)	3.8	3.9
Pre-tax yield (% of average investment portfolio assets)	2.8 %	2.7 %

We manage credit risk by analyzing issuers, transaction structures and any associated collateral. We also manage credit risk through country, industry, sector and issuer diversification and prudent asset allocation practices.

We primarily mitigate interest rate risk by employing a buy and hold investment philosophy that seeks to match fixed income maturities with expected liability cash flows in modestly adverse economic scenarios.

Liquidity and Capital Resources

Cash Flows

The following table summarizes our consolidated cash flows for the periods indicated:

(Amounts in thousands)	Six months ended June 30, 2022	Six months ended June 30, 2021
Net cash provided by (used in):		
Operating activities	$ 301,745	$ 263,107
Investing activities	(120,828)	(280,578)
Financing activities	(22,798)	—
Net increase (decrease) in cash and cash equivalents	**$ 158,119**	**$ (17,471)**

Our most significant source of operating cash flows is from premiums received from our insurance policies, while our most significant uses of operating cash flows are generally for claims paid on our insured policies and our operating expenses. Net cash from operating activities increased largely due to timing of tax payments made to our Parent and lower unearned premium declines from cancelled single premium policies.

Investing activities are primarily related to purchases, sales and maturities of our investment portfolio. Net cash used by investing activities decreased as a result of lower net purchases of fixed maturity securities in the current year.

During the six months ended June 30, 2022, our cash flows from financing activities included dividends paid of $22.8 million. The amount and timing of future dividends is discussed within "—Trends and Conditions" as well as below. There were no dividends paid or other financing activity during the six months ended June 30, 2021.

Capital Resources and Financing Activities

We issued our 2025 Senior Notes in 2020 with interest payable semi-annually in arrears on February 15 and August 15 of each year. The 2025 Senior Notes mature on August 15, 2025. We may redeem the 2025 Senior Notes, in whole or in part, at any time prior to February 15, 2025, at our option, by paying a make-whole premium, plus accrued and unpaid interest, if any. At any time on or after February 15, 2025, we may redeem the 2025 Senior Notes, in whole or in part, at our option, at 100% of the principal amount, plus accrued and unpaid interest. The 2025 Senior Notes contain customary events of default, which subject to certain notice and cure conditions, can result in the acceleration of the principal and accrued interest on the outstanding 2025 Senior Notes if we breach the terms of the indenture.

Pursuant to the GSE Restrictions, we were required to retain $300 million of the net proceeds from the 2025 Senior Notes offering that can be drawn down exclusively for our debt service or to contribute to EMICO to meet its regulatory capital needs including PMIERs. The current balance of the 2025 Senior Notes proceeds required to be held by our holding company is approximately $228 million. See "—Trends and Conditions" for additional information regarding the GSE Restrictions.

On June 30, 2022, we entered into a credit agreement with a syndicate of lenders that provides for a five-year, unsecured revolving credit facility (the "Facility") in the initial aggregate principal amount of $200 million. We may use borrowings under the Facility for working capital needs and general corporate purposes, including the execution of dividends to our shareholders and capital contributions to our insurance subsidiaries. The Facility contains several covenants, including financial covenants relating to minimum net worth, capital and liquidity levels, maximum debt to capitalization level and PMIERS compliance. We are in compliance of all covenants of the Facility and the Facility remained undrawn as of June 30, 2022.

Restrictions on the Payment of Dividends

The ability of our regulated insurance operating subsidiaries to pay dividends and distributions to us is restricted by certain provisions of North Carolina insurance laws. Our insurance subsidiaries may pay dividends only from unassigned surplus; payments made from sources other than unassigned surplus, such as paid-in and contributed surplus, are categorized as distributions. Notice of all dividends must be submitted to the Commissioner of the NCDOI (the "Commissioner") within 5 business days after declaration of the dividend or distribution, and at least 30 days before payment thereof. No dividend may be paid until 30 days after the Commissioner has received notice of the declaration thereof and (i) has not within that period disapproved the payment or (ii) has approved the payment within the 30-day period. Any distribution, regardless of amount, requires that same 30-day notice to the Commissioner, but also requires the Commissioner's affirmative approval before being paid. Based on our estimated statutory results and in accordance with applicable dividend restrictions, EMICO has the capacity to pay dividends from unassigned surplus of $156 million as of June 30, 2022, with 30 day advance notice to the Commissioner of the intent to pay. In addition to dividends and distributions, alternative mechanisms, such as share repurchases, subject to any requisite regulatory approvals, may be utilized from time to time to upstream surplus.

In addition, we review multiple other considerations in parallel to determine a prospective dividend strategy for our regulated insurance operating subsidiaries. Given the regulatory focus on the reasonableness of an insurer's surplus in relation to its outstanding liabilities and the adequacy of its surplus relative to its financial needs for any dividend, our insurance subsidiaries consider the minimum amount of policyholder surplus after giving effect to any contemplated future dividends. Regulatory minimum policyholder surplus is not codified in North Carolina law and limitations may vary based on prevailing business conditions including, but not limited to, the prevailing and future macroeconomic conditions. We estimate regulators would require a minimum policyholder surplus of approximately $300 million to meet their threshold standard. Given (i) we are subject to statutory accounting requirements that establish a contingency reserve of at least 50% of net earned premiums annually for ten years, after which time it is released into policyholder surplus and (ii) that no material 10-year contingency reserve releases are scheduled before 2024, we expect modest growth in policyholder surplus through 2024. As a result, minimum policyholder surplus could be a limitation on the future dividends of our regulated operating subsidiaries.

Another consideration in the development of the dividend strategies for our regulated insurance operating subsidiaries is our expected level of compliance with PMIERs. Prior to the satisfaction of the GSE Conditions, the GSE Restrictions also require EMICO to maintain 120% of PMIERs Minimum Required Assets through 2022, and 125% thereafter. In addition, under PMIERs, EMICO is subject to other operational and financial requirements that approved insurers must meet in order to remain eligible to insure loans purchased by the GSEs. Refer to "—Trends and Conditions" for recent updates related to these requirements.

Our regulated insurance operating subsidiaries are also subject to statutory "risk-to-capital" ("RTC") requirements that affect the dividend strategies of our regulated operating subsidiaries. EMICO's domiciliary regulator, the NCDOI, requires the maintenance of a statutory RTC ratio not to exceed 25:1. See "—Risk-to-Capital Ratio" for additional RTC trend analysis.

