



# QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2011  
OF THE CONDITION AND AFFAIRS OF THE

## TRIAD GUARANTY ASSURANCE CORPORATION

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 60606  
(Street and Number) (City or Town, State and Zip Code)

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

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

Primary Location of Books and Records 101 South Stratford Road Winston-Salem, NC 27104 336-723-1282-1155  
(Street and Number) (City or Town, State 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)  
rshields@tgic.com 336-761-5174  
(E-mail Address) (Fax Number)

### OFFICERS

Name	Title	Name	Title
<u>Kenneth Wayne Jones</u>	<u>CEO and Chief Financial Officer</u>	<u>Earl Franklin Wall</u>	<u>Secretary</u>
<u>Kenneth Stephen Dwyer</u>	<u>Chief Accounting Officer</u>		

### OTHER OFFICERS

<u>Shirley Aldridge Gaddy</u>	<u>Senior Vice President</u>		
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### DIRECTORS OR TRUSTEES

<u>Anthony Howard Davis</u>	<u>Kenneth Stephen Dwyer</u>	<u>Mark Raphael Goodman</u>	<u>Kenneth Wayne Jones</u>
<u>William Thomas Ratliff III</u>	<u>Jerome Francis Schutzbach</u>	<u>Earl Franklin Wall</u>	

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.

Kenneth Wayne Jones  
CEO and Chief Financial Officer

Earl Franklin Wall  
Secretary

Kenneth Stephen Dwyer  
Chief Accounting Officer

a. Is this an original filing? Yes  No

b. If no:

1. State the amendment number \_\_\_\_\_
2. Date filed \_\_\_\_\_
3. Number of pages attached \_\_\_\_\_

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

\_\_\_\_\_  
Joyce B. Sills, Notary Public  
July 22, 2014

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

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 .....	16,308,346		16,308,346	15,551,802
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 (\$ .....336,823 ), cash equivalents (\$ .....749,906 ) and short-term investments (\$ .....108,312 ) .....	1,195,041		1,195,041	3,202,740
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) .....	17,503,387	0	17,503,387	18,754,542
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	186,633		186,633	215,127
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	240,224		240,224	136,375
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
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) .....	17,930,243	0	17,930,243	19,106,044
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	17,930,243	0	17,930,243	19,106,044
<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
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

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ .....2,159,679 ) .....	7,518,823	8,221,159
2. Reinsurance payable on paid losses and loss adjustment expenses .....	275,960	570,762
3. Loss adjustment expenses .....		0
4. Commissions payable, contingent commissions and other similar charges .....	72,309	40,913
5. Other expenses (excluding taxes, licenses and fees) .....		0
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....		0
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 \$ ..... ) .....	38,801	50,425
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 .....		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 .....	45,753	43,795
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 .....	1,668,935	1,539,564
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	9,620,581	10,466,618
27. Protected cell liabilities .....		0
28. Total liabilities (Lines 26 and 27) .....	9,620,581	10,466,618
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) .....	3,273,679	3,603,443
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) .....	8,309,662	8,639,425
38. Totals (Page 2, Line 28, Col. 3)	17,930,243	19,106,044
<b>DETAILS OF WRITE-INS</b>		
2501. Contingency Reserve.....	1,668,935	1,539,564
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)	1,668,935	1,539,564
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 \$ .....1,854,908 )	1,866,533	2,432,972	3,079,129
1.3 Ceded (written \$ ..... )	0	0	0
1.4 Net (written \$ .....1,854,908 )	1,866,533	2,432,972	3,079,129
DEDUCTIONS:			
2. Losses incurred (current accident year \$ .....2,359,091 ):			
2.1 Direct	0	0	0
2.2 Assumed	1,457,182	1,774,344	(472,683)
2.3 Ceded	0	0	0
2.4 Net	1,457,182	1,774,344	(472,683)
3. Loss adjustment expenses incurred	0	0	0
4. Other underwriting expenses incurred	759,951	929,075	1,166,828
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	2,217,133	2,703,419	694,145
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(350,600)	(270,447)	2,384,984
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	574,378	718,444	1,000,333
10. Net realized capital gains (losses) less capital gains tax of \$ .....(59,969)	(59,969)	462	462
11. Net investment gain (loss) (Lines 9 + 10)	514,409	718,906	1,000,795
<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)	163,809	448,459	3,385,779
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)	163,809	448,459	3,385,779
19. Federal and foreign income taxes incurred	0	0	0
20. Net income (Line 18 minus Line 19)(to Line 22)	163,809	448,459	3,385,779
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	8,639,426	6,793,210	6,793,211
22. Net income (from Line 20)	163,809	448,459	3,385,779
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	2,011,885	(2,011,885)
27. Change in nonadmitted assets	0	(2,011,885)	2,011,885
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	(364,201)	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	(129,371)	(293,683)	(1,539,564)
38. Change in surplus as regards policyholders (Lines 22 through 37)	(329,763)	154,776	1,846,215
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	8,309,663	6,947,986	8,639,426
<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	(933,266)	(1,216,487)	(1,539,564)
3702. Decrease in contingency reserve	803,896	922,804	0
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)	(129,371)	(293,683)	(1,539,564)

