



# QUARTERLY STATEMENT

AS OF JUNE 30, 2013  
OF THE CONDITION AND AFFAIRS OF THE

## TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

NAIC Group Code 0421 , 0421 NAIC Company Code 10217 Employer's ID Number 56-1905825  
(Current Period) (Prior Period)

Organized under the Laws of Illinois , State of Domicile or Port of Entry Illinois  
Country of Domicile United States

Incorporated/Organized 12/23/1994 Commenced Business 02/15/1995

Statutory Home Office 111 South Wacker Street , Chicago, IL, US 60606  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 101 South Stratford Road Winston-Salem, NC, US 27104 336-723-1282  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address Post Office Box 2300 , Winston-Salem, NC, US 27102  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 101 South Stratford Road Winston-Salem, NC, US 27104 336-723-1282-1155  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.triadguaranty.com

Statutory Statement Contact Randall Keith Shields 336-723-1282-1155  
(Name) (Area Code) (Telephone Number) (Extension)  
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(E-mail Address) (Fax Number)

### OFFICERS

Name	Title	Name	Title
_____	_____	_____	_____
_____	_____	_____	_____

### OTHER OFFICERS

\_\_\_\_\_

### DIRECTORS OR TRUSTEES

\_\_\_\_\_

\_\_\_\_\_

State of .....North Carolina.....

County of .....Forsyth.....ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

- a. Is this an original filing? Yes [X] No [ ]
- b. If no:
1. State the amendment number \_\_\_\_\_
  2. Date filed \_\_\_\_\_
  3. Number of pages attached \_\_\_\_\_

STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	11,309,829		11,309,829	14,150,321
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....			0	0
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....107,065 ), cash equivalents (\$ .....2,499,918 ) and short-term investments (\$ .....449,494 ) .....	3,056,477		3,056,477	585,389
6. Contract loans (including \$ ..... premium notes) .....			0	0
7. Derivatives .....			0	0
8. Other invested assets .....	0		0	0
9. Receivables for securities .....			0	0
10. Securities lending reinvested collateral assets .....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	14,366,306	0	14,366,306	14,735,710
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	118,806		118,806	135,010
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	171,201		171,201	200,853
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....			0	0
15.3 Accrued retrospective premiums .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....			0	0
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset .....			0	0
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software .....			0	0
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	0		0	0
24. Health care (\$ ..... ) and other amounts receivable .....			0	0
25. Aggregate write-ins for other than invested assets .....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	14,656,314	0	14,656,314	15,071,572
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	14,656,314	0	14,656,314	15,071,572
<b>DETAILS OF WRITE-INS</b>				
1101. ....			0	0
1102. ....			0	0
1103. ....			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. ....	0		0	0
2502. ....			0	0
2503. ....			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	0	0	0	0

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 1,257,769 )	6,590,083	6,548,453
2. Reinsurance payable on paid losses and loss adjustment expenses	258,942	521,580
3. Loss adjustment expenses		0
4. Commissions payable, contingent commissions and other similar charges	51,360	60,256
5. Other expenses (excluding taxes, licenses and fees)		36
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		4,625
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		0
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	18,952	30,003
10. Advance premium		0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)		0
13. Funds held by company under reinsurance treaties		0
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated		0
16. Provision for reinsurance (including \$ certified)		0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	34,176	25,360
20. Derivatives		0
21. Payable for securities		0
22. Payable for securities lending		0
23. Liability for amounts held under uninsured plans		0
24. Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	6,953,514	7,190,313
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	6,953,514	7,190,313
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	2,500,000	2,500,000
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes		0
34. Gross paid in and contributed surplus	2,535,982	2,535,982
35. Unassigned funds (surplus)	2,666,817	2,845,277
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$ )		0
36.2 shares preferred (value included in Line 31 \$ )		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	7,702,800	7,881,259
38. Totals (Page 2, Line 28, Col. 3)	14,656,314	15,071,572
<b>DETAILS OF WRITE-INS</b>		
2501.	0	0
2502.		0
2503.		0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901.		0
2902.		0
2903.		0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		0
3202.		0
3203.		0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

## STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ .....0 )	0	0	0
1.2 Assumed (written \$ .....1,121,792 )	1,132,844	715,937	1,035,207
1.3 Ceded (written \$ ..... )	0	0	0
1.4 Net (written \$ .....1,121,792 )	1,132,844	715,937	1,035,207
DEDUCTIONS:			
2. Losses incurred (current accident year \$ .....1,414,545 ):			
2.1 Direct	0	0	0
2.2 Assumed	1,418,899	2,215,864	2,722,494
2.3 Ceded	0	0	0
2.4 Net	1,418,899	2,215,864	2,722,494
3. Loss adjustment expenses incurred	0	0	0
4. Other underwriting expenses incurred	443,918	355,091	556,661
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	1,862,816	2,570,955	3,279,155
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(729,973)	(1,855,018)	(2,243,948)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	248,617	387,314	684,267
10. Net realized capital gains (losses) less capital gains tax of \$	302,896	375,417	474,847
11. Net investment gain (loss) (Lines 9 + 10)	551,513	762,730	1,159,114
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ ..... )	0	0	0
13. Finance and service charges not included in premiums	0	0	0
14. Aggregate write-ins for miscellaneous income	0	0	0
15. Total other income (Lines 12 through 14)	0	0	0
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(178,460)	(1,092,288)	(1,084,834)
17. Dividends to policyholders	0	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(178,460)	(1,092,288)	(1,084,834)
19. Federal and foreign income taxes incurred	0	0	0
20. Net income (Line 18 minus Line 19)(to Line 22)	(178,460)	(1,092,288)	(1,084,834)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	7,881,259	8,370,920	8,370,920
22. Net income (from Line 20)	(178,460)	(1,092,288)	(1,084,834)
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	0	0	0
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	0	0	0
27. Change in nonadmitted assets	0	0	0
28. Change in provision for reinsurance	0	0	0
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	595,174	595,173
38. Change in surplus as regards policyholders (Lines 22 through 37)	(178,460)	(497,113)	(489,661)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	7,702,800	7,873,806	7,881,259
<b>DETAILS OF WRITE-INS</b>			
0501.	0	0	0
0502.	0	0	0
0503.	0	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401.	0	0	0
1402.	0	0	0
1403.	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
3701. Increase in contingency reserve	(566,422)	(357,969)	(517,603)
3702. Decrease in contingency reserve	566,422	953,143	1,112,776
3703.	0	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	595,174	595,173

## CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	1,151,444	839,680	998,682
2. Net investment income .....	236,235	393,382	694,914
3. Miscellaneous income .....	0	0	0
4. Total (Lines 1 to 3) .....	1,387,679	1,233,062	1,693,596
5. Benefit and loss related payments .....	1,639,906	1,996,324	3,753,737
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	423,262	392,355	542,188
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	0	0	0
10. Total (Lines 5 through 9) .....	2,063,168	2,388,679	4,295,925
11. Net cash from operations (Line 4 minus Line 10) .....	(675,489)	(1,155,617)	(2,602,329)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	3,171,974	3,501,229	6,848,888
12.2 Stocks .....	0	0	0
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0	0
12.7 Miscellaneous proceeds .....	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	3,171,974	3,501,229	6,848,888
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	0	4,100,132	5,711,224
13.2 Stocks .....	0	0	0
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	0	0
13.6 Miscellaneous applications .....	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	0	4,100,132	5,711,224
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	3,171,974	(598,903)	1,137,664
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied).....	(25,396)	2,055	(15,580)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(25,396)	2,055	(15,580)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	2,471,088	(1,752,466)	(1,480,245)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	585,389	2,065,634	2,065,634
19.2 End of period (Line 18 plus Line 19.1) .....	3,056,477	313,169	585,389

**STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION**

**NOTES TO FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

These items are based on illustrations taken from the NAIC Annual Statement Instructions

**1. Summary of Significant Accounting Policies**

**a. Accounting Practices**

The accompanying financial statements of Triad Guaranty Assurance Corporation, In Rehabilitation ("the Company") have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the State of Illinois.

On December 11, 2012, Andrew Boron, Director of Insurance ("Director") of the State of Illinois entered a Court Order in Cook County Illinois to place Triad Guaranty Insurance Corporation and its subsidiary, Triad Guaranty Assurance Corporation ("the Company") in rehabilitation, and the Director was affirmed as Receiver. By Illinois law, the Director may appoint a Special Deputy Receiver to administer the receivership. By power of attorney, Paul A. Miller is the Special Deputy Receiver to the Director of Insurance, and the Office of the Special Deputy Receiver handles the day-to-day administration of the liquidation proceedings under the direction of the Special Deputy, subject to the ultimate authority of the Director and to court supervision. Among other things, the Rehabilitator's statutory authority includes authority to:

1. Collect, receive and take exclusive custody and control of TGIC's and the Company's assets, its contractual and other legal rights and interest, and its books and records;
2. Conserve, hold and manage the Company's assets for the benefits of its creditors;
3. Bring litigation to protect or recover assets;
4. File a plan of Rehabilitation with the Court for approval; and
5. Pay all administrative expenses incurred during the course of rehabilitation from the assets of TGIC and the Company.

b. No change since year-end 2012.

c. No change since year-end 2012.

**2. Accounting Changes and Corrections of Errors**

No change since year-end 2012

**3. Business Combinations and Goodwill**

No change since year-end 2012.

**4. Discontinued Operations**

No change since year-end 2012.

**5. Investments**

A. No change since year-end 2012.

B. No change since year-end 2012.

C. No change since year-end 2012.

D. Loan-Backed Securities

(1) The Company uses a proprietary model for loss assumptions and widely accepted models for prepayment assumptions in valuing mortgage-back asset-backed securities with inputs from major third party data providers. The models combine the effects of interest rates, volatility, and pre-payment speeds based on various scenario (Monte Carlo) simulations with resulting effective analytics (spreads, duration, convexity) and cash-flows on a monthly basis. Model assumptions are specific to asset class and collateral types and are regularly evaluated and adjusted where appropriate.

(2) The Company reviews its investments quarterly to identify whether any investments have indications of possible impairment and whether any impairments are other than temporary.

	(1)	(2)	(3)
	Amortized Cost Basis Before Other-than- Temporary Impairment	Other-than-Temporary Impairment Recognized in Loss	Fair Value 1 - 2
OTTI recognized 1 <sup>st</sup> Quarter ***NONE***			
a. Intent to sell	\$.....0	\$.....	\$.....
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$.....	\$.....	\$.....
c. Total 1 <sup>st</sup> Quarter	\$.....	\$.....	\$.....
OTTI recognized 2 <sup>nd</sup> Quarter ***NONE***			
d. Intent to sell	\$.....	\$.....	\$.....
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$.....2	\$.....	\$.....
f. Total 2 <sup>nd</sup> Quarter	\$.....	\$.....	\$.....
OTTI recognized 3 <sup>rd</sup> Quarter			
g. Intent to sell	\$.....	\$.....	\$.....
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$.....	\$.....	\$.....
i. Total 3 <sup>rd</sup> Quarter	\$.....	\$.....	\$.....
OTTI recognized 4 <sup>th</sup> Quarter			
j. Intent to sell	\$.....	\$.....	\$.....
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$.....	\$.....	\$.....
l. Total 4 <sup>th</sup> Quarter	\$.....	\$.....	\$.....
m. Annual Aggregate Total	\$.....	\$.....	\$.....

(3) The Company does not have investments where an OTTI was recognized to the discounted cash flows because the company does not expect to recover the amortized cost basis of the investment.

(4) The Company had investments held with Unrealized Losses less than 1 year of \$31,577.

(5) There are a number of factors that are considered in determining if there is not an other-than-temporary-impairment on an investment, including but not limited to, debt burden, credit ratings, sector, liquidity, financial flexibility, company management, expected earnings and cash flow stream, and economic prospects associated with the investment.

E. No change since year-end 2012.

F. No change since year-end 2012.

G. No change since year-end 2012.

**6. Joint Ventures, Partnerships and Limited Liability Companies**

No change since year-end 2012.

STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY ASSURANCE CORPORATION, IN  
REHABILITATION

## NOTES TO FINANCIAL STATEMENTS

**7. Investment Income**

No change since year-end 2012.

**8. Derivative Instruments**

No change since year-end 2012.

**9. Income Taxes**

No changes have occurred from year-end 2012 that would have a material impact on the Company.

**10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

- a. No change since year-end 2012.
- b. No change since year-end 2012.
- c. No change since year-end 2012.
- d. No change since year-end 2012.
- e. No change since year-end 2012.
- f. No change since year-end 2012.
- g. No change since year-end 2012.
- h. No change since year-end 2012.
- i. No change since year-end 2012.
- j. No change since year-end 2012.
- k. No change since year-end 2012.
- l. No change since year-end 2012.

**11. Debt**

No change since year-end 2012.

**12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.**

No change since year-end 2012.

**13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

- (1) No change since year-end 2012.
- (2) No change since year-end 2012.
- (3) No change since year-end 2012.
- (4) No change since year-end 2012.
- (5) No change since year-end 2012.
- (6) No change since year-end 2012.
- (7) No change since year-end 2012.
- (8) No change since year-end 2012.
- (9) No change since year-end 2012.
- (10) No change since year-end 2012.
- (11) No change since year-end 2012.
- (12) No change since year-end 2012.
- (13) No change since year-end 2012.

**14. Contingencies**

- a. No change since year-end 2012.
- b. No change since year-end 2012.
- c. No change since year-end 2012.
- d. No change since year-end 2012.
- e. No change since year-end 2012.
- f. No change since year-end 2012.

**15. Leases**

No change since year-end 2012

**16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk**

No change since year-end 2012.

**17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

No change since year-end 2012. The Company did not have any transfers of receivables reported as sales, transfer and servicing of financial assets, or wash sales.

**18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

No change since year-end 2012.

**19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

No change since year-end 2012.

**STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY ASSURANCE CORPORATION, IN  
REHABILITATION**

**NOTES TO FINANCIAL STATEMENTS**

**20. Fair Value Measurements**

- A. The Company did not have any assets measured at fair value.  
 B. The Company did not have any assets measured at fair value.  
 C. The Company had the following financial instruments:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
<b>Assets</b>						
Bonds	\$11,884,874	\$11,309,829	\$ 0	\$11,884,874	\$0	\$0
Cash and short-term investments	3,056,477	3,056,477	3,056,477	0	0	0
<b>Total</b>	<b>\$14,941,351</b>	<b>\$14,366,306</b>	<b>\$3,056,477</b>	<b>\$11,884,874</b>	<b>\$0</b>	<b>\$0</b>

- D. Not Practicable to Estimate Fair Value:

Type or Class of Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
None	\$0	\$0	\$0	

**21. Other Items**

- A. The Company does not have any Extraordinary Items.  
 B. The Company does not have any Troubled Debt Restructuring: Debtors.  
 C. The Company does not have any Other Disclosures.  
 D. The Company has no Uncollectible Assets.  
 E. The Company has no Business Interruption Insurance Recoveries.  
 F. The Company has no State Transferable Tax Credits.  
 G. Subprime Mortgage Related Risk Exposure.

1. No change since year-end 2012

2. Direct Exposure – Mortgage Loans

The Company has no direct exposure to mortgage loans except as described in 1. above as a private mortgage guaranty insurance reinsurer.

3. Direct exposure through other investments.

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities				
b. Commercial mortgage-backed securities				
c. Collateralized debt obligations				
d. Structured securities				
e. Equity investment in SCAs				
f. Other assets	1,611,092	1,609,696	1,577,520	
g. Total	1,611,092	1,609,696	1,577,520	



**STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY ASSURANCE CORPORATION, IN  
REHABILITATION**

**NOTES TO FINANCIAL STATEMENTS**

**21. Other Items (continued)**

- (4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

As a reinsurer for TGIC, the Company's private mortgage guaranty reinsurance business faces significant direct and indirect exposure to subprime mortgage risk. If the homeowner defaults, private mortgage insurance provided by TGIC reduces and, in some instances, eliminates the loss to the insured lending institution. The Company has direct exposure in providing mortgage insurance reinsurance coverage on subprime mortgage loans, and it has indirect exposure to the extent its reinsurance on other mortgage loans is affected by conditions in the housing and mortgage markets that result from the performance of subprime mortgages, whether or not insured under mortgage insurance coverage.

The Company is operating in run-off and is no longer issuing mortgage insurance policies.

- (a) The Company believes that mortgage credit risk was materially affected by the following underwriting factors:
1. the borrower's credit strength, including the borrower's credit history, debt-to-income ratios, and cash reserves; and
  2. the loan product, which includes the ratio of the original principal balance of the loan to the value of the property at origination (the LTV), the type of loan instrument (including whether the instrument provides for fixed or variable payments and the amortization schedule), the type of property, the purpose of the loan, and the borrower's documentation for the loan.

Excluding other factors, claim incidence increases for loans with lower FICO credit scores compared to loans with higher FICO credit scores; for reduced documentation loans compared to loans with full underwriting documentation; for loans with higher LTV ratios compared to loans with lower LTV ratios; for adjustable rate mortgage loans during a prolonged period of rising interest rates compared to fixed rate loans in such a rate environment; for loans that permit the deferral of principal amortization compared to loans that require principal amortization with each monthly payment; for loans in which the original loan amount exceeds the conforming loan limit compared to loans below such limit; and for cash out refinance loans compared to rate and term refinance loans.

There are also other types of loan characteristics relating to the individual loan or borrower which affect the risk potential for a loan, including the origination practices of the lender and the condition of the housing market in the area in which the property is located. The presence of a number of higher-risk characteristics in a loan materially increases the likelihood of a claim on such a loan unless there are other characteristics to lower the risk.

- (b) The reinsurance premiums vary according to the risk and premiums charged by TGIC, not only on the basis of the level of coverage provided, but also on the perceived risk of a claim on the insured loan and, thus, take into account the LTV, the loan type (fixed payment versus non-fixed payment) and mortgage term, the location of the borrower's credit score within a range of credit scores, and whether the loan is a reduced documentation loan.