We consider potential future dividends compared to the prior year statutory net income in the evaluation of dividend strategies for our regulated operating subsidiaries. We also consider the dividend payout ratio, or the ratio of potential future dividends compared to the estimated U.S. GAAP net income, in the evaluation of our dividend strategies. In either case, we do not have prescribed target or maximum thresholds, but we do evaluate the reasonableness of a potential dividend relative to the actual or estimated income generated in the proceeding or preceding calendar year after giving consideration to prevailing business conditions including, but not limited to the prevailing and future macroeconomic conditions. In addition, the dividend strategies of our regulated operating subsidiaries are made in consultation with our Parent.

In April 2022, EMICO completed a distribution of approximately $242 million to EHI that will support our ability to pay a quarterly dividend. We intend to use these proceeds and future EMICO distributions to fund a quarterly dividend as well as to bolster our financial flexibility at EHI and return additional capital to shareholders.

The credit agreement entered into in connection with the Facility contains customary restrictions on EHI's ability to pay cash dividends. Under the credit agreement, EHI is permitted to make cash distributions (1) so long as no Default or Event of Default (as each are defined in the credit agreement) has occurred and is continuing and EHI is in pro forma compliance with its financial covenants as described in Note 7 to our unaudited condensed consolidated financial statements for the three months ended June 30, 2022 and 2021, at the time of and after giving effect to such payment, (2) within 60 days of declaration of any cash dividend so long as the payment was permitted under the credit agreement at the time of such declaration and (3) other customary exceptions as more fully set forth in the credit agreement.

In addition to the restrictions described above, all dividends from EHI are subject to Parent consent and EHI Board of Directors approval.

Risk-to-Capital Ratio

We compute our RTC ratio on a separate company statutory basis, as well as for our combined insurance operations. The RTC ratio is net RIF divided by policyholders' surplus plus statutory contingency reserve. Our net RIF represents RIF, net of reinsurance ceded, and excludes risk on policies that are currently delinquent and for which loss reserves have been established. Statutory capital consists primarily of statutory policyholders' surplus (which increases as a result of statutory net income and decreases as a result of statutory net loss and dividends paid), plus the statutory contingency reserve. The statutory contingency reserve is reported as a liability on the statutory balance sheet.

Certain states have insurance laws or regulations that require a mortgage insurer to maintain a minimum amount of statutory capital (including the statutory contingency reserve) relative to its level of RIF in order for the mortgage insurer to continue to write new business. While formulations of minimum capital vary in certain states, the most common measure applied allows for a maximum permitted RTC ratio of 25:1.

The following table presents the calculation of our RTC ratio for our combined insurance subsidiaries as of the dates indicated:

(Dollar amounts in millions)	**June 30, 2022**	**December 31, 2021**
Statutory policyholders' surplus	$ 1,277	$ 1,397
Contingency reserves	3,297	3,042
Combined statutory capital	$ 4,574	$ 4,439
Adjusted RIF[1]	$ 57,407	$ 54,201
Combined risk-to-capital ratio	12.6	12.2

(1) Adjusted RIF for purposes of calculating combined statutory RTC differs from RIF presented elsewhere in this periodic report. In accordance with NCDOI requirements, adjusted RIF excludes delinquent policies.

The following table presents the calculation of our RTC ratio for our principal insurance company, EMICO, as of the dates indicated:

(Dollar amounts in millions)	June 30, 2022	December 31, 2021
Statutory policyholders' surplus	$ 1,226	$ 1,346
Contingency reserves	3,294	3,041
EMICO statutory capital	$ 4,520	$ 4,387
Adjusted RIF[(1)]	$ 57,169	$ 54,033
EMICO risk-to-capital ratio	12.6	12.3

(1) Adjusted RIF for purposes of calculating EMICO statutory RTC differs from RIF presented elsewhere herein. In accordance with NCDOI requirements, adjusted RIF excludes delinquent policies.

Liquidity

As of June 30, 2022, we maintained liquidity in the form of cash and cash equivalents of $584 million compared to $426 million as of December 31, 2021, and we also held significant levels of investment-grade fixed maturity securities that can be monetized should our cash and cash equivalents be insufficient to meet our obligations. On August 21, 2020, we issued the 2025 Senior Notes. The GSE Restrictions required us to retain $300 million of the net 2025 Senior Notes proceeds that can be drawn down exclusively for our debt service or to contribute to EMICO to meet its regulatory capital needs including PMIERs, until the GSE Conditions are satisfied. See "—Trends and Conditions" for additional details. We distributed $437 million of the net proceeds to Genworth Holdings at the closing of the offering of our 2025 Senior Notes. The 2025 Senior Notes were issued to persons reasonably believed to be qualified institutional buyers in a private offering exempt from registration pursuant to Rule 144A under the Securities Act and to non-U.S. persons outside of the United States in compliance with Regulation S under the Securities Act. The current balance of the 2025 Senior Notes proceeds required to be held by our holding company is approximately $228 million.

Additionally, on June 30, 2022, we entered into a five-year, unsecured revolving credit facility with a syndicate of lenders in the initial aggregate principal amount of $200 million. The Facility may be used for working capital needs and general corporate purposes, including the execution of dividends to our shareholders and capital contributions to our insurance subsidiaries. The Facility remains undrawn as of June 30, 2022.

The principal sources of liquidity in our business currently include insurance premiums, net investment income and cash flows from investment sales and maturities. We believe that the operating cash flows generated by our mortgage insurance subsidiary will provide the funds necessary to satisfy our claim payments, operating expenses and taxes. However, our subsidiaries are subject to regulatory and other capital restrictions with respect to the payment of dividends. To the extent the remaining balance of the $300 million of net proceeds retained from the 2025 Senior Notes offering is used to provide capital support to EMICO, the GSEs and the NCDOI may seek to prevent EMICO from returning that capital to EHI in the form of a dividend, distribution or an intercompany loan. We currently have no material financing commitments, such as lines of credit or guarantees, that are expected to affect our liquidity over the next five years, other than the 2025 Senior Notes and the Facility.

Financial Strength Ratings

The following EMICO financial strength ratings have been independently assigned by third-party rating organizations and represent our current ratings, which are subject to change.

Name of Agency	Rating	Outlook	Action	Date of Rating
Moody’s Investor Service, Inc.	Baa1	Stable	Upgrade	July 21, 2022
Fitch Ratings, Inc.	BBB+	Stable	Affirmed	April 27, 2022
S&P Global Ratings	BBB	Positive	Affirmed	March 11, 2022

Contractual Obligations and Commitments

Our loss reserves include delinquencies from borrower forbearance programs due to COVID-19, which have a high degree of estimation. Therefore, it is possible we could have higher contractual obligations related to these loss reserves if they do not cure or progress to claim as we expect. Other than changes in our aforementioned loss reserves, there have been no material additions or changes to our contractual obligations or other off-balance sheet arrangements as compared to the amounts disclosed within our audited consolidated financial statements for the years ended December 31, 2021 and 2020.

