



Illinois Department of Insurance

PAT QUINN
Governor

MICHAEL T. McRAITH
Director

June 2, 2009

Mr. Kenneth W. Jones
Chief Executive Officer
Triad Guaranty Insurance Corp.
PO Box 2300
Winston-Salem, NC 27102-2300

Re: Results of Hearing on Corrective Order 01-2009

Dear Mr. Jones:

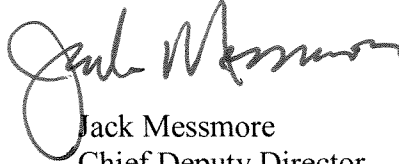
This is to summarize the amendments to the Order as a result of the oral and written comments received from Triad's policyholders in relation to the recent hearing. This summary may be posted on Triad's website as the Department's official description of the changes to the Order. These changes are not listed in any particular order.

1. Triad shall maintain assets in an escrow account sufficient to pay all accumulated deferred amounts and carrying charges. Payments out of that account are subject to the prior approval of the Director. Triad must further segregate within the escrow for the benefit of the applicable claimant any reinsurance proceeds received from a reinsurer in excess of the amount paid in cash by Triad for the corresponding claims.
2. Whenever payment of a portion of the deferred claim amounts is made to insureds a corresponding payment of the accumulated carrying charges must also be paid.
3. No change to the deferred amount percentage can occur prior to March 31, 2010.
4. Any change to the deferred amount percentage must be announced at least sixty days prior to the end of any quarter and any such changes cannot be effective earlier than thirty days after the announcement.
5. If not occurring sooner, the Director must consider by December 31, 2010 whether a reduction of the deferred amount percentage and a payment of a portion of the accumulated deferred amounts are appropriate.
6. In addition to liquidation or dissolution of the insured, the transfer of an insured's interest in its deferred amounts and carrying charges will be permitted by operation of law for the conservatorship of an insured.

7. Triad has represented to the Director that it has no current secured claims and will notify the Director within 30 days should any secured claims arise in the future.
8. The Department of Insurance will post a notice on its website of any future changes to the Order.

The Department is very appreciative of the comments received at its hearing and believes the above changes are responsive to those comments and the underlying concerns of Triad's policyholders and claimants.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Messmore". The signature is fluid and cursive, with a large initial "J" and "M".

Jack Messmore
Chief Deputy Director