TGIC charges higher premium rates to reflect the increased risk of claim incidence that it perceives is associated with certain types of loans, although not all higher risk characteristics are reflected in the premium rate. There can be no assurance that TGIC's premium rates adequately reflect the increased risk, particularly in a period of economic recession or decline in housing values.

To recognize the liability for unpaid losses related to outstanding reported defaults (known as the "default inventory") from TGIC, the Company establishes loss reserves, representing the estimated percentage of defaults which will ultimately result in a claim (known as the "claim rate") and the estimated severity of the claims which will arise from the defaults included in the default inventory (known as the "severity rate") based upon the information supplied by TGIC. In accordance with industry accounting practices, neither the Company nor TGIC establish loss reserves for future claims on insured loans which are not currently in default.

Through TGIC, the Company also establishes reserves to provide for the estimated costs of settling claims, including legal and other fees, and general expenses of administering the claims settlement process ("loss adjustment expenses"), and for losses and loss adjustment expenses from defaults which have occurred, but which have not yet been reported to TGIC ("IBNR").

The Company's reserving process through TGIC is based upon the assumption that past experience provides a reasonable basis for estimating future events. However, estimation of loss reserves is inherently judgmental. Conditions that have affected the development of the loss reserves in the past may not necessarily affect development patterns in the future, in either a similar manner or degree.

SSAP No. 1 requires disclosures illustrating exposure related to the subprime mortgage sector and specifically requires disclosure of the related losses paid, losses incurred, case reserves, and IBNR reserves for subprime loans for the current year. The Company's reserving process is not designed to segregate prime loan reserves from subprime loan reserves, as defined in this disclosure.

To provide reserve and incurred information required by SSAP No. 1, the Company has calculated subprime related case and IBNR reserves for its primary insurance, using the proportionate number of subprime default inventory compared to the total number of default inventory and multiplied that factor by the Company's total case and IBNR reserves, to arrive at subprime case and IBNR reserves as shown in the tables below. The information shown below is based upon the TGIC amounts reinsured to the Company.

The total reserves based upon the credit classifications of TGAC as of June 30, 2013 were as follows:

		<u>As a % of total</u>
Prime	\$4,092,655	64.0%
Alt-A	1,524,051	23.8%
A-Minus	637,264	10.0%
Subprime (A)	<u>137,549</u>	<u>2.2%</u>
Total	<u>\$6,391,519</u>	100%

Losses and reserves related as of June 30, 2013 were as follows:

	<u>Total</u>	<u>Subprime</u>	<u>Subprime as a % of total</u>
Losses paid	\$1,377,289	\$8,237	0.6%
Incurred losses	1,429,115	19,199	1.3%
Case reserves	6,391,519	137,549	2.1%
IBNR reserves	199,917	0	0.0%

(A) For purposes of this disclosure, a "subprime mortgage is defined as a mortgage loan with a FICO credit score below 575. IBNR reserves include unallocated LAE based on direct case reserves.

**22. Events Subsequent**

No change since year-end 2012.

**23. Reinsurance**

- A. No change since year-end 2012.  
B. No change since year-end 2012.  
C. Reinsurance Assumed and Ceded

(1)

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>
a. Affiliates	\$ 18,952	\$ 5,686	\$	\$	\$ 18,952	\$ 5,686
b. All Other	\$	\$	\$	\$	\$ 0	\$ 0
c. TOTAL	\$ 18,952	\$ 5,686	\$ 0	\$ 0	\$ 18,952	\$ 5,686
d. Direct Unearned Premium Reserve			\$ 0			

Line (c) of Ceded Reinsurance Premium Reserve Column must equal Page 3, Line 9, first inside amount.

- (2) The Company has no additional or return commissions predicated on loss experience or other types of profit sharing arrangements.

- (3) The Company has no protected cells

- D. No change since year-end 2012.  
E. No change since year-end 2012.  
F. No change since year-end 2012.  
G. No change since year-end 2012.

H. No change since year-end 2012.

STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY ASSURANCE CORPORATION, IN  
REHABILITATION

## NOTES TO FINANCIAL STATEMENTS

**24. Retrospectively Rated Contracts & Contracts Subject to Redetermination**

No change since year-end 2012.

**25. Changes in Incurred Losses and Loss Adjustment Expenses**

Reserves as of December 31, 2012 were \$6,548,453. As of June 30, 2013 \$1,298,881 has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$5,332,314 as a result of re-estimation of unpaid losses and loss adjustment expenses adjusted for paid claims during 2013 relating to 2012 and prior. Therefore, there has been a \$82,742 unfavorable prior-year development from December 31, 2011 to December 31, 2012. Reserves are established using estimated claims rates (frequency) and claim amounts (severity) to estimate ultimate losses. Management periodically reviews the loss reserve process and refines its methodology as appropriate. The reserving process gives effect to current economic conditions and profiles delinquencies by such factors as policy year, originations within bulk and flow channels, and the number of months a policy has been in default. The Company does not adjust premiums based on claim activity.

**26. Intercompany Pooling Arrangements**

No change since year-end 2012.

**27. Structured Settlements**

No change since year-end 2012.

**28. Health Care Receivables**

No change since year-end 2012.

**29. Participating Policies**

No change since year-end 2012.

**30. Premium Deficiency Reserves**

No change since year-end 2012.

**31. High Deductibles**

No change since year-end 2012.

**32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

No change since year-end 2012.

**33. Asbestos/Environmental Reserves**

No change since year-end 2012.

**34. Subscriber Savings Accounts**

No change since year-end 2012.

**35. Multiple Peril Crop Insurance**

No change since year-end 2012.

**36. Financial Guaranty Insurance**

No change since year-end 2012.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes  No
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes  No
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes  No
- 2.2 If yes, date of change: .....

- 3.1 Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes  No

3.2 If the response to 3.1 is yes, provide a brief description of those changes.  
.....

- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes  No

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes  No  NA   
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2007

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2007

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 06/03/2009

6.4 By what department or departments?  
Illinois Department of Insurance.....

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes  No  NA

6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes  No  NA

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes  No

7.2 If yes, give full information:  
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?..... Yes  No

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes  No

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

## GENERAL INTERROGATORIES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes  No
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 (c) Compliance with applicable governmental laws, rules and regulations;  
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 (e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:  
 .....