Critical Accounting Estimates

As of the filing date of this report, there were no significant changes in our critical accounting estimates from those discussed in our Annual Report.

New Accounting Standards

Refer to Note 2 in our unaudited condensed consolidated financial statements for the three and six months ended June 30, 2022 and 2021, and in our audited consolidated financial statements for the years ended December 31, 2021 and 2020, for a discussion of recently adopted and not yet adopted accounting standards.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We own and manage a large investment portfolio of various holdings, types and maturities. Investment income is one of our material sources of revenue and the investment portfolio represents the primary resource supporting operational and claim payments. The assets within the investment portfolio are exposed to the same factors that affect overall financial market performance. While our investment portfolio is exposed to factors affecting markets worldwide, it is most sensitive to fluctuations in the drivers of United States markets.

We manage market risk via our defined investment policy guidelines implemented by our Parent's investment team with oversight from our Board of Directors and our senior management. Important drivers of our market risk exposure that we monitor and manage include but are not limited to:

- *Changes to the level of interest rates*. Increasing interest rates may reduce the value of certain fixed-rate bonds held in the investment portfolio. Higher rates may cause variable-rate assets to generate additional income. Decreasing rates will have the reverse impact. Significant changes in interest rates can also affect persistency and claim rates that may require that the investment portfolio be restructured to better align it with future liabilities and claim payments. Such restructuring may cause investments to be liquidated when market conditions are adverse.

- *Changes to the term structure of interest rates*. Rising or falling rates typically change by different amounts along the yield curve. These changes may have unforeseen impacts on the value of certain assets.

- *Market volatility/changes in the real or perceived credit quality of investments*. Deterioration in the quality of investments, identified through changes to our own or third-party (e.g., rating agency) assessments, will reduce the value and potentially the liquidity of investments.

- *Concentration risk*. If the investment portfolio is highly concentrated in one asset, or in multiple assets whose values are highly correlated, the value of the total portfolio may be greatly affected by the change in value of just one asset or a group of highly correlated assets.

- *Prepayment risk*. Bonds may have call provisions that permit debtors to repay prior to maturity when it is to their advantage. This typically occurs when rates fall below the interest rate of the debt.

Market risk is measured for all investment assets at the individual security level. Market risks that are not fully captured by the quantitative analysis and material market risk changes that occur from the last reporting period to the current are discussed within "—Trends and conditions" and "—Investment Portfolio" in "Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations".

At June 30, 2022, the effective duration of our investments available-for-sale was 3.8 years, which means that an instantaneous parallel shift (movement up or down) in the yield curve of 100 basis points would result in a change of 3.8% in fair value of our investments available-for-sale.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of June 30, 2022, an evaluation was conducted under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2022.

Changes in Internal Control Over Financial Reporting During the Quarter Ended June 30, 2022

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

We are not subject to any pending material legal proceedings.

Item 1A. Risk Factors

We have disclosed within Part I, Item 1A in our Annual Report and below, the risk factors that could have a material adverse effect on our business, results of operations and/or financial condition. You should carefully consider the risk factors set forth in the Annual Report and this Quarterly Report, and the other information set forth elsewhere in this Form 10-Q. These risk factors and other information may not describe every risk that we face. The occurrence of any additional risks and uncertainties that are currently immaterial or unknown could have a material adverse effect on our business, results of operations and/or financial condition.

No assurance can be given that we will be able to return capital to our shareholders in the future at current levels or at all.

In April 2022, we announced the initiation of a quarterly dividend for our common shareholders. Our ability to return capital to our shareholders may be materially and adversely affected by the risk factors discussed in our SEC periodic reports. Although we anticipate continuing to pay quarterly dividends to our shareholders, future dividend payments and other means of returning capital are subject to quarterly review and approval by our Board of Directors after considering, among other factors, economic and regulatory factors, current risks to the Company, and subsidiary performance. In addition, future dividend payments or other means of returning capital to our shareholders are also subject to approval by the Parent, compliance with the terms of the Facility and applicable laws and regulations.

As a result, no assurance can be given that we will be able to continue to pay dividends to our shareholders, or return capital through other means, in the future or that the level of any future dividends or other return of capital will achieve a market yield or increase or even be maintained over time, any of which could materially and adversely affect the market price of our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered equity securities during the three months ended June 30, 2022.

Item 6. Exhibits and Financial Statement Schedules

Exhibit Number	Description of Exhibit
10.1	Credit Agreement, dated June 30, 2022, among Enact Holdings, Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders and agents party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 7, 2022).
10.2+	Enact Holdings, Inc. Change of Control Severance Plan
10.3	Deferred Stock Unit Agreement
31.1	Certification of Principal Executive Officer (filed herewith)
31.2	Certification of Principal Financial Officer (filed herewith)
32.1	Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code — Principal Executive Officer (filed herewith)
32.2	Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code — Principal Financial Officer (filed herewith)
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\+ Indicates management contract and compensatory plan

SIGNATURES

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

ENACT HOLDINGS, INC.

(Registrant)

Dated: August 4, 2022

By:	/s/ Hardin Dean Mitchell
	Hardin Dean Mitchell
	Executive Vice President, Chief Financial Officer and Treasurer
	(Principal Financial Officer)
By:	/s/ James McMullen
	James McMullen
	Vice President, Controller and Principal Accounting Officer

Enact Holdings, Inc.
Change of Control Severance Plan
Effective February 10, 2022
Amended and Restated on May 11, 2022

1. Purpose. The purpose of this Plan is to enable the Company to offer certain protections to a selected group of key employees of the Company if their employment is terminated in connection with a Change of Control. Capitalized terms and phrases used herein shall have the meanings ascribed thereto in Section 2.

