PRIVATE MORTGAGE INSURANCE:

Helping Connecticut Families Become Homeowners

USMI
U.S. MORTGAGE INSURERS

Mortgage insurance (MI) is typically required by mortgage lenders to approve homebuyers who have down payments less than 20% of the purchase price. For nearly 70 years, private MI has been an important component of the U.S. housing finance system, helping borrowers in Connecticut and across the country access affordable and sustainable home financing.

By design, private MI is a proven, reliable method for shielding lenders, Fannie Mae and Freddie Mac (the GSEs), and taxpayers from losses on mortgage credit risk. Private MI companies paid more than **$62 billion**[1] in claims since the 2008 financial crisis and housing market downturn, absorbing losses that the government and taxpayers would have otherwise incurred.

Down Payment is One of the Biggest Hurdles to Homeownership

A 20% down payment is out of reach for many families and could sideline them from homeownership for years. For example, it could take 25[2] years for a household earning the national median income of $83,730[3] to save 20%, plus closing costs, for a $419,300[4] home (national median sales price).

In Connecticut, the median income is $99,240[5] and the median sales prices for a single-family home is $500,200.[6] Using this same analysis, it would take 25[7] years for a Connecticut resident to save 20%, plus closing costs (3% of the total sales price on average).[8]

Private MI Helps Borrowers Afford a Home Sooner

Private MI not only helps borrowers overcome one of the biggest hurdles to homeownership, but in doing so, saves them tens of thousands of dollars on average in cash due at the closing table. In Connecticut, homebuyers who use private MI to purchase a home with a 5% down payment, compared to a 20% down payment, saved an average of $75,030 in closing costs in 2025 - enabling them to become homeowners 16 years sooner.

$115,046
20% down payment without private MI, plus closing costs
(U.S. $96,439)

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$40,016
5% down payment with private MI, plus closing costs
(U.S. $33,544)

=

$75,030
Amount Saved[9]
(assuming 5% down payment compared to 20% down)
(U.S. $62,895)

Longer Wait Time to Save for a 20% Down Payment

Occupation

Occupation	Median Income	Years
Firefighter	$63,630	34 Years
Registered Nurse	$101,420	21 Years
Middle School Teacher	$72,030	30 Years
Veterinarian	$142,680	15 Years

Race

Race	Median Income	Years
Black	$56,290	38 Years
White	$88,010	24 Years
Hispanic	$65,540	33 Years
Asian	$120,900	18 Years

Dollar amounts by race/ethnicity[10] and occupation[11] represent median income.

Connecticut Economic Snapshot

726
Average Classic FICO Credit Score[12]
(U.S. 714)

$99,240
Median Household Income[13]
(U.S. $83,730)

$500,200[14]
Median Home Price
(U.S. $419,300)[15]

Borrowers with Private MI in Connecticut

8,418
Homeowners Helped[16]
(U.S. 730,667)

77%
First-Time Homebuyers[17]
(U.S. 64%)

$374,230
Average Loan Amount[18]
(U.S. $376,317)

750
Average Credit Score[19]
(U.S. 753)

41 MILLION

Private MI Helps Borrowers Bridge the Down Payment Gap

Since 1957, private MI has given nearly 41 million families nationwide the opportunity to purchase a home sooner, helping borrowers qualify for a mortgage with a down payment as low as 3%.[20]

Private MI Protects Taxpayers

Private MI is a first layer of credit protection against the risk of loss on a mortgage in the event a borrower is not able to repay the loan and there is not sufficient equity in the home to cover the amount owed. With the GSEs in conservatorship and the government effectively guaranteeing the GSEs, taxpayers face direct exposure to mortgage credit losses experienced by the GSEs. Traditionally, for loans with down payments under 20% of the home value, private MI — not taxpayers — covers the first losses if there is a default, up to certain coverage limits.

$62 Billion
Amount private MI industry covered in claims for losses[21]

38%
Insured market originations that private MI protected in 2025[22]

$1.6 Trillion
Amount in mortgages currently outstanding with private MI protection[23]

Private MI is Temporary

Unlike FHA and other government mortgage insurance, which typically cannot be cancelled, private MI paid for by the borrower monthly can be cancelled, leading to potential savings over the life of their loan. Private MI can be cancelled in two ways:[24]

1. A borrower may request cancellation of private MI when he/she has established 20% equity in the home. Cancellation is subject to certain conditions, such as seasoning requirements and proof of the property's value.
2. When the principal balance of the mortgage is scheduled to reach 78% of the home's original value and the borrower is current on payments, the servicer terminates private MI.

Private MI is Tax Deductible for Qualifying Homeowners

Thanks to the *Working Families Tax Cuts*, beginning in tax year 2026, mortgage insurance premiums are once again tax deductible for qualifying homeowners, allowing them to save more of their hard-earned dollars. USMI advocated for the reinstatement of this deduction, which is now permanent and stands to benefit millions of homeowners. When the deduction was previously available:[25]

Connecticut (2021)	**$38.2 Million** Total MI deductions claimed by homeowners	**21,950** Number of households that claimed the deduction	**$1,739** Average MI deduction amount
National (2007–2021)	**$64.7 Billion** Total MI deductions claimed by homeowners	**44.5 Million** Number of times the MI deduction was claimed	**$1,454** Average MI deduction amount

3.4 Million
National average annual number of homeowners who claimed the MI deduction for 2007-2021

[1] GSE Statutory Filings and Private MI Company Annual Reports.

[2] Calculated based on median household income in 2024 (latest data available from the U.S. Census Bureau); median sales price for a single-family home in 2025, according to National Association of REALTORS®; median savings rate in 2025, according to data from the Federal Reserve.

[3] U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements (Table H-8).

[4] National Association of REALTORS®.

[5] U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements (Table H-8).

[6] Redfin Analysis of MLS Data for Single-Family Residences.

[7] Calculated based on median household income in 2024 (latest data available from the U.S. Census Bureau); median sales price for a single-family home in 2025, according to Redfin Analysis of MLS Data for Single-Family Residences; median savings rate in 2025, according to data from the Federal Reserve.

[8] Zillow.

[9] GSE Aggregate Data.

[10] U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements (Table H-9).

[11] U.S. Department of Labor, Bureau of Labor Statistics, Occupational Employment & Wages (May 2025).

[12] Average FICO® Score as of October 2025, per FICO® data.

[13] U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements (Table H-8).

[14] Redfin Analysis of MLS Data for Single-Family Residences.

[15] National Association of REALTORS®.

[16] GSE Aggregate Data.

[17] GSE Aggregate Data.

[18] GSE Aggregate Data.

[19] GSE Aggregate Data.

[20] USMI Member Company and GSE Aggregate Data.

[21] GSE Statutory Filings and Private MI Company Annual Reports.

[22] MI Company Annual Reports, VA Monthly Volume Reports, and FHA Single Family Market Share Reports.

[23] Private MI Company Annual Reports.

[24] Consumer Financial Protection Bureau.

[25] Internal Revenue Service.