- 9.2 Has the code of ethics for senior managers been amended? ..... Yes  No

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
 .....

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes  No

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).  
 .....

### FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes  No

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....

### INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes  No

11.2 If yes, give full and complete information relating thereto:  
 .....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....

13. Amount of real estate and mortgages held in short-term investments: ..... \$ .....

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes  No

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....	\$ .....
14.24 Short-Term Investments .....	\$ .....	\$ .....
14.25 Mortgage Loans on Real Estate .....	\$ .....	\$ .....
14.26 All Other .....	\$ .....	\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....0	\$ .....0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes  No

- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes  No

If no, attach a description with this statement.

## GENERAL INTERROGATORIES

- 16 For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....
  - 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....
  - 16.3 Total payable for securities lending reported on the liability page \$ .....

17. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? ..... Yes  No

17.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Bank of America.....	504 W. Madison St., Chicago, IL 60661.....

17.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? ..... Yes  No

17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

17.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

18.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? ..... Yes  No

18.2 If no, list exceptions:  
.....

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? ..... Yes [ ] No [ ] NA [X]  
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? ..... Yes [ ] No [X]  
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? ..... Yes [ ] No [X]  
 3.2 If yes, give full and complete information thereto.  
 .....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see *Annual Statement Instructions* pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? ..... Yes [ ] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
TOTAL			0	0	0	0	0	0	0	0

5. Operating Percentages:

5.1 A&H loss percent ..... %  
 5.2 A&H cost containment percent ..... %  
 5.3 A&H expense percent excluding cost containment expenses ..... %

6.1 Do you act as a custodian for health savings accounts? ..... Yes [ ] No [X]  
 6.2 If yes, please provide the amount of custodial funds held as of the reporting date ..... \$  
 6.3 Do you act as an administrator for health savings accounts? ..... Yes [ ] No [X]  
 6.4 If yes, please provide the balance of the funds administered as of the reporting date ..... \$

## SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Is Insurer Authorized? (Yes or No)
NONE				

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL		0		0		0
2. Alaska	AK		0		0		0
3. Arizona	AZ		0		0		0
4. Arkansas	AR		0		0		0
5. California	CA		0		0		0
6. Colorado	CO		0		0		0
7. Connecticut	CT		0		0		0
8. Delaware	DE		0		0		0
9. Dist. Columbia	DC		0		0		0
10. Florida	FL		0		0		0
11. Georgia	GA		0		0		0
12. Hawaii	HI		0		0		0
13. Idaho	ID		0		0		0
14. Illinois	IL	L	0		0		0
15. Indiana	IN		0		0		0
16. Iowa	IA		0		0		0
17. Kansas	KS		0		0		0
18. Kentucky	KY		0		0		0
19. Louisiana	LA		0		0		0
20. Maine	ME		0		0		0
21. Maryland	MD		0		0		0
22. Massachusetts	MA		0		0		0
23. Michigan	MI		0		0		0
24. Minnesota	MN		0		0		0
25. Mississippi	MS		0		0		0
26. Missouri	MO		0		0		0
27. Montana	MT		0		0		0
28. Nebraska	NE		0		0		0
29. Nevada	NV		0		0		0
30. New Hampshire	NH		0		0		0
31. New Jersey	NJ		0		0		0
32. New Mexico	NM		0		0		0
33. New York	NY		0		0		0
34. No. Carolina	NC		0		0		0
35. No. Dakota	ND		0		0		0
36. Ohio	OH		0		0		0
37. Oklahoma	OK		0		0		0
38. Oregon	OR		0		0		0
39. Pennsylvania	PA		0		0		0
40. Rhode Island	RI		0		0		0
41. So. Carolina	SC		0		0		0
42. So. Dakota	SD		0		0		0
43. Tennessee	TN		0		0		0
44. Texas	TX		0		0		0
45. Utah	UT		0		0		0
46. Vermont	VT		0		0		0
47. Virginia	VA		0		0		0
48. Washington	WA		0		0		0
49. West Virginia	WV		0		0		0
50. Wisconsin	WI		0		0		0
51. Wyoming	WY		0		0		0
52. American Samoa	AS		0		0		0
53. Guam	GU		0		0		0
54. Puerto Rico	PR		0		0		0
55. U.S. Virgin Islands	VI		0		0		0
56. Northern Mariana Islands	MP		0		0		0
57. Canada	CAN		0		0		0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0
59. Totals	(a) 1	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>							
58001.	XXX						
58002.	XXX						
58003.	XXX						
58998. Summary of remaining write-ins for Line 58 from overflow page.	XXX	0	0	0	0	0	0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	0	0	0	0	0	0