2. Definitions.

a. “**Affiliate**” means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company.

b. “**Base Salary**” means the Participant’s annual base salary in effect on the date of termination of the Participant’s employment with the Company, including amounts not currently includible in gross income by reason of the Participant’s election to defer such amounts under a cafeteria plan, 401(k) plan, or nonqualified deferred compensation plan of the Company or an Affiliate.

c. “**Board**” means the board of directors of the Company as constituted from time to time.

d. “**Bonus**” means the Participant’s target annual cash bonus for the year in which the Participant’s employment is terminated.

e. “**Business Unit Sale**” means the Company’s sale or disposition of all or any portion of a business unit.

f. “**Cause**” has the meaning assigned to such term in any individual employment, service or severance agreement (“Individual Agreement”) with the Participant or, if any such Individual Agreement does not define “Cause,” Cause means (i) the commission of an act of fraud or dishonesty by the Participant in the course of the Participant’s employment or service; (ii) the indictment of, or conviction of, or entering of a plea of nolo contendere by, the Participant for a crime constituting a felony or in respect of any act of fraud or dishonesty; (iii) the commission of an act by the Participant which would make the Participant or the Company (including any of its Affiliates) subject to being enjoined, suspended, barred or otherwise disciplined for violation of federal or state securities laws, rules or regulations, including a statutory disqualification; (iv) gross negligence or willful misconduct in connection with the performance of the Participant’s duties in connection with the Participant’s employment by or service to the Company (including any Affiliate for whom the Participant may be employed by or providing services to at the time) or the Participant’s failure to comply with any of the restrictive covenants to which the Participant is subject; (v) the Participant’s willful failure to comply with any material policies or procedures of the Company as in effect from time to time, provided that the Participant shall have been delivered a copy of such policies or notice that they have been posted on a Company website prior to such compliance failure; or (vi) the Participant’s failure to perform the material duties in connection with the Participant’s position, unless the Participant remedies the failure referenced in this clause (vi) no later than 10 days following delivery to the Participant of a written notice from the Company (including any of its Affiliates) describing such failure in reasonable detail (provided that the Participant shall not be given more than one opportunity in the aggregate to remedy failures described in this clause (vi)).

g. “**Change of Control**” has the meaning ascribed to such term in the Omnibus Plan.

h. “**Change of Control Date**” means the date on which the Change of Control occurs.

i. “**Code**” means the Internal Revenue Code of 1986, and the regulations promulgated thereunder, as may be amended from time to time.

j. “**Committee**” means the Compensation Committee of the Board, or such other committee appointed or designated by the Board from time to time to administer the Plan. Notwithstanding the foregoing, if no Committee exists which has the authority to administer the Plan, the functions of the Committee shall be exercised by the Board, and all references herein to the Committee shall be deemed to be references to the Board.

k. “**Company**” means Enact Holdings, Inc., a Delaware corporation, and any successor thereto as provided in Section 13

l. “**Competitive Services**” means the lines of business and services with which a Participant is actively involved in conducting business on behalf of the Company at the time of a Qualifying Termination, to be stated with more specificity in the restrictive covenant agreement required by Section 5.

m. “**Disability**” means a permanent disability that would make a Participant eligible for benefits under the long-term disability program maintained by the Company or any of its Affiliates or in the absence of any such program, such meaning as the Committee shall determine.

n. “**Effective Date**” means February 10, 2022.

o. “**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor act thereto.

p. “**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

q. “**Good Reason**” means (i) a relocation of the Participant’s principal business location to an area outside a 50 mile radius of its previous location; (ii) any reduction in the Participant’s compensation (including Base Salary and Bonus), a substantial reduction in the benefits provided to the Participant, and/or any failure to timely pay any part of the Participant’s compensation when due (including Base Salary and bonus) or any benefits due under any benefit plan, program or arrangement; provided, however, that Company-initiated across-the-board reductions in compensation or benefits affecting substantially all Company employees shall alone not be considered Good Reason, unless the compensation reductions exceed 15% of the Participant’s compensation (Base Salary plus Bonus); or (iii) any significant and material diminution in the Participant’s duties or responsibilities from that which exists on the Change of Control Date, excluding for this purpose (1) isolated and inadvertent actions not taken in bad faith and remedied by the Company promptly after the Company receives notice from the Participant, and (2) any diminution in duties or responsibilities with respect to the Participant’s continuing employment with the Company relating to a Business Unit Sale; provided, however, that a change in title or reporting relationship alone shall not constitute Good Reason; provided, further, that any event described in clauses (i) through (iii) above shall constitute Good Reason only if the Company fails to rescind or remedy such event within 30 days after receipt from the Participant of written notice of the event which constitutes Good Reason; provided, further, that Good Reason shall cease to exist for an event or condition described in clauses (i) through (iii) above on the 90th day following its initial occurrence, unless the Participant has given the Company written notice thereof prior to such date.

For purposes of determining the amount of any cash payment payable to the Participant in accordance with the provisions of Section 3(a), any reduction in compensation or benefits that would constitute Good Reason hereunder shall be deemed not to have occurred.

r. “**Non-Competition Period**” means the 12-month period commencing upon a Qualifying Termination.

s. “**Omnibus Plan**” means the Enact Holdings, Inc. 2021 Omnibus Incentive Plan, as amended from time to time, or any successor plans providing for the grant or award of equity-based compensation to the Company’s employees, officers and directors.

t. “**Participant**” means each Tier I Employee and Tier II Employee.

u. “**Person**” has the meaning ascribed to such term in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended from time to time, and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof.

v. “**Plan**” means this Enact Holdings, Inc. Change of Control Severance Plan, as it may be amended from time to time.

w. “**Prohibited Competitor**” means no greater than 10 specifically named entities, identified by the Company, that compete with the Company in the Restricted Territory with respect to the Competitive Services at the time of a Qualifying Termination, to be stated with more specificity in the restrictive covenant agreement required by Section 5.

x. “**Qualifying Termination**” means, subject to Section 11 of this Plan, within 24 full calendar months following a Change of Control Date, a termination of the Participant’s employment by the Company without Cause (and not as a result of the Participant’s death or Disability), or by the Participant for Good Reason. Notwithstanding the preceding sentence, in no event shall a Participant’s termination of employment with the Company constitute a Qualifying Termination if such termination occurs as a result of or in connection with a Business Unit Sale and either (i) the Participant is offered employment with a successor entity in connection with the Business Unit Sale and the terms of such employment offer would not constitute Good Reason, or (ii) the Participant accepts employment with a successor entity in connection with the Business Unit Sale.

y. “**Restricted Period**” means the 24-month period commencing upon a Qualifying Termination.

z. “**Restricted Territory**” means the territory in which a Participant is conducting business on behalf of the Company at the time of a Qualifying Termination, to be stated with more specificity in the restrictive covenant agreement required by Section 5.

aa. "**Severance Benefits**" means the payments and benefits described in Section 3(a).

bb. "**Tier I Employees**" means the Company's Chief Executive Officer.

cc. "**Tier II Employees**" means the Company's Executive Vice Presidents and Senior Vice Presidents.