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

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.....	1,751,060	2,430,873	3,184,465
2. Net investment income .....	631,450	809,299	1,006,063
3. Miscellaneous income .....	0	0	0
4. Total (Lines 1 to 3) .....	2,382,509	3,240,171	4,190,528
5. Benefit and loss related payments .....	2,818,521	4,517,713	5,902,209
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 .....	728,554	932,817	1,204,687
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	0	1,179,567	1,179,567
10. Total (Lines 5 through 9) .....	3,547,076	6,630,097	8,286,463
11. Net cash from operations (Line 4 minus Line 10) .....	(1,164,566)	(3,389,926)	(4,095,934)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	929,785	2,944,742	5,171,578
12.2 Stocks .....	0	2,423	2,423
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 .....	46	0	0
12.7 Miscellaneous proceeds .....	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	929,831	2,947,165	5,174,002
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	1,774,923	0	0
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) .....	1,774,923	0	0
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) .....	(845,092)	2,947,165	5,174,002
<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).....	1,958	9,976	5,043
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	1,958	9,976	5,043
<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) .....	(2,007,700)	(432,784)	1,083,111
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	3,202,740	2,119,630	2,119,630
19.2 End of period (Line 18 plus Line 19.1) .....	1,195,041	1,686,845	3,202,740

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

- a. Accounting Practices  
The Accompanying financial statements of Triad Guaranty Assurance Corporation ("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.
- b. No change since year-end 2010.
- c. No change since year-end 2010.

### 2. Accounting Changes and Corrections of Errors

The Company provides reserves for losses on a quota share basis with its parent, Triad Guaranty Insurance Corporation. Effective July 1, 2011, the Company's parent elected to change the basis for establishing reserves, requiring reserves be provided on loans two months or greater in default, loans in foreclosure, and real estate owned. Previously, the Company's parent had provided reserves on loans in default four months or greater, loans in foreclosure, and real estate owned.

In accordance with SSAP No. 3, paragraph 3, a change in the method of calculating the reserve for losses is treated as a change in accounting principle. The Company's parent adopted this change on a prospective basis; accordingly, the prior year financial statements of both the Company and the parent have not been restated. The Company recorded the cumulative effect of the change by restating the reserves as of the first day of 2011 as if the Company's parent had previously utilized the new method. The impact of adoption increased reserves and decreased surplus by \$364,201 as of January 1, 2011.

### 3. Business Combinations and Goodwill

No change since year-end 2010.

### 4. Discontinued Operations

No change since year-end 2010.

### 5. Investments

- a. No change since year-end 2010.
- b. No change since year-end 2010.
- c. No change since year-end 2010.
- 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 and asset-backed securities with inputs from major third party data providers. It combines the effects of interest rates, volatility, and pre-payment speeds based on various scenario (Monte Carlo) simulations with credit loss analysis and 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) An OTTI is recognized on any security whose market value is less than its amortized cost because the Company may not have the ability to hold the security for a period of time sufficient to recover the amortized cost basis.
  - (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 does not have investments held showing Unrealized Losses - Greater and Less than 1 year.
  - (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 from year-end 2010.
- f. The Company recognized no additional real estate impairment losses since year-end 2010.
- g. No change from year-end 2010.

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

No change since year-end 2010.

### 7. Investment Income

No change since year-end 2010.

### 8. Derivative Instruments

No change since year-end 2010.

### 9. Income Taxes

No changes have occurred since year-end 2010 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 2010.
- b. No change since year-end 2010.
- c. No change since year-end 2010.
- d. No change since year-end 2010.
- e. No change since year-end 2010.

## NOTES TO FINANCIAL STATEMENTS

### 10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties- Continued

- f. No change since year-end 2010.
- g. No change since year-end 2010.
- h. No change since year-end 2010.
- i. No change since year-end 2010.
- j. No change since year-end 2010.
- k. No change since year-end 2010.
- l. No change since year-end 2010.