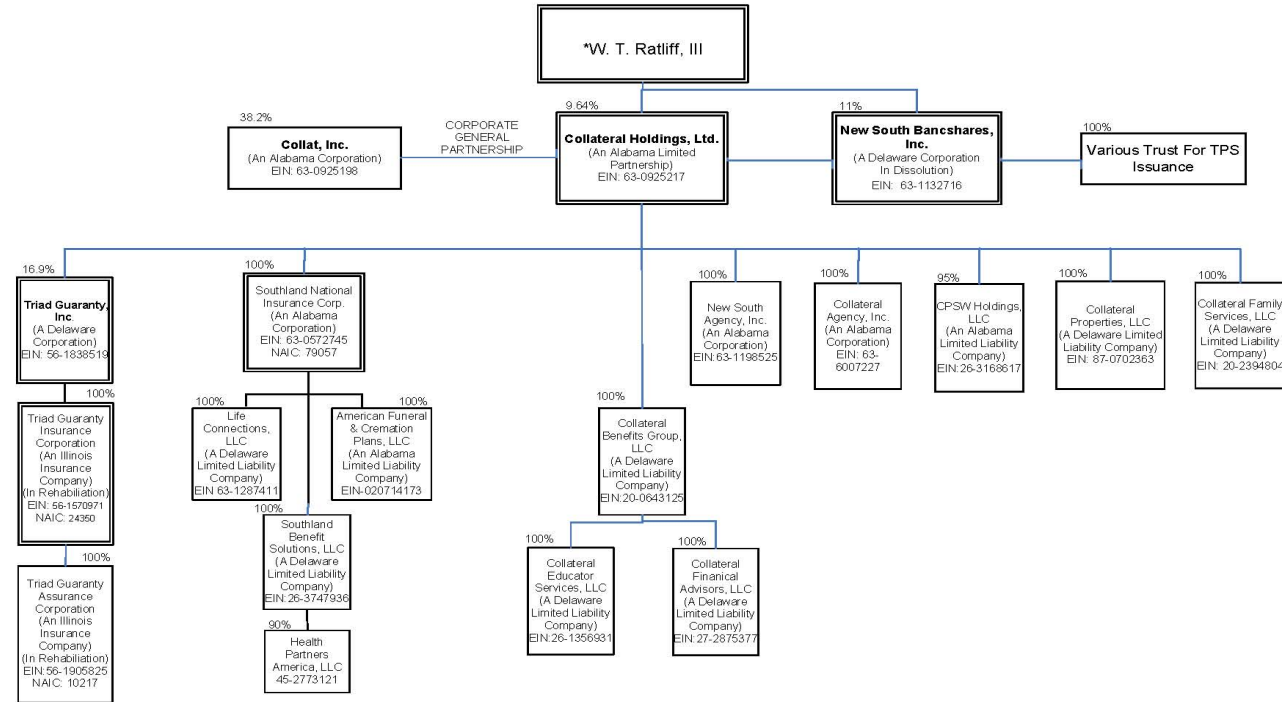
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.



**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

**COLLATERAL FAMILY OF COMPANIES**



\*William T. Ratliff, III - 7.36% ownership, Alabama resident  
 William T. Ratliff, Jr., 29.58% ownership, Alabama resident

STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

**SCHEDULE Y**  
**PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Name of Parent Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/ Person(s)	*
0421	Collateral Holding, Ltd.						William T. Ratliff, and family	USA	UDP	Collat general partnership, William T. Ratliff, and family	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		63-1132716				New South Bancshares, Inc.	USA	NIA	William T. Ratliff, and family	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.						Various Trust for TPS Issurance	USA	NIA	New South Bancshares, Inc.	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		63-0925217				Collateral Holdings, Ltd.	USA	UDP	William T. Ratliff, and family	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		63-0925198				Collat, Inc.	USA	NIA	William T. Ratliff, and family	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		56-1838519		0000911631	OTCBB	Triad Guaranty, Inc.	USA	NIA	Collateral Holdings, Ltd.	Ownership	16.9	William T. Ratliff, and family	1
0421	Collateral Holding, Ltd.	24350	56-1570971				Triad Guaranty Insurance Corporation	USA	IA	Triad Guaranty, Inc.	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.	10217	56-1905825				Triad Guaranty Assurance Corporation	USA	IA	Triad Guaranty Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.	79057	63-0572745				Southland National Insurance Corporation	USA		Collateral Holdings, Ltd.	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		63-1287411				Life Connections, LLC	USA	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		02-0714173				American Funeral & Cremation Plans, LLC	USA	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		26-3747936				Southland Benefits Solutions, LLC	USA	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		45-2773121				Health Partner America, LLC	USA	DS	Southland Benefit Solutions, LLC	Ownership	90.0	William T. Ratliff, and family	2
0421	Collateral Holding, Ltd.		63-6007227				Collateral Agency, Inc.	USA	NIA	Collateral Holdings, Ltd.	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		20-2394804				Collateral Family Services, LLC	USA	NIA	Collateral Holdings, Ltd.	Ownership	100.0	William T. Ratliff, and family	0

STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

**SCHEDULE Y**  
**PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Name of Parent Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/ Person(s)	*
0421	Collateral Holding, Ltd.		63-1198525				New South Agency, Inc.	USA	NIA	Collateral Holdings, Ltd.	Ownership	100.0	William T. Ratliff, and family	.0
0421	Collateral Holding, Ltd.		26-3168617				CPSW Holdings, LLC	USA	NIA	Collateral Holdings, Ltd.	Ownership	95.0	William T. Ratliff, and family	.3
0421	Collateral Holding, Ltd.		87-0702363				Collateral Properties, LLC	USA	NIA	Collateral Holdings, Ltd.	Ownership	100.0	William T. Ratliff, and family	.0
0421	Collateral Holding, Ltd.		20-0643125				Collateral Benefits Group, LLC	USA	NIA	Collateral Holdings, Ltd.	Ownership	100.0	William T. Ratliff, and family	.0
0421	Collateral Holding, Ltd.		26-1356931				Collateral Educator Services, LLC	USA	NIA	Collateral Benefits Group, LLC	Ownership	100.0	William T. Ratliff, and family	.0
0421	Collateral Holding, Ltd.		27-2875377				Collateral Financial Advisors, LLC	USA	NIA	Collateral Benefits Group, LLC	Ownership	100.0	William T. Ratliff, and family	.0
												.0		.0
												.0		.0
												.0		.0
												.0		.0

12.1

Asterisk	Explanation
1	Triad Guaranty, Inc. 16.9% investment, remaining shares are public.
2	Health Partners America, LLC, 10% remaining is privately held by multiple persons.
3	CPSW Holdings, LLC, 5% remaining is owned by Bryan Ratliff.