3. Benefits.

a. Severance Benefits. Subject to Sections 4, 5, 6, 7 and 11, if the Participant experiences a Qualifying Termination, the Participant shall be eligible to receive the following payments and benefits:

i. a lump sum cash payment (net of applicable taxes and withholdings) of accrued but unpaid salary and accrued but unused vacation as of the Participant's Qualifying Termination, payable in accordance with the Company's normal payroll practices (typically within 15 days following the date of termination), or earlier if required by applicable law;

ii. a lump sum cash payment (net of applicable taxes and withholdings) equal to the Participant's annual bonus that would have been payable with respect to the fiscal year in which the Qualifying Termination occurs (determined based on actual performance as of the date of the Participant's Qualifying Termination, to the extent such performance can be reasonably established in the sole discretion of the Committee, or otherwise based on the Participant's target Bonus amount, if such performance cannot be reasonably established in the sole discretion of the Committee), prorated to the nearest half-month to reflect the portion of the fiscal year that had elapsed prior to the Participant's Qualifying Termination;

iii. a lump sum cash payment (net of applicable taxes and withholdings) based on the Participant's participation level under the Plan as of the Participant's Qualifying Termination, as follows:

A. Tier I Executives: 2.5 times the sum of Base Salary and Bonus; and

B. Tier II Executives: 2.0 times the sum of Base Salary and Bonus;

iv. full and immediate vesting of any benefit under any funded or unfunded nonqualified pension, retirement or deferred compensation plan now or hereafter maintained by the Company in which the Participant participates, with payment to be made at such time(s) and in accordance with the terms of such plan(s);

v. a lump sum cash payment (net of applicable taxes and withholdings) equal to the product of 18 times the monthly COBRA premium that would apply to continue the Participant's and his or her eligible dependents' coverage under the Company's group medical, dental, vision and/or prescription drug plans following the Qualifying Termination; and

vi. a lump sum payment equivalent to the value of any outstanding long-term incentive awards granted by Genworth Financial, Inc. to a Participant that would not otherwise vest or distribute upon a change of control.

Subject to Section 11 of this Plan, Severance Benefits described in paragraphs (ii), (iii) and (v) above shall be paid within 60 days following the Participant's Qualifying Termination in accordance with the provisions of this Section 3(a).

b. Death Benefits. If a Participant experiences a Qualifying Termination, but subsequently dies before receiving some or all of the Severance Benefits, such remaining benefits will be paid to the Participant's estate as soon as practicable after his or her death.

c. Non-Duplication of Benefits. A Participant entitled to Severance Benefits under this Plan shall not be eligible to receive any severance, layoff or termination benefits provided under any other agreement, plan, program or arrangement maintained or sponsored by the Company, except for any benefits that may be payable pursuant to the Omnibus Plan and any payment under Section 3(a)(vi). In addition, if any termination payments made to a Participant by the Company are related to an actual or potential liability under the Worker Adjustment and Retraining Notification Act (WARN) or similar law, such amounts shall reduce (offset) the Participant's Severance Benefit under this Plan.

4. Mandatory Reduction of Payments in Certain Events.

a. Anything in this Plan to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of a Participant (whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise) (a "**Payment**") would be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then, prior to the making of any Payment to the Participant, a calculation shall be made comparing (i) the net benefit to the Participant of the Payment after payment of the Excise Tax, to (ii) the net benefit to the Participant if the Payment had been limited to the extent necessary to avoid being subject to the Excise Tax. If the amount calculated under clause (i) above is less than the amount calculated under clause (ii) above, then the Payment shall be limited to the extent necessary to avoid being subject to the Excise Tax. The reduction of the Payments due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the Change of Control, as determined by the Determination Firm (as defined in Section 4(b) below). For purposes of this Section 4, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this Section 4, the "**Parachute Value**" of a Payment means the present value as of the date of the Change of Control of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

b. The determination of whether an Excise Tax would be imposed, the amount of such Excise Tax, and the calculation of the amounts referred to in clauses 4(a)(i) and (ii) shall be made by an independent, nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Company and the Participant (the "**Determination Firm**"), which shall provide detailed supporting calculations. Any determination by the Determination Firm shall be binding upon the Company and the Participant. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments which the Participant was entitled to, but did not receive pursuant to Section 4(a), could have been made without the imposition of the Excise Tax ("**Underpayment**"). In such event, the Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Participant but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

c. In the event that the provisions of Code Section 280G and 4999 or any successor provisions are repealed without succession, this Section 4 shall be of no further force or effect.

5. Restrictive Covenants. Any Severance Benefits payable pursuant to this Plan (except for any payment pursuant to Section 3(a)(i) of this Plan) shall only be payable if the Participant executes, delivers to the Company and does not revoke a restrictive covenant agreement in a form acceptable to the Company (which may be contained in the same agreement as the full general release required by Section 7), which agreement will contain, at a minimum, provisions substantially similar to the following:

a. Confidential Information and Confidentiality. In connection with his or her employment with the Company, the Participant previously executed a Conditions of Employment acknowledgment obligating the Participant to comply with the terms of the Company's Proprietary Information and Inventions Agreement ("**PIIA**"), which is incorporated herein by reference. The Participant acknowledges and reaffirms his or her obligation to comply with the terms of the PIIA. This Plan is not intended to, and does not, alter either the Company's rights or the Participant's obligations under the PIIA or any state or federal statutory or common law regarding trade secrets and unfair trade practices. Anything herein to the contrary notwithstanding, the Participant shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, the Participant shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by the Participant. Unless otherwise publicly disclosed by the Company, the Participant agrees to keep his or her participation in this Plan strictly confidential and agrees not to disclose it to any Person at any time, other than the Participant's family or legal and financial advisors, who shall be subject to the same confidentiality provisions.

b. Non-Disparagement. Subject to any obligations the Participant may have under applicable law, the Participant will not make or cause to be made any statements that disparage, are inimical to, or damage the reputation of the Company or any of its affiliates, subsidiaries, agents, officers, directors or employees. In the event such a communication is made to anyone, including but not limited to the media, public interest groups and publishing companies, it will be considered a material breach of the terms of the Plan. Nothing in this section shall limit a Participant's ability to provide truthful testimony or information in response to a subpoena, court order, or investigation by a government agency or from engaging in "whistle-blowing" or similar activities expressly protected by applicable law, to the extent so protected.

c. Non-Competition. Unless specifically waived in writing by the Company, the Participant shall not, during the Non-Competition Period, (i) carry on or engage in Competitive Services on behalf of a Prohibited Competitor within the Restricted Territory on his or her own or on behalf of any other Person or entity, or (ii) own, manage, operate, join, control or participate in the ownership, management, operation or control, of any Prohibited Competitor.