### 11. Debt

No change since year-end 2010.

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

No change since year-end 2010.

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

- (1) No change since year-end 2010.
- (2) No change since year-end 2010.

### 13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations- Continued

- (3) No change since year-end 2010.
- (4) No change since year-end 2010.
- (5) No change since year-end 2010.
- (6) No change since year-end 2010.
- (7) No change since year-end 2010.
- (8) No change since year-end 2010.
- (9) No change since year-end 2010.
- (10) The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses was \$0.
- (11) No change since year-end 2010.
- (12) No change since year-end 2010.
- (13) No change since year-end 2010.

### 14. Contingencies

- a. No change since year-end 2010.
- b. No change since year-end 2010.
- c. No change since year-end 2010.
- d. No change since year-end 2010.
- e. No change since year-end 2010.

### 15. Leases

No change since year-end 2010.

### 16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

No change since year-end 2010.

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

No change from year-end 2010. 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 2010.

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

No change since year-end 2010.

### 20. Fair Value Measurements

- A. The Company did not have any assets measured at fair value on a recurring basis
- B. The Company did not have any assets measured at fair value on a nonrecurring basis.

## NOTES TO FINANCIAL STATEMENTS

### 21. Other Items

Changes since year-end 2010 are not significant in either amount or composition except as noted in the tables below.

The total reserves based upon the credit classifications of TGAC as of September 30, 2011 were as follows:

	As a % of total
Prime	\$4,767,317      64.9%
Alt-A	1,508,248      20.5%
A-Minus	911,786      12.4%
Subprime (A)	162,316      2.2%
Total	\$7,349,667      100.0%

Losses and reserves related as of September 30, 2011 were as follows:

	Total	Subprime	Subprime as a % of total
Losses paid	\$2,531,164	\$28,335	1.1%
Case reserves	\$7,349,667	\$162,316	2.2%
Incurred losses	\$1,798,039	\$40,189	2.2%
IBNR reserves	-	-	-%

(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 2010.

### 23. Reinsurance

- a. No change since year-end 2010.
- b. No change since year-end 2010.
- c. Account changes since year-end 2010 are not significant in either amount or composition.
- d. No change since year-end 2010.
- e. No change since year-end 2010.
- f. No change since year-end 2010.
- g. No change since year-end 2010.

### 24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

No change since year-end 2010.

### 25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2010 were \$8.2 million, but were restated to \$8.6 million due to a change in the method of calculating reserves (see Note 2). As of September 30, 2011, \$2.3 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$5.4 million as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$0.9 million favorable prior year development since December 31, 2010.

### 26. Intercompany Pooling Arrangements

No change since year-end 2010.

### 27. Structured Settlements

No change since year-end 2010.

### 28. Health Care Receivables

No change since year-end 2010.

### 29. Participating Policies

No change since year-end 2010.

### 30. Premium Deficiency Reserves

No change since year-end 2010.

### 31. High Deductibles

No change since year-end 2010.

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

No change since year-end 2010.

### 33. Asbestos/Environmental Reserves

No change since year-end 2010.

### 34. Subscriber Savings Accounts

No change since year-end 2010.

### 35. Multiple Peril Crop Insurance

No change since year-end 2010.



## NOTES TO FINANCIAL STATEMENTS

36. Financial Guaranty Insurance

The Company has no financial guaranty insurance exposure.

# 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. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes  No   
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 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 Office of Thrift Supervision (OTS), 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 OTS	6 FDIC	7 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 [X] 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 [X]

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 [X]

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 [X]

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 [X]

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 [X]

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	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 [X]

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. 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 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? .....

Yes [X] No [ ]

16.1 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.....	540 W. Madison Street Chicago, Illinois 60661.....

16.2 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)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? .....

Yes [ ] No [X]

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

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

16.5 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
DTC ABA:107423.....	CONNING ASSET MANAGEMENT.....	ONE FINANCIAL PLAZA HARTFORD, CT. 06103.....

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? .....