**PART 1 - LOSS EXPERIENCE**

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire			0.0	0.0
2. Allied lines			0.0	0.0
3. Farmowners multiple peril			0.0	0.0
4. Homeowners multiple peril			0.0	0.0
5. Commercial multiple peril			0.0	0.0
6. Mortgage guaranty			0.0	0.0
8. Ocean marine			0.0	0.0
9. Inland marine			0.0	0.0
10. Financial guaranty			0.0	0.0
11.1 Medical professional liability -occurrence			0.0	0.0
11.2 Medical professional liability -claims made			0.0	0.0
12. Earthquake			0.0	0.0
13. Group accident and health			0.0	0.0
14. Credit accident and health			0.0	0.0
15. Other accident and health			0.0	0.0
16. Workers' compensation			0.0	0.0
17.1 Other liability occurrence			0.0	0.0
17.2 Other liability-claims made			0.0	0.0
17.3 Excess Workers' Compensation			0.0	0.0
18.1 Products liability-occurrence			0.0	0.0
18.2 Products liability-claims made			0.0	0.0
19.1,19.2 Private passenger auto liability			0.0	0.0
19.3,19.4 Commercial auto liability			0.0	0.0
21. Auto physical damage			0.0	0.0
22. Aircraft (all perils)			0.0	0.0
23. Fidelity			0.0	0.0
24. Surety			0.0	0.0
26. Burglary and theft			0.0	0.0
27. Boiler and machinery			0.0	0.0
28. Credit			0.0	0.0
29. International			0.0	0.0
30. Warranty			0.0	0.0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	0.0
35. TOTALS	0	0	0.0	0.0
<b>DETAILS OF WRITE-INS</b>				
3401.			0.0	0.0
3402.			0.0	0.0
3403.			0.0	0.0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

NONE

**PART 2 - DIRECT PREMIUMS WRITTEN**

Line of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	0		0
2. Allied lines	0		0
3. Farmowners multiple peril	0		0
4. Homeowners multiple peril	0		0
5. Commercial multiple peril	0		0
6. Mortgage guaranty	0		0
8. Ocean marine	0		0
9. Inland marine	0		0
10. Financial guaranty	0		0
11.1 Medical professional liability-occurrence	0		0
11.2 Medical professional liability-claims made	0		0
12. Earthquake	0		0
13. Group accident and health	0		0
14. Credit accident and health	0		0
15. Other accident and health	0		0
16. Workers' compensation	0		0
17.1 Other liability occurrence	0		0
17.2 Other liability-claims made	0		0
17.3 Excess Workers' Compensation	0		0
18.1 Products liability-occurrence	0		0
18.2 Products liability-claims made	0		0
19.1,19.2 Private passenger auto liability	0		0
19.3,19.4 Commercial auto liability	0		0
21. Auto physical damage	0		0
22. Aircraft (all perils)	0		0
23. Fidelity	0		0
24. Surety	0		0
26. Burglary and theft	0		0
27. Boiler and machinery	0		0
28. Credit	0		0
29. International	0		0
30. Warranty	0		0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0
35. TOTALS	0	0	0
<b>DETAILS OF WRITE-INS</b>			
3401.			
3402.			
3403.			
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

NONE

STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2013 Loss and LAE Payments on Claims Reported as of Prior Year-End	2013 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2013 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2010 + Prior .....	2,918	.0	2,918	500	.0	500	2,438	.0	.0	2,438	20	.0	.20
2. 2011 .....	1,427	21	1,448	333	.0	333	1,287	.0	.0	1,287	193	(21)	172
3. Subtotals 2011 + prior .....	4,345	21	4,366	833	.0	833	3,725	.0	.0	3,725	213	(21)	192
4. 2012 .....	1,993	190	2,182	466	.0	466	1,587	.0	20	1,607	61	(170)	(109)
5. Subtotals 2012 + prior .....	6,338	211	6,548	1,299	.0	1,299	5,312	.0	20	5,332	273	(191)	83
6. 2013 .....	XXX	XXX	XXX	XXX	78	78	XXX	1,078	180	1,258	XXX	XXX	XXX
7. Totals .....	6,338	211	6,548	1,299	78	1,377	5,312	1,078	200	6,590	273	(191)	83
8. Prior Year-End Surplus As Regards Policy-holders	7,881										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 4.3	2. (90.5)	3. 1.3
													Col. 13, Line 7 Line 8
													4. 1.0

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES



The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

	<u>Response</u>
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	.....NO.....
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	.....NO.....

**Explanation:**

- 1.
- 2.
- 3.
- 4.

**Bar Code:**

1.	 1 0 2 1 7 2 0 1 3 4 9 0 0 0 0 0 2
2.	 1 0 2 1 7 2 0 1 3 4 5 5 0 0 0 0 2
3.	 1 0 2 1 7 2 0 1 3 3 6 5 0 0 0 0 2
4.	 1 0 2 1 7 2 0 1 3 5 0 5 0 0 0 0 2

**OVERFLOW PAGE FOR WRITE-INS**

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**SCHEDULE A – VERIFICATION**

**Real Estate**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	0
2.2 Additional investment made after acquisition .....	0	0
3. Current year change in encumbrances .....	0	0
4. Total gain (loss) on disposals .....	0	0
5. Deduct amounts received on disposals .....	0	0
6. Total foreign exchange change in book/adjusted carrying value .....	0	0
7. Deduct current year's other than temporary impairment recognized .....	0	0
8. Deduct current year's depreciation .....	0	0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) .....	0	0
10. Deduct total nonadmitted amounts .....	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

NONE

**SCHEDULE B – VERIFICATION**

**Mortgage Loans**

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	0
2.2 Additional investment made after acquisition .....	0	0
3. Capitalized deferred interest and other .....	0	0
4. Accrual of discount .....	0	0
5. Unrealized valuation increase (decrease) .....	0	0
6. Total gain (loss) on disposals .....	0	0
7. Deduct amounts received on disposals .....	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....	0	0
10. Deduct current year's other than temporary impairment recognized .....	0	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Total valuation allowance .....	0	0
13. Subtotal (Line 11 plus Line 12) .....	0	0
14. Deduct total nonadmitted amounts .....	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

NONE

**SCHEDULE BA – VERIFICATION**

**Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	0
2.2 Additional investment made after acquisition .....	0	0
3. Capitalized deferred interest and other .....	0	0
4. Accrual of discount .....	0	0
5. Unrealized valuation increase (decrease) .....	0	0
6. Total gain (loss) on disposals .....	0	0
7. Deduct amounts received on disposals .....	0	0
8. Deduct amortization of premium and depreciation .....	0	0
9. Total foreign exchange change in book/adjusted carrying value .....	0	0
10. Deduct current year's other than temporary impairment recognized .....	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7+8+9-10) .....	0	0
12. Deduct total nonadmitted amounts .....	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