d. Non-Solicitation of Customers or Clients by Participants. Unless specifically waived in writing by the Company, the Participant shall not, during the Restricted Period, directly or indirectly, solicit or contact any of the customers or clients of the Company with whom the Participant had material contact during his or her employment, regardless of the location of such customers or clients, for the purpose of engaging in, providing, marketing, or selling any services or products that are competitive with the services and products being offered by the Company or discouraging or diverting such customer's or client's business away from the Company.

e. Non-Solicitation of Company Employees. Unless specifically waived in writing by the Company, the Participant shall will not, during the Restricted Period, directly or indirectly, solicit or encourage any director, agent or employee of the Company to terminate his or her employment or other engagement with the Company.

f. Return of Materials. Each Participant agrees that he or she will not retain or destroy (except as set forth below), and will immediately return to the Company on or prior to the termination of Participant's employment with the Company, or at any other time the Company requests such return, any and all property of the Company that is in his or her possession or subject to his or her control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, access cards, computers, mobile devices, other electronic media, all other files and documents relating to the Company and its business (regardless of form, but specifically including all electronic files and data of the Company), together with all Developments (as defined in the PIIA) and all secret or confidential information covered by the PIIA, belonging to the Company or that a Participant received from or through his or her employment with the Company. Each Participant agrees not to make, distribute, or retain copies of any such information or property. To the extent that a Participant has electronic files or information in his or her possession or control that belong to the Company, contain secret or confidential information covered by the PIIA, or constitute Developments under the PIIA (specifically including but not limited to electronic files or information stored on personal computers, mobile devices, electronic media, or in cloud storage), on or prior to the termination of such Participant's employment with the Company, or at any other time the Company requests, such Participant shall (a) provide the Company with an electronic copy of all of such files or information (in an electronic format that readily accessible by the Company); (b) after doing so, delete all such files and information, including all copies and derivatives thereof, from all non-Company-owned computers, mobile devices, electronic media, cloud storage, or other media, devices, or equipment, such that such files and information are permanently deleted and irretrievable; and (c) provide a written certification to the Company that the required deletions have been completed and specifying the files and information deleted and the media source from which they were deleted. Each Participant agrees that he or she will reimburse the Company for all of its costs, including reasonable attorneys' fees, of recovering the above materials and otherwise enforcing compliance with this provision if he or she does not return the materials to the Company or take the required steps with respect to electronic information or files on or prior to the termination of such Participant's employment with the Company or at any other time the materials and/or electronic file actions are requested by the Company or if such Participant otherwise fails to comply with this provision.

g. Remedies. By virtue of participating in this Plan, Participants specifically acknowledge and agree that the remedy at law for any breach of the provisions of this Section 5 (the "**Restrictive Covenants**") will be inadequate, and that in the event a Participant breaches, or threatens to breach, any of the Restrictive Covenants, the Company shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently, such Participant from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity. Participants understand and agree that, if the Company and a Participant become involved in legal action regarding the enforcement of the Restrictive Covenants and if the Company prevails in such legal action, the Company will be entitled, in addition to any other remedy, to recover from such Participant its reasonable costs and attorneys' fees incurred in enforcing such covenants. The Company's ability to enforce its rights under the Restrictive Covenants or applicable law against a Participant shall not be impaired in any way by the existence of a claim or cause of action on the part of such Participant based on, or arising out of, this Plan or any other agreement, event or transaction.

h. Severability and Modification of Covenants. By virtue of participating in this Plan, Participants acknowledge and agree that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. Participants and the Company agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Plan or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of the Company's legitimate business interests and may be enforced by the Company to that extent in the manner described above and all other provisions of this Agreement shall be valid and enforceable.

6. No Duty to Mitigate/Set-off. No Participant entitled to receive Severance Benefits hereunder shall be required to seek other employment or to attempt in any way to reduce any amounts payable to him or her pursuant to this Plan. Further, the amount of Severance Benefits payable hereunder shall not be reduced by any compensation earned by the Participant as a result of employment by another employer or otherwise. Except as provided herein, the amounts payable hereunder shall not be subject to setoff, counterclaim, recoupment, defense or other right which the Company may have against the Participant or others.

7. Release Required. Any Severance Benefits payable pursuant to this Plan (except for any payment pursuant to Section 3(a)(i) of the Plan) shall only be payable upon the Participant's execution (and non-revocation) of a full general release of all claims in favor of the Company and its Affiliates, and each of their respective affiliates, agents, employees, directors, equity holders, representatives and such other parties as the Company reasonably determines, in a form

acceptable to the Company. Notwithstanding the foregoing, the Participant agrees to reasonably cooperate with the Company with respect to any claim, lawsuit, action, proceeding or governmental investigation relating to the Change of Control. The release will not limit a Participant’s ability to file a charge or complaint with the Equal Employment Opportunity Commission or any other federal, state or local governmental agency or commission (“**Government Agencies**”), nor will it limit a Participant’s ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agencies in connection with any charge or complaint, whether filed by such Participant, on his or her behalf, or by any other individual. Such release must be executed and all revocation periods shall have expired within 60 days after the Participant’s date of termination; failing which all Severance Benefits shall be forfeited. If any payment or benefit hereunder constitutes non-exempt deferred compensation for purposes of Section 409A of the Code, and if such 60-day period begins in one calendar year and ends in the next calendar year, the payment or benefit shall not be made or commence before the second such calendar year, even if the release becomes irrevocable in the first such calendar year.

8. Funding. The obligations of the Company under the Plan are not funded through contributions to a trust or otherwise, and all benefits shall be payable from the general assets of the Company. Nothing contained in the Plan shall give a Participant any right, title or interest in any property of the Company. Participants shall be mere unsecured creditors of the Company.