Yes [X] No [ ]

17.2 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)
<b>NONE</b>				

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

**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. District of 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. North Carolina	NC		0		0		0
35. North 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. South Carolina	SC		0		0		0
42. South 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	CN		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>							
5801.	XXX						
5802.	XXX						
5803.	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page.	XXX	0	0	0	0	0	0
5899. TOTALS (Lines 5801 through 5803 plus 5898) (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 - Part 1

**NONE**

Part 1

**NONE**

Part 2

**NONE**



STATEMENT AS OF SEPTEMBER 30, 2011 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

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)	2011 Loss and LAE Payments on Claims Reported as of Prior Year-End	2011 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2011 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. 2008 + Prior	1,416		1,416	315		315	1,286			1,286	184	0	184
2. 2009	3,084	14	3,098	856		856	2,046			2,046	(182)	(14)	(195)
3. Subtotals 2009 + prior	4,499	14	4,513	1,171	0	1,171	3,331	0	0	3,331	3	(14)	(11)
4. 2010	3,862	210	4,072	1,153	0	1,153	2,011		17	2,028	(698)	(193)	(891)
5. Subtotals 2010 + prior	8,361	224	8,585	2,324	0	2,324	5,342	0	17	5,359	(695)	(207)	(902)
6. 2011	XXX	XXX	XXX	XXX	199	199	XXX	2,007	152	2,160	XXX	XXX	XXX
7. Totals	8,361	224	8,585	2,324	199	2,524	5,342	2,007	169	7,519	(695)	(207)	(902)
8. Prior Year-End Surplus As Regards Policy-holders	8,639										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. (8.3)	2. (92.4)	3. (10.5)
													Col. 13, Line 7 Line 8
													4. (10.4)

# 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 on "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.





**Response**

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

**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 .....	15,551,800	20,645,677
2. Cost of bonds and stocks acquired .....	1,774,923	0
3. Accrual of discount .....	7,065	141,416
4. Unrealized valuation increase (decrease) .....	0	0
5. Total gain (loss) on disposals .....	0	2,423
6. Deduct consideration for bonds and stocks disposed of .....	929,785	5,174,002
7. Deduct amortization of premium .....	35,642	61,753
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	60,015	1,961
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	16,308,346	15,551,800
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	16,308,346	15,551,800

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

**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).....	16,712,918	3,029,301	3,325,923	(70,922)	17,124,522	16,712,918	16,345,374	17,796,234
2. Class 2 (a).....	820,221	0	0	968	819,007	820,221	821,189	818,092
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	17,533,139	3,029,301	3,325,923	(69,954)	17,943,529	17,533,139	17,166,563	18,614,326
<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	17,533,139	3,029,301	3,325,923	(69,954)	17,943,529	17,533,139	17,166,563	18,614,326

(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 \$ .....858,218 ; 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	108,312	XXX	108,312	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.....	3,062,526	1,418,345
2. Cost of short-term investments acquired .....	7,335,970	20,448,359
3. Accrual of discount .....	1,049	251
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals .....	46	0
6. Deduct consideration received on disposals .....	10,291,279	18,804,429
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).....	108,312	3,062,526
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	108,312	3,062,526

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	0
2. Cost of cash equivalents acquired .....	2,499,567	0
3. Accrual of discount .....	339	0
4. Unrealized valuation increase (decrease) .....	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals .....	1,750,000	0
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) .....	749,906	0
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	749,906	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 SEPTEMBER 30, 2011 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

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	Maturity Date	NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>																					
746173-EL-3	PURDUE UNIV IND CTFS PARTN.		07/01/2011	CALLED BY ISSUER at 100,000		375,000	375,000	388,110	376,036	0	(1,036)	0	(1,036)	0	375,000	0	0	0	18,750	07/01/2011	1FE
<b>2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>						375,000	375,000	388,110	376,036	0	(1,036)	0	(1,036)	0	375,000	0	0	0	18,750	XXX	XXX
<b>Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b>																					
31397E-MK-8	FHR 3262 PA		08/01/2011	MBS PAYMENT		56,306	56,306	57,450	56,559	0	(253)	0	(253)	0	56,306	0	0	0	1,927	08/01/2011	1
<b>3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b>						56,306	56,306	57,450	56,559	0	(253)	0	(253)	0	56,306	0	0	0	1,927	XXX	XXX
<b>8399997 - Subtotals - Bonds - Part 4</b>						431,306	431,306	445,560	432,595	0	(1,289)	0	(1,289)	0	431,306	0	0	0	20,677	XXX	XXX
<b>8399999 - Subtotals - Bonds</b>						431,306	431,306	445,560	432,595	0	(1,289)	0	(1,289)	0	431,306	0	0	0	20,677	XXX	XXX
<b>9999999 Totals</b>						431,306	XXX	445,560	432,595	0	(1,289)	0	(1,289)	0	431,306	0	0	0	20,677	XXX	XXX

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

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Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part D

**NONE**

Schedule DL - Part 1

**NONE**

Schedule DL - Part 2

**NONE**