NONE

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	14,150,321	14,746,942
2. Cost of bonds and stocks acquired .....	0	5,711,224
3. Accrual of discount .....	14,157	60,536
4. Unrealized valuation increase (decrease) .....	0	0
5. Total gain (loss) on disposals .....	302,896	475,194
6. Deduct consideration for bonds and stocks disposed of .....	3,171,974	6,848,888
7. Deduct amortization of premium .....	(14,429)	(5,661)
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	348
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	11,309,829	14,150,321
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	11,309,829	14,150,321



STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	13,321,109	6,106,947	5,661,833	15,876	13,321,109	13,782,098	.0	13,759,702
2. Class 2 (a).....	828,428	.0	352,104	821	828,428	477,144	.0	827,281
3. Class 3 (a).....	.0	.0	.0	.0	.0	.0	.0	.0
4. Class 4 (a).....	.0	.0	.0	.0	.0	.0	.0	.0
5. Class 5 (a).....	.0	.0	.0	.0	.0	.0	.0	.0
6. Class 6 (a).....	0	0	0	0	0	0	0	0
7. Total Bonds	14,149,537	6,106,947	6,013,937	16,697	14,149,537	14,259,242	0	14,586,983
<b>PREFERRED STOCK</b>								
8. Class 1.....	.0	.0	.0	.0	.0	.0	.0	.0
9. Class 2.....	.0	.0	.0	.0	.0	.0	.0	.0
10. Class 3.....	.0	.0	.0	.0	.0	.0	.0	.0
11. Class 4.....	.0	.0	.0	.0	.0	.0	.0	.0
12. Class 5.....	.0	.0	.0	.0	.0	.0	.0	.0
13. Class 6.....	0	0	0	0	0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	14,149,537	6,106,947	6,013,937	16,697	14,149,537	14,259,242	0	14,586,983

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ 2,949,412 ; NAIC 2 \$ 0 ; NAIC 3 \$ 0 ; NAIC 4 \$ 0 ; NAIC 5 \$ 0 ; NAIC 6 \$ 0

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## SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	449,494	XXX	449,494	0	0

## SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	436,663	1,143,540
2. Cost of short-term investments acquired .....	5,273,900	8,399,253
3. Accrual of discount .....	0	0
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals .....	0	0
6. Deduct consideration received on disposals .....	5,261,069	9,106,130
7. Deduct amortization of premium.....	0	0
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	449,494	436,663
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	449,494	436,663

Schedule DB - Part A - Verification

**NONE**

Schedule DB - Part B - Verification

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Verification

**NONE**

**SCHEDULE E - VERIFICATION**

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	749,980
2. Cost of cash equivalents acquired .....	2,499,894	3,749,516
3. Accrual of discount .....	24	504
4. Unrealized valuation increase (decrease) .....	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals .....	0	4,500,000
7. Deduct amortization of premium .....	0	0
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	2,499,918	0
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	2,499,918	0

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

Schedule BA - Part 2

**NONE**

Schedule BA - Part 3

**NONE**

Schedule D - Part 3

**NONE**

STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																					
03061U-AB-9...	AMCAR 2012-3 A2		06/08/2013	MBS PAYMENT		149,623	149,623	149,613	149,603	0	20	0	20	0	149,623	0	0	0	443	12/08/2015	1FE
12591A-AB-3...	CNH 2012-B A2		06/15/2013	MBS PAYMENT		327,848	327,848	327,822	327,797	0	51	0	51	0	327,848	0	0	0	849	10/15/2015	1FE
14313J-AB-7...	CARMX 2012-2 A2		06/15/2013	MBS PAYMENT		51,091	51,091	51,087	51,078	0	12	0	12	0	51,091	0	0	0	136	05/15/2015	1FE
44890F-AB-3...	HALST 2012-A A2		06/15/2013	MBS PAYMENT		124,397	124,397	124,384	124,368	0	29	0	29	0	124,397	0	0	0	352	01/15/2015	1FE
629491-AA-9...	NYSE EURONEXT		06/28/2013	MATURITY		250,000	250,000	249,405	249,889	0	111	0	111	0	250,000	0	0	0	6,000	06/28/2013	1FE
670346-AJ-4...	NUCOR CORP		06/01/2013	MATURITY		500,000	500,000	508,270	500,764	0	(764)	0	(764)	0	500,000	0	0	0	12,500	06/01/2013	1FE
892360-AC-5...	TAOT 2011-B A3		06/15/2013	MBS PAYMENT		7,733	7,733	7,738	7,734	0	(1)	0	(1)	0	7,733	0	0	0	26	06/15/2015	1FE
92867K-AB-0...	VWALT 2012-A A2		06/20/2013	MBS PAYMENT		189,466	189,466	189,450	189,401	0	64	0	64	0	189,466	0	0	0	516	11/20/2014	1FE
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>						1,600,158	1,600,158	1,607,769	1,600,634	0	(478)	0	(478)	0	1,600,158	0	0	0	20,822	XXX	XXX
<b>Bonds - Hybrid Securities</b>																					
553086-AC-3...	MMI CAPITAL TRUST I		05/02/2013	MORGAN KEEGAN & CO INC		655,000	500,000	340,180	350,830	0	1,274	0	1,274	0	352,104	0	302,896	302,896	15,038	12/15/2027	2FE
<b>4899999 - Bonds - Hybrid Securities</b>						655,000	500,000	340,180	350,830	0	1,274	0	1,274	0	352,104	0	302,896	302,896	15,038	XXX	XXX
<b>8399997 - Subtotals - Bonds - Part 4</b>						2,255,158	2,100,158	1,947,949	1,951,464	0	796	0	796	0	1,952,262	0	302,896	302,896	35,860	XXX	XXX
<b>8399999 - Subtotals - Bonds</b>						2,255,158	2,100,158	1,947,949	1,951,464	0	796	0	796	0	1,952,262	0	302,896	302,896	35,860	XXX	XXX
<b>9999999 Totals</b>						2,255,158	XXX	1,947,949	1,951,464	0	796	0	796	0	1,952,262	0	302,896	302,896	35,860	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0.

E05

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part D - Section 1

**NONE**

Schedule DB - Part D - Section 2

**NONE**

Schedule DL - Part 1

**NONE**

Schedule DL - Part 2

**NONE**