9. Administration of the Plan.

a. Plan Administrator. The administrator of the Plan shall be the Committee.

b. Authority of the Committee. Subject to the terms of the Plan, the Committee shall have full discretion and authority to determine a Participant’s participation and benefits under the Plan and to interpret and construe the provisions of the Plan and make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

c. Delegation of Authority. The Committee may delegate any or all of its powers and responsibilities hereunder to other Persons. Any such delegation shall not be effective until it is accepted by the Persons designated by the Committee and may be rescinded at any time by written notice from the Committee to the Person to whom the delegation is made. Notwithstanding the foregoing, the Committee may not delegate any of its powers or responsibilities with respect to any matters relating to or involving a Participant who has been designated by the Board as an executive officer of the Company.

d. Retention of Professional Assistance. The Committee may employ such legal counsel, accountants and other Persons as may be required in carrying out its duties and responsibilities in connection with the Plan.

e. Claims/Disputes Procedure.

i. Prior to paying any benefit under the Plan, the Committee may require the Participant to provide such information or material as the Committee, in its sole discretion, shall deem necessary for it to make any determination it may be required to make under the Plan. The Committee may withhold payments of any benefit under the Plan until it receives all such information and material and is reasonably satisfied of its accuracy.

ii. Claims for benefits under the Plan should be forwarded to the Committee. The Committee shall provide adequate notice in writing to a Participant whose claim for benefits is denied, setting forth the specific reasons for such denial. In the event of the denial of a claim, the Participant has the right to file a written request for a review of the denial with the Committee within 90 days after the Participant receives written notice of the denial. If a Participant requests such a review, the Committee will conduct a full and fair review of the claim for benefits and will deliver to the Participant a written decision on that claim within 60 days after the receipt of the written request for review, unless there are special circumstances requiring an extension of the time for review, in which case the 60-day period may be extended by the Committee up to a period of 120 days after the receipt of the written request for review.

iii. All acts and decisions of the Committee shall be final and binding upon the Participant.

f. Indemnification. The Committee, its members and any Person designated pursuant to Section 9(c) above shall not be liable for any action or determination made in good faith with respect to the Plan. The Company shall, to the extent permitted by law, by the purchase of insurance or otherwise, indemnify and hold harmless each member of the Committee and each director, officer and employee of the Company for liabilities or expenses they and each of them incur in carrying out their respective duties under this Plan, other than for any liabilities or expenses arising out of such individual's willful misconduct or fraud.

10. Effect of Participant's Breach. If a Participant breaches any of the provisions of this Plan, including but not limited to the Restrictive Covenants in Section 5, the Participant will be required to reimburse the Company for any and all Severance Benefits provided under the terms of the Plan (other than those that were already vested without respect to the Plan), and all obligations of the Company under the Plan to provide any additional payments or benefits to the Participant will cease immediately and be null and void.

11. Code Section 409A.

a. Notwithstanding anything in this Plan to the contrary, this Plan is intended to be interpreted and applied so that the payments and benefits set forth herein either shall be exempt from the requirements of Code Section 409A or shall comply with the requirements of Code Section 409A, and, accordingly, to the maximum extent permitted, this Plan shall be interpreted to be exempt from or in compliance with Code Section 409A. To the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable hereunder by reason of a Participant's termination of employment, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless (i) the circumstances giving rise to such termination of employment meet any description or definition of "separation from service" in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition), or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A of the Code by reason of the short-term deferral exemption or otherwise. This provision does not prohibit the *vesting* of any amount upon a termination of employment, however defined. If this provision prevents the payment or distribution of any amount or benefit, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Section 409A compliant "separation from service."

b. Notwithstanding anything in this Plan to the contrary, if a Participant is deemed to be a "specified employee" within the meaning of Code Section 409A, any payments or benefits due upon a termination of Participant's employment under any arrangement that constitutes a "deferral of compensation" within the meaning of Code Section 409A (whether under this Plan or any other plan, program or payroll practice) and which do not otherwise qualify under the exemptions under Treasury Regulations Section 1.409A- 1 (including without limitation, the short-term deferral exemption and the permitted payments under Treasury Regulations Section 1.409A- 1 (b)(9)(iii)(A)), shall, subject to any permissible acceleration of payment by the Company under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes), be delayed and paid or provided to Participant in a lump sum on the earlier of (i) the date which is 6 months and one day after Participant's "separation from service" (as such term is defined in Code Section 409A) for any reason other than death, and (ii) the date of Participant's death.

12. Amendment and Termination. The Plan shall become effective as of the Effective Date, and shall continue in effect until terminated by the Board or the Committee. The Company reserves the right to amend or terminate, in whole or in part, any or all of the provisions of this Plan at any time. Notwithstanding the preceding, no amendment, discontinuance or termination may adversely affect the rights of any Participant without his or her written consent if such person (i) is then receiving Severance Benefits under the Plan, or (ii) is entitled to receive Severance Benefits under the Plan on account of a Qualifying Termination. In addition to the foregoing, with respect to a Participant who was a Participant in the Plan on the day prior to a Change in Control Date, for a period of one year following the Change in Control Date, the Plan may not be discontinued or terminated or amended in such a manner that decreases the Severance Benefits payable to any such Participant or that makes any provision less favorable for such Participant.

13. Successors. All obligations of the Company under the Plan shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company. In any such event, the term "Company", as used in this Plan, shall mean the Company, as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof or by operation of law becomes bound by the terms and provisions of this Plan.

14. Miscellaneous.

a. Rights of Participants. Nothing herein contained shall be held or construed to create any liability or obligation upon the Company to retain any Participant in its service. All Participants shall remain subject to discharge or discipline to the same extent as if this Plan had not been put into effect.

b. Governing Law. The Plan shall be governed by the laws of State of North Carolina, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

c. Withholding. The Company shall have the right to make such provisions as it deems necessary or appropriate to satisfy any obligations it may have to withhold federal, state or local income or other taxes incurred by reason of payments pursuant to this Plan.

d. Severability. In case any provision of this Plan be deemed or held to be unlawful or invalid for any reason, such fact shall not adversely affect the other provisions of this Plan unless such determination shall render impossible or impracticable the functioning of this Plan, and in such case, an appropriate provision or provisions shall be adopted so that this Plan may continue to function properly.

e. Assignment and Alienation. The benefits payable to the Participant under the Plan shall not be subject to alienation, transfer, assignment, garnishment, execution or levy of any kind and any attempt to cause any benefits to be so subjected shall not be recognized.

f. Communications. All announcements, notices and other communications regarding this Plan will be made by the Company in writing.

g. ERISA Plan. The Plan is intended to be a “top hat” welfare benefit plan within the meaning of U.S. Department of Labor Regulation § 2520.104-24.

15. Entire Agreement. This Plan sets forth the entire understanding of the Company with respect to the subject matter hereof and supersedes all existing severance and change of control plans, agreements and understandings (whether oral or written) between the Company and the Participants with respect to the subject matter herein. The Plan may only be amended as expressly set forth above in Section 12.

Enact Holdings, Inc. 2021 Omnibus Incentive Plan
Director Deferred Stock Unit Award Agreement

The Enact Holdings, Inc. 2021 Omnibus Incentive Plan (as the same may be amended, the "Plan") authorizes the Board of Directors (the "Board") of Enact Holdings, Inc. (the "Company") to grant Awards under the Plan to non-employee and non-affiliated members of the Board ("Nonemployee Directors"). The Board has approved a compensation program pursuant to which Nonemployee Directors are granted deferred stock units ("DSUs") from time to time as payment of part or all of their annual retainer. The DSUs are governed by the Plan and the following terms and conditions (together, the "Terms and Conditions"). The Terms and Conditions shall constitute the Award Agreement as required by the Plan.

Unless the context otherwise requires, capitalized terms used herein shall have the meanings ascribed to them in the Plan. If there is any inconsistency between the Terms and Conditions and the terms of the Plan, the Plan's terms shall supersede and replace the conflicting terms of the Terms and Conditions.

1. **Grant**. Nonemployee Directors shall be granted DSUs as of the date of the Annual Meeting of Stockholders that such Director is elected or re-elected as a member of the Board (the "Grant Date"). Each Nonemployee Director will be notified following each Grant Date regarding the number of DSUs that have been awarded. Each DSU represents the right to receive from the Company one Share of Common Stock. The DSUs shall be fully vested as of the one-year anniversary of the Grant Date. If a Director's service terminates for any reason prior to the next Annual Meeting of the Shareholders following the Grant Date, any unvested DSUs shall be pro-rated to reflect the length of service through the termination date.

2. **Dividend Equivalents**. Until the grantee terminates service on the Board for any reason, he or she shall receive "Dividend Equivalents" with respect to the DSUs equal to the number of DSUs times any dividend payments made to holders of the Company's Common Stock. Such Dividend Equivalents will be reinvested in additional DSUs, based on the Fair Market Value of the Shares as of the date the dividend payment.

3. **Conversion to Shares**. The DSUs, together with additional DSUs accumulated pursuant to paragraph 2, will convert to Shares on a one-for-one basis, in a single installment one year after termination of service on the Board. Notwithstanding the preceding sentence, all outstanding (vested and unvested) DSUs will convert to Shares upon the holder's death.

4. **No Voting Rights**. Grantee will not have any voting rights with respect to the DSUs until they are converted to Shares.

5. **Change of Control**. Settlement of DSUs shall not accelerate upon a Change in Control.

6. **Administration**. The DSUs and a grantee's rights thereunder, as set forth in these Terms and Conditions, are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules and regulations as the Board may adopt for administration of Nonemployee Director Awards under the Plan. It is expressly understood that the Board is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of Nonemployee Director Awards under the Plan and these Terms and Conditions, all of which shall be binding upon the grantee. The Board's interpretation of the Plan and these Terms and Conditions, and all decisions and determinations by the Board with respect to the Plan and these Terms and Conditions, shall be final, binding, and conclusive on all parties.

7. **Limitation of Rights**. The DSUs do not entitle the grantee to any rights of a stockholder of the Company, nor do they confer upon the grantee any right to continuation of service on the Board.

8. **Plan; Prospectus and Related Documents; Electronic Delivery.**

    a. A copy of the Plan will be furnished upon written or oral request made to the Human Resources Department, Enact Holdings, Inc., 8325 Six Forks Road, Raleigh, North Carolina 27615 , or by telephone to (919) 846-4100.

b. As required by applicable securities laws, the Company is delivering to grantee a prospectus in connection with the Awards of DSUs, which delivery is being made electronically. A paper copy of the prospectus may also be obtained without charge by contacting the Human Resources Department at the address or telephone number listed above. By accepting these Terms and Conditions, grantee shall be deemed to have consented to receive the prospectus electronically.

c. The Company will deliver to grantee electronically a copy of the Company's Annual Report to Stockholders for each fiscal year, as well as copies of all other reports, proxy statements and other communications distributed to the Company's stockholders. The grantee will be provided notice regarding the availability of each of these documents, and such documents may be accessed by going to the Company's website at www.IR.enactmi.com (or, if the Company changes its web site, by accessing such other web site address(es) containing investor information to which the Company may direct the grantee in the future) and will be deemed delivered to the grantee upon posting or filing by the Company. Upon written or oral request, paper copies of these documents (other than certain exhibits) may also be obtained by contacting the Company's Human Resources Department at the address or telephone number listed above or by contacting the Investor Relations Department, Enact Holdings, Inc., 8325 Six Forks Road, Raleigh, North Carolina 27615, or by telephone at (919) 846-4100.

d. By accepting the DSUs, the grantee agrees and consents, to the fullest extent permitted by law, in lieu of receiving documents in paper format to accept electronic delivery of any documents that the Company may be required to deliver in connection with the DSUs and any other Awards granted to grantee under the Plan. Electronic delivery of a document may be via a Company e-mail or by reference to a location on a Company intranet or another third-party internet site to which the grantee has access.

9. **Amendment, Modification, Suspension, and Termination**. The Board shall have the right at any time in its sole discretion, subject to certain restrictions, to alter, amend, modify, suspend or terminate the Plan in whole or in part, and shall have the right at any time in its sole discretion to alter, amend, modify, suspend or terminate the terms and conditions of any Nonemployee Director Award; *provided, however*, that no such action shall impair a grantee’s rights under an Award without the grantee’s consent.

10. **Applicable Law**. The validity, construction, interpretation, and enforceability of these Terms and Conditions shall be determined and governed by the laws of the State of Delaware without giving effect to the principles of conflicts of law.

11. **Entire Agreement**. These Terms and Conditions, the Plan, and the rules and procedures adopted by the Board in respect of Nonemployee Director Awards contain all of the provisions applicable to the DSUs and no other statements, documents or practices may modify, waive or alter such provisions unless expressly set forth in writing, signed by an authorized officer of the Company and delivered to the grantee.

Acceptance Date:

Exhibit 31.1

CERTIFICATIONS

I, Rohit Gupta, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Enact Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. [Omitted];

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 4, 2022

By: /s/ Rohit Gupta

Rohit Gupta
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Hardin Dean Mitchell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Enact Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. [Omitted];

   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: August 4, 2022

By: /s/ Hardin Dean Mitchell

Hardin Dean Mitchell
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATIONS

I, Rohit Gupta, as President and Chief Executive Officer of Enact Holdings, Inc. (the “Company”), certify, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to my knowledge:

1. The accompanying Quarterly Report on Form 10-Q of the Company for the three months ended June 30, 2022 (the “Report”), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 4, 2022

By: /s/ Rohit Gupta

Rohit Gupta
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATIONS

I, Hardin Dean Mitchell, as Executive Vice President, Chief Financial Officer and Treasurer of Enact Holdings, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to my knowledge:

1. The accompanying Quarterly Report on Form 10-Q of the Company for the three months ended June 30, 2022 (the "Report"), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 4, 2022

By: /s/ Hardin Dean Mitchell

Hardin Dean Mitchell
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)